WOLA

Drug War Monitor

DECEMBER 2004

A WOLA BRIEFING SERIES

Are We There Yet?

Measuring Progress in the U.S. War on Drugs in Latin America

by John M. Walsh

For the first time in 20 years … we are on a path to realize dramatic reductions in cocaine production in Colombia, and a complementary reduction in the world's total supply of cocaine … This reduction in cocaine supply will contribute substantially to achieving the Administration's goal of reducing U.S. cocaine consumption 25 percent by 2006 … The challenge before us is to stay the course and ensure the success that is within sight.[1]

—John Walters, Director, Office of National Drug Control Policy (ONDCP), June 2004.

Decisively disrupting the flow of cocaine from South America to the United States—a long-sought objective in the U.S. "war on drugs"—is now within reach, according to the White House's Office of National Drug Control Policy (ONDCP). Citing recent coca eradication gains, especially in Colombia, U.S. drug czar John Walters foresees the possibility of "a major and permanent disruption of the illicit drug industry."[2]

But, how close are we, really, to crippling cocaine production and smuggling? Are we on the verge of experiencing a significant reduction in the availability of cocaine in the United States? And, would these hoped-for reductions in U.S. cocaine supply actually translate into less cocaine use?[3]

The Numbers Game

The debate over the U.S. drug war in Latin America has become engulfed by a flood of numbers—hectares of drug crops destroyed, tons of drugs seized, number of arrests made, and so on. In its most recent *International Narcotics Control Strategy Report*, or INCSR, the State Department claimed that the United States and its allies had "limited drug crop expansion, strengthened interdiction efforts, destroyed processing facilities, and weakened major trafficking organizations." The INCSR cited an array of numbers to demonstrate the progress made. For example, according to the INCSR, the United States and its allies enjoyed "a good year" on the interdiction front in 2003, pointing out that:[4]

- Colombia recorded especially impressive interdiction results. Colombian counternarcotics forces destroyed 83 HCl [cocaine hydrochloride] laboratories in 2003 ... captured more than 48 tons of cocaine/cocaine base, 1,500 metric tons of solid precursors and 750,000 gallons of liquid precursor processing chemicals.
- Mexican authorities seized over 20 metric tons of cocaine hydrochloride during 2003.
- Bolivian counternarcotics forces … nearly tripled cocaine seizures in 2003. At year's end, Bolivian forces had seized 152 metric tons of coca leaf, 13 metric tons

A publication of WOLA's "Drugs, Democracy and Human Rights" project, which examines the impact of drug trafficking and U.S. international drug control policies on human rights and democratization trends throughout Latin America and the Caribbean

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of cocaine, 8.5 metric tons of cannabis, and nearly 1,100 metric tons of liquid and solid precursor and essential chemicals.

- In 2003, Peruvian government forces had seized approximately four metric tons of cocaine base and 3.5 metric tons of cocaine HCl.[5]

Because they offer the aura of objectivity and precision, numbers are the coin of the realm in debates over public policy, including drug control, and have created the impression that we are measuring drug control progress in a sophisticated and meaningful way. Lately, the figures have emboldened the Bush administration and many in Congress to announce major progress and to predict great victories just ahead in the long-running war on drugs.

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But a healthy skepticism is in order regarding numbers put to use in the political arena, especially numbers swirling around a highly-charged issue like illicit drug control.[6] It is worth asking if crop eradication and drug seizure figures really provide the kind of mileposts we need for measuring progress in drug policy—and if not, what kinds of measures should we use instead? These are not esoteric questions, but go to the heart of the challenge of responsible policymaking: candidly and rigorously evaluating whether our policies are working or not.

Setting Goals

Measuring progress first requires some agreement upon our ultimate destination. That the United States has yet to achieve a durable consensus on the basic goals of illicit drug control policy is apparent in the changing priorities expressed over the years in ONDCP's annual strategy documents.[7] The transition from the presidency of Bill Clinton to that of George W. Bush resulted in an especially sharp redefinition of what constitutes drug policy success.

In 1998, under President Clinton, ONDCP set forth a ten-year strategy with the goals of reducing illicit drug use, reducing the adverse consequences of drug use and trafficking, and reducing availability (see Table 1).[8] These three principal "mission areas" of the 1998 strategy incorporated a dozen "impact targets," such as reducing the prevalence of drug use among youth, reducing the number of chronic drug users, and reducing the rate of crime associated with drug trafficking and use. The goals and their targets were understood to be overlapping and complementary aspects of the overall drug control effort. The 1998 strategy recognized that the "drug problem" has many dimensions, requiring the simultaneous pursuit of multiple goals.

By contrast, the Bush administration has articulated only one set of drug policy goals (see Table 2),[9] focused entirely on reducing the prevalence of current illicit drug use (the percentage of people estimated to have used illicit drugs in the past thirty days). Reducing the prevalence of illicit drug use is a worthy goal, and was among the goals defined in the 1998 strategy as well, but it is only one aspect of the challenge. The focus on prevalence alone ignores the crucial distinction between light and heavy drug use. Those who consume high dosages of illicit drugs at frequent intervals constitute a minority of all drug users, but because of the intensity of their drug use, these heavy users account for the bulk of drugs consumed and contribute disproportionately to the problems associated with drug abuse, such as crime and the spread of HIV/AIDS and hepatitis C.[10] Somewhere between one-fifth and one-quarter of all current (past-month) cocaine users account for about four-fifths of the cocaine sold in America.[11]

Therefore, even a steep decline in the prevalence of use of a given drug may have very little impact on the overall amount of illicit drugs consumed, the total revenues of the illicit drug market, or the severity of the social problems generated and aggravated by drug abuse. Moreover, the Bush administration's chosen prevalence-reduction goals do not distinguish between types of illicit drugs, but lump them all together. This means that "success" could be achieved almost solely on the strength of reductions in the prevalence of marijuana use, even if the prevalence of cocaine and heroin use were to remain the same or actually increase.

Meanwhile, a strict focus on the percentage of a given population estimated to be using drugs may mask increases in the absolute numbers of drug users, because the overall population continues to grow. A 2003 survey sponsored by the National Institute on Drug Abuse estimated that 2.3 percent of high school seniors were current (past thirty days) cocaine users in 2002, identical to the percentage in 1997. But according to U.S. Department of Education figures, there were about 300,000 more high school seniors nationwide in 2002 than in 1997, meaning that some 7,000 more seniors were current cocaine users in 2002 than was the case in 1997.[12]

Those who consume high dosages of illicit drugs at frequent intervals constitute a minority of all drug users, but because of the intensity of their drug use, these heavy users account for the bulk of drugs consumed.

Table 1: 1998 National Drug Control Strategy Goals

(Presidency of Bill Clinton)

SUPPLY		DEMAND	
25% by 2002 50% by 2007	**Reduce the availability of illicit drugs in the United States**	**Reduce the demand for illicit drugs in the United States**	**25% by 2002 50% by 2007**
15% by 2002 30% by 2007	Reduce the rate of shipment of illicit drugs from source zones	Reduce the prevalence of drug use among youth	20% by 2002 50% by 2007
10% by 2002 20% by 2007	Reduce the rate of illicit drug flow through transit and arrival zones	Increase the average age of new users	12 mos. by 2002 26 mos. by 2007
20% by 2002 50% by 2007	Reduce domestic cultivation and production of illicit drugs	Reduce the prevalence of drug use in the workplace	25% by 2002 50% by 2007
10% by 2002 20% by 2007	Reduce the trafficker success rate in the United States	Reduce the number of chronic drug users	20% by 2002 50% by 2007
CONSEQUENCES			
15% by 2002 30% by 2007	**Reduce the rate of crime associated with drug trafficking and use**	**Reduce the health and social costs associated with drug use**	**10% by 2002 25% by 2007**

Source: ONDCP, *Performance Measures of Effectiveness: A System for Assessing the Performance of the National Drug Control Strategy*, 1998.

Table 2: 2003 National Drug Control Strategy Goals

(Presidency of George W. Bush)

Two-Year Goals:	A 10 percent reduction in current use of illegal drugs by eighth, tenth, and twelfth graders. A 10 percent reduction in current use of illegal drugs by adults age 18 and older.
Five-Year Goals:	A 25 percent reduction in current use of illegal drugs by eighth, tenth, and twelfth graders. A 25 percent reduction in current use of illegal drugs by adults age 18 and older.

Source: ONDCP, *National Drug Control Strategy 2003*.

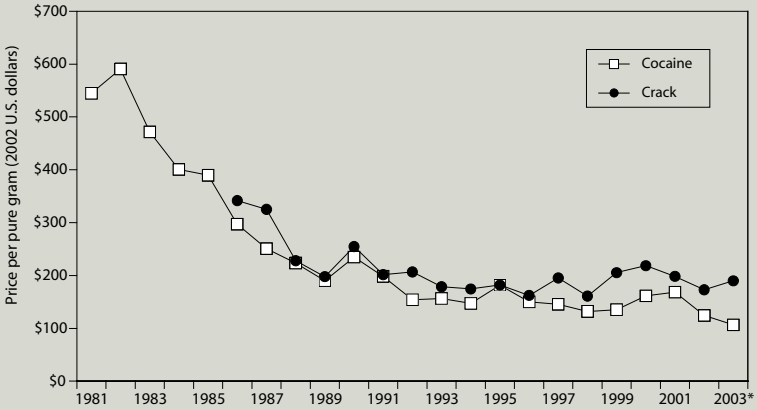
The Real Targets:
Measuring Drug Prices and Drug Use

As of mid-year 2003, the estimated retail prices per pure gram of both powder cocaine and heroin were less than a fifth of their 1981 prices. Crack cocaine cost 44 percent less at mid-year 2003 than it did in 1986. The cocaine and crack price trend lines do fluctuate, especially for purchases in small amounts, but the variance occurs within a fairly narrow band, particularly in recent years (see Figure 1). In the case of heroin, retail-level prices have fallen every year since 1990 (see Figure 2).

