

# CRS Report for Congress

Received through the CRS Web

## **Illicit Drugs and the Terrorist Threat: Causal Links and Implications for Domestic Drug Control Policy**

**Updated April 20, 2004**

Mark A.R. Kleiman  
Contractor  
Domestic Social Policy Division

# Report Documentation Page

Form Approved  
OMB No. 0704-0188

Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

1. REPORT DATE <b>20 APR 2004</b>		2. REPORT TYPE <b>N/A</b>		3. DATES COVERED <b>-</b>	
4. TITLE AND SUBTITLE <b>Illicit Drugs and the Terrorist Threat: Causal Links and Implications for Domestic Drug Control Policy</b>				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) <b>David D. Acker Library and Knowledge Respiratory Defense Acquisition University Fort Belvoir, VA 22060</b>				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT <b>Approved for public release, distribution unlimited</b>					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT <b>SAR</b>	18. NUMBER OF PAGES <b>24</b>	19a. NAME OF RESPONSIBLE PERSON
a. REPORT <b>unclassified</b>	b. ABSTRACT <b>unclassified</b>	c. THIS PAGE <b>unclassified</b>			

# Illicit Drugs and the Terrorist Threat: Causal Links and Implications for Domestic Drug Control Policy

## Summary

The international traffic in illicit drugs contributes to terrorist risk through at least five mechanisms: supplying cash, creating chaos and instability, supporting corruption, providing “cover” and sustaining common infrastructures for illicit activity, and competing for law enforcement and intelligence attention. Of these, cash and chaos are likely to be the two most important.

Different drugs, different trafficking routes, and different organizations have different relationships to terrorist threats. Therefore it might be possible to improve domestic security by targeting drug law enforcement on those drugs, routes, and organizations with the strongest known or potential links to terror. However, doing so would require new analytic capacities and decision-making strategies for all the agencies involved in drug law enforcement and there is no assurance that the policies that best implement the mission of protecting Americans from drug abuse will also perform best in protecting the country from terrorism. Indeed, the interests of ideology-driven terrorists and money-driven drug traders can sometimes diverge, as when increased resources deployed against terrorists adversely affect the activities of drug traders with no ties to terrorists.

Any terrorist threats exacerbated by the illicit drug markets might be reduced by shrinking the markets themselves, both in physical volume and financial revenue. It is not clear that increased drug law enforcement alone can succeed in that respect; the cocaine and heroin markets have proven stubbornly resistant to vigorous enforcement efforts.

Reducing demand for illicit drugs can also shrink the markets. The total number of users is much less important in determining drug volumes and revenues than the behavior of a relatively small number of chronic, high-dose drug-takers. Most of that “hard core” group consists of people who are repeatedly arrested, not only for drug offenses but for a wide range of property, violent, and public-order offenses. Acting to reduce the population of hard-core user-offenders, through treatment, drug courts, or testing-and-sanctions programs, may offer a better prospect for reducing the size of the drug markets, and thus potentially the contribution of drug trafficking to the terrorist threat.

# Contents

Background .....	1
Potential Links Between Drug Trafficking and Terrorism .....	1
Cash .....	2
Chaos and Instability .....	5
Corruption and Intimidation .....	6
Cover and Common Infrastructures .....	6
Competition for Enforcement Resources .....	7
Drug Policy To Reduce the Terrorist Threat .....	9
The Importance of Scale .....	9
The Multiple Goals of Drug Control Policy .....	9
Shrinking the Drug Markets .....	12
The Difficulty of Raising Prices in Mature Markets .....	13
The Difficulty of Reducing Availability in Mature Markets .....	14
The Complexities of Demand Reduction .....	15
Conclusion .....	20

# Illicit Drugs and the Terrorist Threat: Causal Links and Implications for Domestic Drug Control Policy

## Background

Some terrorist organizations, and the governments that harbor and support them, also engage in drug dealing, or otherwise profit from the traffic in illicit drugs. The Office of National Drug Control Policy (ONDCP) has created a series of controversial print and television advertisements that attempt to use the links between drugs and terrorism to dissuade current and potential drug users. An exhibit at the new Drug Enforcement Administration (DEA) Museum makes the same point.<sup>1</sup> This report<sup>2</sup> discusses the relationships between drug trafficking and terrorism and analyzes some of the policy implications of those relationships for anti-drug policy.

The links between the two sets of phenomena are important considerations in formulating a drug control policy that also contributes to the campaign against terror. Drug supply and demand reduction might contribute to homeland security by reducing the availability of funds and other forms of support to terrorist organizations. Integrating the two sets of concerns, if that is to be done, may require reexamining relevant aspects of existing domestic and foreign policy strategies. This report addresses issues relating to the formulation and execution of drug control policy in the context of its implications for terrorism.

## Potential Links Between Drug Trafficking and Terrorism

Drug trafficking — in source countries, transit countries, and consumer countries, including the United States — could contribute to the problems of terror in at least five distinct ways:

- Supplying cash for terrorist operations;

---

<sup>1</sup>Office of National Drug Control Policy, “Drug Czar Announces Extension of Ads Linking Drugs, Terror: Walters Hails ‘Most Successful Ads in History of Anti-Drug Media Campaign,’” press release, Feb. 26, 2002; Drug Enforcement Administration, “DEA and Giuliani Open National Museum Exhibit on Drugs and Terrorism,” press release, Sept. 3, 2002. See [<http://www.whitehousedrugpolicy.gov/news/press02/022702.html>] and [<http://www.usdoj.gov/dea/pubs/pressrel/pr090302.html>].

<sup>2</sup>For further information, please contact Mark Eddy at (202) 707-8647.

- Creating chaos in countries where drugs are produced, through which they pass, or in which they are sold at retail and consumed — chaos sometimes deliberately cultivated by drug traffickers — which may provide an environment conducive to terrorist activity;
- Generating corruption in law enforcement, military, and other governmental and civil-society institutions in ways that either build public support for terrorist-linked groups or weaken the capacity of the society to combat terrorist organizations and actions;
- Providing services also useful for terrorist actions and movements of terrorist personnel and materiel, and supporting a common infrastructure, such as smuggling capabilities, illicit arms acquisition, money laundering, or the production of false identification or other documents, capable of serving both drug-trafficking and terrorist purposes; and
- Competing for law enforcement and intelligence attention.

In principle, any of these might be important. It is likely that the first two listed — cash and chaos — are the dominant mechanisms by which the illicit drug traffic winds up contributing to the problem of terrorism, but the data required for a truly quantitative assessment are not currently available (at least in the unclassified literature).

## Cash

There is no consensus on the total amount of international financial flows associated with the illicit drug trade. A United Nations figure of \$400 billion per year is often cited, and compared with world trade figures in various categories of licit goods (textiles, petroleum, and food, for example).<sup>3</sup>

In the single biggest drug market, that for cocaine, the United States is reported to consume about one-third of the world total in terms of bulk. Yet the dollar value of all U.S. illicit drug markets *combined* is less than \$65 billion per year, according to a study by the Office of National Drug Control Policy.<sup>4</sup> If the U.S. market is truly in the range of \$65 billion, and the U.S. accounts for no less than one-third of the world total, then the actual amount is no more than half as great as the U.N. estimates, or about \$200 billion. (That figure would be smaller than the licit retail market in alcohol or tobacco products.)

