


Session 6

The Cocaine and Methamphetamine Trades

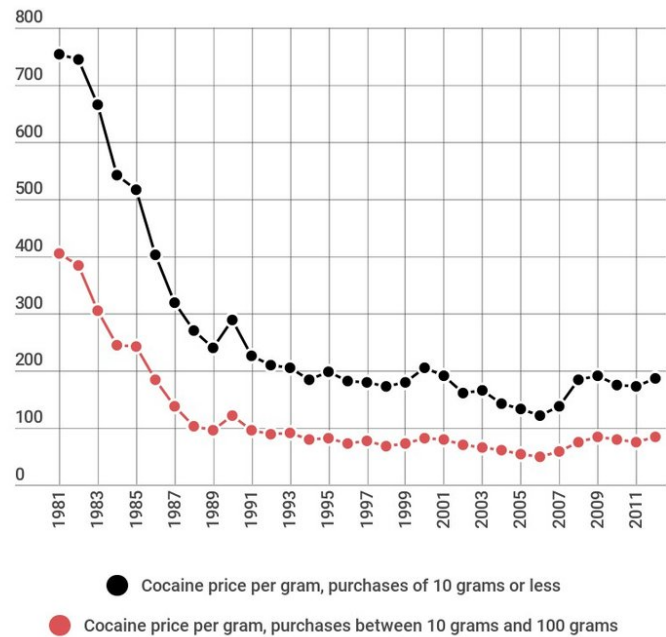
October 24, 2018



<http://content.time.com/time/magazine/article/0,9171,922619,00.html> <http://content.time.com/time/covers/0,16641,19810706,00.html>
(<http://content.time.com/time/covers/0,16641,19810706,00.html>)

On July 6, 1981, Time Magazine published an article titled [Cocaine: Middle Class High](https://canvas.harvard.edu/courses/41939/files/6223125/download?wrap=1) [_ \(https://canvas.harvard.edu/courses/41939/files/6223125/download?wrap=1\)](https://canvas.harvard.edu/courses/41939/files/6223125/download?wrap=1) , which described the transition of its use from wealthy Hollywood types, socialites and investment bankers to middle class strivers: "lawyers, businessmen, students, government bureaucrats, politicians, policemen, secretaries, bankers, mechanics, real estate brokers, waitresses." As Time said, "These people are not the dregs of society. They tend to be legitimate business people." There had always been an illicit market for stimulants; the [DEA reported](https://www.dea.gov/about/history/1970-1975%20p%2030-39.pdf) [_ \(https://www.dea.gov/about/history/1970-1975%20p%2030-39.pdf\)](https://www.dea.gov/about/history/1970-1975%20p%2030-39.pdf) that during the 1960's, half of the production of pharmaceutical grade amphetamines, one billion doses per year, were diverted to the illegal market. This diversion was controlled during the 1970's through the Controlled Substances Act. Time Magazine estimated that by 1981 cocaine was the largest illicit drug in dollar terms: sales of 40 tons in the US worth \$30 billion, exceeding marijuana sales of \$24 billion; if the cocaine industry were a company it would have ranked between Gulf Oil and Ford Motor Company. In 1979 the Household Survey showed that that almost 20 percent of young adults 18-25 years old had used cocaine in the past year, and 9.3 percent had used cocaine in the previous month. By 1982 [10.5 million Americans](https://www.unodc.org/documents/wdr/WDR_2010/1.3_The_global_cocaine_market.pdf) [_ \(https://www.unodc.org/documents/wdr/WDR_2010/1.3_The_global_cocaine_market.pdf\)](https://www.unodc.org/documents/wdr/WDR_2010/1.3_The_global_cocaine_market.pdf) admitted to having used cocaine in the previous year. As a stimulant and euphoriant, cocaine was seen as the perfect American drug; it helped people work harder and socialize better. "In a society that says drug taking is O.K., cocaine gives the user the illusion of being more in control. People feel stronger, smarter, faster, more able to cope with things. It's more than the pleasure principle." At the time, the dangers of cocaine were not well recognized. In 1975 the Carter White House had actually [issued a paper](https://www.dea.gov/about/history/1975-1980%20p%2039-49.pdf) [_ \(https://www.dea.gov/about/history/1975-1980%20p%2039-49.pdf\)](https://www.dea.gov/about/history/1975-1980%20p%2039-49.pdf) stating that cocaine was not a problem and 'is not physically addictive, and does not usually result in serious social consequences, such as crime, hospital emergency room admissions or death'. By 1981, Time was somewhat more cautionary: "Although in very small and occasional doses it is no more harmful than equally moderate doses of alcohol or marijuana, and infinitely less so than heroin, it has its dark and destructive side. The euphoric lift, the feeling of being confident and on top of things that comes from a few brief snorts, is often followed by a letdown; regular use can induce depression, edginess and weight loss. As usage increases, so does the danger of paranoia, hallucinations and a totally "strung out" physical collapse, not to mention a devastation of the nasal membrane. And usage does tend to increase. Says one initiate: "After one hit of cocaine I feel like a new man. The only problem is, the first thing the new man wants is another hit." There was nothing in the article that hinted at the huge wave of death and destruction that cocaine would bring to America over the next decade.

Average price of cocaine in the US, in 2012 US dollars



Quantities 10 grams or below are considered "retail" level purchases.

Quantities between 10 grams and 100 grams are considered "dealer" level purchases.

Source: White House National Drug Control Strategy report, 2015

<http://www.businessinsider.com/us-cocaine-prices-change-2016-10#while-cocaine-prices-in-the-us-have-varied-some-year-to-year-they-have-held-relatively-stable-since-declining-from-highs-in-the-1980s-1>

<http://www.businessinsider.com/us-cocaine-prices-change-2016-10#while-cocaine-prices-in-the-us-have-varied-some-year-to-year-they-have-held-relatively-stable-since-declining-from-highs-in-the-1980s-1> <http://www.businessinsider.com/us-cocaine-prices-change-2016-10#while-cocaine-prices-in-the-us-have-varied-some-year-to-year-they-have-held-relatively-stable-since-declining-from-highs-in-the-1980s-1>

Growth in Supply: Narcofascism in the Andes

In 1981 cocaine was migrating to the middle class because it was becoming cheaper. And the reason for its drop in cost was a dramatic increase in production coupled with the rise of smuggling cartels. The coca plant had been grown in the highlands of Bolivia and Peru for millenia. In the 1970's wealthy landowners in Peru and Bolivia began augmenting their ranching businesses with sales of cocaine. The 1970's were [turbulent economic times](https://bfi.uchicago.edu/sites/default/files/research/Policy_History_Bol_V3.pdf) [_ \(https://bfi.uchicago.edu/sites/default/files/research/Policy_History_Bol_V3.pdf\)](https://bfi.uchicago.edu/sites/default/files/research/Policy_History_Bol_V3.pdf) in South America with an economic boom caused by petrodollar recycling followed by a severe recession as lending stopped and exports fell. The recession caused high unemployment; migrant workers were easily persuaded to make money by growing the coca plant; a fast growing bush that could yield four crops per year.



[_ \(https://en.wikipedia.org/wiki/Coca_production_in_Colombia\)](https://en.wikipedia.org/wiki/Coca_production_in_Colombia)

https://en.wikipedia.org/wiki/Coca_production_in_Colombia [_ \(https://en.wikipedia.org/wiki/Coca_production_in_Colombia\)](https://en.wikipedia.org/wiki/Coca_production_in_Colombia)

In 1980, [Michael Levine](https://www.amazon.com/Big-White-Lie-Operation-Sabotage-ebook/dp/B008G5C74I/ref=sr_1_1?s=books&ie=UTF8&qid=1533302073&sr=1-1&keywords=the+big+white+lie) [_ \(https://www.amazon.com/Big-White-Lie-Operation-Sabotage-ebook/dp/B008G5C74I/ref=sr_1_1?s=books&ie=UTF8&qid=1533302073&sr=1-1&keywords=the+big+white+lie\)](https://www.amazon.com/Big-White-Lie-Operation-Sabotage-ebook/dp/B008G5C74I/ref=sr_1_1?s=books&ie=UTF8&qid=1533302073&sr=1-1&keywords=the+big+white+lie), DEA's country attache to Argentina and Uruguay learned that [Roberto Suarez Gomez](https://theilliciteconomist.wordpress.com/2018/05/09/la-corporacion-and-bolivias-drug-barons-1970-to-) [_ \(https://theilliciteconomist.wordpress.com/2018/05/09/la-corporacion-and-bolivias-drug-barons-1970-to-](https://theilliciteconomist.wordpress.com/2018/05/09/la-corporacion-and-bolivias-drug-barons-1970-to-)

[1988/](#)), one of Bolivia's richest landowners had united the Bolivian cocaine producers into a cartel. Levine arranged to purchase over 1,000 pounds of cocaine from Suarez' group and when two of the cartel members, Alfredo "Cutuchi" Gutierrez and Jose Roberto Gasser, delivered the cocaine to Miami and collected the \$9 million payment they were arrested; it was one of the largest drug busts in history. Levine was shocked when weeks later charges were dropped and both men were released.

Weeks later, on July 17, 1980 a violent coup occurred in Bolivia. Trucks full of armed men wearing swastika armbands roared through Trinidad and La Paz, terrorizing the population by shooting people at random and looting stores and homes. Over 600 armed paramilitaries rounded up newly elected members of parliament and labor leaders, executing many and sending the rest to torture camps. After a decade of military rule, Bolivia had just had its first free and fair elections in over a decade, and the parties of the left had won a clear majority. But after the [Cocaine Coup](#)

[https://en.wikipedia.org/wiki/History_of_Bolivia_\(1964%E2%80%931982\)#Transition_to_democracy](https://en.wikipedia.org/wiki/History_of_Bolivia_(1964%E2%80%931982)#Transition_to_democracy)) of 1980, the left was viciously crushed and [General Luis García Meza Tejada](#) (https://en.wikipedia.org/wiki/Luis_Garc%C3%ADa_Meza) was in charge. The coup was called the Cocaine Coup because it was financed by Roberto Suarez Gomez and his cartel partners, including Jose Roberto Gasser, who had just been released from prison in Miami. The paramilitaries were organized by [Klaus Barbie](#)

https://en.wikipedia.org/wiki/Klaus_Barb%C3%ADe#US_intelligence_and_Bolivia), former Nazi and Butcher of Lyon, who had been employed by the American government after World War II until he was sent down the ratlines to South America in 1951. Many of the paramilitaries were supplied by the government of Argentina which, following an American supported coup in 1974, waged a [dirty war](#)

https://en.wikipedia.org/wiki/Dirty_War) against students, militants, trade unionists, writers, journalists, artists and anyone suspected of being a left-wing activist. Argentina tortured and killed tens of thousands of its own citizens, but also supported right wing death squad activities throughout central and South America including the [Guatemalan genocide](#)

https://en.wikipedia.org/wiki/Guatemalan_genocide) in which over 150,000 peasants were massacred. The Cocaine Coup demonstrated the power of the cocaine barons, who when coupled with right wing forces were able to take over an entire country.