Note: The new price and purity time series cover the period from 1981 through the first half of 2003 for powder cocaine and heroin, and from 1986 through the first half of 2003 for crack cocaine. The price estimates are expressed in 2002 constant dollars to control for inflation.

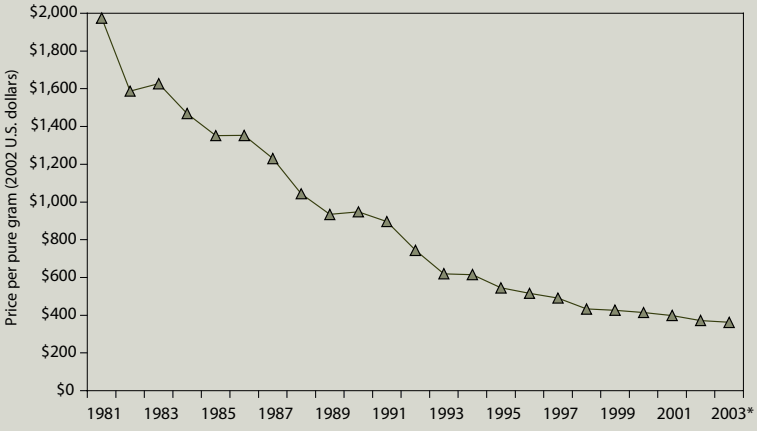
The purity levels of cocaine and of heroin rose steeply during the 1980s, and have remained fairly stable since. The purity of crack cocaine declined very gradually through the 1990s, but has increased somewhat in recent years (see Figure 3). The figures shown here depict trends for retail-level amounts—2 grams or less of cocaine, 1 gram or less of crack or heroin. But essentially the same trends hold for larger amounts as well. (The 1981–2003 price and purity data tables are available on WOLA's website, http://www.wola.org.)

Figure 1: U.S. Retail Prices of Cocaine and Crack *(purchases of 2 grams or less of cocaine, 1 gram or less of crack)*



* 2003 figures are based on data for January–June only.
Source: Prepared for the Office of National Drug Control Policy (ONDCP), obtained by WOLA prior to official release.

Figure 2: U.S. Retail Price of Heroin
(purchases of 1 gram or less)



* 2003 figures are based on data for January–June only.
Source: Prepared for the Office of National Drug Control Policy (ONDCP), obtained by WOLA prior to official release.

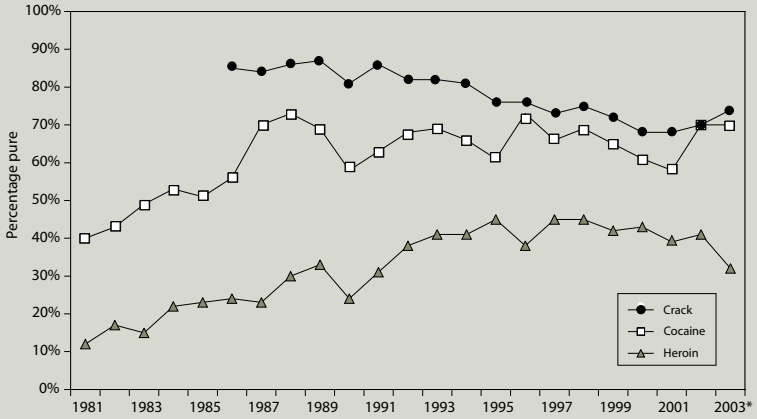
It should be noted that the price and purity data are not without their own weaknesses. The DEA database from which the estimates are derived (System to Retrieve Information from Drug Evidence, or STRIDE) constitutes neither a representative nor random sample of the illicit drug market. But STRIDE contains data describing an enormous number of drug market transactions, recorded in a consistent manner over many years.[19] In the hands of sophisticated researchers, the STRIDE database yields important information about drug markets, and provides the best available means for measuring the real target of supply control efforts: reduced availability as manifested by higher prices.

Might the downward price trends be as much a function of slackening demand as of abundant supplies? The evidence runs against such an interpretation, as cocaine and heroin use appear to be at least stable, if not rising. The Bush administration cites the recent results from the Monitoring the Future (MTF) student survey[20] to claim that "overall drug use among young people in America declined by 11 percent" from 2001to 2003.[21] But the MTF findings are not borne out by the government's other major drug use survey, the household-based National Survey on Drug Use and Health (NSDUH).[22]

Design changes in the NSDUH have meant that findings from prior years are not directly comparable to the results of more recent surveys. Still, an upward trend in current cocaine use over the past ten years is clear enough (see Figure 4).[23] The number of current cocaine users rose from an estimated 1.4 million to 1.8 million (1994–1998 surveys), and then rose from about 1.55 million to 1.68 million (1999–2001 surveys). From 2002 to 2003, the number of current cocaine users rose from 2.02 million to 2.28 million, including sizeable increases among teenagers (up 57,000) and people in their twenties (up 94,000). Compared to 2002, the 2003 NSDUH also found a 7 percent increase in the number of current crack users, and a 2 percent increase in the number of people dependent on or abusing cocaine. Moreover, the 2003 survey found the numbers of new cocaine and heroin users to be considerably higher in recent years than in the early 1990s. There were two-thirds more first-time cocaine users in 2002 than in 1993, and 90 percent more first-time heroin users. Meanwhile, use of cocaine and heroin use is beginning at younger ages (see Figure 5). The average age at first use of powder cocaine fell from 22.1 years in 1993 to 20.3 years in 2002; for crack, from 28.8 to 22.9 years; and for heroin, from 25.5 to 21.4 years.

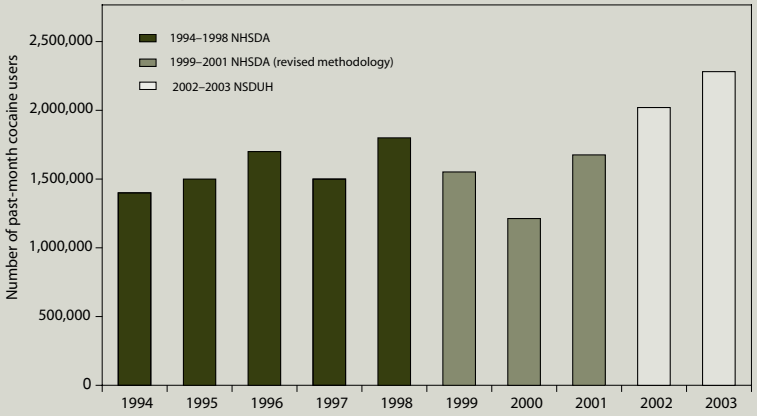
The NSDUH data indicating rising cocaine and heroin use are corroborated by trends in drug-related hospital emergencies, as measured by the Drug Abuse Warning Network (DAWN). From 1995 to 2002, rates of cocaine- and heroin-related emergency department episodes rose by one-third and one-fifth, respectively.[24]

Figure 3: Purity of Retail-Level Cocaine, Crack and Heroin *(purchases of 2 grams or less of cocaine, 1 gram or less of crack and heroin)*



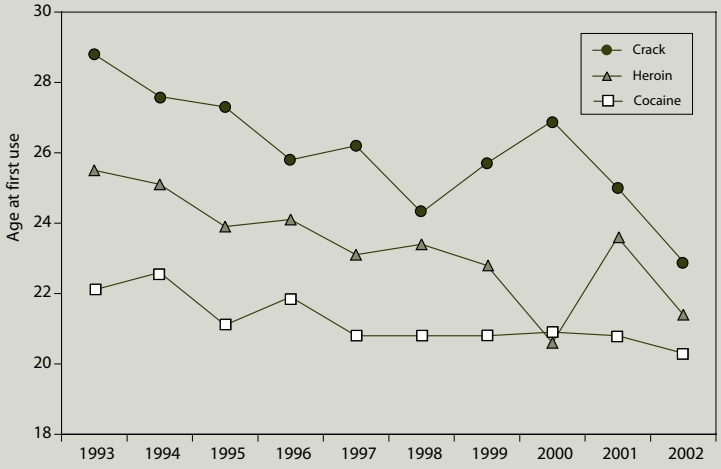
*2003 figures are based on data for January–June only.
Source: Prepared for the Office of National Drug Control Policy (ONDCP), obtained by WOLA prior to official release.

Figure 4: Estimated Numbers of Current Cocaine Users *(persons aged 12 or older using cocaine within the past month)*



Source: U.S. Substance Abuse and Mental Health Administration (SAMHSA), National Household Survey on Drug Abuse, (NHSDA) 1994–2001; National Survey on Drug Use and Health, (NSDUH) 2002–2003

Figure 5: Average Age at First Use of Cocaine, Crack and Heroin



Source: U.S. Substance Abuse and Mental Health Administration (SAMHSA), National Survey on Drug Use and Health, 2003.

Making decreased prevalence of illicit drug use the sole goal of national drug policy may be politically astute—it makes it easier for the Bush administration to claim success than if more comprehensive and ambitious goals were set forth. But in the real world, even if the administration achieves resounding success on the narrow goals it has set, the scope and severity of illicit drug abuse and its attendant problems in the United States will likely remain very much the same.

This critique of the Bush administration's choice to define illicit drug control success strictly in terms of prevalence is no mere quibble. But since a more complete discussion of the appropriate goals of drug policy is beyond the scope of this document, we will proceed on the premise that a major—though not exclusive—goal of U.S. drug policy ought to be reducing overall consumption of illicit drugs. "Reducing consumption" should be understood to mean not simply reducing the overall prevalence of use but shrinking the total amount of drugs consumed as well. For the U.S. war on drug supplies in Latin America, the goals can be expressed more specifically as reducing overall U.S. cocaine and heroin consumption. Future U.S. governments will doubtless agree that this is a worthwhile goal. So if reducing U.S. cocaine and heroin consumption is the destination, how, exactly, are source-country and interdiction efforts supposed to help us get there?

