

A Legal Trade

Ending the U.S. role in Colombia's drug war would weaken terrorists and strengthen democracy

San Francisco Chronicle, November 7, 2001

PRESIDENT BUSH, like President Clinton before him, is pouring hundreds of millions of U.S. taxpayers' dollars a year into fighting the drug war in Colombia. During his 2000 presidential campaign, Bush reasoned that because the Revolutionary Army of Colombia (FARC) and other terrorist groups get their money from the cocaine trade, fighting the drug war and fighting the terrorists are one and the same. It's true that revolutionary leftists in Colombia are intimately connected with the illegal drug trade. But the ironic reason for that connection is the drug war itself.

Ending the U.S. role in the drug war in Colombia would weaken the terrorist left and strengthen Colombia's fragile democracy. Escalating the drug war, by contrast, will further weaken Colombia's democracy and will strengthen the terrorist left, with no noticeable impact on the U.S. street price of cocaine. Here's why:

Imagine you're a Colombian coca producer trying to make a peso. Working against you are Colombia's military and police, spurred on by U.S. government subsidies and threats, and aided by U.S. military personnel and equipment. The first thing you want is protection, and the place to go for protection is to anti-government people with guns who know how to fight. Two such groups are the FARC and the National Liberation Army (ELN), both revolutionary leftists. You don't have to be a left-wing ideologue yourself to decide to pay them protection money, which is just what many peasant coca farmers and cocaine producers do.

By one estimate, the revenue to FARC from drug-related sources is more than \$600 million a year, which would make it the best-funded terrorist group in the world. Thus, the war against drugs actually strengthens the position of the leftist insurgents.

These insurgents have terrorized Colombian society. Between 1981 and 1986, for example, more than 50 Colombian judges, including 12 Supreme Court justices, were murdered by drug traffickers. Average Colombians are so terrorized that,

according to Cato Institute analyst Ted Carpenter, more than 1 million of them have emigrated in the last five years. If a similar percent of Americans did the same, we would lose 14 million citizens, the equivalent of almost half the population of California.

What do we get for all our tax money and for all the violence and terror the drug war has caused Colombians? A negligible impact on the U.S. street price of cocaine.

The drug war has not succeeded in substantially cutting the supply of cocaine from Colombia to the United States. Even in the unlikely case that the drug war reduced the Colombian supply to zero, the effect would be similar to the effect of the successful U.S. action in the early 1970s against the drugs coming from Southeast Asia through the French connection in Marseilles. Just as that drug war pushed drug production from Southeast Asia into the next cheapest region, Colombia, suppressing Colombia's production would push production into the next-best region for growing, which would probably be Brazil. Make the extreme assumption that growing coca and producing cocaine in Brazil is three times as expensive as in Colombia and that, therefore, the raw cocaine price is tripled. The raw cocaine price in Colombia is only about 1 percent of its street price in the United States, because of the risk premium added on to prices at each stage of the distribution. Therefore, tripling the raw price would cause the U.S. street price to rise by 2 percent.

There's a better way to go. The U.S. government must stop pressuring Colombia's government to destroy its cocaine industry. Then Colombia's government can decide whether to do that or not, and I predict that it won't. If, in the extreme, Colombia's government legalized the cocaine trade, production would increase and the price would fall. But even if the Colombian price fell to zero, clearly impossible, the U.S. price would fall by only 1 percent. Meanwhile, the leftist insurgent's funds would dry up -- why pay for protection when you don't need it? -- and Colombia's odds of surviving as a peaceful democracy would improve dramatically. Not a bad trade.