FIGHTING GLOBAL DRUG TRADE: ILLICIT NETWORKS AND THE FUTURE OF INTERNATIONAL DRUG CONTROL

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ABSTRACT

Apart from tremendous damage it is inflicting on the world populations, illicit drug trade is impetuously acquiring another dimension – of macroeconomic black market, run by transnational criminal networks – becoming greater international security concern. Existing regime of international drug control proves to produce little results, while capabilities of drug-trade networks have long ago surpassed it in scope and intensity, which is clearly illustrated by global trade in opiate narcotics. Current research aims at identifying the nature of challenge, posed by global drug trade networks, determinants of malfunctioning and improvement prospective of international drug control. Research synthesises efforts of network threat conceptualization with historical and empirical analysis into an improvement strategy for improving current regime of international drug and crime control.

DEDICATIONS

To William S. Burroughs, who had been a heroin addict his whole life and died at the age of eighty-three, and to Alex Turner for the song “No Buses”.

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INTRODUCTION

Trade in illicit drugs has a worldwide dimension, heavily affecting entire countries and regions, disrupting their economic and social development for centuries. It had been proliferating easily across continents since the beginning of maritime trade and at present has become a concern of each and every world nation. Apart from tremendous damage it is inflicting on the world populations, illicit drug trade is impetuously acquiring another dimension – of macroeconomic black market, run by transnational criminal networks – potentially of major concern in world politics. Existing regime of international drug control, although being subject of development and reform for over one hundred years, proves to produce little results, while the challenges it is supposed to address have long ago surpassed international anti-drug efforts in scope and intensity. Global trade opiates – the core of the world drug problem – represents clear empirical evidence for this claim. It constitutes global network of region-wide black markets, elaborate supply routes, and vast territorial enclaves under poor or no control of the central government, utilized for opium production in Asia and Latin America. Extensive revenues of global drug business enable strengthening and expansion of these existing zones of instability, funding transnational criminal organizations and warlords, whose antagonistic capability on the level of international security is increasing. Hence, the goal of this research is to identify the nature of challenge, posed by global drug trade networks, examine the effectiveness of international drug control, and determinants of its malfunctioning and prospective of improvement.

Though the problem of worldwide illicit drug trafficking is clearly related to the theoretical realm of international security, locating it within a single theoretical paradigm is a difficult task due to its complex and interdisciplinary nature. This can be attributed to certain sociological timidity of IR, where mainstream academic effort is hardly detachable from state-centred security paradigm and strategic politics. Although earnest research has been

conducted in theorizing networks – both licit and illicit[1] – as actors, scholars focus their efforts on understanding the behavioural determinants of networks or their positioning as a threat to international security in broad theoretical sense. Although transnational organized crime is receiving more attention[2], researches still find it difficult to fully incorporate it into the realm of IR theory, alleging unembraceable interdisciplinary essence of the phenomenon and lack of empirical evidence. In order to fill this gap, numerous works on organized crime networks and illicit markets were employed from other disciplines, such as political economy[3], history[4], criminology[5], and sociology[6]. These fields also offer apt conceptual approaches to numerous subsidiary issues such as violence, urban environments, and drug addiction. In this connection, current debate on the issue of drug trafficking, illicit networks, and transnational organized crime in IR is found to be at the nascent stages and significant difference in approach among authors is not observed. Areas of diverse opinions are only those concerning the reasons of failure of international drug trade fighting efforts. One approach is sharp criticism of current UN regime for the regulation of drugs; other researchers, mainly focusing on political economy of drug trade, perceive its prosperity as a natural outcome of globalization, which facilitated management of vast drug economies and organized crime

[1] John Arquilla and David Ronfeldt, eds. *Networks and Netwars: The Future of Terror, Crime, and Militancy*, Santa Monica: RAND, 2001; Mette Eilstrup-Sangiovanni and Calvert Jones, "Assessing the Dangers of Illicit Networks: Why al-Qaida May Be Less Threatening than Many Think," *International Security* 33, no. 2 (Fall 2008), 7–44.

[2] Allan Castle, "Transnational Organized Crime and International Security," University of British Columbia, Institute of International Relations, Working paper (1997). http://www.isn.ethz.ch/isn/Digital-Library/Publications/Detail/?ots591=0C54E3B3-1E9C-BE1E-2C24-A6A8C7060233&lng=en&id=46409;
Yuliya Zabyelina, "Transnational Organized Crime in International Relations," *Central European Journal of International and Security Studies* 3, no. 1 (2009), 11-15.

[3] Peter Andreas, "Transnational Crime and Economic Globalization," in *Transnational Organized Crime and International Security: Business as Usual?* ed. Mats Berdal and Mónica Serrano, 37-66. London: Lynne Rienner Publishers, 2002.

[4] Yangwen Zheng, "The Social Life of Opium in China, 1483-1999". *Modern Asian Studies* 37, no. 1 (2003), 1-39.

[5] Jeffrey S. McIllwain, "Organized Crime: A Social Network Approach," *Crime, Law, and Social Change* 32, no. 4 (1999), 301-323.

[6] Alan A. Block, "European Drug Traffic and Traffickers between the Wars: The Policy of Suppression and its Consequences". *Journal of Social History* 23, no. 2 (1989), 315-337.

networks in the first place allowing significant reduction of retail prices. The third camp of authors follows UN official rhetoric on more effective utilization of existing international legislation, shift of law-enforcement efforts' focus from drug users to drug traffickers, and on international assistance to developing countries.

Considering poorly explored nature drug trade and network challenge, major issues of interpretation have less to do with different theoretical postulates and ideological divides among scholars than with alarming empirical data presented by the sources. Starting from elaborating the theoretical grounds for addressing the problem – interpretive analysis of existing theorizations of network as actor in IR, and, most importantly, conceptualization of transnational organized crime in social sciences, research then proceeds to political history of opium (and consequently heroin) as global commodity. Historical analysis of the issue is crucially important not only for mapping the dimensions of the drug trade challenge, but also for more precise understanding of how network patterns are formed and black markets established. Next step is undertaking policy analysis, focused on the UN system of drug and crime control conventions, their actual effectiveness, and locating the gap between theoretical models of global illicit networks, their dependence of black market efficiency, and counter-drug efforts in order to suggest options for policy improvement.

Structurally thesis consists of four chapters. First chapter focuses on analysis of existing literature on network and organized crime, conceptualizing networks' strengths and weaknesses, as well as their operational capacity. Second and third chapters present analysis of opium trade and parallel development of international drug control, in both retrospective and contemporary dimensions. Fourth chapter unites the theoretical assumptions and empirical evidence, elaborating on the most urgent options for enhancing international drug control effort.

CHAPTER 1 – ILLICIT DRUG TRADE IN INTERNATIONAL RELATIONS THEORY AND PRACTICE: CONCEPTUALIZING A THREAT

Although profound and all-embracing theorization of non-state actors' behaviour and role in contemporary international relations is beyond the scope of this research, locating global drug trade in particular within the realm of international relations theory is important and necessary. First, since it allows confronting methodological limitations of international relations theory in dealing with complex political emergencies; second, it enables dividing the issue of drug trade into convenient analytical segments, each explaining important phenomena and trends, which are the very determinants of significant influence that global drug trade has on international politics.