Argentina reportedly benefited from the alliance by using payments from the cocaine cartel to help [root out communists](#) (https://books.google.com/books?id=vgthWZ5KlSkC&pg=PA44&lpg=PA44&dq=andean+brigade&source=bl&ots=pgmINDb-cY&sig=iq4Tr-UjKbayTm0VJQ7LaSmUn4A&hl=en&sa=X&ved=2ahUKEwjzsKZ4tvcAhXoQd8KHWU_Bn8Q6AEwAHoECAgQAQ#v=onepage&q=andean%20brigade&f=false) throughout Central and South America. The Bolivian government estimates that coca growing [expanded over ten times](#) (<http://countrystudies.us/bolivia/55.htm>), from 10,000 acres in 1977 to 118,000 acres in 1987, generating between \$600 million and \$1 billion annually to the Bolivian economy, representing between 4 and 8% of GDP in the 1980's and 1990's. Since the Suarez cartel controlled the market, they were able to pay the farmers only slightly more than they would have earned with other agricultural crops. The majority of the profit went to the rich cocaine trading landowners who were able to expand their landholdings and purchase influence in successive governments. During the 1980's [pressure from the United States government](#)

(<http://countrystudies.us/bolivia/90.htm>) forced the Bolivian government to implement coca eradication efforts and crack down on some coca growers. At the same time the [U.S. cut sugar imports from Bolivia, Peru and Colombia](#) (<https://www.nytimes.com/1989/09/20/opinion/l-our-sugar-protectionism-spurs-coca-growing-094189.html>) by over 100,000 tons, forcing farmers into other crops such as coca. The eradication efforts were more than made up for by the growth in coca cultivation, but were sufficient to certify Bolivia as a loyal partner in the drug war and trigger receipt of American foreign aid.

The Colombian Cartels

Colombia has always been a relatively lawless country with weak control of the central government. This is due in part to geography. The Andes mountains divide into three huge mountain ranges running north to south and limiting access from the capital Bogota to either the Caribbean or Pacific oceans.



<https://www.worldatlas.com/webimage/countrys/samerica/co.htm> .(<https://www.worldatlas.com/webimage/countrys/samerica/co.htm>)

As Thomas Feiling points out in his book, [Cocaine Nation](https://www.amazon.com/Cocaine-Nation-White-Trade-World-ebook/dp/B00M9Z3V1Y/ref=sr_1_1?ie=UTF8&qid=1533389850&sr=8-1&keywords=cocaine+nation) [_\(https://www.amazon.com/Cocaine-Nation-White-Trade-World-ebook/dp/B00M9Z3V1Y/ref=sr_1_1?ie=UTF8&qid=1533389850&sr=8-1&keywords=cocaine+nation\)](https://www.amazon.com/Cocaine-Nation-White-Trade-World-ebook/dp/B00M9Z3V1Y/ref=sr_1_1?ie=UTF8&qid=1533389850&sr=8-1&keywords=cocaine+nation), *“Colombia is the only country in the world that produces cocaine, marijuana and heroin, and its proclivity to illegality isn’t confined to the drugs trade. Colombia is the world’s biggest producer of counterfeit US dollars. It has more sicarios (hit men) than any other country, and until Mexico took its place, saw more kidnappings. It has more landmines, exports more prostitutes, arms more children, and displaces more civilians through violence than any other Latin American country.”*

In the 1960’s much of the marijuana in the U.S. came from Mexico. But after President Nixon pressured the Mexican government into cracking down on marijuana and spraying the crops with paraquat, marijuana cultivation shifted to Colombia, which provided [70% of the marijuana reaching the U.S](http://countrystudies.us/colombia/59.htm) [_\(http://countrystudies.us/colombia/59.htm\)](http://countrystudies.us/colombia/59.htm). by the end of the 1970’s. As cocaine production in neighboring Bolivia and Peru began to boom in the late 1970’s, Colombia was perfectly positioned to manage the smuggling operations into the United States. Raw coca paste was flown from Bolivia and Peru into Colombia where it was refined into pure cocaine powder. From there it was flown to Jamaica or many of the other islands in the Caribbean, and then flown into Miami. The Medellin cartel, founded by Pablo Escobar together with Carlos Lehder and the Ochoa Vázquez brothers, was the first major Colombian drug cartel. The Medellin cartel dominated cocaine imports in the 1980’s, controlling an estimated 70% of cocaine imports. Importation and distribution within the U.S. had traditionally been controlled by Santo Trafficante’s south Florida branch of the Mafia, working with anti-Castro Cubans who had been trained by the CIA in covert smuggling techniques during their raids on Cuba in the 1960s. The Colombians decided to take control of distribution in the U.S. which led to the [Miami drug wars](http://flashbackmiami.com/2014/09/10/miami-drug-wars/) [\(http://flashbackmiami.com/2014/09/10/miami-drug-wars/\)](http://flashbackmiami.com/2014/09/10/miami-drug-wars/) of 1979-1982, in which hundreds of people were killed, before the Colombians were victorious. According to Feiling, since the Colombians were too small in number to manage the transition from elite to street distribution, they recruited Dominican groups to handle street sales. To this day Dominicans dominate cocaine wholesaling in New York, Boston and Philadelphia, working closely with Colombian suppliers and local street gangs. The earnings of the Colombian cartels were/are massive, allowing them to purchase landholdings, armies, planes, government protection, and even a [Bahamanian island](https://en.wikipedia.org/wiki/Norman%27s_Cay) [_\(https://en.wikipedia.org/wiki/Norman%27s_Cay\)](https://en.wikipedia.org/wiki/Norman%27s_Cay) used for drug smuggling. Patrick Clawson and Rensselaer Lee estimate that by the 1990’s Colombian cartels had annual revenues of \$6 billion and earnings of close to \$4 billion:

TABLE 1.4
ANNUAL COCAINE EARNINGS TO CORE
COLOMBIAN ORGANIZATIONS IN THE 1990s

	United States	Europe	Total
Successful Cocaine Shipments	250 tons	80 tons	330 tons
Gross Export Earnings in \$ billion U.S.	3.25	2.80	6.05
Net Earnings in \$ billion U.S.	1.63	2.08	3.71

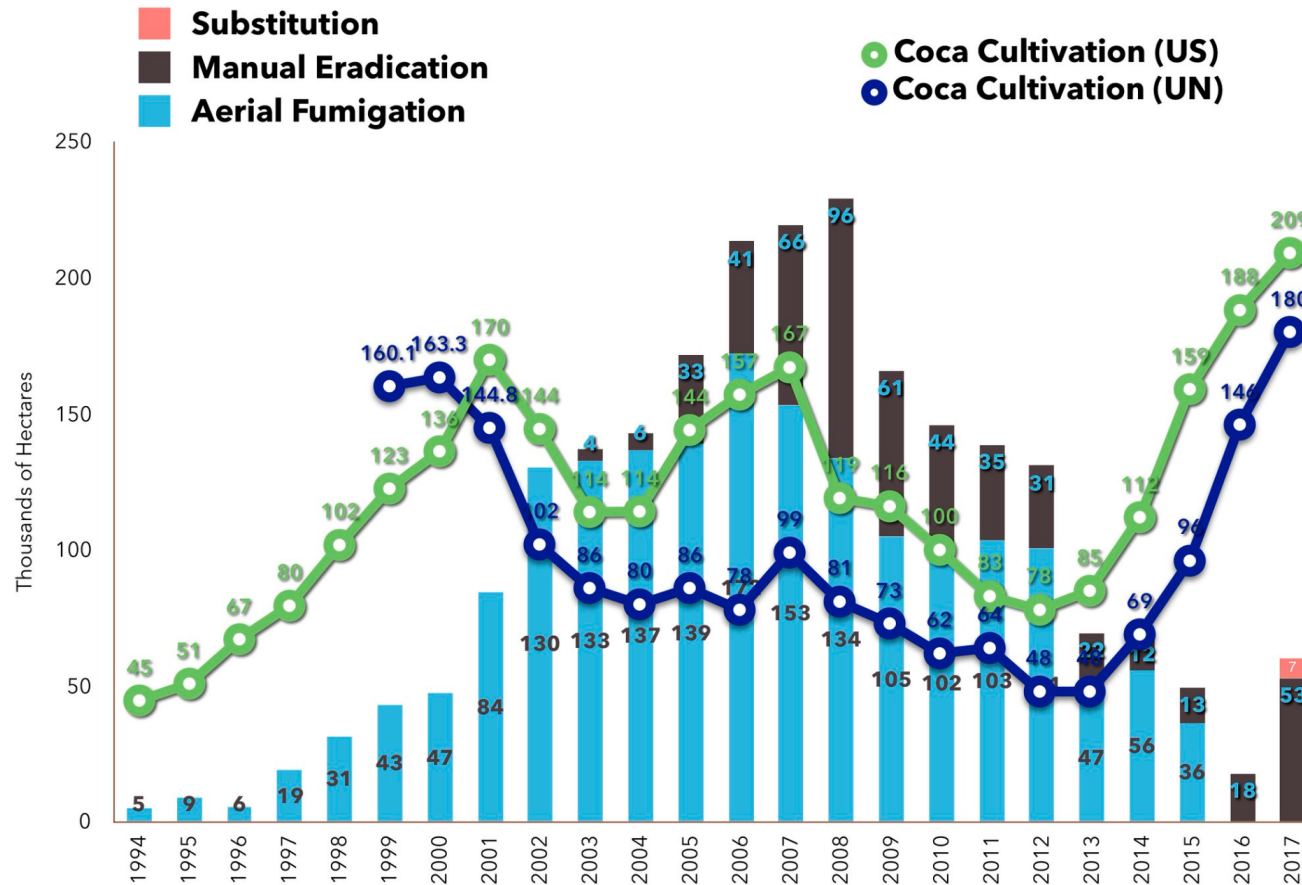
[Clawson and Lee](#)

Source: Calculated from Zabludoff. In U.S. Department of State, Bureau of Research and Intelligence and the Central Intelligence Agency, *Economics of the Narcotics Industry Conference Report*. Washington DC: State Department and CIA, 1994.

https://www.amazon.com/Andean-Cocaine-Industry-Patrick-Clawson/dp/0312176910/ref=sr_1_2?ie=UTF8&qid=1533393969&sr=8-2&keywords=the+andean+cocaine+industry)

