

Improving Supply-Side Policies: Smarter Eradication, Interdiction and Alternative Livelihoods – and the Possibility of Licensing

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Summary

- The past three decades of US counternarcotics efforts abroad have strongly emphasised eradication of crops, interdiction and dismantling of drug trafficking organisations (DTOs).
- Policies were aimed at reducing US drug consumption and weakening militant groups. The cumulative evidence has proven these basic assumptions wrong.
- Successful cases of eradication and interdiction have at most succeeded in generating a two-year lag before production and supply recovered.
- In poor countries eradication strengthens the political capital of the belligerents.
- This is not to say that eradication should never be used. Rather, eradication needs to be well-crafted, used judiciously and, crucially, properly sequenced with other measures.
- Just like eradication, alternative livelihoods can only shift production from one area to another (the ‘balloon effect’). But, when designed as broader development efforts, they make enforcing the law, including eradication, politically and socially acceptable, preventing dangerous instability.
- Focused-deterrence strategies, selective targeting and sequential interdiction efforts are often more promising law enforcement alternatives than flow-suppression or zero-tolerance approaches.
- States should move law enforcement forces away from random non-strategic strikes and blanket ‘zero-tolerance’ approaches against lowest-level offenders, and toward strategic selectivity to give each counter-crime operation enhanced impact.
- Governments and international organisations need to thoroughly consider to which locales the illicit economy will shift if suppression efforts in a particular locale are effective and whether such a shift is desirable.

THE GLOBAL COUNTERNARCOTICS MOOD: THE EMERGING DISSENSUS

Over the past three decades, US counternarcotics efforts abroad have strongly emphasised eradication of illicit crops, interdiction of drug flows and dismantling of drug trafficking organisations (DTOs). At the core of these policies lay the assumption that such drug suppression policies not only accomplished the key US objective of reducing US drug consumption by reducing the volume of drug flows to the United States, but also fostered other crucial US goals of weakening, if not outright defeating, terrorist and militant groups involved in the highly lucrative drug trade. Yet the cumulative evidence of the outcomes of these policies over the past three decades has proven these basic assumptions of US counternarcotics policies wrong. Premature forced eradication, unfocused interdiction and nonstrategic break-up of DTOs – policies often exported and force-fed to supply-side and transshipment countries – came with a host of negative side-effects. These include: extensive human rights violations; further political, economic and social marginalisation of illicit crop farmers; destabilisation of local governments; alienation of local populations; strengthening of bonds between militant groups and local populations; and increases in violence perpetrated by DTOs and other criminal groups.

Frustration and strong dissatisfaction with US-supported policies have stimulated increasing debates in Latin America about how to redesign policies toward the drug trade, including various forms of decriminalisation and legalisation of at least some narcotics, such as cannabis.

Such calls for reform have not been echoed in other parts of the world, however. Russia in particular has been at the forefront of calls for toughening policies. China has also embraced existing policies and many countries in Asia and the Middle East continue to defend their harsh punishments of users as well as local dealers.

Among many drug policy reformers, there is an emerging consensus that decriminalisation, public health, treatment and harm reduction-based policies and even legalising some drugs (such as cannabis in Uruguay) are more appropriate than punitive policies for controlling consumption.

There is, however, no equivalent consensus among reformers on how to restructure supply-side policies and how to mitigate the multiple threats that the drug trade poses, including threats to public safety from violent drug trafficking organisations and to national security from the nexus of militancy and drug trafficking.

Many proponents of legalisation argue that legalisation by itself will eliminate violence, criminality and the militancy nexus. This contribution does not support that contention. Instead, it argues that even in markets of legal commodities, law enforcement plays a key role. Thus, rather than jettisoning eradication, interdiction and alternative livelihoods efforts altogether, there is a great and urgent need to make them smarter.

THE FAILURES OF ERADICATION AND HOW TO IMPROVE IT

A key premise of counternarcotics strategies that emphasise the eradication of drug crops is that the reduction in supply will reduce consumption by increasing street prices. Yet although eradication efforts have been extensive and occasionally have succeeded (for example China in the 1950s and 1960s and Vietnam in the 1990s and 2000s), they have failed to dramatically increase overall prices, including in key consumption markets.