This chapter elaborates on two baseline categories: the concept of subversive/illicit network in contemporary IR scholarship as an overarching category, and theorization of transnational organized crime – within the framework of international security theory and in its interdisciplinary dimension. Examined in a given sequence, these analytical segments represent the line of reasoning for understanding of empirical material, presented in subsequent chapters.

1.1 Network vs. State Scenario in IR

Although network pattern of organization is employed by wide variety of international actors, considering indisputably illicit nature of the global drug trade, it is important to delimit the focus of this section to the so called 'dark networks', which are clandestine (and often openly hostile) to official power. Due to their constant engagement in criminal activities, these networks are naturally presumed to be most elaborately structured and best equipped to withstand supreme efforts of states to suppress them, and in many cases even able to effectively fight back and expand. In IR scholarship the role of networks (in terms of their

strengths and weaknesses) is increasingly emphasized in studies on insurgency, terrorism, and organized crime.

1.1.1 Concept of network and its practical advantages

John Arquilla and David Ronfeldt, two of the most known experts on illegal networked organizations, attribute the rise of networks to the advent of the information age with its revolutionary technologies enabling options of strategy and agency, which had not merely strengthened networks, but gave them considerable advantages over hierarchical forms – states in the first place – whose capability is based on control over territory. Network is characterized, first of all, by dispersion of decision-making and action between small autonomous groups (or even individuals), who are capable of coordinating and conducting their operations without definite central command. Second, in contrast to hierarchical structures, governed by authoritative rules, networks tend to rely on high level of trust as a guarantee of discipline. Third, being based on personal contacts between like-minded individuals, networks reproduce informal pattern of relations and decision-making based on unanimity rather than administrative procedure. Structurally networks usually reproduce one of the following organizational types: chain (with commodities, people, or information moving along the line of intermediate 'nodes'), hub (with a central – but not hierarchical – 'node', used for communication/coordination by all other network units), or all-channel network (with everybody connected to everybody). The authors also coined the term *netwar* – newly emerging model of conflict, which evolves at societal rather than interstate level[1].

In 'network vs. state' variation of netwar scenario strategic initiative is relatively easily overtaken by netwar protagonists, who are capable to strike from all directions and at any given point, often mixing offence and defence, as well as tactical and strategic dimensions of their operations. The advantages of network confronting state hierarchies can be narrowed

[1] John Arquilla and David Ronfeldt, 6-16.

down to the following: more efficient communication and information processing; scalability – networks are capable of horizontal expansion "of great speed and low cost", taking advantage of flexible recruitment opportunities from local communities worldwide; high adaptability – in response to circumstances networks can easily 'scale down' or rapidly relocate from one geographical area to another due to their lack of material infrastructure; resilience to external efforts of infiltration; powerful capacity of learning and innovation due to easy access to information via Internet and its prompt transfers of between the 'nodes'[1]. These advantages make illicit network amorphous and highly resistant enemy for a state, with confrontations between the two tending to "resemble the Oriental game of *Go* more than the Western game of chess"[2].

Developing their argument, Moisés Naím writes that such trends are very likely to persist due to continuous spread of technology (not bound by budget regulations and bureaucracy, networks are able to exploit it faster and more efficiently), growth of international trade and migration (expansion of illicit markets and ethnical criminal groups), spread of democratic forms of government (as more prone to corruption) and international law (stimulating growth of demand for illicit goods in direct proportion to their prohibition). In their confrontation with nation states criminal networks easily transcend limitations of geography and traditional sovereignty, which makes governments a weak enemy with such inefficient means as imposing trade limits or creating new bureaucratic units[3]. Both authors agree that the practice of conflicts involving networked state antagonists is already far ahead of theory and the only option for states to resist successfully is to employ network patterns of organization and strategy themselves – both on national and international levels of military, intelligence and

[1] Mette Eilstrup-Sangiovanni and Calvert Jones, 13-16.

[2] John Arquilla and David Ronfeldt, 2.

[3] Moisés Naím, "The Five Wars of Globalization," *Foreign Policy*, no. 134 (January-February 2003), 34-35.

law enforcement operations[1], as well as by developing more flexible concept of national sovereignty and restructuring existing multilateral institutions[2]. But despite firm structural advantages of networks, they also tend to suffer a range of weaknesses.

1.1.2 Organizational disadvantages of networks

The effectiveness of networks, as seen in IR scholarship, has an interdisciplinary background, originally stemming from economic sociology. Mette Eilstrup-Sangiovanni and Calvert Jones, who present quite notable (though wittily moderate) voice in the criticism of network concept, point out that the concept of social network was originally based on the organizational shift from the traditional, vertically integrated firm to the horizontally coordinated models of business such as franchising and subcontracting. Representing demand-oriented production models, these forms proved to be much better adapted to continuing technological changes and short-cut product life-cycle. However, this logic, willingly imported to the IR scholarship, looses its explanatory capacity when applied to illicit networks. The latter have both positive and negative differences from legal networks and their demonstrated effectiveness can be hardly accounted for models of commercial efficiency3. The authors also disapprove the weak attempt of comparison in IR literature on the matter and its tendency to focus on solely successful networks, as well as its positioning as uniquely modern phenomenon. Major weaknesses, applying especially to illicit networks, include complicacy of information search and communication failure4; poor strategic decision-making capacity due to the lack of central authority; excessive risk taking under the pressure of reciprocation; restricted ability to grow through recruitment and scalability due to

[1] John Arquilla and David Ronfeldt, 15.

[2] Moisés Naím, 36.

[3] Mette Eilstrup-Sangiovanni and Calvert Jones, 9-11.

[4] Due to the lack of centralized directory every unit of information passed on within the network tends to be associated with higher transmission costs than in a centralized system. Inefficient communication is usually attributed to the relative isolation and secrecy of illicit network 'nodes' from wider social communities and each other – Ibid., 19-20.

limitations, represented by the requirements of trust and maintaining purposeful unity; collective action failure due to frequent internal disagreements and broad/transnational dispersion; vulnerability to infiltration and data interception; learning disabilities due to dispersion, secrecy, lack in centralized skills transfer and organizational memory. In other words, networks are prone to destabilization by reduction of communication flows and aggravating the effectiveness of collective action through encroachments upon their security. For all such endeavors centralized bureaucracies of state – whose seeming disadvantages are rooted in poor management rather than organizational form – are far better experienced and equipped[1].

As it can be concluded from the above review of the theoretical arguments, the very fact that the problem of illicit drug trade persists, notwithstanding significant law enforcement measures, does not imply absolute organizational superiority of networks. The above analysis of their strengths and weaknesses proves – at least on the theoretical level – that both networks and hierarchies experience organizational disadvantages while confronting each other. This conclusion draws the focus of current research to the theoretical modeling of transnational organized crime as a more specific factor in international security, shaping the nature and functioning of global drug trade networks.