Given the tension between the conservative elites who controlled much of the country and the poor peasants, it is not surprising that rebel groups sprang up to support the interests of the poor. Two socialist guerilla movements, the [FARC](#) (https://en.wikipedia.org/wiki/Revolutionary_Armed_Forces_of_Colombia) and [M-19](#) (https://en.wikipedia.org/wiki/19th_of_April_Movement) waged low level conflicts against the elites, which initially included kidnappings of wealthy cattle ranchers for ransom. In response, in 1982 the Medellin cartel, together with the Colombian military, other wealthy landowners and Texas Petroleum founded a paramilitary army named [MAS, or Death to Kidnappers](#) (https://en.wikipedia.org/wiki/Muerte_a_Secuestradores). For almost 40 years, the cartels, the government, the [paramilitaries](#) (https://en.wikipedia.org/wiki/United_Self-Defense_Forces_of_Colombia) and FARC have been engaged in conflicts with over [220,000 people killed](#) (<https://fronteralist.org/2016/08/25/colombia-comparison-w-mexican-drug-war-deaths/>), over 80% of whom were civilians. The United Nations attributes [80% of the killings to the drug cartel's paramilitaries](#) (<http://www.ipsnews.net/2008/08/colombia-international-criminal-court-scrutinises-paramilitary-crimes/>), 12% to the rebels, and 8% to the Colombian government. When the United States pressured the Colombian government to crack down on the Medellin cartel, Pablo Escobar responded by using the paramilitaries to launch a systematic campaign of murder and intimidation against Colombia's government authorities intent upon

extraditing them to the United States. Open warfare wasn't a wise choice; Escobar was killed by police in 1994 and the Medellin cartel devolved into smaller splinter groups while the [Cali cartel](https://en.wikipedia.org/wiki/Cali_Cartel) [_ \(https://en.wikipedia.org/wiki/Cali_Cartel\)](https://en.wikipedia.org/wiki/Cali_Cartel) rose to power and controlled 90% of cocaine distribution worldwide. The Cali cartel [learned from the Medellin's mistakes](https://www.nytimes.com/1989/09/19/world/the-cali-cartel-colombia-s-smoother-drug-gang.html) [_ \(https://www.nytimes.com/1989/09/19/world/the-cali-cartel-colombia-s-smoother-drug-gang.html\)](https://www.nytimes.com/1989/09/19/world/the-cali-cartel-colombia-s-smoother-drug-gang.html), and instead of confronting the government, they bought it, investing huge amounts in the nation's banks and conventional businesses, as well as bribing members of the military, the judiciary, and elected officials. A minor scandal ensued in 1994 when [tape recordings](https://en.wikipedia.org/wiki/Proceso_8000) [_ \(https://en.wikipedia.org/wiki/Proceso_8000\)](https://en.wikipedia.org/wiki/Proceso_8000) revealed the Cali cartel had made large contributions to President Ernesto Samper's election campaign. Samper was forced to change his policy and allow an extradition treaty with the United States to go forward. Colombian [President Álvaro Uribe Vélez](https://en.wikipedia.org/wiki/%C3%81lvaro_Uribe) [_ \(https://en.wikipedia.org/wiki/%C3%81lvaro_Uribe\)](https://en.wikipedia.org/wiki/%C3%81lvaro_Uribe) who served from 2002 to 2010 was revealed by the U.S. Defense Intelligence Agency to have been a major cocaine trafficker in the 1990's and close personal friend of Pablo Escobar. The leaders of the Cali cartel were eventually arrested and cocaine distribution during the 2000's was divided between [successor paramilitary groups](https://en.wikipedia.org/wiki/Illegal_drug_trade_in_Colombia) [_ \(https://en.wikipedia.org/wiki/Illegal_drug_trade_in_Colombia\)](https://en.wikipedia.org/wiki/Illegal_drug_trade_in_Colombia) and FARC guerillas. In 1999 Bill Clinton announced [Plan Colombia](https://en.wikipedia.org/wiki/Plan_Colombia) [_ \(https://en.wikipedia.org/wiki/Plan_Colombia\)](https://en.wikipedia.org/wiki/Plan_Colombia), a \$10 billion military plan to end the war with the FARC guerillas and eliminate coca growing in Colombia which had gone from almost no production prior to 1980 to become the leading coca growing country. Coca plants were eliminated by aerial spraying of herbicides which killed the coca plants along with any food crops the peasants were growing and ancillary forest acreage. For a time large amounts of coca plants were reportedly destroyed, although new coca crops were planted, so cultivation never fell by more than 50%:



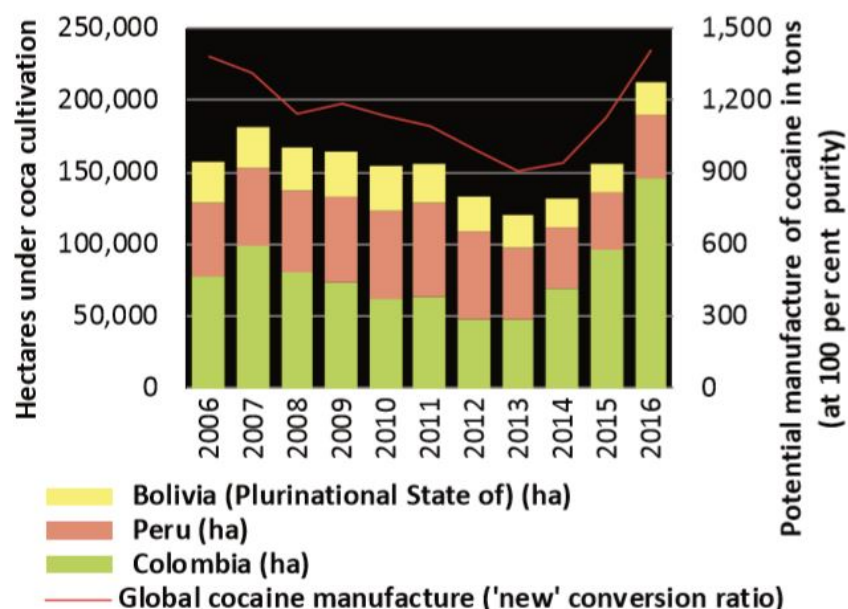
Sources: U.S. Department of State <<http://1.usa.gov/1eAAutY>>, White House <<http://bit.ly/2tBhGH2>>, UNODC <<http://bit.ly/2n3zKc5>>, El Tiempo <<http://bit.ly/2rghKuB>>.

<https://www.insightcrime.org/news/brief/colombia-coca-production-hits-new-record-high-us-figures-say/>
[\(https://www.insightcrime.org/news/brief/colombia-coca-production-hits-new-record-high-us-figures-say/\)](https://www.insightcrime.org/news/brief/colombia-coca-production-hits-new-record-high-us-figures-say/)

Fortunately in 2016 the Colombian government signed a peace deal with the FARC guerillas, President Obama announced the new plan of [Peace Colombia](https://obamawhitehouse.archives.gov/the-press-office/2016/02/04/fact-sheet-peace-colombia-new-era-partnership-between-united-states-and) [_ \(https://obamawhitehouse.archives.gov/the-press-office/2016/02/04/fact-sheet-peace-colombia-new-era-partnership-between-united-states-and\)](https://obamawhitehouse.archives.gov/the-press-office/2016/02/04/fact-sheet-peace-colombia-new-era-partnership-between-united-states-and), and the aerial spraying was halted [due to widespread health concerns](https://www.vice.com/en_us/article/gqmgq4/why-did-it-take-so-long-for-colombia-to-stop-cocaine-fumigation-601) [_ \(https://www.vice.com/en_us/article/gqmgq4/why-did-it-take-so-long-for-colombia-to-stop-cocaine-fumigation-601\)](https://www.vice.com/en_us/article/gqmgq4/why-did-it-take-so-long-for-colombia-to-stop-cocaine-fumigation-601), and lack of alternative crops for peasants, 65% of whom lived in poverty. Spurred by a tripling of coca planting in Colombia, the global production of cocaine

grew 56% from 2013 to 2016, and has reached an all time high of 1,410 tons, compared to [25 tons in the late 1970's](https://www.dea.gov/about/history/1975-1980%20p%2039-49.pdf) (<https://www.dea.gov/about/history/1975-1980%20p%2039-49.pdf>).

FIG. 1 Global coca cultivation and cocaine manufacture, 2006–2016



http://www.unodc.org/wdr2018/prelaunch/WDR18_Booklet_3_DRUG_MARKETS.pdf
http://www.unodc.org/wdr2018/prelaunch/WDR18_Booklet_3_DRUG_MARKETS.pdf

Crack Cocaine

According to the DEA (<https://web.archive.org/web/20060823024931/http://www.usdoj.gov/dea/pubs/history/1985-1990.html>), crack cocaine was invented by drug dealers in the Caribbean who were inundated with a glut of powdered cocaine in the early 1980's. They decided to convert powdered cocaine, which is cocaine hydrochloride, to a so called "freebase" form which is cocaine without the hydrochloride. The technique they used was to [mix baking soda into a solution of cocaine hydrochloride](#)

[\(https://www.reddit.com/r/DrugNerds/comments/27yb4x/exact_ratio_of_sodium_bicarbonate_to_cocaine_for/\)](https://www.reddit.com/r/DrugNerds/comments/27yb4x/exact_ratio_of_sodium_bicarbonate_to_cocaine_for/); sodium chloride and carbon dioxide go away leaving a hard substance which is pure cocaine with a little carbon dioxide dissolved in:

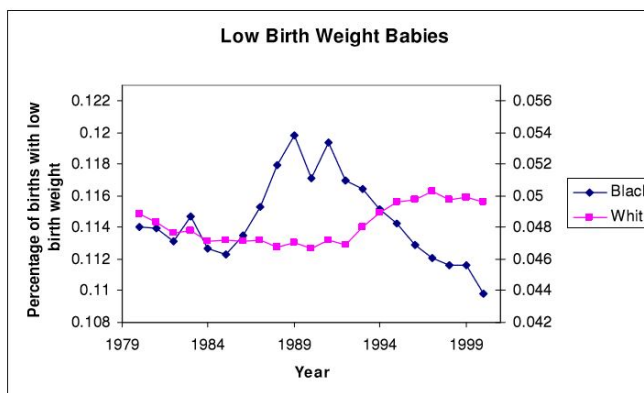
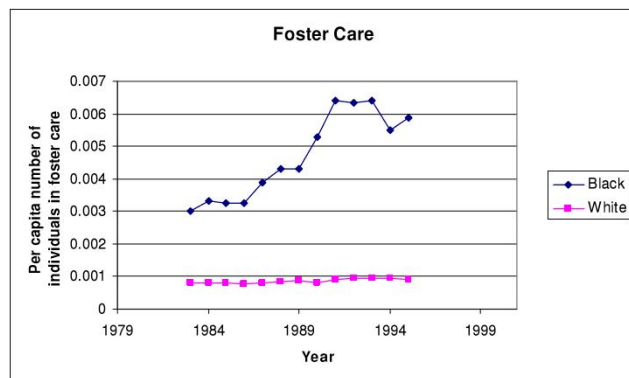