However, even that lower figure does not represent funds potentially available to fund terrorism. That \$200 billion would, if accurate, represent the total value of all illicit drugs, priced at the retail level. The vast bulk of that retail value consists of the illicit earnings of traffickers within the country in which the drugs are sold, not the revenues available to producers and international traffickers.

---

<sup>3</sup>United Nations Office for Drug Control and Crime Prevention, *World Drug Report 2000* (Oxford, New York: Oxford University Press, 2000), pp. 55- 59.

<sup>4</sup>Office of National Drug Control Policy, “National Drug Control Strategy,” Feb. 2002, pp. 57; and Office of National Drug Control Policy, “What America’s Users Spend on Illegal Drugs 1988-1998,” Dec. 2000, pp. 1-5. (Hereafter cited as ONDCP, “What America’s Users Spend on Illegal Drugs.”)

The import-export prices of illicit drugs represent only a small fraction — about a tenth, in the case of cocaine — of the prices paid by consumers.<sup>5</sup> Moreover, some drugs are consumed in the countries where they are produced, for example the substantial amount of methamphetamine and cannabis produced and consumed in the United States. So if the aggregate “street price” of all the illicit drugs sold in the world were approximately \$200 billion dollars, the total value of drug imports and exports might be in the \$10-20 billion range.

Of that amount, it is believed that only a tiny fraction flows to terrorist groups. In particular, groups that live by “taxing” or facilitating the production of raw drug crops which is where terrorist groups are most likely to be involved, are dealing with drugs at the point in the supply chain where their value is least. For example, heroin sells at retail in the United States for approximately \$1 per pure milligram;<sup>6</sup> thus a kilogram of heroin, broken down and sold at retail, fetches \$1 million. The “landed price” of that kilogram when it arrives in the United States is about \$100,000.<sup>7</sup> But the 10 kilograms of opium that can be converted into that kilogram of heroin sell in Afghanistan for about \$5,000, a 20<sup>th</sup> of the import price, and about one half of 1% of the retail price.

The \$10 billion U.S. annual retail heroin market thus generates about \$1 billion in imports, of which roughly \$50 million goes to poppy growers. Terrorists and others who might levy “taxes” on this illicit agricultural activity cannot be extracting more than a very small share of that amount. The ratios in the cocaine trade are comparable: the total value of the coca leaf that goes to make up the \$35 billion annual U.S. cocaine market is about \$150 million at the point where it is harvested, and the total value of cocaine imports no more than \$5 billion as first landed in this country.<sup>8</sup>

However, even though only a tiny fraction of the world’s drug dealing revenues goes to benefit terrorist groups, that relatively small amount could still be a large fraction of the world’s terrorist revenues. Unfortunately, the amount of money required by terrorists to do enormous damage is relatively slight. The September 11 attacks are variously estimated to have cost between \$500,000 and \$2 million to carry out.<sup>9</sup> Even the higher of those estimates represents less than one hour’s worth of

---

<sup>5</sup>Charles F. Mansi, et al.(eds.), *Informing America’s Policy on Illegal Drugs: What We Don’t Know Keeps Hurting Us* (Washington: National Research Council, 2001), pp.153-156.

<sup>6</sup>ONDCP, *What American’s Users Spend on Illegal Drugs* (Table 6), p. 18.

<sup>7</sup>U.S. Department of Justice, National Drug Intelligence Center (NDIC), *Heroin Distribution in Three Cities*, Document 2001-R0370-001, Nov. 2000, available at [[http://www.usdoj.gov/ndic/pubs/648/la\\_econ.htm](http://www.usdoj.gov/ndic/pubs/648/la_econ.htm)].

<sup>8</sup>Jonathan P. Caulkins and Peter Reuter, “What Price Data Tell Us About Drug Markets,” *Journal of Drug Issues*, vol. 28, no. 3 (1998), pp. 593-612 and R. MacCoun and Peter Reuter, *Drug War Heresies: Lessons Learned from Other Vices, Times, and Places* (Santa Monica, CA: RAND Corp., 2001), pp. 20-21.

<sup>9</sup>Chris Baker, “Putting a Price Tag on Terror,” *Washington Times*, Nov. 18, 2001, pp. A1(\$500,000 estimate), “Hard Evidence Would Help,” *Economist*, Sept. 29, 2001, and The (continued...)

revenue in the illicit market for cocaine in the United States, or about 1% of the annual value of the coca leaf that generates cocaine for the U.S. market. Therefore, the leakage of funds from drugs (or any other financial source, for that matter) into terror does not have to be substantial, measured as part of the drug trade, to constitute a large part of the funding of terror.

Similarly, the fact that most drug-dealing revenues are earned in consumer countries rather than source or transit countries does not necessarily mean that none of that money is available for the support of terrorism. Some of the revenues earned from transactions that take place in the United States may flow back to other countries where it is put to sometimes violent uses, as was the case with cocaine trafficking by the Medellin Cartel.<sup>10</sup> DEA reportedly has found that some of the revenues from a Midwestern methamphetamine and methamphetamine-precursor trafficking organization, some of whose personnel were nationals of Middle Eastern countries, was flowing into the coffers of terrorist organizations such as Hezbollah and Hamas.<sup>11</sup>

Unlike drug dealing, terrorism does not “naturally” generate money. Rather than flowing up from the bottom of the organization (starting with customers paying retail dealers, who then pay middlemen, who pay suppliers, who pay importers, who pay exporters), terrorist cash flows down the organization from organizers to foot soldiers (and their families). The money eventually comes from donors,<sup>12</sup> from extortion victims, from theft or robbery victims, and from illicit-market (including drug) transactions.

In the drug business, cash is seldom the factor that bounds how large an organization can grow; the limiting factors are people to buy from, people to sell to, the availability of drugs themselves (not ultimately scarce, but sometimes unavailable to those who would otherwise buy them), and opportunities to make relatively safe transactions.

Terrorist organizations, by contrast, may be cash-constrained. They vary enormously in their ability to solicit or extort contributions, and to steal or deal. An open question is how large the effect would be if it were possible to substantially reduce the money available to various kinds of terrorist groups from drug trafficking. The answer to that question may vary greatly from group to group; to the extent that

---

<sup>9</sup>(...continued)

Canadian Foundation for Drug Policy, *How Drug Prohibition Finances and Otherwise Enables Terrorism*, Introduction, p. 1 (\$2 million estimate).

<sup>10</sup>Kevin Jack Riley, *Snow Job: The War Against International Drug Trafficking*, (Greenwood Press, 1996), pp. 155-156.

<sup>11</sup>Associated Press, “U.S. Drug Ring Tied to Aid for Hezbollah,” *New York Times*, Sept. 3, 2002, p A16.

<sup>12</sup>Some donors, no doubt, are deliberately financing terrorist activity. Others may be deceived by charitable appeals. Still others can be somewhere in between: giving money in “humanitarian” ways that may help support or endorse terrorist activity, for example by financing assistance to the families of terrorists who are killed.

