CHATHAM HOUSE

International Security Meeting Summary

Drugs and Organized Crime: Challenges and Policy Objectives

Rapporteur: Benoît Gomis and Claire Yorke

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Introduction

This event, held on 27th March 2012 at Chatham House, is part of an International Security project which aims to highlight the significance of drugs and organized crime for domestic and international security agendas. The project looks at the multifaceted and interconnected nature of the challenges associated with drugs and organized crime and explores evidence-based policy options for the future. Over the course of the day, participants addressed the nature of these issues, and sought to identify common policy outcomes – outcomes that might be able to transcend the political and emotional lines that often demarcate the debate. Through a series of breakout groups, more focused attention was given to the interplay and effects of drugs and organized crime on six key areas, namely governance, security, economic and social policies, public harm and public health, business, and international politics, with the intention of promoting a better understanding of the cross-sectorial nature of the problem. This Meeting Summary is a record of the main themes and points of discussion of the day.

In July, a second event will explore potential policy options and their application across these six sectors. It will aim to suggest alternatives to the current policies and consider the implications of different policy approaches at the international, national and local level.

Context

Drugs and organized crime are not usually ranked among the highest priorities on international risk registers: terrorism, cyber attacks and military conflicts usually receive more attention within the metrics commonly used by governments. Yet the harms and effects caused by drugs and organized crime are arguably equally as pervasive and can be felt on a daily basis at the local, national and international level. These effects manifest themselves through symptoms such as insecurity, levels of violence, economics, health problems, and the exploitation of state weakness.

In recent years the cost of the so-called 'war on drugs' has been keenly felt in Latin America in particular. In the past five years almost 50,000 have died in drug-related violence in Mexico alone. In addition to a significant number of fatalities, the costs include an erosion of civil liberties, increased demands on healthcare services resulting from addiction and abuse among users, and a diversion of law-enforcement resources to tackle the problem of gangs. It is in response to these costs that leaders such as President Felipe Calderón of

Mexico, President Juan Manuel Santos of Colombia, and former President Fernando Henrique Cardoso of Brazil have become increasingly vocal in their calls for a renewed policy approach. Attention was given to the issue at the Summit of the Americas, prompting recognition from US President Obama, something that many saw as a positive step in the debate[1].

However this is not an isolated problem. National experiences may differ, but the current status quo of policy approaches is failing to address the issue effectively across the board. This is recognised by organizations such as the Global Commission on Drug Policy. In its report published in June 2011 and launched by leading political, academic and business figures, the shortfalls of existing approaches are highlighted, with an emphasis placed on the need to think about the situation afresh with greater involvement of stakeholders including civil society. Such calls are echoed in other quarters with increased attention being given in the media and public debate to alternative policy approaches. However, in spite of the attention, many prominent players, including the United States of America, China, Russia and the United Nations remain reluctant to change existing practices.

In light of this, the event asked: how should policy-makers address the multi-faceted nature of organized crime activities, of which drug production and trafficking are key components? How can comprehensive and integrated policies be developed and how can they be made applicable or relevant to diverse international and domestic audiences? How can the effectiveness of drugs and organized crime policy be measured and what are the considered signs of success?

A Complex Problem

Addressing the problem of drugs and organized crime reveals emotional and political fault lines that are difficult to overcome. Such divisions often impede comprehensive and evidence-based discussions that might in turn lead to a more reasoned and balanced approach to the issue.

The problem itself is hard to define. The concept of organized crime, the actors involved, the manifestations of criminality, and the relationship between organized crime, the state and society, among other things, differ with each country. Organized crime incorporates a number of different actors and can include insurgents, militant groups and criminals depending on the

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[1] 'Drugs and Organized Crime: Lessons from the Summit of the Americas', International Security Meeting Summary, Chatham House, May 2012
http://www.chathamhouse.org/research/security/current-projects/drugs-and-organized-crime

country. The concept of governance is equally subjective, prompting questions such as governance by whom, for what ends, and by what means? Drugs add a further dimension, and provide both an important lens through which to approach organized crime as well as constituting a significant public policy issue in its own right.

Drugs are the most profitable commodities for organized crime in many countries. However, it is not the only outlet for criminal activities. Organized criminals often diversify their activities and tend to have a portfolio of commodities from which to support their organization. In light of this, organized crime can be assumed to be a constant regardless of any revised approaches to drugs. How then can it be mitigated most effectively?