In the US, consumption of cocaine has been declining steadily mainly because hardcore users have been aging. At the same time, consumption of methamphetamines and of synthetic and prescription drugs has increased. Cocaine consumption has meanwhile been on the rise in Western Europe. Iran and Pakistan remain extensive markets for heroin and other opiates. Russia and Brazil have an illicit drug consumption problem that rivals the West and continues to expand.¹ In localities where traditional drug production and traffic have been suppressed, such as in Burma or Laos, people have not abandoned use. Instead, they frequently switch to home-cooked synthetic drugs that often cause even more health damage than traditional alkaloid-based substances.²

Indeed, despite determined eradication efforts over the past thirty years, drug prices in the West have been for the most part falling. In the United States, retail heroin prices fell from \$1896 per gram at 11 percent purity in 1981 to \$408 per gram at 28 percent in 2011, with the lowest price of \$378 at 34 percent purity in 2008.³ Cocaine prices fell from \$669.18 per two grams at 40 percent in 1981 to \$177.26 at 42 percent purity level in 2011, with the lowest recorded price of \$132.89 at 64 percent purity in 2007.⁴ US heroin prices are thus 21 percent in nominal terms of what they were in the early 1980s, and cocaine prices are at 26.5 percent.

A counterargument could be raised that in the absence of such intense supply-side suppression measures, prices would be far lower and availability far greater, with accompanying expansion in consumption.⁵ Such a counterargument reveals the inherent difficulties of drawing inferences without analytic control comparisons of alternative policies. Imagine the following scenario: a sick patient has been taking a pill as treatment, but is not getting better.

Does that justifiably imply that the pill is not effective treatment? Possibly. But there are several other possibilities:

- (1) The dosage needs to be higher, for example more intense eradication campaigns.
- (2) The pill is at least partly effective, and without it, the patient would be much sicker.
- (3) Not only is the pill ineffective, but is in fact counterproductive – like the eradication programmes detailed below which have complicated efforts to suppress militancy and terrorism.
- (4) The treatment is effective in attacking the disease (analogous to wiping out the poppy crops in a particular locale), but is killing the patient at the same time – worsening human rights and complicating counterinsurgency and counterterrorism efforts.

Indeed, counternarcotics suppression efforts have consistently failed in their second key promise: to diminish militants' and terrorists' physical capabilities by bankrupting them. Suppression efforts raise the price of illicit commodities – thus, in the cases of only partial suppression of production, frequently resulting in little change in the belligerents' income. Given fairly stable or increasing international demand, full and permanent suppression of supply is extraordinarily hard to achieve. The extent of the belligerents' financial losses from suppression of illicit economies depends on the adaptability of the belligerents, traffickers and peasants. Adaptation methods are frequently plentiful, especially in the case of illicit drugs. Belligerents can store drugs, which are essentially nonperishable. Belligerents can put some money away. Farmers can replant after eradication and offset losses from areas eradicated. Farmers, traffickers and belligerents can shift production to areas where the crops are not being eradicated and where detection is difficult. Traffickers can switch their trafficking, their means of transportation or take various other evasion adaptations.

Successes of law-enforcement and counter-narcotics supply-side policies frequently last only briefly. Without reductions in global demand, they inevitably give way to supply recovery in the same locale, or elsewhere (the so-called 'balloon effect'⁶). Coca and

1 United Nations Office on Drugs and Crime, *2006 World Drug Report*, http://www.unodc.org/pdf/WDR_2006/wdr2006_volume1.pdf.

2 See, for example, Tom Kramer, Martin Jelsma and Tom Blickman, *Withdrawal Symptoms in the Golden Triangle: A Drugs Market in Disarray* (Amsterdam: Transnational Institute, January 2009).

3 Office of National Drug Control Policy, *National Drug Control Strategy: Data Supplement 2013*, http://www.whitehouse.gov/sites/default/files/ondcp/policy-and-research/2013_data_supplement_final2.pdf: 76.

4 *Ibid.*, 75. Note that in US databases, and this report, cocaine prices are given per two grams while heroin prices are given per gram.

5 See, for example, Jonathan P. Caulkins' contribution to this report.

6 See Peter Reuter's contribution to this report.

opium cultivation and processing are archetypal footloose industries: they require little capital, few labour skills and the necessary technologies are simple and well-known. Source country suppression policies – eradication and interdiction – have at most succeeded in generating a two-year lag before production and supply recovered.⁷

There is not one single case over the past five decades where eradication policies succeeded in bankrupting or defeating belligerents. Even in Colombia, eradication hampered governmental efforts to defeat the FARC.⁸ Indeed, suppression of narcotics crops has proved outright counterproductive to defeating militants, obtaining actionable intelligence on terrorists and ending violent conflict. This is because belligerents often obtain not only financial resources, but also political capital from their involvement in the illicit economies such as the drug trade. The increases in the belligerents' political capital are especially pronounced if they are involved in labour-intensive illicit economies, such as sponsoring illicit crop cultivation in poor regions where legal job opportunities are lacking. There, local populations, over whose allegiance terrorists, militants and governments compete, are fully dependent on cultivation of drug crops for basic economic survival, human security and any social advancement.