Al Qaeda, for example, is financed by the bin Laden family fortune or by fund-raising in Saudi Arabia, its dependence on drug revenues could be very slight. By contrast, drug revenues are undoubtedly important, perhaps central, to the financing both of the FARC<sup>13</sup> in Colombia and of the para-military forces opposing the FARC, as they were to the *Sendero Luminoso* (“Shining Path”) in Peru.<sup>14</sup> Spanish authorities report that the March 2004 terrorist attacks on the Madrid train system that killed nearly 200 people and injured 1,400 others were financed largely by sales of hashish (a marijuana derivative) and Ecstasy (MDMA).<sup>15</sup>

## Chaos and Instability

Drug dealing can generate chaos and instability in source and transit countries by sustaining violence, both within and among groups of traffickers and between traffickers on the one hand and ordinary citizens and public authorities on the other. The growth of a criminal economy is also a potentially destabilizing factor. Drug law enforcement can create friction between law enforcement and military authorities on the one hand and ordinary citizens, including small farmers who illicitly grow drug crops, on the other. The secretive techniques of drug investigation can become entangled with the practice of authoritarian rule, as appears to have happened under the Fujimori<sup>16</sup> government in Peru.

In addition, traffickers can deliberately create chaos in order to weaken the ability of the institutions of government and civil society to interfere with their illegal business. In Colombia, for example, the Medellin Cartel attempted to use terror to deter the Colombian government from proceeding with vigorous law enforcement measures.<sup>17</sup>

The same effects can also take place in consumer countries. The retail drug traffic, especially when it grows violent, can be a powerful source of chaos, as many American neighborhoods discovered as the crack trade spread in the 1980s and early 1990s. It has been suggested, though not demonstrated, that drug trafficking has been used as a form of low-intensity conflict.<sup>18</sup> The theory is that forces hostile to a given

---

<sup>13</sup>The primary insurgent group in Colombia, called the Revolutionary Armed Forces of Colombia; the acronym is formed from the group’s Spanish name, *Fuerzas Armadas Revolucionarias de Colombia*.

<sup>14</sup>Testimony of DEA Administrator Asa Hutchinson, in U.S. Congress, Senate Committee on the Judiciary, *Narco-Terrorism: The Worldwide Connection Between Drugs and Terrorism*, hearings, 107<sup>th</sup> Cong., 2<sup>nd</sup> sess., Mar. 13, 2002, S.Hrg. 107-885 (Washington: GPO, 2001). See DEA’s website at [<http://www.dea.gov/pubs/cngrtest/ct031302p.html>].

<sup>15</sup>Dale Fuchs, “Spain Says Bombers Drank Water from Mecca and Sold Drugs,” *New York Times*, Apr. 15, 2004, p. A3.

<sup>16</sup>Kevin G. Hall, “Military corruption dogs U.S. drug-fighting efforts in Peru,” *Seattle Times*, Apr. 24, 2001, p. A8.

<sup>17</sup>Riley, 1996, p. 160.

<sup>18</sup>Douglas, Joseph D., *Red Cocaine: The Drugging of America and the West* (New York and London: Edward Harle Limited, 1999).

country might attempt to introduce or aggravate drug addiction problems there as a means of attack.

## Corruption and Intimidation

Large-scale drug trafficking frequently involves corrupt contacts between traffickers and officials, including elected officials, enforcement agents, prosecutors and judges, and military personnel. The corruption problem can be exacerbated by low public-sector wages. Both corruption and anti-corruption measures can be profoundly demoralizing, and can reduce the respect the public has for the agencies of government. Even when corruption does not actually exist, the perception of corruption can be corrosive. The resulting diminished public support for government agencies makes the anti-drug effort that much more difficult.

Once corruption becomes embedded in the practice of an agency, it may not remain restricted to its original domain; an army commander accustomed to taking bribes from drug traffickers may be less resistant to bribes from terrorist groups. (The opposite effect is also, of course, logically possible; the flow of corrupt money from drug trafficking may make the bribes terrorist groups are capable of paying seem too small to bother with from the viewpoint of officials used to larger bribes in the drug business.)

The complement to corruption is intimidation. The Medellin Cartel in Colombia famously offered officials a choice of “*plata o plomo*” (literally, “silver or lead”): those who refused corrupt cash risked violence against themselves and their families.<sup>19</sup> Agencies demoralized by drug-related intimidation may be less effective against terrorist groups.

## Cover and Common Infrastructures

When it is impossible to conceal entirely the existence of illicit activity, more serious crimes can be disguised as less serious crimes as a way of avoiding enforcement attention or securing cooperation from accomplices willing to break some laws but not others. Terrorists might attempt to use the appearance, or even the actual practice, of drug trafficking as “cover” for themselves, their movements of contraband, or their preparations for terrorist actions. In addition, the existence of large illicit drug markets can facilitate terrorist activity by supporting a web of “service providers” — such as money launderers, providers of “cloned” cell phones, and makers of false identification documents — which terrorist groups can use, even though the terrorists themselves would not constitute a big enough market to keep such providers in business.

Another possibility is that terrorist material and personnel have moved, or will in the future move, disguised as illicit drugs, just as illicit drugs have been known to move disguised as other smuggled materials (e.g., diamonds). Unwitting

---

<sup>19</sup>Ibid., p. 156.

accomplices and complicit officials may be less reluctant to participate in what they think is drug dealing than in helping carry out terrorist activity.<sup>20</sup>

It has been reported that some of the September 11 attackers used false identification obtained from an illicit commercial seller of such documents, a seller who did not know, or at least has not been charged with knowing, the end to which the results of his illegal activity would be put.<sup>21</sup> Whether that person's other clientele may have included drug traffickers has not been stated publicly ( his primary market consisted of people defying the immigration laws), but there is no doubt that forbidden drug transactions (down to the level of alcohol purchases by underage drinkers) can and do make use of fraudulent documentation.

Drug traffickers need to consolidate cash they receive from further down their organizations into larger bundles and protect the resulting financial or physical assets from seizure, while terrorist organizers need instead to move money down their organizations to where it is spent. Therefore, the two sets of mechanisms may tend to remain quite distinct, except in cases where it is drug money earned in U. S. transactions that then flows into terrorist hands. Indeed, providers of illicit services to the drug trade have very strong incentives to avoid becoming entangled in terrorist acts.

After the September 11 attack, there was considerable speculation that terrorists might be making use of the same money-laundering services that support illicit drug transactions. This suggestion does not seem to have been borne out; it appears that a separate set of institutions (such as the informal *hawala* money-transfer networks), related to international remittances more than to drug dealing, may be in play.<sup>22</sup>

## Competition for Enforcement Resources

The targeting of enforcement and intelligence resources sometimes involves choosing between counter-drug targets and counter-terror targets. Other things being equal, the larger the drug trafficking problem, the larger the resources required to combat it, and those resources may then be unavailable for use against terrorist targets. The extent to which new funding and organizational restructuring will compensate for those "losses" is uncertain at this time.

The events of September 11 have already taken a toll on drug law enforcement. The Federal Bureau of Investigation has announced that a substantial fraction of the agents it had assigned to drug law enforcement will be reassigned to meet the threat of terrorism. The United States Customs Service has also redirected some of its

---

<sup>20</sup>See Rick Mofina, "Canadian Diamonds Could Lure Terrorists: Police" *St. John's Telegram*, Ottawa, Canada, Aug. 24, 2002, p. A9 for a discussion of the methods used to smuggle drugs, precious gems, and other contraband.