1.2 Transnational Organized Crime and International Security

Emergence of transnational organized crime (TOC) as an object of analysis in the field of IR theory resulted from equilibrant decline of strategic politics after the end of the Cold War, when safety from massive military invasion and jeopardy of nuclear holocaust gave way to securitization of issues, associated with survival of populations in much wider sense. However, theorization of TOC in IR scholarship has been complicated by an undeniably

[1] Mette Eilstrup-Sangiovanni and Calvert Jones, 19-32.

versatile nature of the phenomenon. On the one hand, the activity of TOC was enhanced tremendously by economic globalization and rediscovered advantages of networks, turning global crime groups into potential threat to the nation state. On the other hand, economic orientation of TOC and its inclination to flourish during the time of political status quo would place whatever criminal activities – even of transnational scale – into the realm of internal affairs of a given state. Closer analysis of TOC theorization attempts and distinctive features of criminal (and in particular drug-trading) networks says much for the international nature of the matter.

1.2.1 Issues of theorization

Interdisciplinary dimension of TOC is the strongest obstacle to its comprehensive incorporation into IR theory. Having reviewed a considerable amount of relevant literature, Klaus von Lampe argues that organized crime as a field of research represent an eclectic combination of concepts from a broad range of disciplines, including criminology, sociology, anthropology, history, economics, political science, and law. An common paradox for all the above disciplines is that TOC is not an integrated empirical phenomenon, but an analytical construct in the first place, thus it can be an object of study only after being dissected into certain levels of analysis, such as individual level; patterns of association; overarching structures of power; activities and issue of legality. Thus research on organized crime is void of even joint understanding of its object of analysis, let alone a comprehensive definition[1].

James Finckenauer stresses the urgency of producing a broad definition of TOC due to its importance in the framing of laws, conduct of investigation and prosecution, provision of international legal assistance. However the definition provided by United Nations Convention on Transnational Organized Crime is far from being universal and comprehensive, search for

[1] Klaus von Lampe, "The Interdisciplinary Dimensions of the Study of Organized Crime," *Trends in Organized Crime* 9, no. 3 (2006), 81-89.

agreement on it proved to be one of the major difficult issues for the sides to negotiate[1]. Allan Castle also denotes definitional deadlocks concerning such delicate matters as state engagement in certain areas of illicit activities, and secondary crimes[2]. Frank Hagan, another renowned expert on organized crime theory, points out at legally unsolvable linguistic contradictions and indeterminate number of dimensions and admits that "it does not appear that a true universal definitional consensus is forthcoming"[3]. Interdisciplinary discrepancies and lack of definition pose major obstacles in TOC theorization in IR field and beyond.

Castle suggests conceptualization of TOC as international security threat against the background of four major challenges of national security – preserving core values, sustaining territorial integrity, freedom from existential threats and control over the use of force. He argues that while there is obviously enough evidence that TOC indeed benefits from economic globalization and poses a significant challenge for the developing world, "without subscribing to elaborate conspiracy theories it is difficult to imagine […] the fluid networks of organized criminality with the degree of confidence one would think necessary to pronounce the existence of a global mafia"[4]. Yuliya Zabyelina, on the contrary, argues that none of the major IR theories offers sufficient theoretical framework for TOC analysis, embracing its transcendence across material and virtual spaces, as well as state participation[5]. Distinctive features of criminal networks will shed light on both difficulties in theorization and significance of their potential threat.

[1] James O. Finckenauer, "Problems of Definition: What is Organized Crime?" *Trends in Organized Crime* 8, no. 3 (2005), 68.

[2] Allan Castle, 9.

[3] Frank E. Hagan, "'Organized Crime' and 'organized crime': Indeterminate Problems of Definition," *Trends in Organized Crime* 9, no. 4 (2006), 128.

[4] Allan Castle, 3-7.

[5] Yuliya Zabyelina, 11-15.

1.2.2 Peculiarities of transnational organized crime networks

Network approach to the phenomenon of crime was founded by Anton Blok in his anthropological studies of Sicilian Mafia in nineteen-fifties. Denying structural nature of historical process, Blok focused on tracing historical links between mafia and various aspects of long-term development of Italian society with focus on demographics, urbanization and social mobility. He came to a conclusion that understanding the social role of crime was not possible "without reference to other groups, classes, or networks with which bandits form specific configurations of interdependent individuals"[1], as these interlinks between social entities were not less functional than the individuals, who established them. This view allowed comprehension of mafia as political middlemen, thus bringing about a category of network as a better perspective on phenomenon political and social change.

Phil Williams, the first scholar to study present-day transnational criminal organizations from the perspective of network, emphasizes the fact that contemporary organized crime networks rarely follow purely hierarchical structure, credited to mafia syndicates by conventional wisdom, instead being more sophisticated, fragmented, and random. They can vary from small local associations to integrated transnational suppliers with centrally managed division of labour, be highly organized or loose in structure, focus on single or multiple product/activity ranges. Advantages of network organization enable them to corrupt politicians, exploit differences in national laws, and form alliances with one another and with insurgent movements to control spacious geographical areas. Division of such networks into coordinating core and functional periphery allows effective intelligence gathering and developing reliable defence mechanisms with advance warnings coming from a broadest range of informers. Law enforcement agencies experience arduous difficulties tracing TOC activities across often multiple jurisdictions and ethnic communities with strong ties of

[1] Anton Blok, "The Peasant and the Brigand: Social Banditry Reconsidered," *Comparative Studies in Society and History* 14, no. 4 (1972), 497-498.

loyalty[1]. Drug trade networks in particular tend to develop very complex system of relationship and division of labour[2] (from 'corporate' bosses to free-lance street dealers) and take diverse forms of organizational 'nodes' – often independent or linked indirectly – on the stages of production, trafficking, distribution, and laundering of proceeds[3].

Jeffrey McIllwain asserts that structural patterns of TOC networks are determined by very diverse, case-sensitive, and irrational denominators of organization – human relations (from formal to biological), cultural traditions, movements between places or statuses, ties of affiliation, nature of physical connections between groups or individuals – that cannot be reduced to a single universally applicable structural pattern. Thus rather amorphous body of organized crime should be viewed as interconnected 'social systems' – each being historical phenomenon, and reflecting in its evolution changes in surrounding civil society and political economy. Therefore organized crime network represents a web of influences, or "series of relationships among professional criminals, their lower- and upper-world clients and politicians". Although some transnational networks are based on ethnicity (a category, hardly integrable into IR theories), such as Chinese drug syndicates, operating through worldwide immigrant communities, criminal networking of transnational scale often transcends culture and centers around more universal values – as recognition of the value of illicit commodity being transferred. This feature allows local networks to expand and interact with other networks for the sake of achieving synergetic effect[4].

[1] Phil Williams, "Transnational Criminal Networks," in *Networks and Netwars: The Future of Terror, Crime, and Militancy*, eds. John Arquilla and David Ronfeldt. (Santa Monica: RAND, 2001), 69-83.

[2] In contrast to networks engaged in other illicit activities, such as arms trade or human trafficking, which do not deal with the production of commodity and therefore are usually much smaller in size.

[3] Allan Castle, 8-9; Mangai Natarajan, "Understanding the Structure of a Drug Trafficking Organization: A Conversational Analysis," in *Illegal Drug Markets: From Research to Policy*, eds. Mangai Natarajan and Mike Hough (Monsey: Criminal Justice Press, 2000), 274; Anita Heber, "The Networks of Drug Offenders," *Trends in Organized Crime* 12, no. 1 (2009), 19.

[4] Jeffrey S. McIllwain, "Organized Crime: A Social Network Approach," *Crime, Law and Social Change* 32, no. 4 (1999), 303-320.