In tackling this problem, any approach must take into account the complications that arise in the implementation of policy regimes which often underestimate the significance of the cultural and local context and the dynamics at play within a state. Mexico is very different to Afghanistan, which is again different to the Netherlands and the UK. Given the transnational nature of the problem, policy in one country can also have diverse effects on others, as evidenced by the US and Mexico, and recent experience suggests that although law enforcement might reduce the problem in one country it may push the problem into a neighbouring state rather than eliminating it completely – this phenomenon is often referred to as the 'balloon effect'.

The current international regime emphasizes enforcement and criminalization when dealing with drugs and organized crime. Yet law enforcement can have both positive and negative connotations for the levels of violence. High-value targeting and zero-tolerance policies have proved unhelpful in many cases, perpetuating internal fractions and competition within communities, or failing to achieve the desired effects. Levels of violence associated with organized criminality can vary greatly depending on the locality. Although illegality itself can cause violence to some extent, violence also depends on other factors including the weakness of states, availability of economic alternatives, levels of welfare and public health, law enforcement approaches, the strength of the justice system, and also the age of criminals. More focused law enforcement and deterrence has often proved more useful to wider efforts.

However, is there a threshold of what governments and society more widely are prepared to tolerate? Is there such a thing as a 'good' criminal, one that can be tolerated within set parameters? Should governments aspire to deal only with the 'least-worse' criminals who operate within constraints set by the state, and who are less violent and with less of a capacity to corrupt? Or

should the state operate a no-tolerance approach whatsoever? In a Darwinian sense, criminals adapt and evolve regardless of the system, and it is usually the less adept and capable who get caught. As a result, what other approaches might prove more effective?

Although the so-called 'war on drugs' has meant that most drugs are illegal, it does not necessarily make them illegitimate. In producer countries, poppy, cannabis or cocaine crops provide a livelihood for parts of the population who are dependent on the revenues it provides. If it is demand that creates supply, how might the problem be re-approached from an angle that recognizes the function of drug production in local economies and does not criminalize those who have few options for alternative sources of income?

Three key constraints were noted to limit policy approaches and hinder a greater reassessment of the problem:

1. The nature and rules of the international drug regime

2. Public opinion and political constraints

3. A lack of understanding about potential alternatives to the current approach/prohibition

1. The nature and rules of the international drug regime

Since the 1960s, attempts have been made at an international level to reduce drug use and fight the harms associated with drugs, including trafficking, distribution, production and supply. The 1961 UN Single Convention on Narcotic Drugs is based on "[recognizing] that addiction to narcotic drugs constitutes a serious evil for the individual and is fraught with social and economic danger to mankind…", stating that parties to the Convention were "[conscious] of their duty to prevent and combat this evil…". Over 25 years later, the 1988 UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, spoke of "Recognizing the links between illicit traffic and other related organized criminal activities which undermine the legitimate economies and threaten the stability, security and sovereignty of States".

The 'war on drugs' was formally declared in 1971 by US President Nixon, who stated that drugs constituted the "public enemy No. 1″ in the US. Drug use and addiction increasingly became seen as an 'evil' - an approach that makes it hard to look in more depth at policy alternatives. However, since 1961 the

levels of drug use have increased substantially, calling into question the policy of 1988 as well.

In this context and if the problem cannot be solved entirely, how might it be contained or mitigated? What might be done to improve the situation? Where should priorities be focused and what options might be less harmful? Are there 'least worse' options? Are these more palatable?

It can be argued that the current threat-based approach to drugs creates obstacles to more effective solutions. A threat is something to fight, but is fighting the right response to a challenge with such diverse character and implications? Indeed, as a result of the international framework, there have been a number of unintended consequences, manifested differently around the world in terms of public health, development, security and stability in local communities, levels of violence and also local economies. Yet experience demonstrates different ways to approach the threat: poppy growth in Kent is for medicinal use, whereas in Afghanistan it is seen as harm. How might a different approach yield a different outcome?

From a political standpoint, the international system will remain difficult to change without a 'first mover' - a state, or statesman, who can lead a change in policy. Particularly as many countries, including the US, Russia, China and a number of other Asian countries, remain opposed to any reform. A large part of this is the weight and importance attributed to public opinion.

2. Politics, public opinion and perceptions

The significance of public opinion in informing and guiding policy and the wider debate was a recurring theme in discussion. Drugs and organized crime is often considered a 'third rail' issue: one which politicians consider too dangerous to address and reform. However, while politicians are crucial within the debate, they are restricted by scarce resources, limited political capital and difficult political dynamics. Although politicians often understand the problem, there are few incentives to tackle a policy issue that is very much in flux. Non-binding or even off-the-record discussions were raised as potential options for politicians to address these issues' in sensitive manner. If politicians could vote in secret on the issue and not have their vote revealed, would they vote in the same way?

