Rethinking Counterdrug Operations

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A Research Report Submitted to the Faculty

In Partial Fulfillment of the Graduation Requirements

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April 2010

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Introduction

The United States has been involved in the War on Drugs for 40 years and spent over $153B over the last decade alone.\(^1\) Throughout the conflict, the United States has been criticized because its counternarcotics policy has focused on supply reduction efforts.\(^2\) While official US policy as promulgated in the National Drug Control Strategy has consistently touted a balanced approach, the reality is that the supply reduction efforts have received the preponderance of funds.\(^3\) The FY09 Drug Control Strategy Budget at first glance appears to equally fund its three objectives, but these figures fail to include supplemental spending on the Merida Initiative to combat drug trafficking in Mexico and Foreign Military Financing to Colombia.\(^4\) This follows a consistent funding trend that has deemphasized demand while focusing on supply.\(^5\)

The US predilection for supply reduction programs makes their effectiveness in addressing the causal factors of weak governance and limited rural economic opportunity critical.\(^6\) Since the majority of counterinsurgency and counterterrorism funds and programs in Colombia and Afghanistan go towards improving security and expanding the central government’s reach, the bulk of counternarcotics funds are available to tackle the economic factors behind drug cultivation.\(^7\) The purpose of this paper is to assess US counternarcotics policies in Afghanistan by examining the historic US approach to supply reduction and how that approach has been applied in that country. It appears that current efforts have not been successful because they fail to address the core cause of cultivation. A shift in priorities is recommended if sustainable progress is to be achieved.

Overview of US Supply Reduction Efforts

US supply reduction programs have focused on eradication and interdiction. Over $9.2B was allocated to all supply reduction efforts for FY09 (over 65% of the total counternarcotics
budget), of which $3.83B went to external interdiction and $3.73B to local law enforcement interdiction. While the State Department received $1.49B in counternarcotics funds, only $315M went to USAID and alternative development programs with the remainder focused on eradication. This apportionment of funds matches US priorities in Colombia and the Andean Region where only 20-30 percent of funds go towards alternative development and to strengthen local institutions. The consistent decline in narcotic street prices coupled with increasing purity suggests that US efforts have done little to impact the drug supply. The reason for this failure is that US supply reduction programs are not balanced and do not address the causal factors behind illicit crop cultivation.

Eradication efforts globally have had a limited record of success. The United States has been heavily involved in coca eradication in the Andean Region for decades with no impact on drug availability. Cultivators quickly replant destroyed crops or shift production to other areas due to the highly flexible nature of the industry. For example, poppy cultivation shifted from Pakistan to Afghanistan, opium cultivation and methamphetamine production moved from Thailand to Burma, and coca cultivation relocated to Colombia from Peru and Bolivia in response to governmental pressure. Furthermore, eradication efforts exacerbate rural poverty if support mechanisms are not fully developed prior to implementation.

Interdiction faces similar challenges to eradication. Transit routes are highly flexible and can easily shift. Opium routes out of Burma have changed from Thailand to China in response to increased Thai efforts. Increasing seizures of drugs bound for the United States since 2000 have had no noticeable impact on supply. The proliferation of open borders, the result of various free trade agreements, has made it much more difficult to halt the flow of drugs while the high value–added markup at the retail level ensures that traffickers need only a small amount of
their product to reach the street in order to turn a profit. Finally, traffickers are a thinking enemy that can quickly adapt to interdiction methods and techniques. It is for these reasons that some argue the flow of drugs cannot be stopped.\textsuperscript{17}

Alternative development programs are designed to provide an economic safety net for rural areas as eradication removes their main source of income while creating economic incentives for legal crop production. However, underfunding and lack of long-term support have plagued these programs. The collapse of alternative development schemes in Burma and Bolivia are directly attributed to drops in the market value of substituted crops, higher input cost for legal crops, and the lack of a developed market for the new crops.\textsuperscript{18} In Colombia, disputes between the United States and the European Union led to the European Union withdrawing funding for scheduled alternative development projects.\textsuperscript{19} To be successful, these projects must have a viable farm-to-market system with a revenue stream that makes illicit crops less appealing. Even when projects appear successful, infrastructure improvements made by these programs have gone on to make drug cultivation more efficient when the legal economy has collapsed from the lack of long-term support.\textsuperscript{20}