Gerben Bruinsma and Wim Bernasco also denote the obsolescence nature of organized crime as an activity, dominated by centralized organizations, clearly hierarchical and with strict division of tasks. Having undertaken an empirical study of transnational criminal organizations, engaged in trafficking of heroin, women, and stolen cars (all three activities implying complex logistics and distant collaboration between groups of suppliers), the authors come to a theoretical conclusion that drug trade networks are more likely to be based on close social cohesion (such as close friendship, family relationship or ethnical kinship), as they imply high criminal and financial risks, thus requiring greater extent of mutual trust. Drug networks prove to have more direct connections between the 'nodes' that serves better coordination and survival potential. The authors, however, warn against the danger of networks' categorization in terms of illicit markets, as any criminal network – wholly or partly – is very likely to engage in multiple activities, thus making it difficult for law enforcement to employ pattern tracing[1]. Elaborating on the role of ethnic ties and immigrant community in drug trade networks, Richard Friman analyzes the drug distribution networks in Japan, Germany, and the US and concludes that the dynamics of economic globalization determined the division of labour within illicit drug trade, empowering immigrant communities to utilize their transnational and intercity connections and develop their own networks of drug distribution, and frequently advance from margins of drug economy (retail trade) closer to its more profitable center (wholesale trade), forcing competing national drug-traders to organize themselves along ethnical patterns as well[2].

Moisés Naím describes major advantages of criminal networks as their capability to operate in various jurisdictions, not being bound by whatever geographical boundaries, their non-attachment to the concept of sovereignty, which limits states' capacity of counter-agency,

[1] Gerben Bruinsma and Wim Bernasco, "Criminal Groups and Transnational Illegal Markets: A More Detailed Examination on the Basis of Social Network Theory," *Crime, Law and Social Change* 41, no. 4-5 (2004), 80–93.

[2] Richard Friman, "The Great Escape? Globalization, Immigrant Entrepreneurship and the Criminal Economy," *Review of International Political Economy* 11, no. 1 (2004), 127-129.

ability to engage in various simultaneous activities of illicit trades and thus diversify the profits, and extensive integration of illicit commodities' movement into ampler flow of legal goods worldwide. The author argues that activities of transnational criminal networks in illegal traffic of drugs, arms, intellectual property, people, and money pose major challenge to international security and has potential to overcome interstate confrontations in scope and damage[1]. But although making effort to attract scholarly attention to the phenomenon of network as potentially threatening operating pattern of transnational organized crime, most of the aforementioned attempts of theorization originate from social sciences other than IR – constrained in their analytical endeavours by the confines of their disciplines, they only partly contribute to elaboration of comprehensive IR theoretical grounds, necessary for mastering adequate international response to global drug trade networks.

An endeavour of comprehensive theorization of illicit drug trade, undertaken in this chapter, allows making several noteworthy conclusions. First, illicit networks, although still experiencing organizational difficulties, are growing in their capacity of effectively opposing state efforts on their suppression. Second, transnational organized crime is growing as an international security threat, utilizing advantages of the network structure for the global drug trafficking and trade, with law enforcement bound by national jurisdictions, experiencing great difficulties in combating drug criminals. Third, despite obvious agreement among authors concerning certain features of illicit network challenge, the question of clear theoretical framework of required response – national or international – remains open. This last circumstance is aggravated by flaring lack of interest to the phenomenon of organized crime in IR scholarship, although certain important aspects of the problem are covered in literature on sociology, anthropology, criminology and political economy. Due to their interdisciplinary dimension, all of these aspects of global crime and drug trade represent

[1] Moisés Naím, 34-35.

substantial theorization hardships for IR scholars, even on the level of designing comprehensive definitions.

Theoretical ambiguity surrounding the perception of transnational organized crime in IR proves to be inversely proportional to the sophistication and diversity of global drug trade networks that are constantly exploring for new options of organizational improvement and economic effectiveness. Empirical study of global heroin market in its historical and contemporary context, presented in Chapters Two and Three, introduces a detailed example for this claim.

CHAPTER 2 – OPIUM TRADE AND DEVELOPMENT OF INTERNATIONAL DRUG CONTROL: HISTORICAL INQUIRY

Contrary to rather narrow popular perception of drugs as only recent problem of national public health, peculiar embodiment of urban vice, wickedness, and integral part of criminal lowlife, drug addiction and trade has been a powerful backstage factor of historical process and enormously profitable business of international dimensions. Its scope and significance can be vividly illustrated by political history of opium – initial and major component of the world drug problem. This historical inquiry is necessary for understanding the origins of contemporary illicit drug markets, as well as comprehension of all potential difficulties that international community has been trying to overcome in establishing effective regime of illicit drug control. Current chapter presents a detailed inquiry into economic, political, and cultural factors, accompanying and facilitating opium trade in the following chronological sequence: establishment of opium and its derivatives into profitable world-trade commodity; evolution of smuggling connections and historical analysis of the first attempts to create effective drug control mechanisms of international dimensions in the first half of the twentieth century; development of global opium market and anti-drug initiatives by United Nations.

2.1 Worldwide Spread and Pharmacological Issues

Already ancient Greeks were familiar with the opium poppy cultivation and its use as a narcotic. With the conquests by Alexander the Great opium reached Persia and India. Later Indian traders introduced it to the Chinese, where it gained stable popularity as a luxury drug among 'high society' of imperial courts[1]. Rarity and expense of opium in China attracted Portuguese merchants, who at the beginning of the sixteenth century took effort to organize its steady supplies from their Indian colonies and initiated smoking opium with tobacco,

[1] John F. Richards, "Opium and the British Indian Empire: The Royal Commission of 1895," *Modern Asian Studies* 36, no. 2 (2002), 376.

recently discovered in the New World – it produced stronger effect, but also fulminant addiction. Portuguese colonial trade in South and Southeast Asia spread the opium among local populations, and with the growth of Chinese maritime trade and immigration in the region in the late eighteenth century, the drug made its way to wider Chinese public[1]. Notwithstanding Chinese government opium ban in 1729, its traffic continued to increase rapidly[2], mainly by the efforts of British East India Company. By eighteen-thirties opium smoking became a visible socio-economic problem in China, but radical attempts of imperial government to stop opium trade led to its disastrous defeat in subsequent Opium Wars[3], which forced China to legalize British opium imports. Opium became one of the most profitable commodities in international trade by eighteen-eighties[4] with average annual exports only from British India of more than 5.400 metric tons[5]. By that time opiate addiction was developing into a serious concern all across Europe and United States.

Conflict in China attracted considerable public attention to the opium trade and use in the Western world. Opium quickly acquired medical recognition and since early nineteenth century and was advertised as a universal painkiller and cough suppressant, obtainable without prescription and even by mail orders[6]. With popular trust in 'biomedicine' and complete absence of public awareness about the idea of drug addiction, opium gradually

[1] Yangwen Zheng, 9-13.

[2] Welles A. Gray, "The Opium Problem," *Annals of the American Academy of Political and Social Science*, no. 122 (1925), 149.

[3] First Opium War (1839-42) was fought and won by British Empire against China in the attempt of the former to secure positive balance of Anglo-Chinese trade, sustained by massive opium smuggling from British India. Second Opium War (1856-1860) was fought and won by British Empire and Second French Empire against China.