[Crack Cocaine](#)

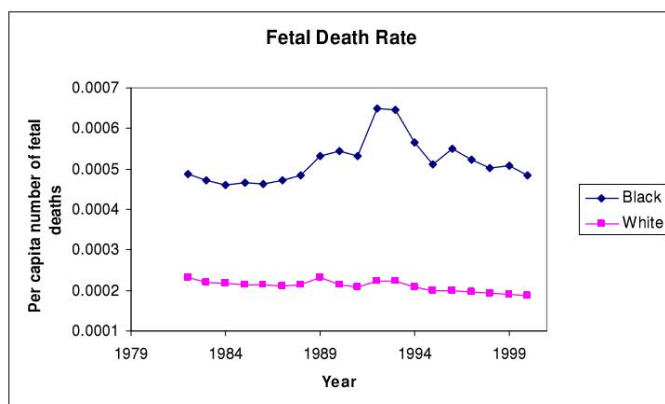
[\(https://www.michaelshouse.com/cocaine-addiction/history-of-crack/\)](https://www.michaelshouse.com/cocaine-addiction/history-of-crack/)

Powdered cocaine has to be snorted or injected. The benefit of crack is that you can smoke it: by heating it up to 194 degrees F it will vaporize and you can inhale it. Powdered cocaine (cocaine hydrochloride) doesn't vaporize until 374 degrees F. They call it crack because the dissolved carbon dioxide bubbles crackle as it is smoked. The benefits to the user are that inhaled crack cocaine goes right into the bloodstream and produces an intense head rush, much more than you could get if you snorted powdered cocaine. It also wears off faster, in a half an hour or so, causing the user to want more. Powdered cocaine is a vasoconstrictor; the more one snorts, the less is absorbed. Crack, by contrast, can be consumed for days until one's funds or one's self are exhausted. For a description of the experience, [read this](https://newrepublic.com/article/120143/what-crack-cocaine-really) [_ \(https://newrepublic.com/article/120143/what-crack-cocaine-really\)_](https://newrepublic.com/article/120143/what-crack-cocaine-really). The other benefit of crack is that it's cheap. A single dose of 1/10 gram might cost just \$5-10, while a full gram of powdered cocaine would cost \$100. That makes crack the McDonald's of drugs, ideally suited for sale in the inner city. For a few dollars, the inner city resident could experience a far better high than those investment bankers and socialites who were snorting powdered cocaine.

The intense high, and the ability to binge for days often led to a very strong addiction in which an addict would give up anything to get high. In contrast to prior heroin epidemics, crack had a strong appeal to women. Women would "smoke up their car, and smoke up their house", abandon their children and end up living in crack houses where they would trade sex for crack. The number of children in foster care, the rate of low birth weight babies and the fetal death rates all surged for blacks during the worst years of the crack epidemic: 1985-1995.



(http://scholar.harvard.edu/files/fryer/files/fhlm_crack_cocaine_0.pdf)



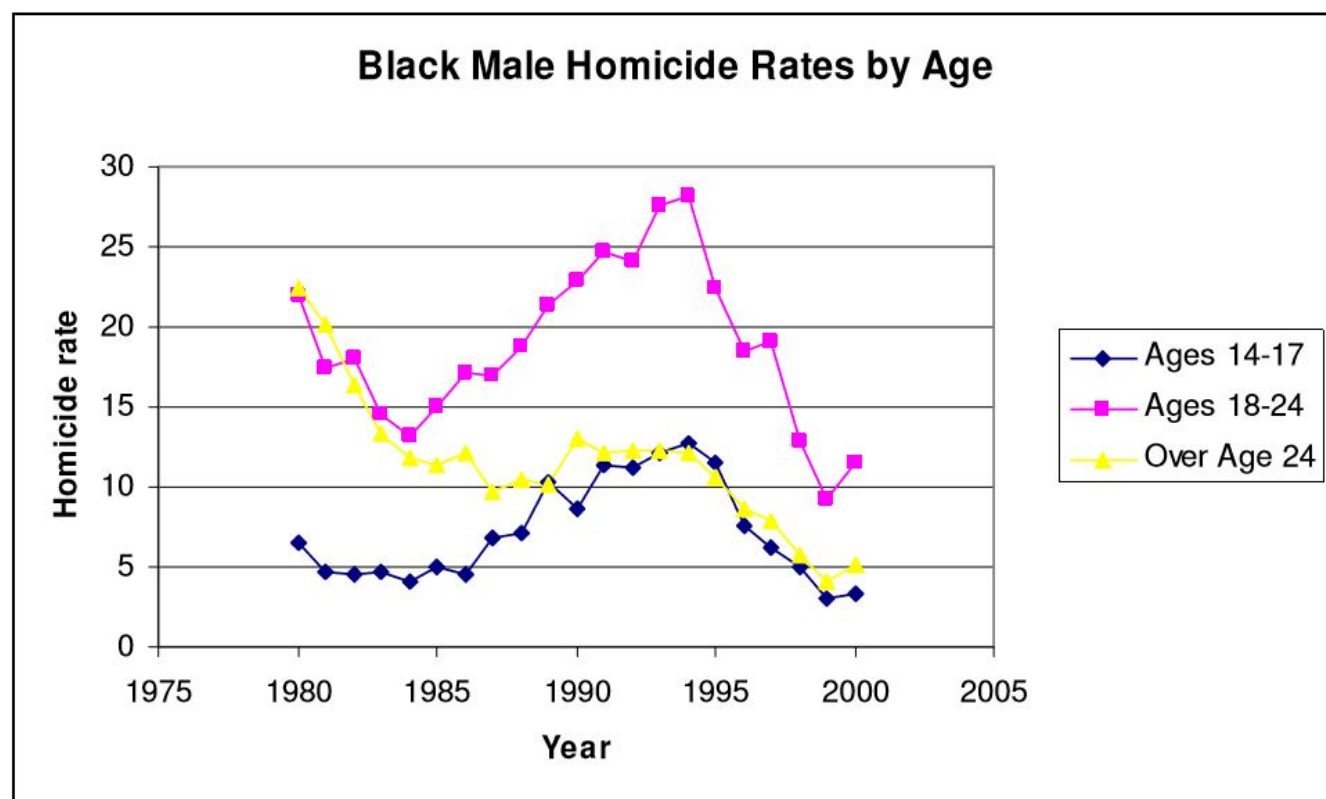
http://scholar.harvard.edu/files/fryer/files/fhlm_crack_cocaine_0.pdf (http://scholar.harvard.edu/files/fryer/files/fhlm_crack_cocaine_0.pdf)

For inner city black men, the arrival of crack brought moderately well paying, although dangerous jobs. Crack was sold in [open air markets](https://www.nytimes.com/1989/06/01/nyregion/new-york-s-worst-drug-sites-persistent-markets-of-death.html) (<https://www.nytimes.com/1989/06/01/nyregion/new-york-s-worst-drug-sites-persistent-markets-of-death.html>) on street corners. Individuals, and later gangs, fought to control the drug trade on those street corners. Police in Detroit determined that 60% of the street dealers were addicts themselves, trying to make money to support their habit. According to [Thomas Feiling](https://www.amazon.com/Cocaine-Nation-White-Trade-World-ebook/dp/B00M9Z3V1Y/ref=sr_1_1?ie=UTF8&qid=1533750117&sr=8-1&keywords=cocaine+nation) (https://www.amazon.com/Cocaine-Nation-White-Trade-World-ebook/dp/B00M9Z3V1Y/ref=sr_1_1?ie=UTF8&qid=1533750117&sr=8-1&keywords=cocaine+nation), “in 1988, when crack selling was at its height. That year, the average earnings of retail drug dealers in Washington DC were estimated to be no more than \$28,000 a year. Street-level sellers earn roughly the federal minimum wage, which at the time of writing stood at \$6.55 per hour, so most of them have low-paid legal jobs too. Even among senior dealers, more

than a quarter also have legitimate jobs to make ends meet, a third report gross receipts from drug sales of less than \$500 a month, and just one in six reports receipts of more than \$5,000 a month."

Feiling quoted a crack cocaine seller in South Jamaica, Queens: *'It was the hardest job I've ever had. It's pure capitalism, you know? Say you're selling drugs in the South Bronx, say at 138th and 3rd Avenue, and another crew of guys is selling the same drugs as you two blocks away. The block they're on is making about \$2,000 a day, and the block you're on is making about \$2,000 a day. They decide, "You know what? You're a punk. You're a pussy." So they move you. If people feel that they can take stuff off you and not have to pay you, you might as well go and get a job. What are you going to do? Who do you get now? You can't call the police. That's a complete no-no up in these parts. It's pretty much you and your gun.'*

The fight for drug dealing territory caused murder rates among black youth to double:



[Homicide rate per 100,000](#)

http://scholar.harvard.edu/files/fryer/files/fhlm_crack_cocaine_0.pdf

The police response to the crack epidemic was two-fold. In October 1986, Attorney General [Edwin Meese explained the U.S. anti-crack strategy](#) [_ \(https://www.dea.gov/about/history/1985-1990%20p%2058-67.pdf\)](https://www.dea.gov/about/history/1985-1990%20p%2058-67.pdf): "The most effective long-term way to reduce crack trafficking is to reduce the amount of cocaine entering this country. The federal government's main priorities against cocaine are reducing production in source countries, interdicting shipments entering the United States, and disrupting major trafficking rings." In the cities, the police were overwhelmed. A [1989 article in the New York Times](#) [_ \(https://www.nytimes.com/1989/02/22/nyregion/soldiers-in-the-crack-war-fighting-street-by-street.html\)](https://www.nytimes.com/1989/02/22/nyregion/soldiers-in-the-crack-war-fighting-street-by-street.html) described the street sweeps by undercover police doing small buy and busts. "The ones we arrest today, they'll be back on the street in three or four days," said a sergeant. Another officer added: "We arrest the same guys, five, six, seven times. We know them by their first names."

"You can't stop cocaine once it's inside the borders of the United States," said a huge policeman, known to his friends as Bear, who was working out in the team's weightlifting room. "You've got to do it in Colombia or Bolivia, where it comes from, and defoliate the plants."