<sup>21</sup>P. Shenen and D. Van Natta, "A Nation Challenged: The Investigation; U.S. Says 3 Detainees May Be Tied to Hijackings," *New York Times*, Nov. 1, 2001, p. A1.

<sup>22</sup>Douglas Frantz, "U.S.-Based Charity is Under Scrutiny," *New York Times*, June 14, 2002, p. A1.

investigative resources.<sup>23</sup> DEA agents are all devoted to drug law enforcement, but the share of the DEA in the total federal law enforcement budget is not fixed, and it is possible that the agency's growth will be slowed by the budgetary demands of the anti-terror effort.<sup>24</sup> It is also possible that some of the anti-terror effort by local law enforcement will employ resources that otherwise would have been devoted to drug law enforcement.

However, the extent of the competition should not be exaggerated; the two efforts have elements of joint production as well as competition. While investigative resources must be targeted against one threat or another, the activities of border inspection and air and sea interdiction are much less specific. Anything that makes it more difficult to smuggle contraband generally into the United States, for example, increases the challenge facing drug traffickers and terrorist groups alike; heightened scrutiny of passengers and freight in the immediate aftermath of September 11 led to temporary reductions in drug-smuggling volume.<sup>25</sup> On the other hand, some screening approaches are specific rather than generic; a Geiger counter will not detect drugs, and a Labrador will not alert on plutonium or anthrax spores.

The federal drug law enforcement effort, because of its size and international scope, can also contribute to the struggle against terror by extending the reach of complementary anti-drug enforcement mechanisms to a wider range of foreign agencies. The international consensus on the issue of illicit drug trafficking may allow the DEA (and investigators from other federal agents engaged in drug law enforcement) to obtain the cooperation of foreign agencies in ways that might otherwise be withheld from U.S. anti-terror units.

The links between some terrorists and drug trafficking may create exploitable vulnerabilities for the terrorist groups involved. Drug traffickers frequently offer information about one another to investigators, both to damage their commercial rivals and to build up their "favor banks" with enforcement agencies, either for general future use or as a way of avoiding being charged in a pending case.<sup>26</sup> Terrorist groups generally have much less occasion to employ such tactics. The intelligence-gathering value of drug law enforcement in the anti-terror effort has perhaps not been fully exploited. However, the secretive nature of the process of managing informants means that, even if it were being exploited, the results would not be evident to outside observers.

---

<sup>23</sup>R. Pear and P. Shenen, "Customs Switches Priority From Drugs to Terrorism," *New York Times*, Oct. 10, 2001, p. B11.

<sup>24</sup>Patrick J. Murphy et al., *Improving Anti-Drug Budgeting* (Santa Monica, CA: RAND Corp, 2000).

<sup>25</sup>Fox Butterfield, "Officials Report Drop in Drug Smuggling," *New York Times*, Sept. 28, 2001, p. A16.

<sup>26</sup>Even the drug cartels themselves are known to offer information to the authorities against one another as the case of Medellin Cartel head Pablo Escobar who believed that the Cali cartel had aided the government in his manhunt - Riley (1996), p. 172. For more on the role of informants, see Peter Reuter, *Licensed Criminals: Police and Informants*, RAND Document P-6820, 1982.

# Drug Policy To Reduce the Terrorist Threat

## The Importance of Scale

Whichever aspect of the potential drug/terror connection we look at, the sheer scale of the illicit drug industry (measured in dollars) is an important determinant of the contribution it may make to terrorism. The correct weighting of drug control objectives against anti-terrorist objectives depends in part on how much drug trafficking actually contributes to the threat of terrorist action, and how much anti-drug efforts could do to reduce that contribution. Those factors, in turn, are likely to vary from drug to drug.

## The Multiple Goals of Drug Control Policy

Drug control policy involves a variety of distinct, and sometimes competing, goals, other than combating terrorism.<sup>27</sup> A partial list might include

- reducing the prevalence of any illicit drug use, especially among children and teenagers;
- reducing addiction;
- reducing violence associated with drug trafficking;
- reducing crime associated with drug use;
- protecting neighborhoods from the disruptive effects of retail drug dealing;
- preventing the employment of juveniles in the drug traffic;
- protecting the public health from drug-related infectious diseases;
- protecting the children of drug users from being damaged by their parents' drug use;
- moderating the damage done by drug abuse to the health status, productivity, and family functioning of users; and
- reducing the prevalence of accidents due to intoxication.

The part of drug control policy concerned with reducing the drug contribution to terrorism will not necessarily serve all of these goals. That does not mean that the remaining goals should be abandoned, but it does imply that tradeoffs may need to be considered.

Moreover, all drugs are not likely to make the same contributions to the terrorism threat, either quantitatively or qualitatively. Ecstasy (MDMA) produced in the Netherlands and smuggled into the United States by Russian and Israeli organized-crime groups obviously poses a different set of issues than cocaine produced in FARC-dominated regions of Colombia.

Even the same drug may have very different implications for terrorism in different circumstances: where it comes from, how it travels, and which organizations traffic in it all make a difference. The United States gets the bulk of

---

<sup>27</sup>For a further discussion of drug control policy issues, see Mark A. R. Kleiman, *Against Excess: Drug Policy for Results* (New York: Basic Books, 1992).

its heroin from poppies grown in Colombia, a smaller amount from poppies grown in Southeast Asia, and relatively little from poppies grown in Southwest Asia, including Afghanistan. Most of the heroin produced from the Afghani poppy crop either stays in Asia or is trafficked into Europe. Thus in the period leading up to September 11, 2001, European heroin consumption potentially helped finance Al Qaeda activities, or helped support the Taliban regime which harbored Al Qaeda, but heroin consumption in the United States likely did not. U.S. heroin consumption may have contributed to the terrorist threat in Colombia, and perhaps in Mexico, but likely had very little impact on Afghanistan or its neighbors.<sup>28</sup> (Unlike petroleum, for example, which is traded in world markets, so that increased demand or decreased supply anywhere tends to raise prices everywhere, the illicit trade in heroin tends to be compartmentalized, so that prices for poppy can be high in Colombia but low in Afghanistan, or vice versa.) By contrast, anyone concerned with the terror problem in Colombia can afford to ignore Asian heroin consumption, because virtually no Colombian-source heroin makes its way to Asia.<sup>29</sup>

The international drug traffic involves large numbers of organizations of various sizes. Some may be connected to, or subject to extortion by, terrorist groups; others may not.<sup>30</sup> Drugs flow along many different pathways. Even for a given drug, country of origin, and trafficking route, there may still be crucial distinctions among trafficking organizations. Because different drug traffickers compete with one another, pressure put on any one translates into improved opportunities for the remainder. Thus effective enforcement against one smuggling route encourages the development of others, and alternatives developed under enforcement pressure may have greater connection to actual or potential terrorism than the ones they replace.