Supply reduction efforts aim to make drugs more expensive, less potent and less available, but the record is dismally clear: since the early 1980s, U.S. cocaine and heroin prices have actually fallen dramatically, while purity levels have risen and then remained fairly stable.

Raising Prices: Hopeful Theory, Stubborn Reality

Since the early 1980s, U.S. policy has sought to reduce the supply of cocaine and heroin by curbing drug production in the source countries and by seizing shipments en route. Attacking supply overseas aims to reduce the availability of illicit drugs in the United States enough to drive up prices and drive down purity. In theory, these higher prices for lower-quality product would then reduce drug use, both by dissuading people from ever becoming involved with drugs and by prompting those who are already using drugs to seek treatment or otherwise cut back on their consumption.

Until fairly recently, the conventional wisdom in the drug control field held that trying to discourage illicit drug consumption by making drugs more expensive was unlikely to accomplish much, on the assumption that heavy or frequent users of illicit drugs were not very sensitive to changes in price. However, most analysts now agree that price does matter, and that price increases, if they could be achieved, would help to reduce consumption.[13] Demand for illicit drugs like cocaine and heroin is now considered to be somewhat elastic with respect to price, such that a 1.0 percent increase in price should reduce consumption by somewhere between 0.2 to 1.0 percent.[14]

ONDCP's 2004 *National Drug Control Strategy* asserts that the "main reason supply reduction matters to drug policy is that it makes drugs more expensive, less potent, and less available."[15] Put more accurately, supply reduction efforts *aim* to make drugs more expensive, less potent and less available; whether such efforts succeed or not in this purpose is an empirical question that ONDCP's artful phrasing tries to evade.

Here the record is dismally clear: *Since the early 1980s, U.S. cocaine and heroin prices have actually fallen dramatically, while purity levels have risen and then remained fairly stable.* The most recent and comprehensive analysis shows U.S. wholesale and retail prices for cocaine and heroin to be at or near their historic lows, with purity at or near historic highs (see box, The Real Targets).[16] The latest analysis confirms and updates previously published price and purity trends, which ran through mid-year 2000.[17] The new time series goes through mid-year 2003, and should be of special interest to policymakers because it represents the first look at prices and purity since Plan Colombia began in 2000.

The price-based evidence that U.S. cocaine and heroin supplies remain robust is corroborated by the Justice Department's most recent assessment of the illicit drug threat. The April 2004 report of the Department's National Drug Intelligence Center (NDIC) states:

> *Both powder and crack cocaine are readily available throughout the country and overall availability appears to be stable … Law enforcement reporting indicates that heroin remains readily available throughout most major metropolitan areas, and availability is increasing in many suburban and rural areas, particularly in the northeastern United States.*[18]

Lack of Impact, But Not for Lack of Effort

What to make of the fact that the prices of cocaine, crack and heroin are now much lower than they were ten or twenty years ago? It would be one thing if prices had declined during a period of U.S. disinterest and disengagement from the illicit drug problem, but in fact, they dropped during a period of dramatic intensification of U.S. efforts to curtail drug supplies both at home and abroad.

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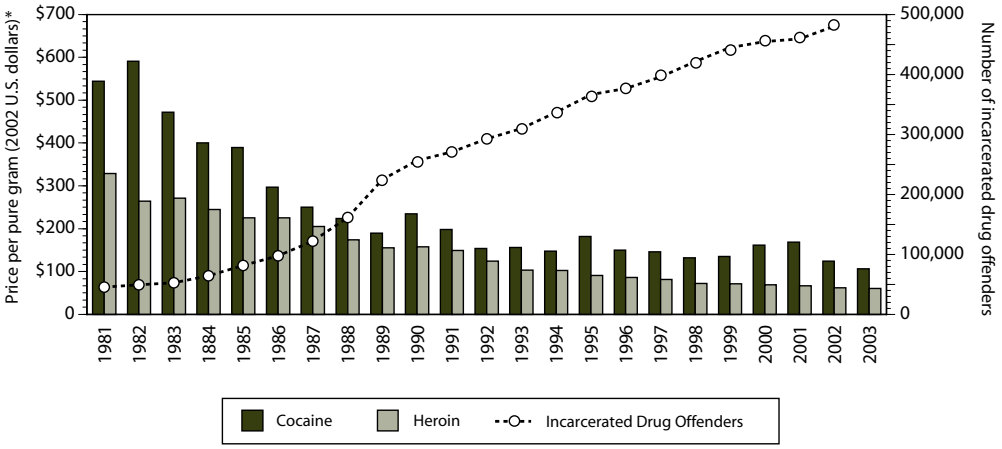
Domestically, the arrest and incarceration of drug dealers has been the central feature of the stepped-up drug war, with a dramatic increase in the number of people behind bars for drug offenses, climbing from fewer than 42,000 in 1980 to more than 480,000 in 2002.[25] This eleven-fold increase in the number of incarcerated drug offenders was nearly forty times greater than the growth rate of the U.S. population overall.[26]

Beyond punishment for its own sake, the unprecedented recourse to incarceration has had the goal of making drugs less available by locking up sellers and deterring others from entering the market—but the relevant evidence emphatically demonstrates that it has not worked out that way (Figure 6). A 2003 study concludes that,

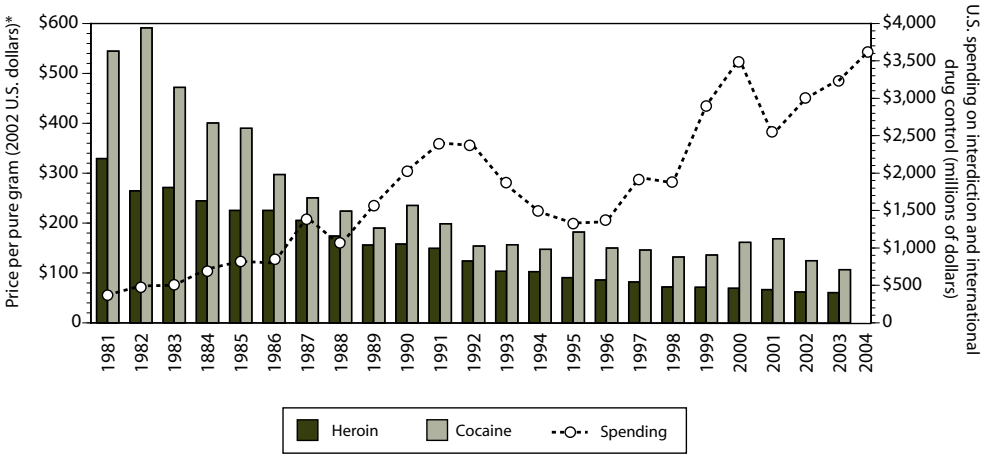
> *… the incapacitation effect of imprisoning a drug dealer is close to zero. Even high-level drug dealers and entire dealing organizations have proven to be replaceable, with at most, a brief interruption of supply. As long as there are drug buyers, the financial rewards of supplying their drugs will attract new organizations to replace the old. …*[27]

Figure 6: Number of Incarcerated Drug Offenders Against Prices of Cocaine and Heroin



* Note: Prices shown are for purchase of ≤2g of cocaine, and for ≤1g of heroin. Heroin prices have been divided by six to fit scale.
Source: Price data prepared for the Office of National Drug Control Policy (ONDCP), obtained by WOLA prior to official release; incarceration data prepared by J. Caulkins and S. Chandler, Carnegie Mellon University.

Figure 7: U.S. Spending on International Drug Control Against Cocaine and Heroin Prices



* Note: Prices shown are for purchase of ≤2g of cocaine, and for ≤1g of heroin. Heroin prices have been divided by six to fit scale. Source: Price data prepared for the Office of National Drug Control Policy (ONDCP), obtained by WOLA prior to official release; spending data from ONDCP, *National Drug Control Strategy.*

The indicators traditionally presented as measures of progress in international drug control convey a sense of action and accomplishment, but do not tell us anything about whether progress has been made toward the fundamental U.S. policy goal of making supplies scarce enough to drive up cocaine and heroin prices in the United States.

Similarly, increased spending to control the supply of illicit drugs from overseas has not kept cocaine or heroin prices from falling (see Figure 7). In 1981, the United States spent about $375 million on source-country drug control and interdiction. In 2004, the United States spent $3.6 billion for these same purposes, making a total of nearly $45 billion over the quarter century since 1980, more than one-third of which has been spent during the last five years (2000–2004).[28]

An important corollary to the obvious failure to drive up cocaine and heroin prices is that reduced drug use over these past two decades cannot plausibly be attributed to source country and interdiction operations. Since prices have not risen, logic dictates that whatever factors may account for reduced use, supply control programs are not among them. For example, prior to the rise in current (past-month) cocaine use since the mid-1990s, the *National Household Survey on Drug Abuse* found that the number of current cocaine users declined from an estimated 5.7 million in 1985 to 1.5 million in 1995.[29] Over this period, cocaine's retail price fell fairly steadily, and in 1995 the price stood at less than half its 1985 level.[30] Clearly, the number of current cocaine users fell for reasons other than rising cocaine prices.

Light at the End of the Supply-Side Tunnel?

To put it mildly, the supply-side track record does not inspire confidence—but might real success be just over the horizon? The Bush administration's case that we are within reach of "a major and permanent disruption of the illicit drug industry" rests largely on reported gains in terms of crop eradication, drug seizures and related indicators. Officials have predicted with apparent confidence that the increases recorded in coca eradication and cocaine seizures will translate into higher U.S. prices by mid-year 2005.[24]

The array of indicators traditionally presented as measures of progress in international drug control—hectares of crops eradicated, tons of drugs seized, number of arrests made, and so on—undoubtedly convey a sense of action and accomplishment, and give us a sense of the pace at which overseas drug control activities are being conducted. But the number of drug control operations conducted and their immediate accomplishments

do not tell us anything about whether progress has been made toward the fundamental U.S. policy goal of making supplies scarce enough to drive up cocaine and heroin prices in the United States.