Belligerents who use their sponsorship of illicit economies and the income they derive from them to provide otherwise-lacking public goods and socio-economic benefits, such as schools, clinics and roads – and who protect the population against abusive traffickers and particularly against government eradication efforts – obtain the strongest political capital. The population bonds with them, often providing them with material benefits, such as food and shelter, and critically denying intelligence on the belligerents to the government and counterinsurgent forces. In poor countries or regions, eradication of illicit crops thus critically strengthens the political capital of the belligerents.

On the other hand, during periods and in places where interdiction has been undertaken without eradication, and especially during periods and in locales where laissez-faire

toward narcotics crop cultivation or non-prosecution of illicit crop farmers have been the policy, the belligerents' political capital has declined and the population has been more inclined to cooperate with and provide intelligence to the governing authorities, strengthening counterinsurgency and anti-militant efforts.⁹

Conditions necessary for eradication to be effective in reducing cultivation in specific areas:

1) First and foremost, *if a government's goal is to suppress production in the entire country, then it needs to have control over the entire country.* It must have detailed knowledge of where production is shifting as a result of eradication and be able to counter this trend. It must also have a continuing presence on the ground to prevent replanting. It cannot face an armed opposition able to exploit the popular anger against eradication.

In addition to firm government control throughout the country, either one of the two following conditions needs to be present:

2) *The government has the will and capacity to be very harsh to the population – ignoring their economic plight that is worsened by eradication; cracking down on protests and rebellions against eradication; and removing any opposition leaders who embrace the counter-eradication cause and could effectively mobilise against the government.* And the government has to be prepared to carry out such repression on a repeated basis for years to come. Needless to say, such a policy is inconsistent with democracy and human rights – and *not recommended by this author.*

3) *Alternative economic livelihoods are in place – not simply promised to take place in the future, but already generating legal economic alternatives.* Like eradication, alternative livelihoods will not eliminate the world's production of illicit crops or the world's illicit economies. However, like eradication, they can be effective in reducing or even eliminating the illicit production in particular regions or countries – if they are well-designed, integrated into overall poverty reduction strategies and enjoy broader auspicious economic growth contexts. Often, however, they are not designed and implemented effectively and produce disappointing results. How to improve their effectiveness is discussed below.

The harsh repression model has so often been successful only on a temporary basis, and has mostly broken down within a few years. Poppy cultivation in Afghanistan picked up within one year after the Taliban's 2000 prohibition. Despite a combination of repression and localised alternative development programmes in Bolivia, production increased there since 2000.¹⁰ Mao's eradication of opium poppy cultivation in China in the 1950s and 1960s has been the most effective and lasting eradication campaign ever; but it involved levels of brutality that would be, appropriately so, intolerable in most countries.

“ All of the above are not to say that eradication should never be used as a counternarcotics policy tool. Rather, eradication needs to be well-crafted, used judiciously and, crucially, properly sequenced with other measures. ”

7 Kevin Jack Riley, *Snow Job?* (New Brunswick: Transaction Publishers, 1996), 93.

8 For the case of Colombia as well as Afghanistan, Peru, Burma and Thailand, see Vanda Felbab-Brown, *Shooting Up: Counterinsurgency and the War on Drugs* (Washington, DC: Brookings, 2010).

9 Ibid., 'Chapter 3: Peru,' 35-68.

10 See, for example, Francisco Thoumi, *Illegal Drugs, Economy, and Society in the Andes* (Baltimore: John Hopkins University Press, 2003); Kathryn Ledebur, 'Bolivia: Clear Consequences,' in *Drugs and Democracy in Latin America*, eds. Coletta A. Youngers and Eileen Rosin, (Boulder: Lynne Rienner, 2005), 143-182.

All of the above are not to say that eradication should never be used as a counternarcotics policy tool. Rather, eradication needs to be well-crafted, used judiciously and, crucially, properly sequenced with other measures.

Using eradication to prevent the cultivation of illicit crops in national parks, for example, might be highly appropriate. Such a policy, however, will only be effective if suppression measures are less intense outside of national parks.

Similarly, once alternative livelihoods efforts have generated the necessary and sufficient resources for illicit crop farmers to switch to sustainable licit livelihoods, eradication may well be an important tool to catalyse such an economic switch. Such smart eradication will be socially viable and will strengthen the rule of law. But premature eradication – in the context of insurgency and without alternative livelihoods in place – will be counterproductive with respect to improving the security situation in the country and also ineffective with respect to suppressing the illicit crops.