\textit{Ongoing US Strategy in Afghanistan}

Despite the limited results from previous programs, the United States has used a similar template in Afghanistan. The United States did not become actively involved in counternarcotics operations in Afghanistan until 2005 when production increased twenty-fold and raised concerns that drugs were funding a resurgent Taliban.\textsuperscript{21} Funding was rapidly expanded from $60M in FY02 to $797.83M in FY10 and the United States took the lead for counternarcotics operations from Great Britain.\textsuperscript{22} Expenditures in Afghanistan mirror the priorities of other counternarcotics campaigns by emphasizing eradication and interdiction missions.\textsuperscript{23} In 2005 $534M was
allocated to the State Department and an additional $248M to the Department of Defense for counternarcotics operations, with only 23% of the funds going towards alternative development. Of the funds allocated to alternative development only $46M went to fertilizer, seed, or agricultural credits with the remainder utilized for infrastructure and agribusiness development. This funding allocation and prioritization was driven by US strategy in Afghanistan and continues to present day.

The US counternarcotics strategy in Afghanistan was codified in the 2007 US Narcotics Strategy for Afghanistan. The five program areas defined in the strategy are: eradication, interdiction, justice reform, public information, and alternative livelihoods (alternative development), with the emphasis on making eradication a top priority. The strategy was to shift towards programs that incentivize legal crops while simultaneously increasing eradication and interdiction efforts through an Afghan Government led “non-negotiated forced eradication” program. The State Department brought significant pressure to bear on the Government of Afghanistan to allow aerial eradication, but failed to convince Afghan President Karzai that such measures would not damage licit crops and the environment.

The 2007 strategy also advocated strengthening the Good Performance Initiative (GPI) which provided political and economic incentives to those provinces that reduce their poppy cultivation. Finally, the US strategy advocated an alternative development scheme that pushed high-value crops and private sector involvement rather than crop subsidization.

Assessment US Counternarcotics Strategy in Afghanistan

The US counternarcotics strategy in Afghanistan over the last several years has not been effective as Afghanistan continues to produce 90% of the world’s opium. Poppy cultivation actually increased until a peak was reached in 2007. Recent reductions in cultivation appear to
be the result of past over-production coupled with falling opium prices and rising wheat prices.\textsuperscript{34} Furthermore, while there was a reduction in poppy producing provinces after 2007, the recent return of poppies to provinces previously identified as poppy free suggest that progress has not been sustainable.\textsuperscript{35} Perhaps this is what prompted the Special Representative for Afghanistan and Pakistan, Ambassador Richard Holbrooke, to describe the counternarcotics efforts in Afghanistan as “the most wasteful and ineffective seen in 40 years.”\textsuperscript{36} The limited success should not come as a surprise since the methods employed were simply borrowed from other programs without assessing their impact on the causal factors behind illicit crop cultivation.

The emphasis on eradication in Afghanistan does not allow adequate time for the economy and labor market to transition or provide economic stability. Rather, the efforts have turned farmers against the central government, as evidenced by violent clashes between farmers and eradication forces.\textsuperscript{37} The GPI and Governor Reward program do little to help farmers make the transition to licit crops. The GPI only provides funds to those provinces that have already seen a reduction in poppy cultivation, thereby offering no assistance to aid in the transition to a legal economy. Current policy also ignores that the opium economy helps to fund legal development and spur the Afghan economy, a fact that may make the Government of Afghanistan reluctant to implement a robust eradication program without a suitable replacement in place. Perhaps this is why despite receiving 40\% of the funds, eradication efforts have only impacted 1\% of the poppy crop.\textsuperscript{38}

Thus far, interdiction numbers for drugs in Afghanistan have also been inconsequential, even though the DEA has been working with the Afghan government and surrounding nations to improve their intercept capabilities and the DoD has increased its participation.\textsuperscript{39} Part of the reason that interdiction rates are at 4\% despite receiving 39\% of the counternarcotics funding
may be that over half of the apportioned funds go towards an expensive airlift support program.\(^\text{40}\) The rugged terrain that makes air support critical and has hindered US counterinsurgency efforts in the region certainly limits the effectiveness of interdiction operations. While interdiction moves the economic burden from the farmer to the trafficker, high seizure rates could drive up the price of opium and thereby provide an incentive for increased cultivation.