The Mirage of Success

Traditional drug war indicators—even when they are properly understood as measures of activities or operations—are ambiguous and open to conflicting interpretations. Indeed, the very figures typically trumpeted as evidence of supply-side drug control progress can just as easily be read as evidence of a stalemate or a worsening situation. For example, larger and more frequent drug seizures are often presented as evidence of policy success, and lauded as a testament to more vigorous enforcement, but they may simply reflect increased drug production and trafficking. Or they may be the result of both more enforcement and more drugs in circulation—the seizure statistics themselves provide no clue.

Activity-based indicators are not only ambiguous but may be downright misleading, lending themselves all too easily to painting a picture of progress that is not only at odds with a more sobering reality, but serves to mask that reality—the continuing abundance of drug supplies. Much like the body counts used to gauge U.S. progress in the Vietnam War, eradication and seizure indicators can reassure us that victory is in sight even as we sink deeper into the quagmire.[32] When the indicators relied upon to gauge success do not address the central policy goals, even quite strong performance at the tactical level may end in strategic failure.

Figures typically trumpeted as evidence of supply-side drug control progress can just as easily be read as evidence of a stalemate or a worsening situation.

The risk that activity-based indicators may be used to paint a rosier drug control picture than is warranted is magnified when the agencies with a stake in demonstrating success are themselves compiling and presenting the data. For example, State Department officials maintain that the programs carried by its drug control bureau are "demonstrably effective" in supporting efforts "to reduce the availability of illicit drugs in our country."[33] But the INCSR's activity-based indicators never address the main question—namely, whether cocaine and heroin are less available on U.S. streets.

With years of repetition, it has become difficult for the public and policymakers to understand drug policy in terms beyond those of crop eradication, seizures and the like. However, as detailed below, there are three main reasons why these traditional indicators are unreliable—and even dangerously misleading—when used as measures of drug control success. Each of the problems described below is serious in its own right. Considered all together, these problems make clear that business as usual is untenable and that different standards of measure are required.

The difficulty in measuring illegal activity

The clandestine nature of the drug trade frustrates accurate quantitative measurement. Participants in an illegal activity obviously do not welcome scrutiny, and go out of their way to avoid detection. This applies not only to the drug smuggler trying to evade the police, but also to the drug user wanting to avoid social disapproval. The true scope and shape of the illegal drug industry will therefore remain substantially beyond our reckoning, leaving us guessing about basic questions such as the amount of cocaine and heroin that traffickers may have stockpiled along their smuggling routes.

Deriving many of the supply-side indicators—especially mainstays such as the land area under drug crop cultivation, potential drug crop harvest, and potential drug production—is often a complex process, full of pitfalls where calculations can go awry.

Vast uncertainties hide behind the seemingly authoritative official figures, generated by the CIA's Crime and Narcotics Center (CNC) and furnished to the State Department. In the face of this uncertainty, the presentation of numerical estimates as a single figure (a "point estimate") conveys an unwarranted degree of measurement precision. Unfortunately, the State Department's reports are long on such spuriously precise estimates and notoriously lacking in descriptions of the methods and assumptions behind the figures presented.

The land area estimated to be under drug crop cultivation is probably the best-known numerical information published in the INCSR. The State Department considers drug crop cultivation area to be its "most solid statistic," asserting that "proven means, such as imagery with ground truth confirmation" allow for estimates of "reasonable accuracy." By comparison with related figures, such as harvest and drug production estimates, the land area under cultivation may indeed seem to be "relatively hard data."[34] But given the inherent measurement uncertainties, presenting the cultivation estimates and related calculations as point estimates—rather than as a range—undermines their statistical credibility. Among the factors behind these uncertainties:

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Changes in planting practices. For instance, in response to aerial eradication operations in Colombia, coca farmers are reportedly planting on smaller plots in more remote zones, interspersing their coca with other crops, and taking advantage of taller vegetation to hide their coca from aerial surveillance. The CIA may or may not be confident that its estimation methods account for these practices, but in any case the CIA's methods remain secret, shielded from the scrutiny of independent experts and even from other U.S. drug control agencies. The CIA and State Department expect the public to simply trust their numbers and not worry about the methods, but by insisting on secrecy and then presenting the results as point estimates rather than as more plausible ranges, the CIA and State Department cannot expect their numbers to enjoy scientific credibility.

Variable crop yields. The difficulties in measuring the land area under drug crop cultivation are compounded when estimating the size of the crop harvest and amount of finished drug produced. Such estimates are shaped by numerous factors which may vary by locale and over time, and about which verifiable information is very limited. The State Department itself points out that the actual size of the crop harvest each year can hinge upon "small changes in factors such as soil fertility, weather, farming techniques, and disease."[35] Productivity (yield of leaves per bush) also varies over the plant's life, and the number of harvests per year varies by type of coca—factors that can have a dramatic impact on harvest estimates.[36] The barriers to collecting the data that inform these numerous, fluctuating parameters are formidable. In the State Department's own words, the "clandestine, violent nature of the illegal drug trade makes such field research difficult. Geography is also an impediment, as the harsh terrain on which many drugs [sic] are cultivated is not always easily accessible, making scientific information difficult to obtain."[37]

Variable refining capabilities. As uncertain as the harvest estimates are, the drug production estimates represent a further extrapolation, with additional complications posed by different refining proficiencies across trafficking groups. Again in the State Department's own words, production is affected by "[d]ifferences in the origin and quality of the raw material used, the technical processing method employed, the size and sophistication of the laboratories, the skill and experience of local workers and chemists, and decisions made in response to enforcement pressures."[38] To illustrate, it has been reported that Colombian coca farmers are coating their plants with

chemicals to protect them from fumigation,[39] that certain coca varieties are developing resistance to herbicides,[40] and that Colombian traffickers have bankrolled genetic research that has resulted in a new, taller variety of coca bush that produces leaves with higher alkaloid content.[41] If true, such developments would have implications for the size of the harvest and the amount of drugs produced, but how (and even if) these developments may be taken into account in the official U.S. estimates is unknown except by those who make the calculations.

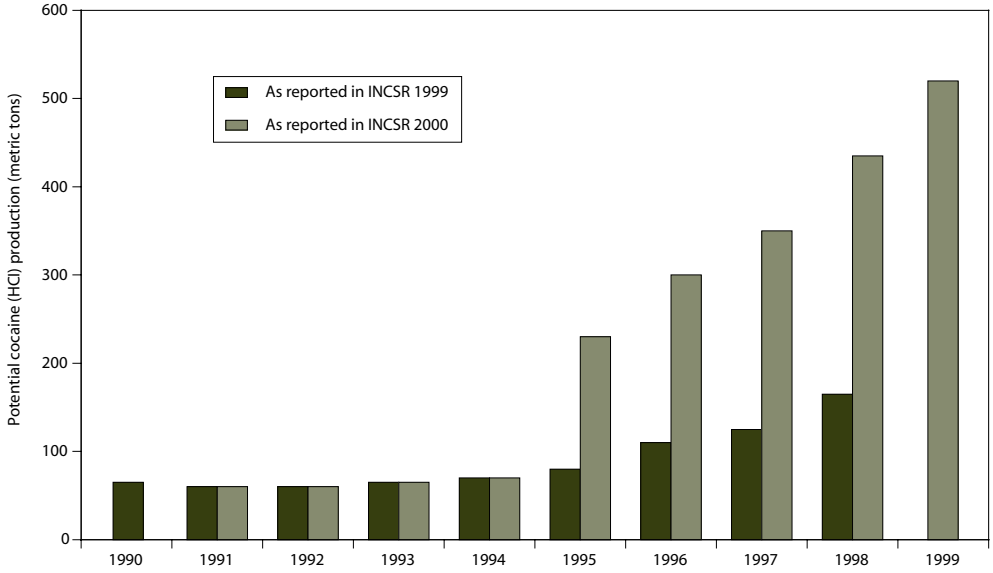
The impact of variability in these parameters is not merely hypothetical. Toward the end of the 1990s, new information from the field prompted the CIA to significantly raise its estimates of coca leaf yield and cocaine processing efficiency in Colombia. As a result, the figures for potential Colombian cocaine production reported in the INCSR were revised upwards for the years 1995–1998, with the new estimates dramatically higher than the old ones (see Figure 8). Whereas the 1999 INCSR reported a total potential cocaine production for Colombia from 1995 to 1998 of 480 metric tons,[42] the 2000 INCSR reported potential production of 1,315 metric tons for the same four-year period,[43] a near tripling of the outmoded estimate. Obviously, the point here is not to criticize the CIA for modifying its estimates in light of new information, or for revising the figures from past reports; the CIA ought to strive for such improvements. But the magnitude of the revisions (about a 175 percent increase in the estimates for each of the four years) highlights just how uncertain and provisional the official figures are, and underscores the great caution with which year-to-year changes should be interpreted.

When the indicators relied upon to gauge success do not address the central policy goals, even quite strong performance at the tactical level may end in strategic failure.

The Drug Availability Steering Committee, an interagency group chaired by the DEA, was charged with reconciling supply-based and demand-based estimates of illicit drug availability. The committee's 2002 report cautioned that "the extent of uncertainty throughout the data sets" makes "drawing conclusions about year-to-year changes, such as increases or decreases, an unreasonable endeavor."[44] Even so, the committee reported its own results as point estimates instead of ranges. In recent years, the UN Office on Drugs on Crime (UNODC) has generated its own estimates of illicit

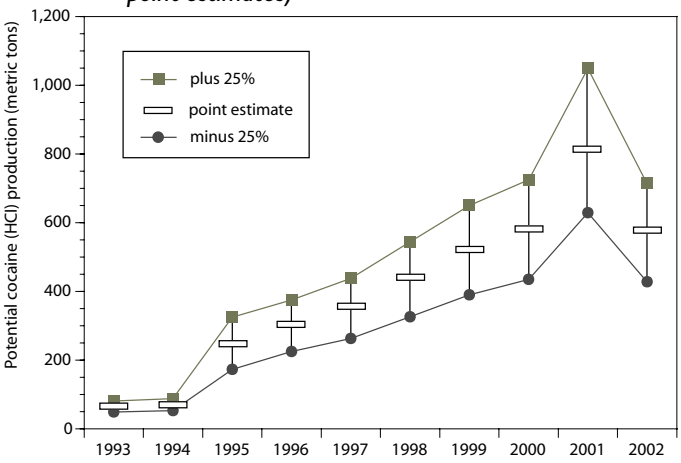
Figure 8: Drug Production Estimates—Subject to Change

Previously published U.S. estimates of Colombian cocaine production for 1995–1998 were revised sharply upwards based on new information about yield and processing.