For example, cocaine and heroin from Colombia flows into the United States either by air and sea through the Caribbean and into South Florida, the Gulf Coast, and the East Coast, or overland through Central America and Mexico and across the Southwest Border.<sup>31</sup> Since these two routes compete with each other, pressure on either indirectly encourages the use of the other; the vast increase in enforcement pressure on the Caribbean route in the 1980s created the incentive for the

---

<sup>28</sup>U.S. Department of Justice, National Drug Intelligence Center (NDIC), *National Drug Threat Assessment 2002*, Document 2002-J0403-002, Dec. 2001, p. 19, available at [<http://www.usdoj.gov/ndic/pubs07/716/index.htm>].

<sup>29</sup>With Southeast Asia producing opium in quantities sufficient to yield between 90 and 110 metric tons of heroin (NDIC measure cited above), there is no current need for import to the markets of China and Asia. Roughly 3 metric tons (6,600 pounds) made it to U.S. markets, according to NDIC.

<sup>30</sup>In Columbia, for example, the M-19 guerrilla movement has allegedly been “retained” by the drug cartels to provide protection and to carry out some of the bloodier retaliatory attacks on Colombian citizens and symbols of civil authority. The November 1985 attack on the Columbian Palace of Justice that resulted in more than 100 fatalities at a time when the Columbian Supreme Court was nearing a decision on the legality of extraditing drug suspects to the United States was attributed to this *ad hoc* alliance. Riley, 1996. p. 159-161).

<sup>31</sup>ONDCP, “Estimation of Cocaine Availability 1996-2000,” Mar. 2002, pp. 18-20. Available at [<http://www.whitehousedrugpolicy.gov/publications/pdf/cocaine2002.pdf>].

development of the overland route. That probably reduced somewhat the possible contribution of drug-related money, chaos, and corruption to political violence in (e.g., the Dominican Republic), but increased those risks in Guatemala and Mexico. Without speculating as to whether that change represented a net gain or loss from a counter-terror perspective, it might be noted that published reports of the policy discussions regarding the build-up in Caribbean enforcement do not mention any discussion of the possible impacts of that move on Central American and Mexican political stability.

In considering how to allocate our drug enforcement resources, policymakers may want to consider the effects on how the drugs flow. In addition to influencing the overall size of the market, enforcement can influence its composition and conduct. Organizations, drugs, and trafficking routes are not uniform in their potential contributions to terrorism. Insofar as enforcement concentrates differentially on those aspects of the drug trade most likely to be linked to terror, it may exert both direct effects, by dismantling some organizations, and indirect effects, by creating a relative competitive disadvantage for those organizations whose trafficking activity is most prone to support terrorism, which in turn will help shape traffickers' behavior.

Not every enforcement activity that reduces drug consumption reduces the demand for imported drugs. Enforcement against U.S. production of drugs that are also imported (for example, eradication of the domestic cannabis crop and crackdowns on domestic methamphetamine production) may shrink consumption of those drugs overall by making them more expensive and less available to U.S. consumers, but will tend to increase demand at the import level, creating new opportunities for overseas drug producers and traffickers. The net effect on the terrorist threat is not obvious. It would depend not only on how the resulting overseas production and import activity tied in with terrorism, but also on the details of the domestic production and trafficking that is displaced, some of which may be linked to terrorism.

The same is true of that part of the enforcement effort devoted to seizing drugs, as opposed to arresting traffickers or seizing non-drug assets. Drug seizures actually increase the demand for drug imports, thus potentially contributing to problems in source countries, because cocaine refiners must buy from coca producers enough leaf to produce the amount drug users buy and consume, plus the amount enforcement agencies seize and destroy. From the grower's viewpoint, a ton seized is no different from a ton consumed. If the seizure process were so efficient that traffickers stopped trying, leading to a physical shortage and massive price increases, the result might be to shrink the market overall, but the replacement cost of seized drugs is so small compared to the value of landing them successfully that traffickers seem to be willing to run very substantial seizure risks without being deterred.<sup>32</sup>

---

<sup>32</sup>P. Reuter, G. Crawford, and J. Cave, *Sealing the Borders: Effects of Increased Military Efforts in Drug Interdiction* (Santa Monica, CA: RAND Corp., 1988).

It is estimated that total cocaine seizures now amount to approximately one-quarter of the total amount of cocaine shipped to the United States,<sup>33</sup> but the price of cocaine remains near its all-time lows<sup>34</sup> and no physical shortages have been reported since the fall of the Medellin Cartel in 1989 produced a temporary (roughly six month) supply interruption.<sup>35</sup>

The incorporation of a counter-terror perspective into drug policy decision making could involve adding such considerations at every stage of the drug enforcement process. Enforcement initiatives that may seem justified from a purely drug control perspective may have to be reconsidered if their net effect on the terrorist threat would be in the wrong direction, as might be true, for example, in the case of some interdiction efforts.

For example, the direct support the Taliban regime in Afghanistan received from drug trafficking (and indirect U.S. support for its counter-drug efforts) helped keep it in power during the time its territory was being used by Al Qaeda as a base from which to plot hostilities against the United States. In that case, then, the drug money that may have (indirectly) supported terrorism became a direct threat to the United States. (It is less clear whether any of the assistance provided by the United States to replace the incomes of poppy farmers put out of business by the Taliban's prohibition on poppy production<sup>36</sup> in practice helped keep the Taliban in power. The same applies to the other relief aid that flowed to Afghanistan in that period — though not directly to the Taliban government — from a variety of international sources, reportedly as a “reward” to the Taliban for the poppy ban.) On the other hand, drug trafficking also helped sustain some elements of the Northern Alliance that were allies of the United States in ousting the Taliban. Insofar as the goal is to protect the United States against terrorist acts, we need not merely to cut down on the drug-related contribution to terrorism generally, but to the drug-related contribution to terrorist groups that threaten us.

## Shrinking the Drug Markets

In the most abstract terms, the scale of the illicit drug markets is determined by demand, price, and availability. The markets can be reduced by shrinking demand (in the technical economic sense of that term: reducing the amount of illicit drugs consumers are willing to buy at any given price), by increasing the retail prices of illicit drugs (and thus reducing the quantity consumed at any given level of demand),

---

<sup>33</sup>*Estimation of Cocaine Availability*, pp. 10-11.

<sup>34</sup>*What America's Users Spend on Illegal Drugs*, 2000, figure 9, p. 57.

<sup>35</sup>Even this shortage had limited impact on the domestic market. The price of cocaine per milligram, as calculated above, showed a significant increase at the retail (street) level in early 1990 but returned to previous levels within the year and then began to decline to current levels.

<sup>36</sup>U.S. Department of State, “Rocca Meets Taliban Representative in Islamabad,” Aug. 2, 2001 at [<http://usinfo.state.gov/topical/pol/terror/01080202.htm>] and U.S. Department of State, “Rocca on \$1.5 Million in Aid to Former Afghan Poppy Growers,” Aug. 2, 2001 at [[http://www.usembassy.it/file2001\\_08/alia/a1080204.htm](http://www.usembassy.it/file2001_08/alia/a1080204.htm)].

or by making drugs less available in ways other than raising prices (one way to think of this is in terms of increasing the time, risk, and inconvenience required for a consumer to find a supplier, a concept referred to in the drug abuse control literature as “search time.”)<sup>37</sup>

Shrinking demand, reducing availability, and increasing price will all tend to reduce total physical and financial volume. It was formerly believed that raising drug prices would lead to increases in total revenues due to what was thought to be relatively inelastic demand by drug consumers; more recent evidence suggests strongly that demand for illicit drugs is more than unit-elastic, so that a price increase tends to produce a more-than-offsetting decrease in quantity purchased and thus a shrinkage in total revenues.<sup>38</sup> The fact that drug consumption at one point in time tends to increase effective demand at later points — because of the development both of social and personal habit patterns of drug use and of pharmacologically-based tolerance and dependency — reinforces this effect.