In sum, governments should not rely on suppression of illicit economies to defeat or even substantially weaken belligerents. Most likely, belligerents will find a host of adaptations to escape from the resource-limitation trap, making the focus on limiting the belligerents' resources a highly risky strategy for the government. If a government seeks to achieve a preponderance of military power, it needs to do so through strengthening its own military resources. In the case of labour-intensive illicit economies in poor countries, governments should postpone suppression efforts toward the illicit economy, which target the wider population, until and after belligerents have been defeated or have negotiated an end to the conflict. Premature suppression efforts, such as eradication, will alienate the population and severely curtail intelligence flows from the population. It will lose hearts and minds and severely hamper the military effort against the belligerents. Nor will eradication be effective in the context of violence because traffickers and producers will find a way to adapt in the context of limited state presence. Interdiction at borders and destruction of labs do not target the population directly.

Consequently, it does not alienate the population to the same extent as eradication and is thus more easily compatible with the counterinsurgency and counterterrorism effort.

Military forces – whether domestic or international – should focus on directly defeating the belligerents and protecting the population. They do have an important role to play in counternarcotics policy and in suppressing other illicit economies, namely to provide security. Without such security, efforts to suppress illicit economies will not be effective. But they should not engage in eradication themselves.

If belligerents have not yet penetrated an illicit economy in a country – for example, narcotics cultivation in a particular region – governments should make every effort to prevent the belligerents from penetrating the economy, such as by establishing a cordon sanitaire around the region.

If the belligerents themselves undertake suppression of a labour-intensive illicit economy the government should immediately step in and provide economic relief to the population. It should also intensify the military effort against the belligerents at that time as they will be extremely vulnerable politically and not have a robust population support base. Most likely, belligerents will themselves undertake eradication only when they first encounter the illicit economy – which could be a highly auspicious moment for the government to undertake a robust offensive against the belligerents. But such an opportunity could also arise as a result of a change in leadership, intensified ideological fervour, or the need to appease some outside patron.

Efforts to limit the belligerents' resources should focus on mechanisms, such as those targeted against money laundering, that do not directly harm the wider population. Such measures cannot remain localised but need to be strengthened on the global level. It is important to recognise, however, that anti-laundering measures are no panacea and will remain of limited effectiveness.

If the government itself undertakes suppression efforts toward a labour-intensive illicit economy — efforts which target the wider population – it should at least complement such a dangerous policy by providing immediate relief to the population by way of humanitarian aid and alternative livelihoods programmes. Alternative livelihoods programmes will not have a chance to really take off until conflict has ended and security has been established; but the government needs to demonstrate to the population right away that it is not indifferent to its plight.

Even after the conflict has ended, eradication of illicit crops should only be undertaken once the population has access to alternative livelihoods that address the entire scope of structural drivers of illicit crop cultivation. That may well entail delaying eradication for several years while alternative livelihoods efforts are being implemented; eradication should only be undertaken when the household is receiving sufficient legal income. However, a well-sequenced eradication may well be undertaken in areas where households are not economically dependent on drug crop cultivation. The so-called *uno-cato* policy that President Evo Morales adopted in Bolivia, permitting households to cultivate a small area of land with coca, provides many lessons.¹¹

A failure to actually provide such comprehensive alternative development – only promising it for the future and undertaking eradication prematurely – will result in social instability, critically destabilising the government immediately after conflict. In that case, the government will only be able to maintain eradication by resorting to very harsh measures toward the population and will have to maintain such repression for many years.

11 For a review of how Bolivia's *uno-cato* policy and the broader strategy of 'yes to coca, no to cocaine' has evolved and the many difficulties it has run into, see Coletta Youngers, 'Shifts in Cultivation, Usage Put Bolivia's Coca Policy at the Crossroads,' *World Politics Review*, December 5, 2013, 1-3.

‘...the absolutist goal of a complete suppression of drug trafficking (or organised crime overall) will mostly be unachievable, and will be particularly problematic in the context of acute state weakness where underdeveloped and weak state institutions are the norm.’

THE FAILURES OF ALTERNATIVE LIVELIHOODS EFFORTS AND WAYS TO IMPROVE THEM

Even if smart alternative livelihoods efforts were undertaken globally, they would not eliminate the global drug trade. Some people with plentiful legal economic options would be tempted to make a high income from breaking the law. Just like eradication, alternative livelihoods can only shift production from one area to another. But alternative livelihoods efforts when designed as broader development efforts make enforcing the law, including eradication, politically and socially acceptable, preventing dangerous instability. However, in order to accomplish these goals, they need to be properly sequenced and well-designed.