The frustrations of police work often tempted officers into corruption through robbing cocaine dealers or extorting protection money from the dealers. Two major New York City corruption cases during the crack epidemic were the [Long Island Cocaine Ring](#) [_ \(https://www.nytimes.com/1992/05/08/nyregion/new-york-city-officers-charged-with-running-li-cocaine-ring.html\)](https://www.nytimes.com/1992/05/08/nyregion/new-york-city-officers-charged-with-running-li-cocaine-ring.html) and the [Dirty Thirty](#) [_ \(https://en.wikipedia.org/wiki/Dirty_thirty_\(NYPD\)\)](https://en.wikipedia.org/wiki/Dirty_thirty_(NYPD)). A paper on [Drug Related Police Corruption Arrests](#) [_ \(https://scholarworks.bgsu.edu/cgi/viewcontent.cgi?article=1009&context=crim_just_pub\)](https://scholarworks.bgsu.edu/cgi/viewcontent.cgi?article=1009&context=crim_just_pub) noted many corruption cases nationwide of police being corrupted by the drugs trade. One study reported that 75 Boston Police officers tested positive for cocaine from 1999-2006, and another study in a different jurisdiction showed that 20% of officers smoked marijuana at least twice per month and another 10% had used other controlled substances while on duty.

Part of the difficulty of the crack epidemic was that there were no effective treatment programs available. Unlike heroin or alcohol, there are no medication assisted treatments for cocaine addiction. Even during the height of the crack epidemic, there were [no treatment facilities even for addicted children](#) [_ \(https://www.nytimes.com/1988/05/02/nyregion/young-crack-addicts-find-there-s-no-help-for-them.html\)](https://www.nytimes.com/1988/05/02/nyregion/young-crack-addicts-find-there-s-no-help-for-them.html) under the age of 16. Nevertheless, the crack epidemic reversed course in the early 1990's. According to the [United Nations Office on Drugs and Crime](#) [_ \(https://www.unodc.org/documents/wdr/WDR_2010/1.3_The_global_cocaine_market.pdf\)](https://www.unodc.org/documents/wdr/WDR_2010/1.3_The_global_cocaine_market.pdf), the amount of cocaine consumed in the U.S. fell by 50% between 1988 and 1994, from 660 tons to 323 tons. Part of the reason was the drug life consumed so many users. As a crack dealer told [Thomas Feiling](#) [_ \(https://www.amazon.com/Cocaine-Nation-White-Trade-World-ebook/dp/B00M9Z3V1Y/ref=sr_1_1?ie=UTF8&qid=1533750117&sr=8-1&keywords=cocaine+nation\)](https://www.amazon.com/Cocaine-Nation-White-Trade-World-ebook/dp/B00M9Z3V1Y/ref=sr_1_1?ie=UTF8&qid=1533750117&sr=8-1&keywords=cocaine+nation), *'Ninety-five per cent of those*

who get involved with selling drugs on the streets have a three- or four-year run, at most. It's a rude awakening. You're either paralysed and in a wheelchair for life, or you're in jail for twenty years or better. Or you just straight meet your Maker. That's it, end of story, dead. Three outcomes.' The other reason is that, as David Courtwright emphasized in his book, [Dark Paradise](https://www.amazon.com/Dark-Paradise-History-Addiction-America/dp/0674005856/ref=sr_1_3?s=books&ie=UTF8&qid=1533753943&sr=1-3&keywords=dark+paradise+in+books) (https://www.amazon.com/Dark-Paradise-History-Addiction-America/dp/0674005856/ref=sr_1_3?s=books&ie=UTF8&qid=1533753943&sr=1-3&keywords=dark+paradise+in+books), drug usage goes in cycles. Inner city youth after World War II had no idea of the dangers of heroin, but after seeing devastated junkies ten years later, young people stayed away from heroin. A similar process probably occurred with crack where people who hadn't tried it learned to avoid it.

The Contra Contribution

In 1996 Gary Webb, an investigative reporter for the San Jose Mercury News published a series of articles called [Dark Alliance](https://en.wikipedia.org/wiki/Dark_Alliance) (https://en.wikipedia.org/wiki/Dark_Alliance), which traced the origin of the crack cocaine trade in Los Angeles to cocaine dealers associated with the Nicaraguan [Contra rebels](https://en.wikipedia.org/wiki/Contra_rebels) (<https://en.wikipedia.org/wiki/Contras>). The Contras were a rag tag group of mercenaries and security personnel from the Nicaraguan Somoza regime which had been overthrown by the democratic socialist Sandinista rebels in 1979. The government of Argentina originally helped organize and fund the Contras, but the cause was taken over by the Reagan White House in 1981. In 1982 Congress passed the Boland Amendment which outlawed U.S. assistance to the Contras for the purpose of overthrowing the Nicaraguan government. As was discovered in 1986, the Reagan White House, under Ollie North, subverted Congress by funding the Contras through illegal arms sales to Iran, in a scheme that came to be known as the [Iran Contra affair](https://en.wikipedia.org/wiki/Iran%20%E2%80%93Contra_affair) (https://en.wikipedia.org/wiki/Iran%20%E2%80%93Contra_affair). The issue that Gary Webb's Dark Alliance series raised was the degree to which CIA and government officials were complicit in allowing the crack cocaine epidemic in order to fund the Contras. When the series became public there was a [huge outcry in the black community](http://www.cnn.com/US/9611/15/cia.crack/) (<http://www.cnn.com/US/9611/15/cia.crack/>) in Los Angeles, which blamed the "Cocaine Importation Agency" for causing the crack epidemic. Gary Webb's article had not made such claims. Webb had noted that Los Angeles' crack kingpin, [Freeway Ricky Ross](https://en.wikipedia.org/wiki/%22Freeway%22_Rick_Ross) (https://en.wikipedia.org/wiki/%22Freeway%22_Rick_Ross) who sold \$900 million of crack on a retail basis, was supplied by two Nicaraguans, [Oscar Danilo Blandón](https://en.wikipedia.org/wiki/Oscar_Danilo_Bland%C3%B3n) (https://en.wikipedia.org/wiki/Oscar_Danilo_Bland%C3%B3n) and [Norwin Meneses Cantarero](https://www.bing.com/search?q=norwin+meneses&form=EDGTCT&q=HS&cvid=7e15efe0c4c347979e385761100e922c&refig=161b961f1fd2471ec83c46ac949c98cc&cc=US&setlang=en-US&PC=DCTS) (<https://www.bing.com/search?q=norwin+meneses&form=EDGTCT&q=HS&cvid=7e15efe0c4c347979e385761100e922c&refig=161b961f1fd2471ec83c46ac949c98cc&cc=US&setlang=en-US&PC=DCTS>), who funneled some of the drug profits to the Contras. After the Contra cause was over, in 1996 Freeway Ricky Ross was sentenced to life in prison, while his Contra supplier Blandon served two years in jail and was then hired by

the DEA, and [Meneses avoided jail in the U.S. altogether](https://www.sfgate.com/news/article/Drug-dealer-benefited-from-agencies-strife-3074932.php) [\(https://www.sfgate.com/news/article/Drug-dealer-benefited-from-agencies-strife-3074932.php\)](https://www.sfgate.com/news/article/Drug-dealer-benefited-from-agencies-strife-3074932.php) by serving as a DEA informant.

Webb wasn't the only journalist to make the charge of government complicity in cocaine smuggling. There were [many reports](https://en.wikipedia.org/wiki/CIA_involvement_in_Contra_cocaine_trafficking) [\(https://en.wikipedia.org/wiki/CIA_involvement_in_Contra_cocaine_trafficking\)](https://en.wikipedia.org/wiki/CIA_involvement_in_Contra_cocaine_trafficking) as early as 1984 that the Contras were smuggling drugs. John Kerry's 1988 [Senate Subcommittee on Drugs, Law Enforcement and Foreign Policy](https://ia902507.us.archive.org/24/items/Kerry-Report-Drugs-Contras/Drugs%2C%20Law%20Enforcement%20and%20Foreign%20Policy%20%281988%29_text.pdf) [\(https://ia902507.us.archive.org/24/items/Kerry-Report-Drugs-Contras/Drugs%2C%20Law%20Enforcement%20and%20Foreign%20Policy%20%281988%29_text.pdf\)](https://ia902507.us.archive.org/24/items/Kerry-Report-Drugs-Contras/Drugs%2C%20Law%20Enforcement%20and%20Foreign%20Policy%20%281988%29_text.pdf) concluded, "There was substantial evidence of drug smuggling through the war zones on the part of individual Contras, Contra suppliers, Contra pilots, mercenaries who worked with the Contras, and Contra supporters throughout the region." "U.S. officials involved in Central America failed to address the drug issue for fear of jeopardizing the war efforts against Nicaragua." "In each case, one or another agency of the U.S. government had information regarding the involvement either while it was occurring, or immediately thereafter." Moreover, "senior U.S. policy makers were not immune to the idea that drug money was a perfect solution to the Contra's funding problems." These accusations are sins of omission: government officials failed to act. Jack Blum, Kerry's Senate investigator, went farther, in his [testimony to the Senate](http://www.angelfire.com/id/ciadrugs/blumprep.html) [\(http://www.angelfire.com/id/ciadrugs/blumprep.html\)](http://www.angelfire.com/id/ciadrugs/blumprep.html): *"As our investigation progressed we became aware of the connections between the intelligence community and the law enforcement agencies. We heard that CIA people insisted on screening all of DEA's informants. We heard that CIA people sat in on witness interviews and trial preparations in important drug cases. We were told there was machinery through which the intelligence community could get the Customs Service to pass on inspecting both in and outbound flights. On several occasions we documented Ollie North's intervention in pending court matters to help our 'friends'."* See this [report on Ollie North](https://nsarchive2.gwu.edu/NSAEBB/NSAEBB113/) [\(https://nsarchive2.gwu.edu/NSAEBB/NSAEBB113/\)](https://nsarchive2.gwu.edu/NSAEBB/NSAEBB113/)s activities. Examples of overt assistance were given by three drug smugglers on [Mike Wallace's 60 Minutes](https://www.cia.gov/library/readingroom/docs/CIA-RDP90-00965R000707110001-8.pdf) [\(https://www.cia.gov/library/readingroom/docs/CIA-RDP90-00965R000707110001-8.pdf\)](https://www.cia.gov/library/readingroom/docs/CIA-RDP90-00965R000707110001-8.pdf), who described getting clearance to bring cocaine into the U.S., in one instance delivering the drugs to Homestead Airforce Base.

General Noriega: Our Man in Panama

The Colombian cartels could not fly their drugs directly from Colombia to the United States; they had to unload and reload a plane which had a legitimate reason to fly to the U.S. Guatemala was thought to transship 75% of Colombian cocaine, due to the [overt corruption of its military](https://www.texasobserver.org/2071-the-untouchable-narco-state-guatemalas-military-defies-the-dea/) [\(https://www.texasobserver.org/2071-the-untouchable-narco-state-guatemalas-military-defies-the-dea/\)](https://www.texasobserver.org/2071-the-untouchable-narco-state-guatemalas-military-defies-the-dea/).