Within the political discourse there is a deficit of informed debate and information. There is a perception that solutions to this problem should be framed in simple answers that the electorate can understand, yet this approach presents the problem of creating oversimplified and counter-intuitive

policies. With this mind, did the current status quo on drugs and organized crime start out as a knee-jerk reaction? In particular, how does existing policy take into account the implications for future generations?

As part of the difficulty in encouraging greater debate, there currently seems to be a positive feedback loop, whereby public opinion is shaped by politicians who then feel restricted by an inability to change their position due to public opinion. While political leadership could arguably shape and influence public opinion, could the public's appetite for change be accurately measured? Public perceptions on drugs are often diverse. Using drugs is seen as 'cool' in some areas and some drug traffickers have become aspirational, in the sense that the risks of dealing drugs are offset by the potential lifestyle gains. While the official goal seems to be to stop people from using drugs at all, the unrealistic nature of this aim raises questions of how use can be made less harmful both at a personal and a societal level.

3. What would happen in a post-prohibition world?

One obstacle to assessing policy alternatives is that it is difficult to imagine what might happen in a post-prohibition world, and what might be the unintended consequences of such alternatives.

Nonetheless, certain lessons can be drawn from past experiences of prohibition, including the prohibition of alcohol in the US from 1919-1933. Under this prohibition, only the production, trade and sale of alcohol were illegal, not the consumption. Organized crime groups were able to profit during this period from bootleg liquor but were forced to turn to alternative sources when alcohol was finally re-legalized. The international slave trade could present another alternative comparison in challenging an established regime.

There are a number of policy options for post-prohibition, with the main aim to reduce the harm associated with drugs. One way to encourage change would be through experiments within the system that can be used to reveal consequences and develop thinking. Such experiments have already been done in High Point North Carolina, which in 2004 focused on a deterrence strategy and giving users a second chance, and also in Operation Cease Fire in the mid-1990s in Boston, USA.

Four main policy goals stood out during discussions:

1. Reduce the labour intensity and geographical dispersion of drug trafficking

2. Mitigate violence related to the drug market

3. Limit criminalization and harms to users

4. Promote experimentation and fairness within the international drug control regime.

Sectors

As previously mentioned, six sectors are particularly affected by drugs and organized crime: governance, security, economic and social policies, public harm and public health, business, and international politics.

Through a more detailed and focused look at these sectors, emphasis was placed on how policy translates to action and comparisons and correlations were drawn. The key points are highlighted below:

- **Governance**

The concept of governance itself is first of all hard to define: is there a shared understanding at an international level of what is meant with regard to how drug policy is made and how it is implemented? There is a need for greater clarity of objectives. In addition, are there universal principles and how might common principles be translated at a national level allowing for different cultural values and systems of governance?

Weak governance or the lack of state presence is often highlighted as both a cause and a result of substantial organized criminal activity. One manifestation of weak governance is a systemic corruption of the political process in certain countries including bribes and threats to local officials. Such corruption can be corrosive, undermining governance systems. Where there is pervasive crime, states become unable to deliver security.

In order to improve governance approaches and guide policy processes, how can lessons be learned from other experiences? What other examples might be used? What can be learned from truth and reconciliation initiatives? Overall, there is a growing recognition that science and evidence-based information should be used to influence policy-making.

Other key principles to improve governance include:

- Accountability and Transparency

There is a need for adequate mechanisms of accountability and for transparency in policy.

- Intelligence

Good intelligence is critical but there are risks if governance structures are corrupt.

- The Rule of Law and respect of human rights

Prominence should be given to the rule of law and a robust justice system. Yet drug laws can be phrased badly, and be ambiguous or misleading.

- Leadership

Leadership and coordination are paramount – who within governments should lead drugs and organized crime policy? Who should be involved not only at a local level but at the national and international levels? Leaders are needed to be the early adopters, set an example that change is possible.

- Civil Society

The structure and involvement of civil society is crucial. There have been promising approaches from NGOs, the media and individuals who can play a vital role in fostering initiatives, in supporting society and in keeping governments to account.

- Local communities

Communities also need a stake in any new system, and must see the benefits and implications of any change for their local area and well-being.