In their current design, alternative livelihoods programmes have been no more successful than eradication on a country-wide scale (although they have been relatively more successful at local levels). This is partially because alternative livelihood programmes have been neither sufficiently long-lasting nor well-funded and well-managed. Thailand provides the most significant example of success. There, three decades of multi-faceted, comprehensive, well-funded and well-managed rural development since the 1970s – *significantly* accompanied by very impressive and crucial economic growth and industrialisation that generated extensive new employment opportunities outside of drug areas led to the elimination of poppy cultivation.¹² Thus cultivation fell from 17,920 hectares at its peak in 1965-1966 to 209 hectares in 2012.¹³

It is important to point out that even at its peak, cultivation was about a tenth of the size of the problem in Afghanistan today or (in the case of coca) in Latin America. Moreover, Thailand continues to have flourishing traffic in synthetic drugs as well as in opiates from other countries.¹⁴

For alternative livelihoods programmes to be effective in reducing illicit crop cultivation in a lasting way, good security needs to be established in the rural regions. In other words, military conflict needs to be ended.¹⁵

Moreover, alternative livelihoods programmes cannot be construed as only crop substitution. Price profitability is only one factor. Even in rich Western countries, cultivation of illicit cannabis is more profitable than the many legal jobs, yet the vast majority of the population chooses to obtain legal employment. The key for alternative livelihoods should not be to match the prices of the illicit commodity – a losing game – but rather to create such economic conditions that allow the population to have a decent livelihood without having to resort to the illicit economy.

Other drivers of illicit economies, such as insecurity and a lack of access to necessary productive resources, value-added chains and markets are frequently far more important determinants of the decision to participate in illicit economies. Thus, farmers, such as those in the Shinwar and Achin regions of Afghanistan or the Shan hill areas of Burma, continue to cultivate illicit crops even though legal crops, such as vegetables, fetch greater prices and would bring a greater profit.¹⁶ Risk-minimisation in a high-risk environment is often more important than profit-maximisation. A mixture of many other factors also matters: security, rule of law, assured property rights and moral considerations, as well as other economic structural drivers.¹⁷

For alternative livelihoods to have any chance to take off and be sustained, they must address all the structural drivers of illicit economies. They must encompass the generation of sufficient employment opportunities (such as through the promotion of high-value, labour-intensive crops), infrastructure building, distribution of new technologies (including fertilizers and better seeds), marketing help and the development of value-added chains, facilitation of local microcredit, establishment of access to land without the need to participate in the illicit economy and development of off-farm income opportunities, to name a few.

12 For a good overview, see Ronald D. Renard, *Opium Reduction in Thailand, 1970-2000: A Thirty-Year Journey* (Bangkok: UNDCP Silkworm Books, 2001).

13 Ibid., 36 and UNODC, *Southeast Asia: Opium Survey 2012*, December 2008, 5.

14 Pierre-Arnaud Chouvy, 'Drugs and War Destabilize Thai-Myanmar Border Region,' *Jane's Intelligence Review*, April 1, 2002; and Pierre-Arnaud Chouvy, *Opium: Uncovering the Politics of Poppy* (Cambridge: Harvard University Press, 2010).

15 For a discussion of how, in the context of insecurity and ongoing military conflict, alternative livelihoods efforts will be of limited effectiveness and can be even counterproductive, see Paul Fishstein and Andrew Wilder, *Winning Hearts and Minds? Examining the Relationship between Aid and Security in Afghanistan* (Tufts University, Feinstein International Center, January 2012); and Vanda Felbab-Brown, *Aspiration and Ambivalence: Strategies and Realities of Counterinsurgency and State-building in Afghanistan* (Washington, DC: Brookings Institution Press, 2013).

16 David Mansfield, 'The Economic Superiority of Illicit Drug Production: Myth and Reality—Opium Poppy Cultivation in Afghanistan,' paper prepared for the International Conference on Alternative Development in Drug Control and Cooperation, Feldafing (Munich), January 7–12, 2002.

17 David Mansfield and Adam Pain, 'Alternative Livelihoods: Substance or Slogan?' AREU Briefing Paper, October 2005, <http://areu.org.af/UpdateDownloadHits.aspx?EditionId=187&Pdf=524E-Substance or Slogan BP.pdf>.

Alternative livelihoods efforts will be ineffective if they are conceived as discreet handouts and isolated interventions, as is indeed often the case in both rural settings, where the goal is to suppress drug cultivation, and in urban environments where socio-economic policies are meant to reduce drug trafficking and other criminality.¹⁸ Alternative livelihoods really mean comprehensive rural and overall economic and social development. As such, the programmes require a lot of time, the politically difficult willingness to concentrate resources and lasting security in the area where they are undertaken.