[4] John F. Richards, 377.

[5] By 1906 global opium production exceeded 41.000 metric tones; compare with 8000 metric tons in 2009. – U.N. Office on Drugs and Crime, *World Drug Report 2009* (Vienna, 2009), 33.

[6] In the United States, for example, pharmacies did not exist till 1840 and mail ordering of 'patent medicine' from wholesale houses was a common practice. – Marcus Aurin, "Chasing the Dragon: The Cultural Metamorphosis of Opium in the United States, 1825-1935," *Medical Anthropology Quarterly* 14, no. 3 (September 2000), 417.

spread across all social classes, especially after introduction of its more addictive extracts – codeine, laudanum, and morphine. Invention of the syringe and hypodermic needle in 1853 facilitated massive spread of morphine as an effective anaesthetic, first of all in the battlefield medicine. But after Crimean War, American Civil War, and Franco-Prussian War many of the veterans – over four hundred thousand in US alone – returned home as habitual morphine users, rising first public concern against the drug addiction as "army disease" [1]. Pharmaceutical companies nevertheless continued marketing the drug, which already by the end of the nineteenth century had the highest sales among patent medicines in the US[2]. The situation worsened with the discovery of even stronger heroin in 1898[3]. Considering the spread of respiratory diseases at the beginning of the twentieth century, marketing of heroin as anti-cough over-the-counter drug increased the number of addicts to dramatic proportions, urging the establishment of multilateral drug control.

2.2 Emergence of International Drug Control

When first efforts of domestic drug control in the US – where statistics of opiates' addiction was most alarming among developed nations – did not produce desired results, President Taft initiated introduction of international drug control that originates from Shanghai Opium Commission.

By the beginning of the twentieth century opium addiction created the state of humanitarian emergency in China – the country was world's largest single producer and consumer of the drug with over thirty percent of population being addicts by the year of

[1] John F. Logan, "The Age of Intoxication." *Yale French Studies*, no. 50 (1974), 89.

[2] Marcus Aurin, 419.

[3] In comparison to the addictive potential of regular opium, morphine was ten times stronger, while heroin – semisynthetic morphine derivative – seventy times. Thus heroin required smaller dosages, hence being easier to transport and smuggle. Worldwide marketing and distribution of heroine by German pharmaceutical company "Bayer Ltd" as an effective cure for morphine addiction continued for *twelve* years, until it was discovered that heroin metabolizes into morphine in human body. – John F. Logan, 89.

1906[1]. And although China consumed most of its domestic opium production, its emergence as the biggest opium exporter was perceived by the great powers to be only a matter of time. Shanghai Opium Commission (1906-1907) undertook a detailed analysis of global opium trade and consumption and laid the groundwork for first international drug control treaty – Hague International Opium Convention, which followed in 1912. The main provisions of the Conventions obliged its parties to control production of raw opium and manufactured narcotics – morphine, heroin, and cocaine; enact domestic laws against non-medical use and sale of these drugs; take mutual efforts to prevent international drug smuggling[2]. It also set important precedent by recognizing the harmfulness of drug abuse and necessity to remedy it on the international level. But although having come into force among a number of countries, The Convention was never implemented on the global level due to the outbreak of the war.

The First World War produced even more intense morphine and heroin epidemic as an effect of 'army disease' both in Europe and United States[3]. Although China achieved unbelievable success in opium eradication by the end of the war[4], persistence of old producers (India, Turkey, and Persia) and emergence of new ones (Serb-Croat-Slovene Kingdom, Turkestan, Greece, and Afghanistan) kept opium production at the level ten times exceeding its legitimate need. These circumstances made the Allied Powers to reconsider the poor effect of International Opium Convention. Its ratification and bringing into force was a requirement for all parties of peace Treaty of Versailles and all treaties with former German allies. Enhanced by the creation of League of Nations' Opium Advisory Committee (OAC), this campaign resulted in ratification of The Convention by sixty countries during the year of

[1] U.N. Office on Drugs and Crime, *World Drug Report 2008* (Vienna, 2008), 177.

[2] Welles A. Gray, 150.

[3] Jeannette Marks, "Narcotism and the War," *The North American Review* 206, no. 745 (1917), 884.

[4] Notwithstanding this temporary success, continuing civil war in China systematically disrupted anti-opium campaign. After the fall of Yuan Shikai government in 1916 and total disintegration of the country illegal opium production started to increase, by 1925 amounting to fifty percent of the world crop. – Welles A. Gray, 149.

1919[1]. Newly established international drug control regime was supplemented by similar conventions in 1925, 1931, and 1936. However despite this progress, international drug control reflected general malfunctioning of the League of Nations and was weakened by the absence of United States, which did not ratify the League's conventions; neither did Turkey (world third-largest morphine producer) and China, where due to continuous civil war imports of opium were controlled by the warlords and skyrocketed. Moreover, most important League members were still colonial powers that ran overseas economies, many of which were organized around large-scale drug production[2]. Unwilling to cut down their opium profits, pharmaceutical companies relocated their production facilities to the states that did not participate in International Opium Convention. Thus unable to influence growing agricultural production of narcotics, OAC had to confine its initiatives to controlling medical manufacture of drugs[3]. But in practice such steps only assisted the raise of illegal opium trafficking and involvement of transnational criminal syndicates.

Optimistic tone of UN 2008 World Drug Report, celebrating the centennial of international drug control, did not reflect on fateful circumstances behind the scene. Participation in drug control conventions was based on League's quotas, sufficient to satisfy 'medical needs' of each particular country with subsequent matching of export and import certificates by the OAC. These measures in turn were focused on monitoring major drug producers, listed by national governments. These did not include numerous pharmacies and secondary manufacturers of compounds, which allowed first drugs leakage points into illicit market. Even large registered companies, unwilling to cut down their sales with the withdrawal of the war-time contracts, traded in drugs with dubious enterprises, resorting to falsification of export/import reports. By 1929 sixty nations reported illicit drug seizures and

[1] Ibid., 150.

[2] Alan A. Block, 317.

[3] U.N. Office on Drugs and Crime, *World Drug Report 2008*, 194-196.

transactions which included establishing false pharmaceutical firms and underground factories, corrupting licensed companies, and masterminding complex re-export chains through colonial territories [1]. Organized along ethnic commercial networks, criminal syndicates supplied US, European, and other markets with opium from French Indochina, Turkey, China, and Greece. France, Italy and Germany emerged as de facto major producers of 'unofficial' morphine and heroine, however, League's attempt to introduce method of "national" quotas, which would imply mutual reporting upon request of any country met furious protests and was ignored more and more with increasing of broader political tensions in the late nineteen-thirties.

2.3 Post-War Developments and UN Involvement

Due to general disruption of maritime trade and strict port security during World War Two literally cut off opium supply routes connecting Asian producers with European and American markets, and newly established United Nations did not hesitate to take an opportunity of tightening of drug control regime. In 1946 UN Commission on Narcotics and Drugs (CND) was created, with subsequent adoption of 1946, 1948, and 1952 Opium Protocols. Unlike League's control mechanism, new legislation aimed at producing countries and empowered the CND to establish limits of national production, conduct inspections and impose sanctions even concerning states, not participating in the Protocols[2].