Source: U.S. Department of State, *International Narcotics Control Strategy Report* (INCSR), 1999 and 2000.

Figure 9: Potential Colombian Cocaine Production
(presented as plausible ranges rather than as point estimates)



Source: U.S. Department of State, *International Narcotics Control Strategy Report* (INCSR), 2003.

drug crop cultivation and drug production. To its credit, UNODC has been more forthcoming than the CIA and State Department in describing the methodology and acknowledging the limits of its Illicit Crop Monitoring Program. With respect to estimating drug production, UNODC acknowledges that "potential margins of error in this rapidly changing environment, with new laboratories coming on stream while others are dismantled, are still substantial."[45] But UNODC also continues to use point estimates rather than ranges in reporting its results.

Given the numerous, complex factors at play and the difficulties of gathering reliable information about a clandestine and dangerous activity, measurement uncertainty is a given. For the official figures to be at all credible scientifically and statistically, the measurement difficulties must be reflected in the numbers that are actually presented. Failure to do so invites the impression that we know far more than we do. It is not unreasonable to suppose, for instance, that official estimates for potential cocaine production may be 25 percent higher or lower than the true amount, or even more. Graphing a 25 percent difference above and below the point estimates published in the INCSR demonstrates that not too much significance should be attached to the year-to-year fluctuations in the point estimates (see Figure 9).

Given the numerous, complex factors at play and the difficulties of gathering reliable information about a clandestine and dangerous activity, measurement uncertainty is a given.

Winning battles but losing the war

The traditional measures are typically presented with little, if any, reference to the relevant context, both in the sense of the scope of the drug control challenge being addressed and the historical record. For example, as discussed above, larger and more frequent seizures may actually mean that more drugs are being produced and smuggled—not exactly something to tout as a supply control success. Even more basically, however, the question is what difference even a large increase in cocaine seizures may make with respect to the drug's availability in the United States. And on this question, the seizure numbers themselves can shed no light.

Scale of the challenge. To put the seizure figures in context and understand the enormity of the challenge inherent in interdiction: of the 21,000 cargo ship containers that are unloaded on U.S. docks every day, only 4 to 6 percent of them have their contents inspected;[46] every day about a million people and 300,000 cars and trucks cross the U.S. border with Mexico;[47] and at just one U.S.-Mexico border post, about 15 million freight containers cross the border every year.[48] Legal commerce presents drug traffickers with nearly boundless opportunities to smuggle their product into the United States, and as detection technologies are improved, traffickers adapt with new smuggling techniques and routes. Unless this enormous influx of commercial goods into the country is dramatically curtailed (a scenario both unforeseen and unwelcome), drug seizure statistics will mean little as measures of ultimate drug control success:

> *On the order of 300–400 metric tons of cocaine … enter the United States each year. Those quantities are a tiny, tiny fraction of the corresponding numbers for legitimate commerce, and that is what makes interdiction so difficult … Even with seizure rates of 25–40 percent, cocaine keeps flowing in at prices that, while high compared to legal drugs such as tobacco and alcohol … are still low enough to retain a mass*

market … The counterdrug experience with interdiction is sobering: making U.S. borders impermeable to cocaine and heroin has proven impossible. In a free society with substantial international trade and tourism, 'sealing' the borders is not practical. Permitting the continued smooth flow of commerce and traffic has taken priority throughout the 'war on drugs.'[49]

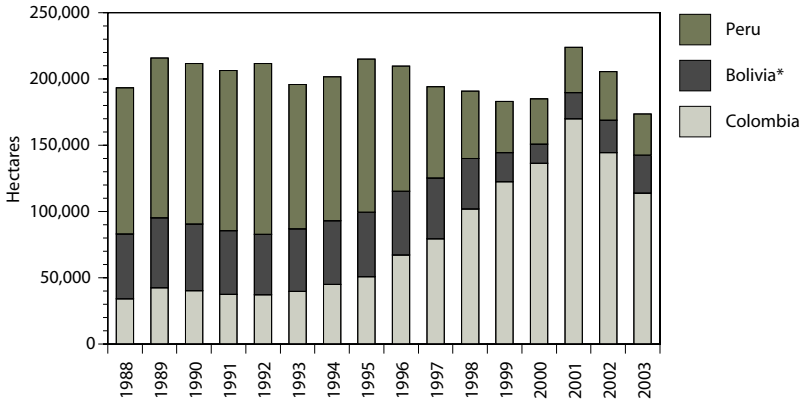
Similarly, the Bush administration has credited intensified aerial eradication in Colombia with "bringing us close to the tipping point where sustained suppression of illegal crops and alternative employment incentives together will convince growers that further cultivation is a futile proposition."[50] As discussed above, these cultivation and production figures should be viewed with caution. Meanwhile, the Andean region's crushing poverty calls the administration's optimism into question: in the major cocaine-producing nations (Bolivia, Colombia and Peru), some 25 million people live on $2 a day or less, and an estimated 10 million people are undernourished.[51] While only a small fraction of the millions of people living in poverty in the Andes will become involved in drug crop cultivation, it is difficult to imagine that it will come to be regarded as a "futile proposition" any time soon. In fact, diminished coca production in the face of enforcement pressure in Bolivia and Peru has resulted in considerably higher prices for coca leaves, providing incentives for farmers to expand plantings, not curtail them. According to UNODC, the 2003 average farmgate price of Bolivian coca was nearly five times higher than in 1996, while the 2003 price of Peruvian coca was nearly triple the 1996 price.[52]

Diminished coca production in the face of enforcement pressure in Bolivia and Peru has resulted in considerably higher prices for coca leaves, providing incentives for farmers to expand plantings, not curtail them.

History lessons. Some of the most impressive-looking indicators begin to shrink in significance when placed in historical perspective. For example, the Bush administration's claim that we will soon see a major disruption in cocaine supplies due to reported declines in coca cultivation are belied by the CIA's own figures taken at face value. These showed that the total area under coca cultivation in 2003 had dropped sharply from the 2001 and 2002 estimates. However, 2001 was the peak year for cultivation; the much-ballyhooed 2003 figure is only 5 percent lower than the point estimate for 1999, which represented the previous low (see Figure 10).[53] This is instructive in two regards:

- Although 1999 was the third consecutive year of decreased cultivation according to the official estimates, cocaine's U.S. price remained fairly stable. Cocaine's average wholesale price (purchases of more than 50 grams) rose from about $43 per pure gram in 1999 to $48 in 2000, but the price then fell in 2001 and again 2002, on its way to an all-time low of $38 in the first half of 2003.[54] To expect a price spike because 2002 and 2003 cultivation figures are lower than those of 2001 may be unrealistic, especially if the actual harvests have been larger than assumed.
- The 1999 low was followed by major expansions of cultivation in 2000 and 2001. The administration contends that the reductions reported for 2002 and 2003 will be maintained, and that there will be no repeat of the so-called "balloon effect," whereby cultivation is suppressed in one area but pops up in another. But according to U.S. estimates, the land area of Bolivian coca cultivation increased steadily from 2001 to 2003 even as

Figure 10: Coca Cultivation in the Andes



* Note: Beginning in 2001, USG surveys of Bolivian coca take place over the period June to June.
Source: U.S. State Department, *INCSR*, various years.

Colombia's was declining.[55] And there are already reports that new plantings in Colombia are beginning to counteract the reductions that have been credited to aerial eradication.[56] Even Colombian president Álvaro Uribe, a staunch proponent of fumigation, has conceded that it has had the effect of pushing farmers to replant drug crops elsewhere.[57]

Unintended consequences. Meanwhile, the pursuit of "success" as measured by the same indicators has resulted in a disturbing series of unintended negative consequences. A short list of these includes:

- a crackdown on Colombian marijuana smuggling propelled the shift from marijuana to cocaine trafficking;
- the intensification of interdiction in the Caribbean and southern Florida prompted Colombian traffickers to reroute their shipments through Mexico; and
- aggressive coca eradication and coca paste interdiction in Bolivia and Peru contributed to the expansion of coca production in Colombia.

The traditional supply-side indicators allow U.S. drug war agencies to tout their achievements, but the indicators themselves, and the discourse they promote, divert attention from the cold reality that past successes have rearranged the drug trade, but not broken it.

In each case, the perceived immediate benefits were arguably outweighed by the eventual costs, even if considered strictly in terms of the new challenges facing enforcement. For example, the interdiction efforts in the Caribbean certainly compelled Colombian cocaine traffickers to move their routes out of the area, but it is difficult to consider the ensuing large-scale involvement of Mexican criminal organizations in cocaine trafficking as an advance in drug control. Similarly, tougher enforcement contributed to declining coca production in Bolivia and Peru, but the subsequent explosion of coca cultivation in Colombia has fueled the armed conflict there, even as U.S. military involvement in Colombia's counterinsurgency campaign deepens.[58]

The traditional supply-side indicators allow U.S. drug war agencies to tout their achievements, but the indicators themselves, and the discourse they promote, divert attention from the cold reality that past successes have rearranged the drug trade, but not broken it. Enforcement can undeniably accomplish its immediate goals—e.g., eradication, seizures, arrests—but while individuals and even entire trafficking organizations come and go, the drug industry has remained intact and constantly found new ways to get illegal drugs through to consumers.