Another logistical hub was Panama. According to Peter Dale Scott in his book, [Cocaine Politics](https://www.amazon.com/Cocaine-Politics-Central-America-Updated-ebook/dp/B071FQ41NV/ref=sr_1_1?ie=UTF8&qid=1533764431&sr=8-1&keywords=cocaine+politics+drugs%2C+armies%2C+and+the+cia+in+central+america) [\(https://www.amazon.com/Cocaine-Politics-Central-America-Updated-ebook/dp/B071FQ41NV/ref=sr_1_1?ie=UTF8&qid=1533764431&sr=8-1&keywords=cocaine+politics+drugs%2C+armies%2C+and+the+cia+in+central+america\)](https://www.amazon.com/Cocaine-Politics-Central-America-Updated-ebook/dp/B071FQ41NV/ref=sr_1_1?ie=UTF8&qid=1533764431&sr=8-1&keywords=cocaine+politics+drugs%2C+armies%2C+and+the+cia+in+central+america), as early as 1971 it was known by U.S. officials

that Noriega had total operational control over the narcotics flowing through Panama. In 1976 CIA Director George Bush put Noriega on a \$110,000/year retainer for his services. A drug smuggler reported that Noriega's fee for drug transshipment was \$200,000 per flight. Senate investigators reported in late 1982 that Panama's National Guard had "ties to and income from various traffickers in drugs, arms and other contraband, as well as fugitives. They also disclosed that the guard "provides warehousing for narcotics on their way north, assures the release, for bribes received, of drug traffickers arrested, guarantees the non-arrest of offenders wanted elsewhere who have paid a kind of local 'safe conduct' fee, and supervises the air transport of gold, arms, spies bound to and from North America, Cuba and Central America." By 1983 according to Customs Commissioner William Von Raab, U.S. agencies had "more than enough evidence of General Noriega's involvement in the narcotics trade."

Panama was also a key money laundering hub. It makes no sense to sell drugs unless you can launder the money to use it legitimately. The illegal drug trade depends on banks such as [Nugan Hand Bank](https://en.wikipedia.org/wiki/Nugan_Hand_Bank) [_ \(https://en.wikipedia.org/wiki/Nugan_Hand_Bank\)_](https://en.wikipedia.org/wiki/Nugan_Hand_Bank), CIA founded [Castle Bank and Trust](https://en.wikipedia.org/wiki/Castle_Bank_%26_Trust_(Bahamas)) [_ \(https://en.wikipedia.org/wiki/Castle_Bank_%26_Trust_\(Bahamas\)\)_](https://en.wikipedia.org/wiki/Castle_Bank_%26_Trust_(Bahamas)), and [Bank of Credit and Commerce International](https://en.wikipedia.org/wiki/Bank_of_Credit_and_Commerce_International) [_ \(https://en.wikipedia.org/wiki/Bank_of_Credit_and_Commerce_International\)_](https://en.wikipedia.org/wiki/Bank_of_Credit_and_Commerce_International) to launder its cash. The Panamanian banks also provided such money laundering services during the 1980's cocaine boom. General Noriega was in America's good graces in part due to his financial and weapons supply assistance to the Contras. However, after the Contra effort began to deescalate in 1988, Noriega became an embarrassment to the U.S. In late 1989, the [United States invaded Panama](https://en.wikipedia.org/wiki/United_States_invasion_of_Panama) [_ \(https://en.wikipedia.org/wiki/United_States_invasion_of_Panama\)_](https://en.wikipedia.org/wiki/United_States_invasion_of_Panama), seized Noriega, and replaced him as President with Guillermo Endara, a former director and secretary of [Banco Interoceanico](https://elpais.com/diario/1990/10/11/espana/655599606_850215.html) [_ \(https://elpais.com/diario/1990/10/11/espana/655599606_850215.html\)_](https://elpais.com/diario/1990/10/11/espana/655599606_850215.html), a bank targeted by the FBI and DEA as a major Colombian money laundering operation.

The Mexican Drug War

Until the late 1980's most Colombian cocaine was flown into America on small planes, through numerous routes in the Caribbean. In the late 1980's the U.S. government activated radar over the Caribbean that would find drug smuggling planes, and the smuggling routes shifted to Mexico. Mexico, with its 2,000 mile land border with the U.S. had been a drug smuggling route into the United States going back to Hong Kong heroin in the 1930's. From 1968 to the late 1970's the Mexican intelligence service [Dirección Federal de Seguridad, or DFS](https://en.wikipedia.org/wiki/Direcci%C3%B3n_Federal_de_Seguridad) [_ \(https://en.wikipedia.org/wiki/Direcci%C3%B3n_Federal_de_Seguridad\)_](https://en.wikipedia.org/wiki/Direcci%C3%B3n_Federal_de_Seguridad) under the leadership of Miguel Nazar Haro ran a [dirty war](https://www.washingtonpost.com/archive/politics/2004/02/20/former-spy-chief-arrested-in-mexican-dirty-war-case/411c1e7b-ae98-4d9b-99d5-39693edbf6c3/?utm_term=.3d395ae5052d) [_ \(https://www.washingtonpost.com/archive/politics/2004/02/20/former-spy-chief-arrested-in-mexican-dirty-war-case/411c1e7b-ae98-4d9b-99d5-39693edbf6c3/?utm_term=.3d395ae5052d\)_](https://www.washingtonpost.com/archive/politics/2004/02/20/former-spy-chief-arrested-in-mexican-dirty-war-case/411c1e7b-ae98-4d9b-99d5-39693edbf6c3/?utm_term=.3d395ae5052d) of torture, murder and disappearances against Mexican leftists. At the same time the DFS reportedly [organized the Mexican drug smuggling cartels](https://books.google.com/books?id=pa8wDwAAQBAJ&pg=PA40&lpg=PA40&dq=DFS+la+pipa&source=bl&ots=0qvBrXevOQ&sig=tCBh9k3ZvVKYByPlwh_N6s71tL8&hl=en&s) [_ \(https://books.google.com/books?id=pa8wDwAAQBAJ&pg=PA40&lpg=PA40&dq=DFS+la+pipa&source=bl&ots=0qvBrXevOQ&sig=tCBh9k3ZvVKYByPlwh_N6s71tL8&hl=en&s\)](https://books.google.com/books?id=pa8wDwAAQBAJ&pg=PA40&lpg=PA40&dq=DFS+la+pipa&source=bl&ots=0qvBrXevOQ&sig=tCBh9k3ZvVKYByPlwh_N6s71tL8&hl=en&s)

[a=X&ved=2ahUKEwjY-oGd8N_cAhXL6YMKHa30Aj0Q6AEwAXoECAkQAQ#v=onepage&q=DFS%20la%20pipa&f=false\)](#), providing security and overseeing operations of a [\\$5 billion marijuana plantation](#) [\(https://www.nytimes.com/1984/11/23/world/vast-undreamed-of-drug-use-feared.html\)](#) run by slaves. When Nazar was found to be running a operation that smuggled 4,000 stolen cars from California to Mexico his indictment in the U.S. was quashed due to [national security concerns](#) [\(https://books.google.com/books?id=pa8wDwAAQBAJ&pg=PA36&dq=%22CIA+station+and+legat+%5Blegal+attache%5D+believe+our+mutual+interests+and+as+a+consequence+the+security+of+the+United+States,+as+it+relates+to+terrorism,+intelligence,+and+counterintelligence+in+Mexico,+would+suffer+a+disastrous+blow+if+Nazar+were+forced+to+resign.%22&hl=en&sa=X&ved=0ahUKEwit6OK19d_cAhUJVa0KHZ8mBL4Q6AEIKTAA#v=onepage&q=%22CIA%20station%20and%20legat%20%5Blegal%20attache%5D%20believe%20our%20mutual%20interests%20and%20as%20a%20consequence%20the%20security%20of%20the%20United%20States%2C%20as%20it%20relates%20to%20terrorism%2C%20intelligence%2C%20and%20counterintelligence%20in%20Mexico%2C%20would%20suffer%20a%20disastrous%20blow%20if%20Nazar%20were%20forced%20to%20resign.%22&f=false\)](#).

The FBI legal attache Gordon McGinley wrote to the Justice Department that "CIA station and legat [legal attache] believe our mutual interests and as a consequence the security of the United States, as it relates to terrorism, intelligence, and counterintelligence in Mexico, would suffer a disastrous blow if Nazar were forced to resign."

The intertwining of the drug economy with the Mexican government went higher than the DFS. Raul Salinas, brother of Carlos Salinas, Mexican President from 1988 to 1994, was thought to have made over [\\$1 billion due to his involvement with the Gulf cartel](#) [\(https://books.google.com/books?id=7vtaBAAQBAJ&printsec=frontcover&dq=cocaine+nation&hl=en&sa=X&ved=0ahUKEwiLkuLD-t_cAhVDCKwKHQsGDMMQ6AEIKTAA#v=onepage&q=raul%20salinas&f=false\)](#).

The cozy relationship between the government and the drug trade came to an end when the PRI, the ruling party which had controlled Mexico from 1929 to 2000 was voted out of office and Vicente Fox of the PAN party was voted in. As Thomas Feiling explains, *"Since the election of Vicente Fox as president in 2000, the Mexican authorities have arrested more than 36,000 drug traffickers, including senior members of nearly all the cartels. Fox was determined to reassure the Americans that he would be a dependable partner in their war on the drugs trade. Fox also wanted to show Mexicans that the cartels could and would be brought to book. He raised the military's profile in the anti-drug effort, gave more top soldiers positions in the judiciary, and extradited traffickers to face justice in US courts. Fox also made several valiant attempts to purge law enforcement agencies of corrupt officials, most notably the Agencia Federal de Investigación (AFI), the Mexican version of the CIA. Since its creation in 2001, more than 800 AFI agents have been investigated for drug trafficking, extortion, kidnapping, torture and murder."*