2. Security

It appears that policy on drugs and organized crime as currently designed or at least as currently implemented is producing insecure outcomes such as high numbers of deaths and incarcerations as well as general insecurity. There is in fact a growing claim that the current upstream, interdiction strategy is preventing progress. However there is an institutional resistance to change – in this regard, could the current economic crisis serve as an opportunity for change in highlighting that current policies are too expensive?

One of the main obstacles to policy reform is the difficulty in imagining a regulated world and its security implications. Changing policy in this field is likely to be an emotional process but what are the practicalities? High-level scenario planning could play a key role in revealing some of the implications of different approaches. For example: If income from drug trafficking was reduced, how would organized criminals react? How would they diversify their activities? What might the repercussions be, in terms of violence in particular?

In addition, another alternative might be small-scale pilot projects but is there enough space in the international legal framework for such experiments? Could the international legal framework be loosened to give greater freedom to small alternatives?

Finally, what is the relationship between the role for the police and the army in providing for security in this field? And more generally, what is the connection between law enforcement and the social contract? Are existing policies breaching that contract? Is the targeting of certain communities over others for drugs possession affecting the reputation of police and its work in other areas?

3. Public Harm and Public Health

A number of questions need to be considered before tackling the issue of public harm and public health: What is meant by public harm and which public? What are the implications of these definitions for policy design and implementation? How do you relativize harms and communicate them to the public? Could harms be monetized? And can they be measured?

With this in mind, there is limited debate about policy harms, namely the impact of law-enforcement policies. On the issue of harm caused by drugs, current discussions focus primarily on needle exchanges instead of reducing harm as a more comprehensive strategy. In addition to drug harms it is also worth looking at drug benefits, as this is a key determinant for consumers. There is a certain cost-benefit analysis involved that forms a part of the equation among users. In a sense, the term 'well-being' arguably best captures some of the factors and the complexity of or within this debate.

In terms of policy making, certain frameworks can be helpful, such as human rights frameworks for users; however this does sometimes lead to too narrow a view that doesn't capture the complexity of the issue. Human rights can be seen as abstract and nebulous, but there is normally a legally binding set of indicators on harm and human rights.

4. Business

A business approach to drugs and organized crime policy would incorporate a consideration of what motivates the economic agents involved in the market. A greater understanding of how the system works as a business model with the language of customers, suppliers, manufacturing, product, and business resilience could inform approaches to the challenges of drugs and organized crime.

Although the business approach could be a good premise from which to start, a caveat must be acknowledged: organized crime tends to be more organic, opaque, random and unpredictable than legal business. A useful way to describe and approach the issue of drugs and organized crime is an hourglass model, whereby consumers are at the top, suppliers at the bottom, and the distribution process in the middle. Most of the money is in the middle of the hourglass[2]. This is also the point at which there are the fewest number of people involved and the least impact on the state's relationship with its citizens. Targeting this area of the value chain seems to be the optimum point to undermine the business model of organized crime. Lessons could be learned for the management of trans-border trade, by focusing on reducing the value in moving the drugs across a border, and limiting the number of countries that the drugs pass through to reach their final destination[3].

At both ends of the market (or the hourglass) – primary producers and those who retail the drugs – see a very small proportion of the overall profit attached to the trade. Poor farmers involved in supply or low level dealers are often economically excluded or involved in social supply. The key drivers for these people are most often economic survival rather than vast profit. Globally, enforcement activity centres on these two groups. This is highly problematic, as it tends to alienate people from the state, creating an environment in which organized crime can flourish. If one accepts the ideas that the largest demand is among people who are disadvantaged, then law enforcement approach cannot on its own handle the problem. Complementary approaches, such as better public health, education etc. are likely to create better social and economic opportunities for people.

In addition, because of the resilience of organized crime as a business, it does not matter where it is pushed, it will reappear elsewhere – the aforementioned 'balloon effect'. Illegal supply routes move from one part of the world to another, to areas that are less easy to govern. It is therefore hard to identify what might be put in place to eradicate supply but measures could be developed to determine how supply emerges.

What is the role of business and big business in the regulated market? There has not always been an easy relationship between governments and big businesses and controlling them is not always easy. How can governments anticipate these problems in order to pre-empt and diminish their effects?

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[2] Around 70% of the value added in supply chain is in fact between the border of a country and users in other country For example, a kilo of cocaine doubles in value as it crosses the Mexico/US border.
[3] Drugs passing through a country in fact always seems to lead to an increase in use, Iran, Mexico, Morocco, South Africa etc.