Traditional indicators create a false sense of confidence

The misplaced confidence that the traditional indicators are valid measures of success is based on a false assumption: that the activities they describe are likely to have a direct and significant impact on the ultimate retail price of cocaine in the United States. The failure to achieve such an impact to date suggests that this connection is not nearly as strong as commonly supposed. A more careful analysis of how the drug trade operates, combined with the weight of evidence regarding availability and prices, leads to the conclusion that the connection between supply-side activities and U.S. cocaine and heroin prices is very weak indeed.

ONDCP asserts that the U.S. supply control strategy is based on a "market model of illegal drug production" that serves to identify "where the production chain is vulnerable to disruption."[59] The attention lavished on drug crop cultivation and eradication figures flows from the premise that the "key vulnerability of the cocaine industry is the cultivation phase, ..."[60] Indeed, the State Department considers attacking drug production at the cultivation stage to be "by far the most cost-effective

means of cutting supply. If we destroy crops or force them to remain unharvested, no drugs will enter the system."[61] This is appealing in its simple logic, but unfortunately, greatly overstates the vulnerability of coca leaf to enforcement, and then compounds the error by assuming it to be a high-value target.

Table 3: Prices of Cocaine through the Distribution System, 1997

(prices per pure kilogram equivalent)	
Leaf (Peru)	$650
Export (Colombia)	$1,050
Import (Miami)	$23,000
Wholesale, Kilo	$33,000
Wholesale, Oz	$52,000
Retail (100 mg. pure)	$188,000

Source: U.S. Drug Enforcement Administration, as appearing in Peter Reuter and Victoria Greenfield, "Measuring Global Drug Markets: How good are the numbers and why should we care about them?" *World Economics*, vol. 2, no. 4, October–December 2001.

Drug crops are obviously susceptible to enforcement, but if they are so vulnerable, how have they eluded the knock-out blow for so long? The coca bush is a hardy and adaptable plant that flourishes on steep slopes and in acidic soils unfriendly to other crops. It requires minimal tending and yields harvestable leaves early and often: bushes are productive within a year to eighteen months after planting, and yield three to six harvests per year over a period of anywhere from ten to twenty-five years. The leaves are lightweight and durable, and well suited to low-cost, long-range transport that does not depend on access to good roads. These advantages have ensured that, in the face of enforcement pressure, coca production will persist.

Meanwhile, eradicating coca actually inflicts very little damage on drug trafficking organizations and their capacity to produce and smuggle cocaine. Coca leaves constitute a tiny fraction of cocaine's ultimate U.S. retail price (see Table 3).[62] For less than $1,000, traffickers can purchase the coca leaf needed to produce a kilogram of cocaine that retails for about $150,000 in the United States (when sold in $100 units of one gram each, two-thirds pure). Even if the cost of coca leaf were to triple or quadruple, the impact on the ultimate U.S. retail price of cocaine would be negligible. Since traffickers' investment in their product at the initial stages of production is so minimal, it follows that attacking the drug trade at this point costs drug-trafficking organizations precious little.

U.S. drug control agencies routinely inflate the significance of their achievements by expressing the value of drug crops destroyed or drugs captured in terms of the price that the drugs might have fetched on U.S. streets. For example, the State Department has claimed as "riveting fact" that its eradication efforts in 2001 and 2002 "took $5 billion worth of cocaine, at street value, off the streets of the United States."[63] Such announcements imply that traffickers have been dealt a heavy blow, and that U.S. illicit drug supplies are perceptibly tighter as a result. But, as explained above, eradication takes place at a point where traffickers have invested very little, and where losses in raw materials can be recouped fairly readily or buffered against in the form of stockpiled production. A quantity of cocaine worth $5 billion on U.S. streets would be worth no more than $50 million at the cultivation stage. While eradication is indeed a heavy blow to coca farmers, traffickers' business is not jeopardized, and the disruption of production registers barely, if at all, in U.S. prices. Thus understood, the price structure of the illicit drug market makes it extremely difficult to drive up retail prices through source country programs.

Eradicating coca actually inflicts very little damage on drug trafficking organizations and their capacity to produce and smuggle cocaine. While eradication is indeed a heavy blow to coca farmers, traffickers' business is not jeopardized, and the disruption of production registers barely, if at all, in U.S. prices.

The Teflon Policy

Given their many flaws, how have these activity-based indicators held such sway? The most basic reason is that the numbers seem so tangible, and serve to reassure policymakers that the United States and its drug war allies are engaged in vigorous attacks against the illicit drug trade. The indicators also conform neatly to an understanding of the drug trade in which "going to the source" seems the most direct road to drug control success. At another level, the sheer amount of activity taking place to produce the numbers gives the impression of forward progress, even if the recorded results are short-lived, not cumulative, and unrelated to ultimate drug policy objectives.

The dubious nature of the traditional supply-side drug war indicators has not gone entirely unnoticed in official Washington. A 2001 National Research Council (NRC) study on how research could better inform U.S. drug policy blasted the federal government for its meager investment in enforcement research. The NRC found that "the data and research capacity are in place" for assessing drug prevention and treatment strategies, but are severely deficient with regard to evaluating drug enforcement. According to the NRC, in 1999 only $1 was spent on enforcement research for every $107 spent on drug enforcement itself. The NRC concluded that it "is unconscionable for this country to continue to carry out a public policy of this magnitude and cost without any way of knowing whether and to what extent it is having the desired effect."[64]

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In 2003, the Bush administration's Office of Management and Budget (OMB) published a scathing performance review of the Drug Enforcement Administration (DEA), giving it a "results not demonstrated" rating after finding that "DEA is unable to demonstrate its progress in reducing the availability of illegal drugs in the U.S."[65] In 2003 and again in 2004, OMB also gave the Coast Guard "results not demonstrated" ratings for its drug interdiction efforts, pointing out that there is "no clear link between the annual goal of total amount of drugs seized and the long-term goal of reduction in use."[66]

But the candor of the NRC study and the OMB performance reviews are the exceptions that prove the rule. Despite chinks in the armor, the enforcement-oriented drug war has remained fairly impervious to questions about its real-world effectiveness. Indeed, the Bush administration's ONDCP has "restructured" the federal drug control budget in a way that hides several billion dollars in annual spending on drug-related incarceration.[67] The FY 2003 drug budget request included $4.4 billion in spending by the federal judiciary, the federal Bureau of Prisons, and several other Justice Department agencies.[68] But beginning in FY 2004, this spending on the prosecution and incarceration of drug offenders all but vanished from the drug budgets presented each year by ONDCP,[69] while in reality, spending on drug-related incarceration continues apace (see Table 4). To illustrate, more than 23,000 people were sentenced to federal prison in 2001 for drug offenses. In the coming years, the federal government can expect to spend about $3.5 billion to incarcerate those sentenced in 2001, and similar costs are being incurred for the groups sentenced in 2002, 2003 and so on.[70]

Not coincidentally, removing such a large chunk of enforcement spending from its rendition of federal drug control expenditures allows ONDCP to present Congress with a budget that *appears* to be almost evenly balanced between spending on supply control and demand reduction. The newly "balanced" budget—a deliberate and substantial distortion of actual federal spending—is now used by ONDCP to rebut criticisms that the U.S. strategy places excessive emphasis on incarceration and other supply-control tactics. The plainly deceitful "restructured" drug budget, and the silence with which

it has been greeted by Congress, suggest that Washington still lacks the appetite for candidly assessing drug control progress.

Square Pegs and Round Holes

Nevertheless, as time goes by, it becomes increasingly difficult for proponents of the drug war status quo to simultaneously embrace the goal of curbing drug supplies and ignore the evidence suggesting that the goal remains far out of reach. The intensified U.S. drug war began in earnest, at home and abroad, more than two decades ago, but to date, there is no evidence that the commitment to tough-sounding policies has reduced drug availability, made drugs more expensive, or contributed to reducing drug consumption. On the contrary—the overwhelming weight of the available evidence indicates that supply remains abundant, prices are lower than ever, and use is stable if not rising. U.S. policy clings to the belief that "going to the source" provides the biggest bang for the buck, but the evidence supports a different view: that overseas supply-control efforts have made little, if any, contribution to reducing U.S. drug problems. Moreover, the very structure of the illicit drug markets consigns supply-side efforts to what is at best a marginal role in reducing drug consumption.

Some proponents of the status quo (and those who would further escalate the drug war) offer the argument that cocaine and heroin might be even cheaper today were it not for aggressive supply control efforts. That may be so—there is no evidence one way or the other. But such a counterfactual argument is a far cry from the routine assertions that U.S. overseas drug control programs are "demonstrably effective," and that "a major and permanent disruption of the illicit drug industry" is imminent. One suspects that if

There is no evidence that the U.S. commitment to tough-sounding policies has reduced drug availability, made drugs more expensive, or contributed to reducing drug consumption—the available evidence indicates that supply remains abundant, prices are lower than ever, and use is stable if not rising.

Table 4: The Incredible Shrinking Budget

Prosecution and incarceration-related spending are no longer shown in ONDCP's federal drug control budget. (budget authority in millions of dollars)

	2002 National Drug Control Strategy *(previous budgeting method)*			2004 National Drug Control Strategy *("restructured" budget)*		
	FY 2001 Final	FY 2002 Enacted	FY 2003 Request	FY 2003 Final	FY 2004 Enacted	FY 2005 Request
Bureau of Prisons*	2,341.5	2,525.1	2,443.0	43.2	47.7	49.3
Federal Judiciary	756.8	819.7	921.1	0.0	0.0	0.0
Federal Prisoner Detention	375.5	429.4	463.9	0.0	0.0	0.0
U.S. Marshals Service	223.8	255.1	277.8	0.0	0.0	0.0
U.S. Attorneys	228.2	244.6	254.4	0.0	0.0	0.0
Criminal Division	35.1	37.8	38.7	0.0	0.0	0.0
Totals	**3,960.9**	**4,311.7**	**4,398.9**	**43.2**	**47.7**	**49.3**

In ONDCP's "restructured" budgets, the only Bureau of Prisons spending shown is for treatment for drug-involved offenders.
Sources: ONDCP, *National Drug Control Strategy*, 2002 and 2004.

the price spike predicted for 2005 fails to materialize, proponents can be counted on to counsel staying the course—if not this year, the hoped-for price impact will surely be achieved next year, and so on.