Great expectations of new drug control measures were inspired by recent changes in China, where victorious communist government within several years of extremely severe anti-drug campaigns completely eliminated domestic opium production and consumption. However, China's withdrawal was compensated by increase of illegal production in Southeast Asia – namely Hong Kong, Burma, Vietnam, Laos, and Thailand. Opium business there was

[1] Alan A. Block, 318-322.

[2] U.N. Office on Drugs and Crime, *World Drug Report 2008*, 197-198.

controlled by local Chinese syndicates and even CIA-sponsored guerrilla movements of anti-communist orientation (such as Kuomintang in Thailand), whose stability was increasingly dependent on opium trade, and already by the mid-fifties the region emerged as notorious 'Golden Triangle', producing seventy percent of world illicit opium[1]. To supply US drug market, larger opium production was developing in Mexico, where first seizures were reported in already in 1933[2]. Similarly alarming trends were observed in Turkey, Pakistan, and Afghanistan, where opium markets remained relatively undisrupted by the war, due to sizeable domestic demand and growing Iranian market[3]. Availability of unrestricted opium supplies from the above areas fueled transnational criminal networks, such as French Connection, Union Corse, and Italian Mafia, each running commodity and supply chains stretching from Far or Middle East to Europe and North America with hundreds millions dollars of financial turnover[4]. These trends combined with rather decentralized nature of international control encouraged UN to take strengthening measures.

In 1961 Single Convention on Narcotic Drugs was adopted superseded all previous conventions and treaties. It included vast number of newly emerged synthetic opioids and a more flexible definitional mechanism for including new drugs in the future, as well imposing stricter obligations on parties concerning statistical reports and national anti-drug initiatives with empowering CND in monitoring of their legislative progress and level of compliance[5]. But although Single Convention surpassed preceding drug control mechanisms in potential efficiency, its non-self-executing nature and resulting administrative delays fell behind the

[1] Harish Chandola, "The Politics of Opium," *Economic and Political Weekly* 11, no. 23 (1976), 832.

[2] U.N. Commission on Narcotic Drugs, "Opium Production throughout the World," *Bulletin on Narcotics* 1, no. 1 (1949), 26.

[3] For instance, in 1943 Iran reported over 1.5 million opium addicts with total population of 14 million. – Fariborz Raisdana and Ahmad G. Nakhjavani, "The Drug Market in Iran," *Annals of the American Academy of Political and Social Science*, no. 582 (July 2002), 151.

[4] *Time*, "The World: The Milieu of the Corsican Godfathers," September 4, 1972. http://www.time.com/time/magazine/article/0,9171,910391-3,00.html

[5] U.N. Office on Drugs and Crime, *World Drug Report 2008*, 198-200.

escalation of global drug trade. US intervention to Vietnam in mid-sixties contributed to diffusion of heroin epidemic, since the drug issue became a covert tool of US policy to sustain the loyalty of principal Vietnamese allies. It favoured emergence of new 'connections' with active participation of US military personnel[1], resulting in dramatic statistics of heroin addiction among enlisted soldiers[2]. After US withdrawal in 1973 the surplus of heroin was being shipped to Western European and the North American markets, causing subsequent domestic drug epidemic[3], which eventually forced President Nixon to declare national strategy of the 'War on Drugs' and demand UN for introducing additional drug control measures.

In 1972 UN adopted Protocol, amending Single Convention with specific focus on heroin, which, *inter alia*, empowered CND to reduce country's quota for any amount considered to be introduced into the illegal traffic, and exacting requirements for national drug policing[4]. In 1981 Single Convention was also supplemented by the Drug Abuse Control Strategy, but annual reports of its implementation illustrated quite limited effectiveness of international drug control: "Though these reports suggested that the world community was strengthening the efforts in the on-going battle against illegal drug production, trafficking and abuse, the same reports also suggested that there was, in fact, an ongoing deterioration of the situation, notably due to rapid increase in the level of sophistication of the global networks of

[1] Notorious example is the 'Cadaver Connection' (1968-1975) – trafficking network established by US army sergeant Leslie Atkinson and New York organized crime boss Frank Lucas, smuggling heroin directly from 'Golden Triangle' suppliers through US Air Force bases in Vietnam and United states in the coffins of dead American soldiers. – Ron Chepesiuk, "Frank Lucas, "American Gangster," and the Truth behind the Asian Connection," *New Criminologist,* January 17, 2008. http://www.newcriminologist.com/article.asp?cid=130&nid=2019

[2] Over 50% of conscripts tried heroin in Vietnam, with subsequent lifetime of addiction among veterans estimated at 25%. – Lee N. Robins, Darlene H. Davis and Donald W. Goodwin, "Drug Use by US Army Enlisted Men in Vietnam," *American Journal of Epidemiology* 99, no. 4 (1974), 235.

[3] The "heroin generation" of Americans, who became addicted in 1965-1973 numbered nearly four million. – Bruce D. Johnson et al., "Drug Abuse in the Inner City: Impact on Hard-Drug Users and the Community," *Crime and Justice*, no. 13 (1990), 14.

[4] U.N. Office on Drugs and Crime, *World Drug Report 2008*, 203.

illegal drug traffickers"[1]. Temporary reduction in illicit heroin traffic indeed did not reflect the effectiveness of these measures, but rather just broader developments in global politics. Massive opium eradications that followed communist accession to power in Vietnam and Laos in 1975 determined decrease of traffic from 'Golden Triangle' and subsequent rise of illicit production in Afghanistan.

Until late nineteen-seventies Afghanistan was relatively small-scale opium producer, only partly supplying neighboring Iran, which after 1955 opium ban represented a vast illicit market. Domestic population did not indulge in opium, instead profiting from Western drug tourism which blossomed around local cannabis cultivation[2]. Islamic Revolution in Iran in 1979 causing disruption of enforcement efforts and raise of local cultivation was closely followed by Soviet invasion, which froze traditional smuggling routes between the two countries[3] made Afghan traffickers to develop the manufacture of refined heroin and discover new demand outlets in Europe and North America. Although Afghanistan would emerge as the world's biggest producer only in early nineties, the grounds for the prosperity of opium trade were established during the time of Soviet presence.

Determinants of large-scale opium cultivation in Afghanistan can be narrowed down to, first, local mountainous terrain (and river valleys), perfectly suitable for opium cultivation, and availability of vast southern territories beyond control of the central government. Second, general disruption of agriculture by the war and Soviet policy of destroying food crops in rebellious areas to starve the mujaheddin guerillas. Third, enormous profitability of the opium trade as indispensable source for financing the war effort; therefore the firepower of

[1] Development and efficiency of UN system of drug control, including 1988 Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, will be analyzed in greater detail in Chapter Three.

[2] By 1973 Kabul was hosting up to six thousand hippies, attracted by local cannabis market. Tightening of visa and drug control by the first republican government in the same year forced most of them to depart, hence establishing major international drug links between Afghanistan and Western markets, which would soon become channels of heroin smuggling. – Ikramul Haq, "Pak-Afghan Drug Trade in Historical Perspective," *Asian Survey* 36, no. 10 (1996), 948.