**The Difficulty of Raising Prices in Mature Markets.** Perhaps the greatest surprise in the field of drug policy over the past generation has been the persistent failure of hard-drug prices to rise in the face of greatly expanded enforcement efforts. The scale of the drug enforcement enterprise, as measured by the number of traffickers in prison, has grown nearly 30-fold since 1980; even adjusting for the rise of heroin and cocaine volumes over that period, the increase in enforcement intensity (the ratio of enforcement effort to the size of the underlying market) has been roughly five-fold. Yet cocaine and heroin prices have actually fallen, in inflation-adjusted dollars, by approximately 80% each, and remain near their lowest levels.<sup>39</sup> Cannabis prices, which rose in the face of increased enforcement in the late 1970s and early 1980s, have also been drifting lower despite continued vigorous law enforcement efforts.<sup>40</sup>

There is considerable uncertainty about the reasons for the behavior of drug prices over the past two decades, and no consensus about what the course of drug prices would have been in the face of different policies. It may be the case that, beyond a certain size, drug markets become so resilient that enforcement has great difficulty influencing them. But there appears now to be little reason to think that any feasible increase in drug law enforcement effort could substantially increase prices. The Drug Enforcement Administration, which once used to refer to its price

---

<sup>37</sup>Peter Reuter and Mark A.R. Kleiman, “Risks and Prices: An Economic Analysis of Drug Enforcement,” in Norval Morris and Michael Tonry, eds., *Crime and Justice: An Annual Review of Research*, v. 7. (Chicago: University of Chicago Press, 1986), pp. 301-306; and Jack K. Riley, *Crack, Powder Cocaine, and Heroin : Drug Purchase and Use Patterns in Six U.S. Cities*, ONDCP, 1997, pp. 14-21, at [<http://www.ncjrs.org/pdffiles/167265.pdf>].

<sup>38</sup>Jonathan P. Caulkins, “Estimating Elasticities of Demand for Cocaine and Heroin With Data from the Drug Use Forecasting System,” unpublished Manuscript (1995), H. John Heinz III School of Public Policy and Management, Carnegie Mellon University.

<sup>39</sup>*What America’s Users Spend on Illegal Drugs*, 2000, pp. 57-58.

<sup>40</sup>*Ibid.*, figure 12, p. 60

series as its “Performance Measurement System,” no longer considers increasing drug prices as a gauge of its effectiveness.

Insofar as additional enforcement is not likely to substantially raise the prices of those drugs associated with terrorist activity, then bringing about such a price increase as a way of shrinking the volume in the drug markets cannot be listed as one of the more promising options for dealing with the threat posed by terrorist organizations.

**The Difficulty of Reducing Availability in Mature Markets.** There remain differences of opinion about the extent to which enforcement can have lasting effects on drug availability. The standard, skeptical view holds that retail-level enforcement — efforts directed at the dealers who make the final sale to drug users, and the immediate suppliers of those retail dealers, as opposed to higher-level traffickers — can only move markets around rather than actually shrinking them. That view is challenged by scattered success stories<sup>41</sup> and by dramatic differences in user-reported difficulty in purchasing drugs between New York (after its well-publicized crackdown on retail drug dealing) and other cities.<sup>42</sup>

Academic proponents of retail-oriented enforcement strategies emphasize the importance of disrupting the markets, rather than merely making many arrests, and argue in consequence for concentration, rather than dispersion, of retail enforcement activity. In yet-unpublished work, David Kennedy has begun to explore arrest-minimizing techniques for disrupting markets, in recognition of the fact that the cost of drug crackdowns in police and court resources represent one of the most important barriers to their widespread use, and that the costs depend directly on the number of arrests made.

In theory, it might be possible to shrink drug volumes by systematically reducing retail availability. However, the efficacy of such a strategy depends on still-unproven claims about the capacities of law enforcement and about the effect of changes in retail availability on long-run drug consumption patterns, and especially of the consumption patterns of chronic high-dose illicit drug users, who collectively account for the vast bulk of illicit drug consumption.

If, as seems plausible, the level of violence were roughly proportional to some combination of the volume of transactions and the revenues of the industry, increasing search time would tend to decrease violence. On the other hand, a shrinking market might lead to increased levels of violent disputes among market participants, especially if dealers from a market forced out of existence by a crackdown attempt to poach on others’ established sales territories. Since illicit drug prices now seem hard to influence, and since availability is directly determined by

---

<sup>41</sup>For example, see M. Kleiman, *Crackdowns: The Effects of Intensive Enforcement on Retail Heroin Dealing*, in Marcia R. Chaiken (ed.), *Street Level Drug Enforcement: Examining the Issues* (Washington: National Institute of Justice, 1988), and David M. Kennedy, *Closing the Market: Controlling the Drug Trade in Tampa, Florida*, National Institute of Justice Program Focus, NCJ Number: 139963, April 1993.

<sup>42</sup>Riley, Table 21, 1997, pp. 19-20.

the numbers, social and spatial distribution, and behavior of retail sellers rather than that of large-scale distributors, it can be argued that retail-level drug law enforcement would be the most promising means of controlling non-drug crime.

However, in the absence of a well-worked-out and empirically tested theory of how the different levels of the drug traffic relate to each other — which may not be the same for all drugs, or for all times and places — one cannot rule out the possibility espoused by some enforcement officials and researchers, that enforcement directed at high-level dealers, particularly in source and transit zones, could, under some circumstances, decisively influence availability, and do so far more cost-effectively than retail-level strategies.<sup>43</sup>

For now, however, neither high-level nor retail-level enforcement can be considered highly likely to succeed in reducing the size of the drug markets. And, considered from the perspective of reducing terrorist threats, drug law enforcement may not be risk-free. Roughly 150,000 persons are sentenced to prison each year on drug charges — approximately one-quarter of the total influx to prison — and a comparable number are released. In addition to whatever effect prison might have in increasing propensities to violence generally, prisons are recruiting grounds for violent gangs with outside-the-walls affiliates and for extremist religious groups. While there have been no known attempts by overseas terrorist groups to recruit members in U.S. prisons or from among prison releasees, those populations would seem to be natural recruiting targets.<sup>44</sup> Even a very low success rate from such a large population could constitute a substantial increment to the potential supply of terrorists. Arguably, increasing the number of prisoners increases the number of potential terrorist recruits.