The supply-side drug war has enjoyed a free pass for years, but reality is slowly beginning to intrude, especially in the form of the price trend data highlighted in this brief. These are data that actually do measure progress against the fundamental goal of supply-control policy—restricting availability in order to reduce use—and do so in a way that is far more scientifically sophisticated and robust than the traditional indicators have ever been.

Policymakers must treat price data not as an afterthought, but as the point of departure for assessing the effectiveness of supply control policies. Doing so will help bring our supply control efforts into more realistic perspective, and expose as hyperbole and empty promises much of the rhetoric surrounding the U.S. war on overseas drug production and trafficking.

The effectiveness of drug treatment in reducing drug use, supported by three decades of scientific research and clinical practice, brings corresponding reductions in crime and the spread of disease, meaning that the benefits of treatment far exceed its costs.

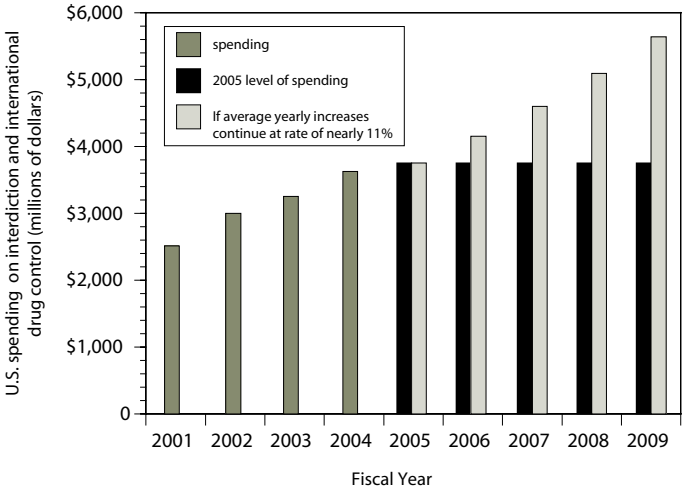
Spinning Our Wheels, or Changing Course?

With the evidence as their guide, U.S. policymakers should invest more resources in drug control strategies already proven to work (e.g., treatment) or that show real promise (e.g., systematic testing and sanctions to reduce drug use among people on probation or parole).[71]

By contrast with supply-side drug control, the effectiveness of drug treatment in reducing drug use is supported by three decades of scientific research and clinical practice.[72] Moreover, the reductions in drug use achieved through treatment bring corresponding reductions in crime and the spread of disease, meaning that the benefits of treatment far exceed its costs. A landmark 1994 study in California found that every dollar invested in treatment saved the state's taxpayers seven dollars in future costs, primarily by preventing crime.[73] Compared to alternative strategies, treatment is also an exceptionally cost-effective way to reduce drug consumption. In 1994, RAND found that as a means of reducing cocaine consumption, treatment for heavy cocaine users is twenty-three times more effective than drug crop eradication and other source-country programs, eleven times more effective than interdiction, and three times more effective than mandatory minimum sentencing.[74] Even if treatment is "only" ten times more effective than crop eradication at reducing cocaine consumption, the significance for policy ought to be clear: our limited drug control resources should be directed to strategies that accomplish the most for the least expense.

The corollary is that failing and marginal strategies should be scaled back. The United States has already sunk nearly $45 billion into worldwide overseas supply control programs since 1981, but plainly failed to drive up drug prices as intended. Even if spending remains flat at the level of the Bush administration's fiscal year 2005 request of $3.75 billion, by the end of this decade the

Figure 11: U.S. Spending on Overseas Drug Control



Source: Office of National Drug Control Policy (ONDCP), *National Drug Control Strategy*, 2004.

government will have spent close to an additional $19 billion on overseas supply control (see Figure 11).[75] With the price trends in mind—as well as the federal budget's recent plunge from surplus into deficit—policymakers must ask themselves: At what point does admirable optimism become mere wishful thinking? And at what point does wishful thinking become plain delusion? When will we stop throwing good money after bad?

Congress itself must insist on new standards for measuring supply-side drug control progress, beginning with a focus on price trends instead of the traditional eradication, seizures and arrests numbers. The Bush administration certainly cannot be expected to take the lead in shaping an evidence-based drug control policy—the cynically deceptive "restructured" drug budget and go-slow approach to publishing the new price data suggest no great commitment to an open, factual debate about how to improve drug control policy. Nor can the drug war's operational agencies themselves be expected to make the shift to more meaningful measures of success—the drug war has gathered enormous bureaucratic inertia, as rising drug enforcement budgets have created interested parties with a stake in limiting perceptions of the drug problem and its possible solutions to their own areas of expertise. The traditional supply-side indicators have served U.S. international drug control agencies well in this sense, and the prestige that these indicators have come to enjoy will not be relinquished voluntarily. Therefore, legislators in Congress will themselves have to set the tone: overseas supply control will no longer get a free pass, but will actually have to demonstrate positive results.

So, are we there yet? Are we succeeding in shrinking the supply of cocaine and heroin and driving up prices? The best available evidence suggests that we are in a deep rut, spinning our wheels and going nowhere fast. We can keep on like this and pretend to be moving forward—the traditional activity-based indicators are good for that. Or we can take a fresh look at the situation, and reconsider our drug control options. A fresh look would reveal many far more promising routes to reducing drug consumption that we have yet to fully explore.

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Endnotes

1 John P. Walters, director, Office of National Drug Control Policy (ONDCP), statement before the House Committee on Government Reform, 17 June 2004.

2 Ibid.

3 While this issue of the *Drug War Monitor* will focus on cocaine, the analysis also applies to heroin, given that the bulk of heroin consumed in the United States now originates in Colombia.

4 U.S. Department of State, Bureau for International Narcotics Control and Law Enforcement Affairs (INL), *International Narcotics Control Strategy Report (INCSR) 2003*, "Policy and Program Developments," March 2004.

5 Ibid.

6 See Deborah A. Stone, *Policy Paradox and Political Reason* (New York, NY: Harper Collins Publishers, 1988). Stone explains why numerical indicators can exert such a powerful influence on policy: even though the creation and deployment of numbers is inherently political and normative, numbers themselves can symbolize objectivity and accuracy, and thus confer authority.

7 For a concise review of drug policy goal setting and measurement, see Mike Trace et al., *Assessing Drug Policy Principles and Practice* (London, UK: The Beckley Foundation Drug Policy Programme, 2004).

8 ONDCP, *Performance Measures of Effectiveness: A System for Assessing the Performance of the National Drug Control Strategy*, 1998.

9 ONDCP, *National Drug Control Strategy*, 2003.

10 Ernest Drucker, "Drug Prohibition and Public Health: 25 Years of Evidence," *Public Health Reports*, vol. 114, no. 1, January/February 1999.

11 Mark A. R. Kleiman, "Controlling Drug Use and Crime with Testing, Sanctions and Treatment," in Philip B. Heymann and William N. Brownsberger, eds., *Drug Addiction and Drug Policy: The Struggle to Control Addiction* (Cambridge, MA: Harvard University Press, 2001). Kleiman adds, "The precise proportion depends on the definition of the term 'heavy,' but all of the plausible definitions have to do with people who spend more than $10,000 per year on their chosen drugs ..."

12 National Institute on Drug Abuse (NIDA), *Monitoring the Future: National Survey Results on Drug Use, 1975–2003, Volume I, Secondary School Students, 2003*, December 2003.

13 Kleiman, "Controlling Drug Use." According to Kleiman, "The relatively small number of offenders who are frequent, high-dose users of cocaine, heroin, and methamphetamine (no more than 3 million all told) account for such a large proportion both of crime and of the money spent on illicit drugs that getting a handle on their behavior is inseparable from getting a handle on street crime and the drug markets."

14 Henry Saffer and Frank Chaloupka, "The Demand for Illicit Drugs," *Economic Inquiry*, vol. 37, no. 1, 1999; and Dhaval Dave, "Illicit Drug Use among Arrestees and Drug Prices," National Bureau of Economic Research, Mimeo, 2004.

15 ONDCP, *National Drug Control Strategy,* March 2004.

16 The RAND Corporation prepared the updated price and purity time series data for the Office of National Drug Control Policy (ONDCP), which received the data in Spring 2004, but had not published it as of late November 2004 as this *Drug War Monitor* went to press.

17 ONDCP, *The Price of Illicit Drugs, 1981–2000*, October 2001.

18 U.S. Department of Justice, National Drug Intelligence Center (NDIC), *National Drug Threat Assessment 2004*, April 2004.

19 Peter Reuter and Jonathan Caulkins, "Illegal Lemons: Price Dispersion in Cocaine and Heroin Markets," forthcoming.

20 National Institute on Drug Abuse (NIDA), *Monitoring the Future: National Survey Results on Drug Use, 1975–2003, Volume I, Secondary School Students, 2003*, December 2003. The MTF results understate the true extent of drug use within the overall high-school age population, because the survey must rely on self-reports about stigmatized and illegal behaviors, and because MTF does not survey high school dropouts.

21 Office of National Drug Control Policy (ONDCP), *National Drug Control Strategy*, March 2004.

22 The Bush administration initially set its youth drug use reduction goals using as a baseline the results of the 2000 *National Household Survey on Drug Abuse* (NHSDA), predecessor to the *National Survey on Drug Use and Health* (NSDUH). But the administration switched to *Monitoring the Future* (MTF) because methodological changes to NHSDA invalidated direct comparisons between results from before and after 2002. So while the administration uses MTF as the baseline for measuring youth drug use, NSDUH actually provides superior coverage of youth and young adults. MTF tracks trends among eighth, tenth and twelfth graders, totaling about 12 million students in 2003. By comparison, NSDUH provides estimates by year of age for 12 to 25-year-olds, and in 2003 covered nearly 25 million 12 to 17-year-olds, and more than 29 million teens (13 to 19-year-olds).