[3] Fariborz Raisdana and Ahmad G. Nakhjavani, 152.

mujaheddin traffickers (also as a consequence of steady military aid from the US) quickly came to an equal that of state authorities on both sides of Afghan-Pakistani border. Fourth, extensive militarization of this area, which hosted mujaheddin recruitment camps and became a major route of weapon supplies from Pakistan to Afghanistan, thus granting safe passage for heroin traffic, often carried across in vehicles of Pakistani Army, whose officials collected their recompense for intermediation. Fifth, extensive involvement of both Soviet and US intelligence and military in trafficking activities[1]. As US drug policy in the region was inferior to combating Soviet influence there, CIA turned a blind eye to mujaheddin involvement in illicit drug trade, as it made anti-Soviet warlords no longer dependent on external financial support by 1984, despite over sixty percent of heroin sold in US market originated in Afghanistan already in 1980[2]. In mid-eighties Pakistan became not only main transit point of Afghan heroin on its way to the Western markets, but itself also developed huge illicit production and addicted population[3]. Thus by the end of the Cold War global drug market was left with Afghan "mujaheddin warlords, whose skills as drug dealers exceeded their competence as military commanders"[4], as well as flourishing heroin production in South America, West and Central Asia, and its sudden re-emergence in China.

Trade in opium stands out as a historical factor of greater influence. Despite extremely addictive potential of this drug, it was a prime object of commercial speculation, especially with the discovery of its much more powerful derivatives as morphine and heroin. Opium trade proves to be the prime cause of historical tragedy and destruction of the Chinese state, developmental tardiness of numerous countries, engaged in its production voluntarily or through colonial compulsion, as well as prolonged factor of depopulation and social

[1] Ikramul Haq, 949-955.

[2] Richard Davenport-Hines, "War Views: Afghan Heroin Trade Will Live On," *BBC News* (October 10, 2001), http://news.bbc.co.uk/2/hi/uk_news/1590827.stm

[3] Having slightly over five thousand heroin users in 1980, Pakistan faced terrible heroin epidemic in 1995, amounting to two million addicts with the population of 125 million. – Ikramul Haq, 954.

[4] Ibid., 961.

degradation all throughout the world. As after the Second World War traditional zone of opium cultivation paralleled the major fault line of the Cold War, stretching along the southern borders of China and Soviet Union, opium trade became a powerful political factor in the confrontation of the superpowers and their sponsored allies, which led to formation of transnational organized criminal groups operating along elaborate traffic routes, hardly traceable and destructible for by the efforts of a single state. Absence of efficient drug control of truly international nature led to blossoming of illicit drug trade under the surface of the Cold War confrontation and revelation of global-scale heroin market by the end of the twentieth century.

CHAPTER 3 – CONTEMPORARY HEROIN MARKET: TRENDS AND GLOBAL IMPACT

Emergence of the new large-scale suppliers and markets by the end of the twentieth century opened a new era of drug trade bonanza, enhanced by an unprecedented range of opportunities for low-risk production, management, trafficking, and laundering of proceeds. This chapter analyzes the development of global heroin market and its trafficking routes and focuses on major functional features of illicit drug markets and financial mechanisms of money laundering as primarily important part of drug trafficking networks infrastructure. Impact of global drug trade, organized crime, and drug violence on developmental perspective is also discussed, as a powerful backstage factor of contemporary world politics, transforming the developing world into a battleground between drug trade networks and developmental efforts of international community.

3.1 Heroin Production and Trafficking after the Cold War

International drug trade was established in its present-day global dimension by early ninety-nineties, reflecting globalization of finance, commerce and labour division. Transfer of technological know-how from metropolitan centers to the remotest areas of developing world brought about new patterns of drug use. Historical and geopolitical legacy, accumulated by the end of the twentieth century, brought to light clear evidence that retaining of economic and military dominance would always take priority over effective policy of drug control. Counter-drugs arguments were and will be used "to camouflage global strategic interests […] involving military expansion or operations in sovereign states […] and to maintain

intelligence bureaucracies whose survival appeared threatened by the post-Cold War peace dividend"[1].

3.1.1 Major developments in 1990s

The last decade of the twentieth century was accompanied by agricultural expansion of opium and decreased technological input required to produce refined heroin immediately on cultivation site. Suspension of US and Soviet aid, which used to fund their Cold War concerns in developing world, caused aggravation of poverty, hence, with few licit economic options available, peasants chose resorting to cultivation of drug crops[2]. Heroin smuggling also became an indispensable source of hard currency for numerous insurgent movements, as well as governments trying to remain in power.

Already by early nineteen-nineties opium cultivation spread from traditional producers ('Golden Triangle' and 'Golden Crescent') to South American countries previously not engaged in heroin market to any considerable extent, former Caucasian and Central Asian USSR republics, and re-emerged in China, where large poppy crops were spotted in thirteen out of twenty three provinces[3]. For instance, in Latin American region Mexico, where heroin production was kept on relatively low level till mid-eighties, emerged as a major heroin producer and principal transit point for drugs, smuggled to the US from South American countries. Mexican heroin production quickly spilled across the southern border into Guatemala, and the two countries exported up to seventy tons of heroin already in 1989[4]. Encouraged by enormous success of cocaine trade, Columbia, where first poppy plantation are reported to appear only in 1991, utilized long-established networks of smuggling and

[1] Roger Lewis, "Opium Past, Opioid Futures: Imperialism, Insurgency and Pacification in a Global Commodity Market," *International Journal of Drug Policy* 12, no. 1 (2001), 111.

[2] Stephen Flynn, "World Wide Drug Scourge: The Expanding Trade in Illicit Drugs," *The Brookings Review* 11, no. 1 (1993), 7.

[3] Ibid., 8.

[4] Compare to only seven tons of Mexican heroin exports in 1984. – Peter Reuter and David Ronfeldt, "Quest for Integrity: The Mexican-US Drug Issue in the 1980s," *Journal of Interamerican Studies and World Affairs* 34, no. 3 (August 1992), 93-96.

distribution for sizeable heroin supply to US and European markets[1]. Central Asia also developed into important opium producer and transit zone for Afghan, Pakistani, and Iranian heroin on its way to Russian Federation and Turkey – by the end of the century sizeable opium cultivation and exports were reported from, Kyrgyzstan Tajikistan, Turkmenistan, Uzbekistan, and Kazakhstan, the latter with annual opium production average of thirty tons[2]. Although growth of these new source countries was not very stable, also reflecting fluctuations of supplies from Afghanistan and Myanmar, from 1990 to 2002 wholesale and retail prices of heroin in Western European and US markets were steadily declining[3]. Therefore heroin supply was gradually exceeding demand, with low-priced surplus being distributed in local markets, by the end of the first decade of the twenty-first century causing escalation of consumption in producing countries and neighbouring regions[4]. The picture of contemporary situation heroin market sheds light on the scale and nature of its aforementioned expansion.

3.1.2 Trend in present-day production

According to the most recent global survey data from UN World Drug Report, in 2008 most of the world's opium was cultivated in Afghanistan, despite nineteen percent decrease compared to the previous year. However, opium production in two other major cultivating countries remained stable, thus figures of world production were at the level of eight thousand metric tons, compared to nearly nine in 2007. Stable medium-scale cultivation in Asia was

[1] Daniel Ciccarone, George J. Unick and Allison Kraus, "Impact of South American Heroin on the US Heroin Market 1993-2004," *International Journal of Drug Policy* 20, no. 5 (2009), 397-398.