**The Complexities of Demand Reduction.** The volume of the drug traffic, both physically and financially, which largely determines its potential contribution to terrorism, depends on drug users, who consume the drugs and pay for them, and in particular on high-dose, chronic drug users, who account for most of the total retail expenditure on illicit drugs.<sup>45</sup> That is the basis of the idea that drug demand reduction deserves a central place in policy thinking, in particular if the question is how to reduce the contribution of drug trafficking to terror.

---

<sup>43</sup>B.D. Crane, A.R. Rivolo, and G.C. Comfort, *An Empirical Examination of Counterdrug Interdiction Program Effectiveness*, Institute for Defense Analysis, IDA paper, 1997, p. 3219; but see also Charles F. Manski, John V. Pepper, and Yonette Thomas, eds., *Assessment of Two Cost-Effectiveness Studies on Cocaine Control Policy*, Committee on Data and Research for Policy on Illegal Drugs, Committee on Law and Justice and Committee on National Statistics, Commission on Behavioral and Social Sciences and Education (Washington: National Academy Press, 1999).

<sup>44</sup>Chuck Colson, “Evangelizing For Evil In Our Prisons,” *The Wall Street Journal*, June 24, 2002, p. A16.

<sup>45</sup>Mark A.R. Kleiman, “Coerced Abstinence: A Neo-Paternalistic Drug Policy Initiative,” in Mead, Lawrence A. ed., *The New Paternalism* (Brookings Institution Press, 1997), pp. 15-16.

“Demand reduction” names a goal, but does not name a single program, or group of programs. While prevention and treatment are often thought of as constituting the “demand side” of the anti-drug effort and enforcement the “supply side,” matters on the ground are much less simple. First, the effective demand for any drug is in part a function of its retail availability; even consumers, who desire to acquire a drug, and have the money to pay for it, may be unable to buy if there is no seller geographically and socially convenient to them. From the viewpoint of large-scale drug suppliers, retail drug law enforcement, when it is successful in suppressing market activity rather than merely shifting it around, acts as a demand reduction measure. The same is true insofar as retail enforcement, and drug testing programs in various venues, act as deterrents to drug use.

The most familiar, and popular, demand reduction programs are drug abuse prevention programs, which include school-based, community-based, and mass-media efforts.<sup>46</sup> What they have in common is a goal of preventing, or at least retarding in time, the initiation of illicit drug use (and of the underage use of alcohol and tobacco). These programs are relatively inexpensive on a per-person basis and can therefore be applied to the entire population. When they are effective, they are extremely cost-effective as a means of reducing the number of illicit drug users. However, two factors may limit the capacity of such programs to make a substantial impact on the physical and financial flows in the illicit markets. First, even for the best prevention programs the measured effect sizes — the proportionate reduction in the number of persons engaging in the target behaviors — tend to be modest: a reduction in, for example, the rate of marijuana smoking in a seventh-grade cohort from 13% among “untreated” individuals to 10% among those exposed to a prevention program is considered a state-of-the-art result.<sup>47</sup> Second, most of those whose illicit drug use is prevented would never have become heavy users in any case, both because the transition from experimental use to heavy use is itself relatively infrequent and, possibly, because the very factors that make young people receptive to prevention messages may reduce their risks of progressing to heavy use even if they do initiate the consumption of illicit drugs.

The total number of illicit drug users is often considered the most important measure of the success of demand reduction efforts. But focusing on reducing the potential contribution of the drug problem to terrorism would shift the emphasis from the total number of drug users to the much smaller number of heavy users. Illicit drug users vary greatly in the quantities they consume, and therefore in the revenues they contribute to the illicit markets. A small fraction of all the users account for the vast bulk of total purchases, in accordance with “Pareto’s Law,” also known as the 80/20

---

<sup>46</sup>J.P. Caulkins et al., *An Ounce of Prevention, a Pound of Uncertainty: The Cost-Effectiveness of School-Based Drug Prevention Programs* (Santa Monica, CA: RAND Corp., 1999), pp. 1-9.

<sup>47</sup>*Ibid.*, pp. 81-84. Mark A.R. Kleiman, “Addiction, Rationality, Behavior and Measures: Some Comments on the Problems of Integrating Econometric and Behavioral Economic Research,” in Frank J. Chaloupka, Warren K. Bickel, Michael Grossman, and Henry Saffer, eds., *The Economic Analysis of Substance Use and Abuse: An Integration of Econometric and Behavioral Economic Research* (Chicago: The University of Chicago Press, 1999), pp. 242-247, National Bureau of Economic Research.

rule, which finds that for many activities one-fifth of the number of persons involved account for four-fifths of the volume of transactions.<sup>48</sup> Shrinking the number of occasional users (except insofar as some of them would later have developed into heavy users) can make only a small contribution to reducing the volume of illicit drugs consumed. (The phenomenon is not limited to illicit drugs; alcohol consumption, which is more reliably known because sales are taxed and drinkers less unwilling to honestly describe their behavior than users of illicit drugs, follows the same pattern, with half of all alcohol consumed by the 10% heaviest drinkers and four-fifths of all alcohol consumed by the 20% heaviest drinkers.) In the case of cocaine, the entire population surveyed by the National Household Survey on Drug Abuse reports consuming no more than 10% of the actual volume of cocaine sold. Although account needs to be taken of the candor of individuals responding to a survey on illicit drug usage, the 10% figure still suggests the presence of a large “hidden” population of very heavy users who absorb the bulk of the cocaine sold.

The Arrestee Drug Abuse Monitoring (ADAM) system<sup>49</sup> (recently terminated by its sponsor, the National Institute of Justice) shows a very heavy concentration of drug use among property and violent crime offenders. The ADAM results, and other studies of offender populations, tend to confirm the existence of such a group of heavy users, not only for cocaine but for heroin and methamphetamine as well. This group of high-volume, persistent user-offenders, estimated at no more than about 3 million individuals, makes up the heart of the hard-drug markets. (Cannabis consumption also appears to be heavily concentrated, but chronic property and violent offenders represent a much smaller proportion of cannabis users than is the case for heroin, cocaine, or methamphetamine. Therefore, controlling offender drug use would have a smaller effect on the marijuana markets than on the markets for “hard” drugs.) Members of this population have average expenditures of more than \$10,000 per year on cocaine and heroin,<sup>50</sup> which explains both their capacity to absorb so much of the supply and their concentration among offenders.

Shrinking the hard-drug markets thus depends largely on shrinking the consumption of this group of high-dose, chronic users, sometimes known as “hard-core” users and identified, not entirely accurately, with “addicts.”

The best-known approach to doing so is providing more drug treatment services. Clear evidence from a wide range of studies indicates that high-volume drug users who enter and remain in treatment tend to make substantial reductions in their drug use while treatment lasts, and that the reductions tend to carry over into the post-treatment period. That appears to be true across virtually the entire range of treatment approaches. It is also the case that the number of treatment “slots” is exceeded by the number of persons estimated to be “in need of” drug treatment by

---

<sup>48</sup>Mark A.R. Kleiman, “Controlling Drug Use and Crime with Testing, Sanctions, and Treatment,” in P.H. Heymann, and W.N. Brownsberger, eds., *Drug Addiction and Drug Policy* (Cambridge, MA: Harvard University Press, 2001), pp. 168-192.