Since 2006 when Vicente Fox brought in the Mexican military against the cartels, over [200,000 people have been killed](#) (https://en.wikipedia.org/wiki/Mexican_Drug_War#Casualties) in the Mexican Drug War. The cartels wage war to protect their trade routes, which are primarily the main border crossings between Mexico and the United States. According to Thomas Feiling, six thousand trucks per day cross the border between Nuevo Laredo, Mexico and Laredo, Texas, carrying 40% of Mexico's exports, worth \$1 billion/day. All of the 300 tons per year of cocaine that Americans consume could be hauled in just 13 trucks. But instead, it crosses the border at hundreds of places in thousands of ingenious hiding places in truck shipments, private vehicles, [catapults, trains and tunnels](#) (<https://www.nytimes.com/2017/05/05/opinion/sunday/mexican-drug-smugglers-to-trump-thanks.html>). When the leader of the Gulf cartel was arrested in 2003, the [Sinaloa cartel](#) (https://en.wikipedia.org/wiki/Sinaloa_Cartel) tried to move in to Nuevo Laredo and take control, but was repulsed by [Los Zetas](#) (https://en.wikipedia.org/wiki/Los_Zetas), the military arm of the [Gulf cartel](#) (https://en.wikipedia.org/wiki/Gulf_Cartel) composed of former Mexican military commandos. According to a U.S. Army report, over a six year period, [150,000 Mexican soldiers deserted to join the cartels](#) (<http://www.cnn.com/2009/WORLD/americas/03/11/mexico.desertions/index.html>). When Los Zetas broke with the Gulf cartel in 2010 another wave of violence, the [Nuevo Laredo massacres](#) (https://en.wikipedia.org/wiki/2012_Nuevo_Laredo_massacres), broke out. The cartels use extreme violence: torture, beheadings, and dismemberment to incite fear among the population and exert total control. They often use child assassins such as [13 year old Rosalio Reta](#) (<https://www.cnn.com/2013/08/06/justice/teen-cartel-killers/index.html>) of Laredo, Texas. The cartels don't just fight each other; they have [massacred towns](#) (<https://www.propublica.org/article/allende-zetas-cartel-massacre-and-the-us-dea>) on the basis of a false rumor, they have killed [several dozen journalists](#) (https://en.wikipedia.org/wiki/Mexican_Drug_War#Journalists_and_the_media), [politicians](#) (https://en.wikipedia.org/wiki/Mexican_Drug_War#Murders_of_politicians), and hundreds of [migrant workers](#) (https://en.wikipedia.org/wiki/Mexican_Drug_War#Massacres_and_exploitation_of_migrants). The government corruption is difficult to stop. As Jonathan Hari describes in his book, [Chasing the Scream](#) (https://www.amazon.com/Chasing-Scream-Opposite-Addiction-Connection/dp/1620408910/ref=sr_1_1/135-3175722-9467736?ie=UTF8&qid=1533821096&sr=8-1&keywords=chasing+the+scream), the cartels offer judges, police, politicians and army officers the choice of plata o plomo: silver or lead; in other words, take our money or we'll give you a bullet. With Mexican cartel annual revenues estimated at \$5 billion, there is plenty of silver to go around:

Exploratory Point Estimates of Mexican Drug-Trafficking Organizations' Export Revenues from Other Drugs

Estimate Point	Cocaine	Mexican Heroin	Colombian Heroin	Meth
Value of U.S. market at retail (\$ billions)	30	10	10	5
Retail price per pure kilogram (1,000 × price per pure gram)	145,000	450,000	450,000	260,000
Implied consumption in pure metric tons	207	22	22	19
Purity at wholesale/import level (%)	82	35	60	75
Implied consumption at wholesale purity (MT)	252	64	37	26
Import price per kilogram (not adjusted for purity) (\$)	17,000	22,500	60,000	30,865
Total export revenues of all traffickers (\$ billions)	4.3	1.4	2.2	0.8
U.S. market share exported from Mexico (%)	80	30 ^a	30 ^b	77.5
Export revenues of Mexican DTOs (\$ billions)	3.4	0.4	0.7	0.6

https://www.rand.org/content/dam/rand/pubs/occasional_papers/2010/RAND_OP325.pdf

(https://www.rand.org/content/dam/rand/pubs/occasional_papers/2010/RAND_OP325.pdf)

Narconomics and the Failure of Interdiction

Tom Wainwright, editor at the Economist magazine, has written a delightful book titled [Narconomics: How to Run a Drug Cartel](#)

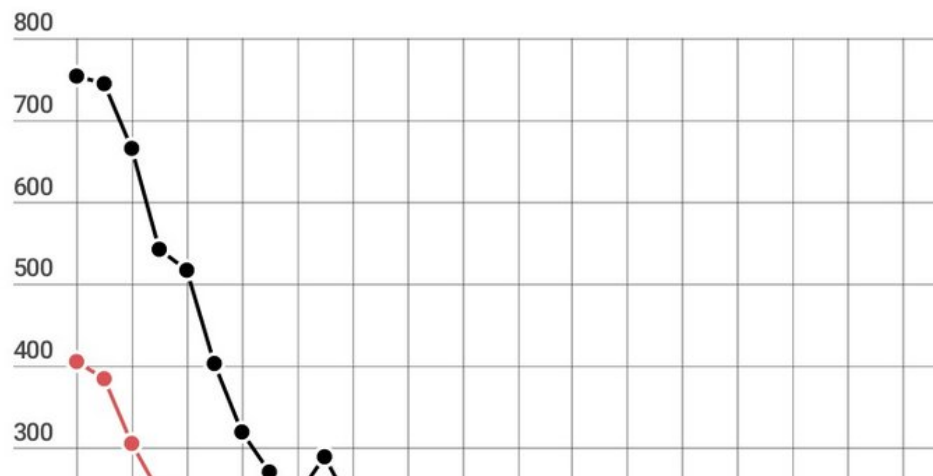
([https://www.amazon.com/Narconomics-How-Run-Drug-Cartel-ebook/dp/B017QL8XKE/ref=sr_1_1?](https://www.amazon.com/Narconomics-How-Run-Drug-Cartel-ebook/dp/B017QL8XKE/ref=sr_1_1?s=books&ie=UTF8&qid=1533822777&sr=1-1&keywords=narconomics)

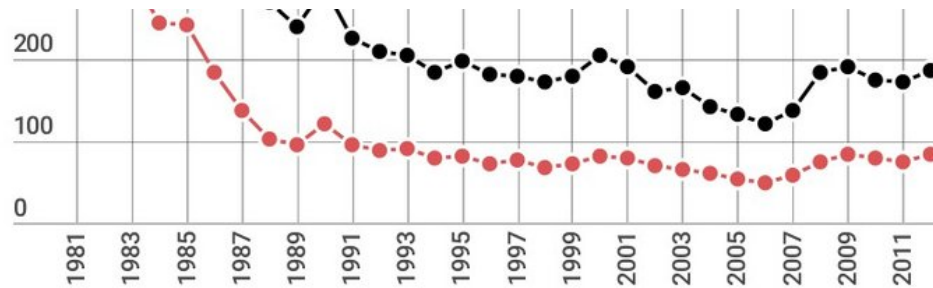
[s=books&ie=UTF8&qid=1533822777&sr=1-1&keywords=narconomics](https://www.amazon.com/Narconomics-How-Run-Drug-Cartel-ebook/dp/B017QL8XKE/ref=sr_1_1?s=books&ie=UTF8&qid=1533822777&sr=1-1&keywords=narconomics)). In the book he analyses the cost of cocaine as it moves from the Colombian farmer to United States retail distribution. To make one kilogram (2.2 pounds) of cocaine requires about 350 kilograms of dried coca leaves, which cost \$385. After conversion, a kilo of cocaine in Colombia costs \$800. In Mexico, it costs \$2,200; in the United States it costs \$19,500 and at retail in one gram quantities, it costs between \$78,000 and \$122,000, depending on the degree to which it has been diluted with adulterants. Now if the coca eradication efforts in Colombia succeeded in tripling the price of coca leaf from \$385 to \$1,155, and the entire price increase was passed along to retail consumers, then instead of paying \$122,000 per kilogram, consumers would pay \$122,770, or a rise of 0.6%. The strategic consulting firm Stratfor recently published a [similar analysis](#) (<https://www.businessinsider.com/from-colombia-to-new-york-city-the-economics-of-cocaine-2015-7>). This illustrates the difficulty of influencing drug markets with coca eradication programs.

In 1988 the [Rand Corporation did a study of the effectiveness of interdiction](https://www.rand.org/content/dam/rand/pubs/reports/2007/R3594.pdf) (<https://www.rand.org/content/dam/rand/pubs/reports/2007/R3594.pdf>) for the Pentagon. At the time policy makers were considering using the U.S. military to seal the borders from drugs. “With peace breaking out all over”, [said one two-star general](https://www.apnews.com/4241316be5a14d4b066747e902784030) (<https://www.apnews.com/4241316be5a14d4b066747e902784030>), “it might give us something to do.” The Rand study was not encouraging: “When 5 of 11 possible smuggling routes become subject to an interception rate of 0.5 rather than the baseline 0.2, total cocaine smuggling costs rise by an estimated 38% while total seizures rise 58%. But this constitutes only about a 4% increase in the costs of getting cocaine to the final user. Even when ten of the routes are subject to the higher interdiction rate, the rise in smugglers’ costs (70% above the baseline level) adds less than 10% to the cost of delivery to final users.... When five of the eleven routes have a 0.5 probability of interdiction, consumption drops by 15%. With ten routes subject to the higher rate, consumption drops by 25%. ” The conclusion of the study was that increased drug interdiction efforts are not likely to greatly affect the availability of cocaine in the United States.

These theoretical analyses are bolstered by our history of cocaine interdiction. Despite \$10 billion spent on killing coca plants in Plan Colombia and the massive efforts from the DEA and Customs Department to interdict shipments, cocaine prices remain quite affordable:

Average price of cocaine in the US, in 2012 US dollars





● Cocaine price per gram, purchases of 10 grams or less

● Cocaine price per gram, purchases between 10 grams and 100 grams

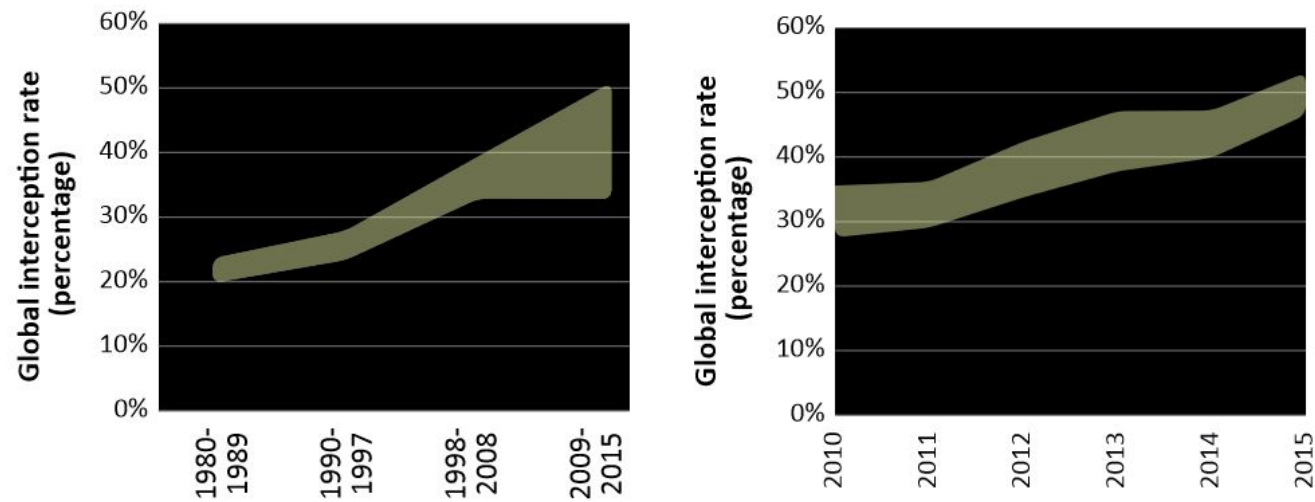
Quantities 10 grams or below are considered "retail" level purchases.