Focused-deterrence strategies, selective targeting and sequential interdiction efforts should often be considered as more promising law enforcement alternatives than flow-suppression measures or zero-tolerance approaches.

THE FAILURES OF INTERDICTION AND HOW TO MAKE INTERDICTION MORE EFFECTIVE

Over the past several decades, interdiction policies have been predominantly designed to stop or minimise the volume of illicit flows. Occasionally, but rarely, they have succeeded in disrupting trafficking and rerouting it from particular regions, or in reshaping the structures of criminal markets. Interdiction efforts were, for example, successful in destroying the so-called 'French connection' and disrupting heroin smuggling from Asia through Turkey in the 1970s (attributable to successful interdiction plus the licensing of Turkish opium cultivation for medical purposes). But the outcome of disrupting the 'French connection' also included the emergence of substantial heroin production elsewhere—namely Mexico. During the 1990s, the United States was highly effective in disrupting the drug trade through the Caribbean, pushing trafficking into Central America and Mexico. With US assistance, Colombia ultimately prevailed against the Medellín and Cali cartels and broke up large cartels into smaller, less threatening ones – but those successes also empowered the Mexican drug trafficking groups.

Indeed, interdiction measures preoccupied with the suppression of flows or otherwise mis-designed have often turned out to produce a set of undesirable effects. In Mexico, premature and nonselective frontal assault by the state on Mexico's drug

trafficking groups during the administration of President Felipe Calderon broke up the groups, but also provoked extremely violent turf wars among and within the crime groups over territory and access to corruption channels. In Afghanistan, interdiction efforts of the mid-2000s that focused on the least powerful small traders led to a vertical integration of the illegal and gave rise to powerful and well-connected drug capos and enabled the Taliban to reintegrate itself into Afghanistan's drug trade. Similarly, zero-tolerance approaches to drugs and crime, popular around the world since the late 1980s, have often proven problematic. They have frequently failed to suppress criminality while increasing human rights violations and police abuses. And the absolutist goal of a complete suppression of drug trafficking (or organised crime overall) will mostly be unachievable, and will be particularly problematic in the context of acute state weakness where underdeveloped and weak state institutions are the norm. Yet well-crafted interdiction efforts remain a crucial policy tool – but not because they will significantly reduce the income of belligerents or significantly limit supply. Rather, they are an important tool because they allow the state to prevent criminal groups from cooperating with militant actors. They also allow the state to prevent criminal groups from accumulating extensive coercive and corruptive power which threatens the security, rule of law and political integrity of the country. They further help the state in minimising the violence associated with criminal markets.

Smart interdiction policies for achieving the above goals include the following measures:

(1) *Governments should avoid unnecessarily strengthening the bond between the criminal traffickers and the belligerents by treating the two as a unified actor and should explore ways to pit the two kinds of actors against each other. Far from being comrades in arms, they have naturally conflicting interests, and governments should avoid helping them to align their interests. One way may be to temporarily let up on the group that represents a smaller threat to the state and to exploit that group for intelligence acquisition.*

But it is also important to be conscious of the possibility that such efforts may set up perverse incentives to corrupt the state. Selectively targeting only traffickers linked to belligerents, for example, will send a signal that the best way to be a trafficker is to be a part of the government. That may well be beneficial in the short run with respect to counterinsurgency objectives, but it may generate long-term problems of corruption. Thus planning needs to be taken as to how to reclaim state dominance and limit corruption once the security threat from the belligerents has subsided.

(2) *Interdiction efforts need to be designed carefully with the objective of limiting the coercive and corruption power of crime groups. The goal of interdiction should thus be to have the illicit economy populated by many small traders, rather than a few vertically integrated groups. Although the former will likely require an intensification of intelligence resources*

18 Vanda Felbab-Brown, 'Bringing the State to the Slum: Confronting Organized Crime and Urban Violence in Latin America,' *Brookings Latin America Initiative Paper Series*, December 2011, http://www.brookings.edu/~media/research/files/papers/2011/12/05%20latin%20america%20slums%20felbabbrown/1205_latin_america_slums_felbabbrown.pdf.

devoted to keeping track of the many small actors, such an outcome will benefit public safety because small traders will not have the power to systematically corrupt or threaten the state.