<sup>49</sup>U.S. Department of Justice, National Institute of Justice, Arrestee Drug Abuse Monitoring Program (ADAM), *1999 Annual Report on Drug Use Among Adult and Juvenile Arrestees*, June 2000, at [<http://www.whitehousedrugpolicy.gov/publications/pdf/adam99.pdf>].

<sup>50</sup>*What America’s Users Spend on Illegal Drugs*, 2000, pp. 12-14.

various approaches. Some have concluded from those findings that increasing the number of hard-core users in treatment is the best approach to reducing the overall size of the drug problem, and have gone on to argue that increasing public funding for drug treatment programs is the most cost-effective approach to shrinking the drug markets.<sup>51</sup> To the extent that is the case, and to the limited extent that the drug markets help support terrorism, then drug treatment should be considered as one means of reducing terrorist risk.

Even under fairly conservative assumptions, it can be argued that increasing support for publicly paid drug treatment would have benefits well in excess of costs. However, it should be noted that funding is by no means the only barrier — perhaps it is not even the most important — to treatment participation. There has been considerable discussion of the “treatment gap,” defined as the difference between the number of persons needing treatment and the number actually receiving it, and there is a belief that closing that gap with additional spending will greatly shrink the illicit markets. But neither of those ideas should be accepted without qualification, and expanding the supply of drug treatment is not the only, or necessarily the most effective or cost-effective, approach to reducing drug use among heavy drug users.

Treatment, too, can be analyzed in terms of supply and demand. While the need for treatment as defined by diagnostic criteria clearly outstrips current treatment capacity, it is much less clear that current capacity falls short of the actual number of users willing to undergo treatment. While most seriously impaired drug users would probably prefer to lead less disordered lives, that does not necessarily translate into a desire to give up drug use, still less the desire and determination to undergo, and remain with, the difficult process of recovery. Within the criminal justice system, as many as half of all those offenders assigned to treatment in lieu of criminal punishment never show up for a first treatment appointment, and a substantial proportion of those who do appear quickly to drop out. Increasing the demand for treatment is as difficult and as important as increasing its supply. (Improving treatment quality poses different challenges.)

While there are indeed waiting lists in some treatment programs, there are also programs unable to recruit enough clients to fill their allocated “slots.” Rather than addressing a “treatment gap,” it would be more accurate to talk of “treatment gaps,” in the plural: shortfalls in the capacity to provide particular services, such as residential programs for mothers with small children.

---

<sup>51</sup>C.P. Rydell and S.S. Everingham, *Controlling Cocaine: Supply Versus Demand Programs*, (Santa Monica, CA: RAND Corp.); B.D. Crane, A.R. Rivolo, and G.C. Comfort, *An Empirical Examination of Counterdrug Inderdiction Program Effectiveness* (Alexandria, VA: Institute for Defense Analysis, 1997), p. 3219. David Boyum, *Costs and Benefits of Drug Treatment and Drug Enforcement : A Review of the CALDATA and RAND Studies, 1995*, ONDCP; Charles F. Manski, John V. Pepper, and Yonette Thomas eds., *Assessment of Two Cost-Effectiveness Studies on Cocaine Control Policy*, Committee on Data and Research for Policy on Illegal Drugs, Committee on Law and Justice and Committee on National Statistics, Commission on Behavioral and Social Sciences and Education (Washington: National Academy Press, 1999); and J.P. Caulkins, et al., *Response to the National Research Council's Assessment of RAND's Controlling Cocaine Study* (Santa Monica, CA: RAND Corp., 2000).

One possible approach to increasing the effective demand for treatment is to use the pressure that the criminal justice system provides to *compel* user-offenders to enter into treatment and remain there. That is the common core of a wide mix of programs: both drug diversion programs, either discretionary with the court or, as with California's Substance Abuse and Crime Prevention Act ("Proposition 36"), mandated by law, and drug courts, which combine the diversion concept with direct supervision of the treatment process, and treatment compliance, by a judge who can impose sanctions on offenders who do not hold up their part of the diversion bargain. In addition, drug treatment can be, and often is, imposed as a condition of probation or parole, even for offenders who do not request, or receive, a formal diversion agreement in which punishment is suspended in favor of treatment.

However, the mandate to treatment, both under diversion programs and under probation and parole supervision, is frequently more nominal than real. Few community-corrections agencies are staffed or organized to monitor treatment compliance and deliver reliable sanctions for non-compliance. That is the advantage claimed by drug courts, but even judicial supervision has not proven to be a magic bullet. The voluntary nature of drug courts and diversion programs (offenders can, and some do, refuse the offer of diversion and accept instead the ordinary punishment for the crimes they are charged with) also limits their potential scope.

An alternative, or complementary, approach would be to use the powers of the criminal justice system in an attempt to compel desistance from illicit drug use directly, rather than trying to compel treatment attendance. It has been proposed that frequent drug tests for probationers and parolees, with reliable sanctions for continued drug use, could reach a larger population than the coerced-treatment approaches can, with comparable effectiveness in reducing drug use and much greater cost-effectiveness. There is some evidence that such programs can be effective, but there is also great difficulty in putting them into practice, given the procedural demands of imposing sanctions for probation violations (which tend to put an undesirable gap in time between the forbidden behavior and the sanction intended to deter it) and the organizational and funding challenges faced by probation departments, many of which have no more than a dollar a day to spend on supervising each of their clients.<sup>52</sup>

Even with all these difficulties, addressing the problem of drug use among hard-core user-offenders may in the view of many experts, represent the single best opportunity for reducing the volume of illicit drugs consumed in the United States.

---

<sup>52</sup>Mark A.R. Kleiman, "Controlling Drug Use and Crime with Testing, Sanctions, and Treatment," in P.H. Heymann, and W.N. Brownsberger eds., *Drug Addiction and Drug Policy* (Cambridge, MA: Harvard University Press, 2001), pp. 168-192; Mark A.R. Kleiman, "Coerced Abstinence: A Neo-Paternalistic Drug Policy Initiative," in Lawrence A. Mead, ed., *The New Paternalism* (Brookings Institution Press, 1997), pp. 15-16.; William N. Brownsberger, "Limits on the Role of Testing and Sanctions," in P.H. Heymann, and W.N. Brownsberger, eds., *Drug Addiction and Drug Policy*. (Cambridge, MA: Harvard University Press, 2001), pp. 193-205.; and Mark A.R. Kleiman, T. Tran, P. Fishbein, Maria-Teresa Magula, W. Allen, and G. Lacy, "Opportunities and Barriers in Probation Reform: A Case Study of Drug Testing and Sanctions," California Policy Research Center, *CPRC Brief*, vol. 14, no. 4, June 2002.

The threat of terrorism would provide one more reason to concentrate on this part of the drug problem.

## **Conclusion**

American drug policy is not, and should not be, driven entirely, or even primarily, by the need to reduce the contribution of drug abuse to our vulnerability to terrorist action. There are too many other goals to be served by the drug abuse control effort. However, the links between the two issues are sufficiently clear that the institutions of drug abuse control would be wise to factor the impact of their activities on the terrorist threat into their decision-making. Such a focus could involve employing enforcement to reduce the opportunities that drug trafficking provides to terrorist groups, and focusing the demand control effort more on the issue of hard-core user-offenders.