Finally, the push to incentivize legal crops and advocate crop substitution is a step in the right direction. But without protection from market forces, it is a recipe for disaster. The current US rejection of crop subsidies as a safety measure for fear that it “might undermine competitive markets, distort economic activity, and be prohibitively difficult” defies logic.\(^\text{41}\) The purpose of alternative development programs is to distort economic activity so that lucrative drug crops are less appealing. This concern also smacks of hypocrisy coming from a nation that provided its own farmers over $177B in subsidies from 1995 to 2006;\(^\text{42}\) if the United States cannot rely upon market forces to sustain its agricultural sector nor use its impressive economic means to employ displaced farmers, what hope is there for Afghanistan? The importance of agricultural assistance cannot be understated with two-thirds of the villages growing poppies today reporting they have not received any form of agricultural assistance.\(^\text{43}\)

The United Nations recognizes that the recent reductions in cultivation are the result of market forces driven by higher wheat prices rather than the result of counternarcotics efforts.\(^\text{44}\) This finding should come as no surprise since the correlation between crop prices and the amount of illicit crops grown has been elsewhere. In Burma poppy cultivation depends upon the price of rice and opium; the wide fluctuation in rural income each year drives changes to farming schemes as families struggle to make up the 8 months of food deficit they face.\(^\text{45}\) Meanwhile, the wholesale price of coffee appears to be a leading indicator of coca cultivation in Colombia.\(^\text{46}\)
Higher wheat prices in Afghanistan were driven by a severe drought during 2008 and exacerbated by Pakistan halting all wheat exports. While wheat prices climbed the price of opium declined, the result of overproduction during the 2007 growing season. This has made opium poppy cultivation less attractive; in 2003 farmers earned 27 times more by growing opium, but by 2009 that income advantage had fallen to 2:1. This has reduced opium’s role in the Afghan economy from 50 to 30 percent of GDP. The economic impetus to transition from poppies to wheat is further supported by interviews with Afghan farmers conducted by the United Nations. Unfortunately, higher wheat prices have led to food insecurity, especially in the urban areas, which may have a more deleterious effect on the security environment than the opium trade by undermining the government’s legitimacy and creating a ready recruiting pool for the Taliban. In general, while this shift in cultivation is viewed as positive it is not sustainable given market fluctuations.

The amount of land under poppy cultivation is expected to stabilize in 2010 reversing 2 years of decline, the result of wheat prices falling by 43%. While the total area of land under poppy cultivation is projected to remain stable, the number of poppy free provinces has fallen from 20 to 17. With the majority of farmers sighting high opium prices as their reason for cultivation, it is fortunate that the wholesale opium price fell by 6% and prevented the revenue ratio between opium and wheat from increasing. The growing evidence of a failed counternarcotics policy has driven some discussion in Washington about the need for a new approach.

**A New Strategy?**

The Obama Administration has yet to reveal its official counternarcotics strategy in Afghanistan. However, there are several indicators that it will be a departure from the previous
strategy as it moves away from the eradication focused approach favored by the State Department. In fact, the Administration has ceased its support of Afghan eradication units in recognition of the negative impact such programs have had. The question remains whether it can overcome the departmental inertia within State and its long-held faith in eradication. In the interim, the Administration appears to be shifting to a strategy that focuses on interdiction and security.

As the US military pushes into the high production area of Helmand Province, the new focus seems to be on interdiction in order to minimize the damage done to farmers. By targeting top drug traffickers and ignoring cultivation, the hope is to prevent the population from becoming hostile. What eradication does take place is voluntary with farmers receiving compensation for their losses. Unfortunately, no additional funds have been apportioned to expand economic assistance, meaning that alternative development programs will remain under resourced. The result is that this new strategy is simply a transition from one ineffective approach to another. While this moves away from the much criticized metric of the number of hectares under cultivation to determine success, it simply replaces it with a metric equally unrelated to the effects of policy--tonnage seized. Without creating a stable rural Afghan economy, this new strategy will have a negligible effect over the long-term.