Focused-deterrence strategies, selective targeting and sequential interdiction efforts should often be considered as more promising law enforcement alternatives than flow-suppression measures or zero-tolerance approaches. These former approaches seek to minimise the most pernicious behaviour of criminal groups, such as violence or engagement with terrorist groups, and help law enforcement institutions overcome resource deficiencies.¹⁹

Defining 'the most harmful' behaviour can vary. The broad concept is to move law enforcement forces away from random non-strategic strikes and blanket 'zero-tolerance' approaches against lowest-level offenders, and toward strategic selectivity to give each counter-crime operation enhanced impact. The decision whether to focus selective interdiction on high-value targets or the middle layer of criminal groups is importantly related to whether incapacitation or deterrence strategies are privileged.²⁰

Meanwhile, before the state takes on extensive and powerful crime networks, it needs to have the law enforcement and intelligence resources ready to prevent and suppress violence resulting from turf wars over illicit markets.

(3) *The state and international partners sponsoring interdiction and suppression measures in source countries keenly need to watch the watchdogs.* Organisations and individuals tasked with eradication and interdiction are ideally placed to become the top traffickers in a country because they have access to intelligence and can manipulate suppression efforts to augment their power and target political or ethnic rivals. In many source countries subjected to intense suppression efforts, the top law enforcement officials became the top traffickers. Consequently, relentless internal monitoring is critical.

(4) *Governments and international organisations also need to thoroughly consider to which locales the illicit economy will shift if suppression efforts in a particular locale are effective and whether such a shift is desirable.* Suppression will only shift production elsewhere – for example, where a major terrorist group operates. Such a group consequently would receive a

major windfall, both in terms of military capabilities and political capital. The mere fact of relocation will be highly disruptive to the new recipient region with respect to public safety, national security and political, judicial and law-enforcement institutions. Moreover, governments and international organisations need to consider what illicit economy will replace the existing one and whether it is potentially even more pernicious.

THE PROMISE OF LICENSING AND LEGALISATION AND WHY THEY ARE NOT A PANACEA

Source-country policies toward illicit economies can also encompass licensing of the illicit economy for legal purposes. For example, the licensing of opium poppy cultivation for medical opiates (morphine, codeine and thebaine) in Turkey eliminated the illegal cultivation of poppy there. The fact that some form of licensing is feasible and effective in one context does not mean it would be equally effective in other contexts. Turkey had a strong state that had firm control over the territory concerned. Furthermore, Turkey was able to utilise a particular technology, the so-called poppy straw method, that makes diversion of morphine into the illicit trade very difficult. India's licensing system for the cultivation of opium poppy for medical opiates proved considerably less effective in preventing diversion of opium into illicit uses, as India never adopted the poppy-straw method.²¹ Although both India and Turkey have a guaranteed market in the United States under the so-called 80/20 rule, both are being displaced from the licit market by new industrial suppliers of medical opiates, such as Australia. Trying to apply such a licensing scheme, say to Afghanistan today, would face a host of legal, political, economic and efficacy obstacles, foremost among them the lack of security and state presence, but also the lack of a guaranteed market and stiff international competition.²²

In addition to opiates, licensing of limited production can and has also been adopted in the case of the illicit logging of tropical forests, mining or wildlife trafficking. In some cases, such as in the case of farming of crocodileans, licensing turned out to be a highly effective policy, saving many species from extinction.

In many other cases, however, licensing of wildlife trade, logging and mining merely turned out to be a white-wash of consumer consciousness, masking undesirable practices, complicating law enforcement and increasing demand.²³

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- 19 For details on focused-deterrence strategies and selective targeting, see David Kennedy, Daniel Tompkins and Gayle Garmise, 'Pulling Levers: Getting Deterrence Right,' *National Institute of Justice Journal* (236), 1998, 2-8; Mark Kleiman, *When Brute Force Fails: How to Have Less Crime and Less Punishment* (Princeton: Princeton University Press, 2009); Vanda Felbab-Brown, 'Targeted Deterrence, Selective Targeting, Drug Trafficking and Organized Crime: Concepts and Practicalities,' IDPC-IISS-Chatham House, *Modernizing Drug Law Enforcement*, Report No. 2, February 2013.
- 20 Vanda Felbab-Brown, 'Despite Its Siren Song, High-Value Targeting Doesn't Fit All: Matching Interdiction Patterns to Specific Narcoterrorism and Organized-Crime Contexts,' The Brookings Institution, October 1, 2013.
- 21 For analysis of licensing efficacy in India and Turkey, see David Mansfield, 'An Analysis of Licit Opium Poppy Cultivation: India and Turkey,' author's copy.
- 22 For a detailed analysis, see Vanda Felbab-Brown, 'Opium Licensing in Afghanistan: Its Desirability and Feasibility,' *Foreign Policy Studies Policy Paper*, No. 1, Brookings Institution Press, August 2007, <http://www3.brookings.edu/fp/research/felbab-brown200708.pdf>.
- 23 See Vanda Felbab-Brown, 'The Disappearing Act: Species Conservation and the Illicit Trade in Wildlife in Asia,' *Brookings Foreign Policy Working Paper No. 6*, Brookings Institution, June 2011, http://www.brookings.edu/papers/2011/06_illegal_wildlife_trade_felbabbrown.aspx; Vanda Felbab-Brown, 'Not as Easy as Falling off a Log: The Illegal Timber Trade in the Asia-Pacific Region and Possible Mitigation Strategies,' Brookings Foreign Policy Working Paper No. 5, Brookings Institution, March 2011.