5. Economic and social policies

First, the issues of social exclusion and poverty are central in drugs and organized crime. There is a danger that through criminalising users, they are pushed further to the margins of society and it becomes increasingly difficult to help them. Although strong links between poverty and drug production have not been evidenced, reducing poverty could be considered a component of addressing drugs and organized crime, though there are not necessarily strong links between poverty and drug production. Perhaps more importantly, how might the importance of the drug trade to economies be reduced? Where can lessons be learned from successful replacement programmes for drugs?

Second, taxation has proved to be a crucial factor in drugs and organized crime policy in a number of cases: a fair taxation system where labour is not overtaxed and capital and land are not undertaxed can generate economic growth and allow the lowest earnest to gain from it. On this issue and if certain drugs were legalized, what might be the outcome if the commodities involved were taxed to resource the related policy approaches more effectively? A final issue related to taxation is that organized crime tends to thrive in areas where the presence of the state is absent. Therefore, how might governance voids in these areas be addressed and how can the state ensure that tax evasion is limited?

Third, education and public awareness have been highlighted as key components. How could education campaigns be used more effectively? In some ways, drugs education campaigns can be seen as quite dishonest and negative. Dishonest campaigns can be ineffective (one example is a campaign on meth in the US in which the persons' teeth fall out). How do you do successful campaigns on such an issue? Decisions people make are subjective, based on how people feel about an issue. The fact that drugs remain quite popular is arguably because of their positively received resultant effects and a degree of social acceptance of it, which is very rarely addressed by education and awareness campaigns.

6. International Politics

To begin a review of drugs and organized crime policy on the international political stage, individual states and societies must first assess what they want and are hoping to achieve in this regard. If it is about replacing the current failed or largely flawed system with one based on evidence and encouraging global debate without preconceived outcomes then all stakeholders must be involved. An international response should be at the

international, regional and national level. The G20 could prove a constructive forum to highlight these issues.

However questions remain:

- What is the most effective way for countries to work with other like-minded countries for change?

- What practical initiatives and systems can be used?

- What role could be played by the US within this international system?

Although the US is often seen as an enemy of more progressive drug policies, it should not be forgotten that it did pioneer programmes that predated some of the more progressive policies implemented in other countries. Additionally, the US has an impressive record in taking down organised crime – therefore what lessons might be learned?

- What role is there for civil society organizations?

Civil society organizations have been involved in the process and must continue to be involved, especially women and those involved in gender issues. These organizations could be commissioned as required for necessary work. In particular, there is a need for academic, neutral and high quality research looking at best practices with regards to drug treatment, law enforcement and education among other things. Independent analysis will be important; can a common methodology be developed to deal with the available data?

- Finally, how might the unintended consequences of any new regime be articulated?

Any new regime indeed will have to be presented as credible, in a comprehensive and considered manner.

Looking Forward

Looking forward it is possible to find a better approach to this problem while also learning from the positive things that have already been achieved. In so doing, it is important to have plurality in the debate, for discussions to take place not only in governments and committees, but also in think tanks, in civil society and NGOs as well as society more widely. There is a need to look at how the rigid frameworks that currently exist might be adapted, while simultaneously pursuing a much less emotional debate.

Although drugs policy and organized crime are very closely related they are not the same thing, but a narrow approach focused on one aspect will not work to fully address these very complex issues. Complex problems require comprehensive and holistic solutions. Although they are not yet fully understood there are lessons that can be learned and experiences from which insight can be gained.

Any policy on drugs and organized crime will require trade-offs and unintended consequences. There is an argument for a two-track approach:

1. A national-level approach, with an international dimension on capacity building and security approaches. The emphasis would be on states delivering to citizens on its basic obligations including upholding the rule of law. The goal should be to ensure strong police, justice, public health care, social cohesion and engagement policies within communities as a context in which to tackle the problem of drugs and organized crime. Part of the objective is to give ordinary citizens the right to live in peace within their communities. Moreover, this approach focuses on improving the conditions of people's livelihoods, including greater opportunities, less violence, fewer social and economic impediments. At a structural level there should be transparent, respected institutions and governance.

2. An international-level approach. What are the policies that might work better in this approach? What impacts are sought across diverse stakeholders? International leaders and stakeholders must understand the problem, and understand that there is no panacea and that it is necessary to avoid simplification and over interpretation. What are the needs and constraints provided by simultaneous international regulations? How can world leaders work together to identify the possible consequences and effects of alternative policies?