Quantities between 10 grams and 100 grams are considered "dealer" level purchases.

Source: White House National Drug Control Strategy report, 2015

<http://www.businessinsider.com/us-cocaine-prices-change-2016-10#while-cocaine-prices-in-the-us-have-varied-some-year-to-year-they-have-held-relatively-stable-since-declining-from-highs-in-the-1980s-1> [_ \(http://www.businessinsider.com/us-cocaine-prices-change-2016-10#while-cocaine-prices-in-the-us-have-varied-some-year-to-year-they-have-held-relatively-stable-since-declining-from-highs-in-the-1980s-1\)](http://www.businessinsider.com/us-cocaine-prices-change-2016-10#while-cocaine-prices-in-the-us-have-varied-some-year-to-year-they-have-held-relatively-stable-since-declining-from-highs-in-the-1980s-1)

This is despite the fact that the United Nations Office on Drugs and Crime claims that cocaine interception rates have increased to approximately 50% of shipments:

FIG. 16 | Estimated global cocaine interception rates, 1980-2015

https://www.unodc.org/wdr2017/field/Booklet_3_Cocaine_market.pdf

https://www.unodc.org/wdr2017/field/Booklet_3_Cocaine_market.pdf

If coca eradication and cocaine interdiction have proven ineffective how can we stop the scourge of cocaine addiction and associated death and violence in Colombia, Mexico, and our inner cities?

The Methamphetamine Trade

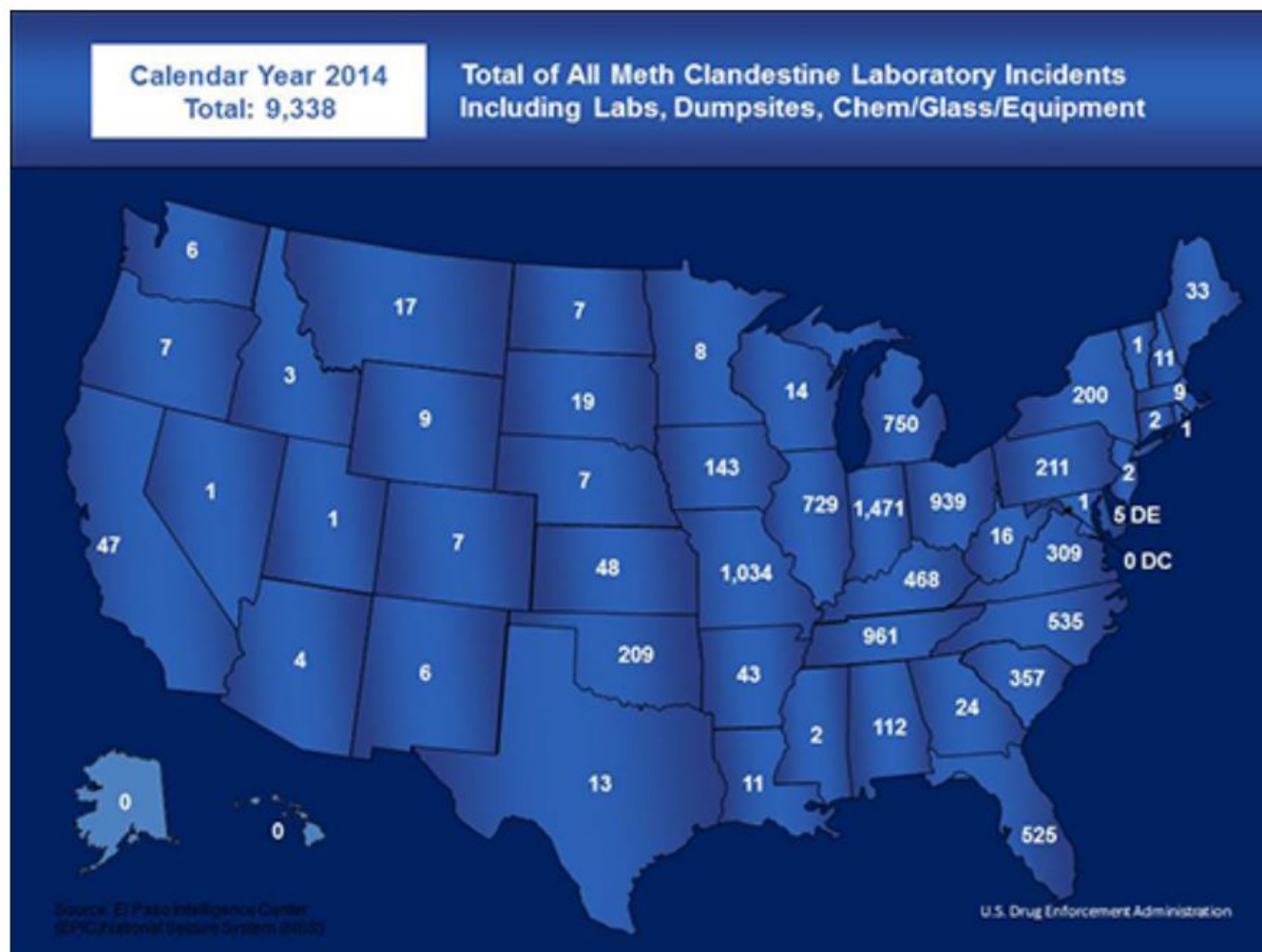
The Face of a Meth User – 10 years



Dead at age 38

Just as crack cocaine devastated the black inner city in the 1980's and 1990's, methamphetamine has devastated rural America starting in the late 1990's and continuing today. Meth and crack have very similar pharmacological effects; both can be smoked and create a similar high, although meth has a half life of approximately 11 hours as opposed to 6 hours for cocaine. [Meth is used about as much as crack cocaine today](https://www.drugabuse.gov/national-survey-drug-use-health) [. \(https://www.drugabuse.gov/national-survey-drug-use-health\)](https://www.drugabuse.gov/national-survey-drug-use-health): 0.2% of Americans have used meth in past month, the same as crack, and 0.5% have used meth in the past year, compared to 0.3% for crack. A big difference between crack and meth is that meth started as a homegrown drug, made in the USA. Starting in the rural midwest in the 1990's, people would purchase Sudafed (pseudoephedrine) at a pharmacy, take it home and convert it to meth in a simple, but sometimes dangerous laboratory conversion. As described in the book [The Methamphetamine Industry in America](https://www.amazon.com/Methamphetamine-Industry-America-Transnational-Entrepreneurs-ebook/dp/B00O3QAAN4/ref=sr_1_1?ie=UTF8&qid=1533828109&sr=8-1&keywords=the+methamphetamine+industry+in+america) [. \(https://www.amazon.com/Methamphetamine-Industry-America-Transnational-Entrepreneurs-ebook/dp/B00O3QAAN4/ref=sr_1_1?ie=UTF8&qid=1533828109&sr=8-1&keywords=the+methamphetamine+industry+in+america\)](https://www.amazon.com/Methamphetamine-Industry-America-Transnational-Entrepreneurs-ebook/dp/B00O3QAAN4/ref=sr_1_1?ie=UTF8&qid=1533828109&sr=8-1&keywords=the+methamphetamine+industry+in+america), a group of meth users will purchase Sudafed at various pharmacies and bring it to a "cook" who manufactures the meth and distributes it, keeping a portion for himself as a fee. Since there is no importation, no distribution organization or open air drug market, such operations are very difficult to police.

These homegrown drug labs are often found when they blow up, due to a cooking error. The DEA counted over 9,000 meth lab incidents in 2014, mostly in the midwest:



[https://www.dea.gov/resource-](https://www.dea.gov/resource-center/meth-lab-maps.shtml)

[center/meth-lab-maps.shtml](https://www.dea.gov/resource-center/meth-lab-maps.shtml) [.\(https://www.dea.gov/resource-center/meth-lab-maps.shtml\)](https://www.dea.gov/resource-center/meth-lab-maps.shtml)

The Federal government tried to control the epidemic by limiting purchases of pseudoephedrine to 9 grams/month/person in the [Combat Methamphetamine Epidemic Act of 2005](https://www.deadiversion.usdoj.gov/meth/cma2005.htm) [.\(https://www.deadiversion.usdoj.gov/meth/cma2005.htm\)](https://www.deadiversion.usdoj.gov/meth/cma2005.htm), but the drop in usage [was only temporary](https://en.wikipedia.org/wiki/Methamphetamine_in_the_United_States#Illegal) [.\(https://en.wikipedia.org/wiki/Methamphetamine_in_the_United_States#Illegal\)](https://en.wikipedia.org/wiki/Methamphetamine_in_the_United_States#Illegal) as meth users enlisted friends and family to purchase the allotted quantity of precursor. More recently, the Mexican drug cartels have been manufacturing extremely pure crystal

meth and importing it into the United States, along with cocaine, heroin and marijuana. Chemists have also gotten more clever in their synthesis. You can make meth with a one pot, shake and bake method in a 32 ounce soda bottle by adding ingredients including [Sudafed, lithium batteries, lye and garden fertilizer](https://somechicksblog.com/make-meth/shake-and-bake-or-one-pot-meth-making) [_ \(https://somechicksblog.com/make-meth/shake-and-bake-or-one-pot-meth-making\)](https://somechicksblog.com/make-meth/shake-and-bake-or-one-pot-meth-making) .

[According to the CDC](https://www.cdc.gov/mmwr/volumes/67/wr/mm6712a1.htm#T3_down) [_ \(https://www.cdc.gov/mmwr/volumes/67/wr/mm6712a1.htm#T3_down\)](https://www.cdc.gov/mmwr/volumes/67/wr/mm6712a1.htm#T3_down) , overdose deaths from both crack and meth are increasing rapidly, with 10,375 Americans dying from cocaine overdose in 2016 and 7,542 dying from psychostimulants (mostly meth). The devastation caused by meth in small town America is chronicled in [this story](https://features.desmoinesregister.com/news/meth-crisis-iowa-drugs-addiction-readers-watchdog-le-mars/index.php) [_ \(https://features.desmoinesregister.com/news/meth-crisis-iowa-drugs-addiction-readers-watchdog-le-mars/index.php\)](https://features.desmoinesregister.com/news/meth-crisis-iowa-drugs-addiction-readers-watchdog-le-mars/index.php) from the Des Moines Register and Tribune.

Preparation

Please read the text above and click through the hyperlinks and read whichever of them look interesting. Please email me with any questions or topics that you would like to discuss in class. Please send the email no later than the day before class, to ocurme@gmail.com [_ \(mailto:ocurme@gmail.com\)](mailto:ocurme@gmail.com) .

Additional Resources

List resources