Smartening the design of supply-side policies – eradication, interdiction, alternative livelihoods – and carefully monitoring and adjusting the design of licensing and legalisation measures will go a long way to improving the effectiveness of policies toward the drug trade and minimising their often intense negative side-effects.

Proponents of legalisation as a mechanism to reduce organised crime often make two arguments: that legalisation will severely deprive organised crime groups of resources; and that legalisation will also free law enforcement agencies to concentrate on other types of crime, such as murders, kidnappings and extortion. A country may have good reasons to want to legalise the use and even the production of some addictive substances and ride out the consequences of possible greater use. Such reasons could include providing better health care to users, reducing the number of users in prison and perhaps even generating greater revenues and giving jobs to the poor.

Yet without robust state presence and effective law enforcement, there can be little assurance that organised crime groups would be excluded from the legal drug trade. In fact, they may have numerous advantages over legal companies and manage to hold onto the trade, including through violent means.

Further organised crime groups may intensify their violent power struggles over remaining illegal economies, such as the smuggling of other illegal commodities or migrants, prostitution, extortion and kidnapping.

Nor does legalisation imply that law enforcement would be liberated to focus on other issues or become less corrupt: the state would have to devote substantial resources to regulating, monitoring and enforcing the legal economy, with the legal economy potentially serving as a mechanism to launder illegally produced drugs.

Additionally, a grey market in drugs would likely emerge: the higher the tax on the legal drug economy imposed to deter use and generate revenue, the greater the pressures for a grey market to emerge. Organised crime groups could set up their own fields with smaller taxation, snatch the market and the profits and the state would be back to combating them and eradicating their fields. Such grey markets exist alongside a host of legal economies, from cigarettes to stolen cars.

Thus there is no guarantee either that marginalised groups, such as farmers of illicit crops, would retain their jobs in a legal drug economy: The legal drug cultivation would likely shift to other more developed areas of agricultural production which are inaccessible to the marginalised groups to begin with, being the result of exclusionary political-economic institutional arrangements. Indeed, redesigning political and economic institutions to achieve greater equity of access and accountability to the overall population, and hence dismantling state institutional capture by powerful economic and political elites, are often the necessary prerequisites to make licensing and alternative livelihoods work.

CONCEPTUALISING COUNTERNARCOTICS POLICIES AS STATE-BUILDING EFFORTS

Without capable and accountable police that are responsive to the needs of the people – from tackling street crime to suppressing organised crime – and that are backed-up by an efficient, accessible and transparent justice system, neither legal nor illegal economies will be well-managed by the state. Smartening the design of supply-side policies – eradication, interdiction, alternative livelihoods – and carefully monitoring and adjusting the design of licensing and legalisation measures will go a long way to improving the effectiveness of policies toward the drug trade and minimising their often intense negative side-effects. Reducing the violence associated with drug trafficking should be a priority for law enforcement agencies. Governments that effectively reduce the violence surrounding illicit economies often may not be able to *rid* their countries of organised crime; they can, however, lessen its grip on society, thereby giving citizens greater confidence in government, encouraging citizen cooperation with law enforcement and aiding the transformation of a national security threat into a public safety problem. That can well be accomplished – and many countries have succeeded in doing so – in the absence of legalisation. Counternarcotics policies as well as other anti-crime measures should therefore be conceived as a multifaceted state-building effort that seeks to strengthen the bonds between the state and marginalised communities dependent on or vulnerable to participation in illicit economies for reasons of economic survival and physical security. Efforts need to focus on ensuring that peoples and communities will obey laws – by increasing the likelihood that illegal behaviour and corruption will be punished via effective law enforcement, but also by creating a social, economic and political environment in which the laws are consistent with the needs of the people so that the laws can be seen as legitimate and hence be internalised. ■