Recommendations

In order for counternarcotics policies to be effective in Afghanistan (and arguably anywhere) the economic motivations of cultivators must be addressed. While some argue that alternative development has been too focused on economic factors, it is clear that these factors play a significant influence on the choices farmers make. A promising approach would be to create a price floor for wheat, similar to what is currently in place in Pakistan, while
simultaneously implementing an opium purchase program that would last for five years. This approach would provide a stable economy during the transition in order to allow farmers time to adjust.

During the first year, the government would purchase all the opium from registered farmers at a price just above farm-gate levels while licit crops would receive a subsidy to incentivize their cultivation. Each year thereafter, the amount of opium purchased from each farmer would be reduced by 20% while licit crop incentives increase. After five years, the government would implement a well publicized eradication campaign and set a price floor for licit crops that would guarantee a standard of living for farmers regardless of market conditions.

This plan directly addresses concerns over opium purchase programs by creating a disincentive for growing poppies while providing sufficient time for farmers to adapt.\(^{65}\) Government support of licit crops must be carefully implemented to prevent a negative impact on other impoverished countries, as was seen by the World Bank’s development plan in Vietnam that devastated the global coffee market.\(^{66}\) Developed countries could help in this endeavor and ensure that the new licit crops have a market by providing purchase guarantees. The cost of crop subsidies and purchases will necessarily be borne by the United States and other G8 members. However, these costs pale compared to the billions currently spent on helicopters, aircraft, and other counternarcotics efforts that do little to address the factors behind illicit crop cultivation.

Importantly, such measures have precedence. Prior to 1989, the International Coffee Agreement regulated the wholesale price of coffee and created a price floor in order to prevent an economic crisis from providing a foothold for communism.\(^{67}\) Perhaps it is time to make similar arrangements to prevent illicit crop cultivation.
Conclusions

US supply control policies in Afghanistan and elsewhere have been ineffective because they prioritize programs that fail to address the causal factors behind drug cultivation. Supply reduction efforts must move beyond eradication and interdiction to address the factors that motivate farmers to cultivate illicit crops if sustainable reductions are to be achieved. Shifting the preponderance of funds from current efforts towards economic development is a critical first step. Interdiction and eradication efforts provide gratification by producing easily measurable results that make good media fodder. However, just like previous measures used to measure military success, like body counts or tanks plinked, they fail to indicate if the effects desired are being achieved. This is not to suggest that counternarcotics initiatives are easy. There are a multitude of intervening variables that impact the decision of farmers to cultivate illicit crops. Each case must be examined to ensure that the methods and solutions applied are addressing the cause rather than the symptom. In Afghanistan, economic motivators appear prevalent as evidenced by the relationship between wheat prices and opium poppy cultivation. In the end, counternarcotics programs cannot exist in a vacuum, but must be integrated into a larger development program that addresses the economic concerns within drug cultivating states.


3 The three policy objectives of the US strategy are: stopping initiation, reducing abuse, and disrupting the market for illicit drugs. 4 Office of the President of the United States, Drug Control Strategy FY09 Budget Summary, (Washington DC: The White House, 2008), 1


6 This fits into the larger literature that discusses the lack of economic opportunity as a cause for illegal activity, an argument made my Saskia Sassen, *Globalization and Its Discontents*, (New York: The New Press, 1998), 154.


Thoumi discusses the role of weak Colombian institutions and economy as a causal factor in coca production:


11 Cost has consistently declined while purity has increased. A decrease in purity was seen in the US during the last quarter of 2008, but additional data will be needed to determine if this is a substantive trend or simply the result of the current economic downturn. UN Office on Drugs and Crime, *World Drug Report 2009*, (New York: United Nations Publication, 2009), 45, 73.


46 Developed by comparing the number of coca hectares provided in various UN World Drug Reports with the price of wholesale coffee provided by the Coffee Union of Colombia on their website: www.notinet.com.co/indices/cafe.


See arguments against opium purchases by: Brian MacDonald, Cutting the Afghanistan Opium Harvest? (Ottawa, Canada: The Conference of Defence Associations, 2009), 2.


Paul Jeffrey, “Depressed Coffee Prices Yield Suffering in Poor Countries.”
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