23 Substance Abuse and Mental Health Services Administration (SAMHSA), *Results from the 2003 National Survey on Drug Use and Health: National Findings*, September 2004. Notwithstanding improvements to the survey, the NSDUH results understate the true extent of drug use prevalence and dependence in the total U.S. population because the survey must rely on self-reports and because it fails to capture non-household populations, e.g., the homeless and incarcerated.

24 Substance Abuse and Mental Health Services Administration (SAMHSA), *Emergency Department Trends from the Drug Abuse Warning Network, Final Estimates 1995–2002*, July 2003.

25 Jonathan Caulkins and Sara Chandler, "Long-Run Trends in Incarceration of Drug Offenders in the United States," forthcoming.

26 U.S. Census Bureau, *Statistical Abstract of the United States*, 2003. The number of incarcerated drug offenders rose by 1,049 percent from 1980 to 2002, 39 times faster than the 27 percent growth of the U.S. population.

27 For analysis of the impact of incarceration on drug markets, see William Spelman, "The Limited Importance

of Prison Expansion," in Alfred Blumstein and Joel Wallman, eds., *The Crime Drop in America* (New York, NY: Cambridge University Press, 2000). The quote is from Jonathan P. Caulkins et al., "Lessons of the 'War' on Drugs for the 'War' on Terror," in Arnold M. Howitt and Robyn L. Pangi, eds., *Countering Terrorism: Dimensions of Preparedness* (Cambridge, MA: MIT Press, 2003).

[28] ONDCP, *National Drug Control Strategy, FY 2005 Budget Summary*, March 2004.

[29] ONDCP, *National Drug Control Strategy, Data Supplement*, February 2003.

[30] Price and purity time series, prepared by RAND for ONDCP, 2004.

[31] John P. Walters, director, ONDCP, at Washington Foreign Press Center briefing, 10 August 2004: "In the last two years, our data show that there has been a 30 percent reduction in the cultivation of coca in Colombia … In addition, last year, total seizures of [drugs in] transit from South America out to the United States, Central America and Europe were 400 metric tons of cocaine … These gains have allowed us to, for the first time, have intelligence estimates that in the next 12 months we will see changes in availability of cocaine in the United States."

[32] In Vietnam, Gen. Westmoreland's strategy of attrition, measured by the "body count" of reported enemy dead, did not founder because U.S. forces were unable to inflict heavy casualties, but because the enemy was far more tenacious—and numerous—than had been anticipated. Brought to Washington in November 1967 to reassure Congress and the public that the war was on the right track, Westmoreland "claimed before legislators and on TV talk shows that the enemy was being worn down by irreplaceable casualties and that he could 'see the end coming into view.'" See Larry H. Addington, *America's War in Vietnam: A Short Narrative History* (Bloomington, IN: Indiana University Press, 2000).

[33] Paul E. Simons, Acting Assistant Secretary for International Narcotics Control and Law Enforcement Affairs, U.S. Department of State, testimony before the House Committee on Government Reform, 9 July 2003.

[34] Quotes in this paragraph are from *INCSR 2003*, "Policy and Program Developments," March 2004.

[35] Ibid.

[36] Transnational Institute (TNI), *Measuring Progress: Global Supply of Illicit Drugs* (Amsterdam: TNI, 2003).

[37] *INCSR 2003*, "Policy and Program Developments," March 2004

[38] Ibid.

[39] Dan Molinski, "U.S. Drug Czar Backs Colombia Drug Fight," Associated Press, 6 August 2004.

[40] Joshua Davis, "The Mystery of the Coca Plant That Wouldn't Die," *Wired* Magazine, November 2004.

[41] Jeremy McDermott, "Drug Lords Develop High Yield Coca Plant," *Daily Telegraph*, 27 August 2004.

[42] *INCSR 1998*, March 1999.

[43] *INCSR 1999*, March 2000.

[44] Drug Availability Steering Committee, *Drug Availability Estimates in the United States*, December 2002. Chaired by the DEA, the steering committee also included the Office of National Drug Control Policy, Department of Justice, Department of State, Department of Defense, U.S. Coast Guard, U.S. Customs Service, the CIA's Crime and Narcotics Center, the National Drug Intelligence Agency, and the El Paso Intelligence Agency.

[45] United Nations Office on Drugs and Crime (UNODC), *World Drug Report 2004, Volume 2: Statistics*, June 2004.

[46] M. R. Dinsmore, "Make Our Ports Safer," *The Washington Post*, 17 September 2004, p. A27.

[47] Center for Strategic and International Studies (CSIS) and Instituto Tecnológico Autónomo de México (ITAM), *U.S.-Mexico Border Security and the Evolving Security Relationship* (Washington, DC: CSIS, 2004).

[48] Ibid.

[49] Caulkins et al., "Lessons."

[50] Robert Charles, Assistant Secretary for International Narcotics and Law Enforcement Affairs, U.S. Department of State, testimony before the Subcommittee on Criminal Justice, Drug Policy, and Human Resources, House Committee on Government Reform, 2 March 2004.

[51] United Nations Development Programme (UNDP), *Human Development Report 2004*, July 2004.

[52] United Nations Office on Drugs and Crime (UNODC), *World Drug Report 2004, Volume 2: Statistics*, June 2004.

[53] *INCSR 2003*, "Policy and Program Developments." 1 hectare = 2.47 acres.

[54] Price and purity time series, prepared by RAND for ONDCP, 2004.

[55] *INCSR 2003*, "Policy and Program Developments."

[56] Dan Molinski, "U.S. Drug Czar Backs Colombia Drug Fight," Associated Press, August 6, 2004.

[57] *El Tiempo*, "Presidente Álvaro Uribe ordenó expropiación de predios donde haya cultivos de coca y amapola," 6 September 2004. According to President Uribe, "nosotros no solamente nos podemos quedar en la fumigación, en la erradicación, porque fumigamos en una parte y se reproduce en otra."

[58] Juan Forero, "Congress Approves Doubling U.S. Troops in Colombia to 800," *The New York Times*, 11 October 2004.

[59] Walters, statement, 17 June 2004.

[60] Ibid.

[61] *INCSR 2003*, "Policy and Program Developments."

[62] Peter Reuter, "The Limits of Supply-Side Drug Control," *The Milken Institute Review*, first quarter 2001.

[63] Robert Charles, Assistant Secretary for International Narcotics and Law Enforcement Affairs, U.S. Department of State, on-the-record briefing, 29 October 2003.

[64] National Research Council, *Informing America's Policy on Illegal Drugs: What We Don't Know Keeps Hurting Us* (Washington, DC: National Academy of Sciences, 2001).

[65] Office of Management and Budget (OMB), *Department of Justice Program Assessment Rating Tool (PART) Assessments: FY 2004 Budget*, February 2003.

[66] Office of Management and Budget (OMB), *Department of Homeland Security Program Assessment Rating Tool (PART) Assessments: FY 2005 Budget*, February 2004.

[67] John M. Walsh, "Fuzzy Math: Why the White House Drug Control Budget Doesn't Add Up," *Federation of American Scientists (FAS) Drug Policy Analysis Bulletin*, no. 10, February 2004.

[68] ONDCP, *National Drug Control Strategy: FY 2003 Budget Summary*, February 2002. The $4.4 billion in spending on prosecution and incarceration of drug offenders included the federal judiciary and the Bureau of Prisons, as well as the following Justice Department entities: U.S. Attorneys, Criminal Division; Federal Prisoner Detention; and U.S. Marshals Service.

[69] ONDCP, *National Drug Control Strategy: FY 2004 Budget Summary*, February 2003; and *National Drug Strategy: FY 2005 Budget Summary*, March 2004.

[70] At the request of the House Appropriations Committee, in September 2004 the federal Bureau of Prisons calculated that it would be spending more than $2.5 billion in FY 2005 to incarcerate dug offenders, who comprise nearly 55 percent of the federal inmate population. But this spending is simply absent from ONDCP's *National Drug Control Strategy: FY 2005 Budget Summary*, as is ongoing drug-related spending by the federal judiciary, U.S. Attorneys, and other Justice Department agencies.

[71] Kleiman, "Controlling Drug Use." Kleiman calculates that about 60 percent of cocaine consumed in the United States is "sold to persons under (nominal) criminal justice supervision" and argues persuasively that efforts to reduce cocaine demand must therefore focus on this group. "The probation and parole systems," Kleiman contends, "are the key to managing the population of drug using offenders. Abstinence from drug use ought to be made a condition of continued liberty, and that condition ought to be enforced with frequent drug tests and predictable sanctions, with treatment required or offered to those whose repeated failure to abstain under coercion alone shows them to be in need of it."

[72] United Nations Office on Drugs and Crime (UNODC), *Investing in Drug Abuse Treatment: A Discussion Paper for Policy Makers*, January 2003.

[73] California Department of Alcohol and Drug Programs, *Evaluating Recovery Services: The California Drug and Alcohol Treatment Assessment (CALDATA)*, 1994.

[74] C. Peter Rydell and Susan S. Everingham, *Controlling Cocaine: Supply Versus Demand Programs* (Santa Monica, CA: RAND Drug Policy Research Center, 1994).

[75] ONDCP, *National Drug Control Strategy, FY 2005 Budget Summary*, March 2004. If supply-side spending rises at the average rate of increase from 2001–2005 (about 11 percent), then the United States will have spent another $23 billion before the decade is out, and spending for 2000–2009 ($39 billion) will have doubled the amount spent from 1990–1999 ($19.5 billion).

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Volume 3, Number 5
ISBN: 09295-1355X

This WOLA briefing series is supported in part by grants from the Open Society Institute, the Ford Foundation, the John Merck Fund, and the General Service Foundation.

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