[2] U.N. Office for Drug Control and Crime Prevention. *Global Illicit Drug Trends* (New York, 1999), 22.

[3] Daniel Ciccarone, "The Political Economy of Heroin: Regional Markets, Practices and Consequences," *International Journal of Drug Policy* 16, no. 5 (2005), 289.

[4] In 2008 near fifty percent of world's opiate users were found in Asia – in and around Afghanistan, Pakistan, India, and Myanmar, with highest per capita prevalence in Iran, Laos, and Kyrgyzstan; emergence of heroin production South American countries caused increase of use in Colombia, Venezuela, Panama, Chile and Argentina; rising use has been also reported in Africa. – Merrill Singer, "Drugs and Development: The Global Impact of Drug Use and Trafficking on Social and Economic Development," *International Journal of Drug Policy* 19, no. 6 (2008), 471.

reported in Pakistan, Bangladesh, India, Nepal, Thailand, and Vietnam, in South America – in Colombia, Mexico, Ecuador, Guatemala, Peru, and Venezuela, as well as relatively small-scale cultivation in other regions – in Baltic, Balkan, and Caucasian countries, Egypt, Iraq, Lebanon, Russian Federation, and Ukraine[1]. As Afghanistan and 'Golden Triangle' remain the largest producers, it is useful to have a closer look on the situation in these countries.

Although due to decisive and severe enforcement of opium ban in Afghanistan by the Taliban regime resulted in sixty-five percent reduction in illicit heroin supply from this country from the harvest of 2001, after US intervention and the fall of Taliban regime (despite the ban was formally renewed) extensive opium cultivation was quickly resumed and reached its peak of eight thousand metric tons in 2007[2]. However, by 2009 local opium cultivation decreased by one third from this peak level, and stable cultivation is expected in 2010. Twenty provinces out of thirty four remaining poppy-free with an optimistic expectation of increasing its number up to twenty-five in the course of the year 2010, with most of country's opium cultivation being concentrated in the south-west region, which is under very symbolic control of the central government. Despite this notable success, long-term predictions may be less promising due to the downward trends in licit crop prices[3]. In Myanmar and Laos opium cultivation is reported to remain stable, not having exceeded five hundred tons since 2004[4]. But due to progressing poverty peasants in both countries continue to cultivate opium despite fierce eradication campaigns, as opium constitutes seventy-three percent of the average rural household income in Myanmar, and ten in Laos[5].

[1] U.N. Office on Drugs and Crime, *World Drug Report 2009*, 33-35.

[2] Graham Farrell, and John Thorne, "Where Have All the Flowers Gone? Evaluation of the Taliban Crackdown against Opium Poppy Cultivation in Afghanistan," *International Journal of Drug Policy* 16, no. 2 (2005), 83.

[3] For instance, wheat crop prices demonstrated 43% decline in 2009, while opium price went only 6% down. – U.N. Office on Drugs and Crime, *Afghanistan Opium Survey 2010: Winter Rapid Assessment* (Vienna, February 2010), 1-2.

[4] U.N. Office on Drugs and Crime, *World Drug Report 2009*, 35-36.

[5] Tom Kramer, Martin Jelsma and Tom Blickman, "Withdrawal Symptoms in the Golden Triangle: A Drugs Market in Disarray," *Trends in Organized Crime* 13, no. 1 (2010), 88.

Statistical total of opium production dispersion demonstrates that ninety-eight percent of world production is concentrated in only six countries; similar concentration is also observed in cocaine market, where all production is concentrated in Bolivia, Colombia, and Peru. While no technical reasons exist for producing these drugs within main destination markets – United States and Western Europe – law enforcement risks for potential producers are enormously high and even engagement in only heroin refining, which would enable drug traders to appropriate vast profits from added value, would not compensate the costs of disclosure[1]. By contrast, this is not the case for other drugs as methamphetamine, which is either produced locally or exported from industrially developed nations. These differences can be explained by factors of low land and labour prices in opium producing countries, as well as insignificant enforcement risks, which altogether produce inferior prices of refined products; this is also the reason of only modest levels of production in transshipment countries. But with fluctuations in supply from major heroin producers, their place can be taken by countries with similar geographical, political, and economic conditions – such as former Central Asian republics of USSR – in case local producers will be able do develop trafficking networks similar to those from Afghanistan and Myanmar, skillfully embedded in growing flow of licit commodities.

3.1.3 Heroin trafficking

United Nations Office on Drugs and Crime reports prevalence of heroin trafficking over that in raw opium and morphine, with overall percentage of heroin seizures growing slower, than world opium production. Seizure statistics suggests that trafficking continues to flow along three major routes: from Afghanistan to European market through Middle East (Pakistan, Iran, and Turkey), Balkan countries and West Africa; from Myanmar and Laos to markets in China and Oceania region; and from Latin America to North American markets. In

[1] Peter Reuter, "Assessing the Operation of the Global Drug Market," *Report for European Commission.* (Cambridge: RAND Europe, 2009), 3-6.

addition to 'traditional' routes, new ones are emerging: from Southwest to Southeast Asia and Oceania; from Southwest Asia to North America (notably Canada). Although significant portion of the Afghan heroin is destined for the neighbouring markets – Iran, Pakistan, Central Asia countries and India – numbering up to five million users, smaller West and Central European markets (about one and a half million) are providing most profit. To reach the latter, heroin is being trafficked to Iran and then Turkey, where through Istanbul it reaches Bulgaria for subsequent transport to Romania and Serbia. Then, through corresponding countries of the Balkan Peninsula entering European Union, thus forming so called 'Balkan route'. Heroin intended for UK, Poland, and Germany is frequently trafficked through Central Asian countries, Russian Federation, and then Ukraine, forming the 'Silk route'[1]. Little evidence is available to mare precise and comprehensive conclusions about operation of criminal networks running these routes. However selective analysis may illuminate important aspects of the issue.

First, heroin trafficking networks reveal flexibility of reaction to demand fluctuations, equal to the one observed in legal commerce. Analysis of the effects of Taliban opium ban in Afghanistan and eradication efforts in the countries of 'Golden Triangle' on global heroin supply proves that neither of the major heroin markets suffered any increase in the wholesale or retail price[2]. Such stability is explained by presumed availability of vast stockpiles in both source and destination countries, as well as promptness of other suppliers – such as Colombian drug syndicates – in fulfilling the supply gap. This finding also indicates that significant disruption to contemporary heroin market can be caused only by a convergence of multiple factors, including undermining of trafficking routes and law enforcement action all

[1] U.N. Office on Drugs and Crime, *World Drug Report 2009*, 41-44.

[2] Amy Gibson, Louisa Degenhardt, Carolyn Day, and Rebecca McKetin, "Recent Trends in Heroin Supply to Markets in Australia, the United States and Western Europe," *International Journal of Drug Policy* 16, no. 5 (2005), 294-298.

along the chain of supply. Simultaneous combination of all is important due to high degree of firmness, developed by drug trade networks.

Second, there is high degree of cooperation among networks trafficking heroin and those engaged in trading other drugs, with frequent simultaneous engagement of one network in different activities. For instance, case-study of South Asian drug supply networks in the UK come to conclusion that even those networks based on immigrant communities with presumed degree of ethnical closure are active in establishing alliances with other ethnic groups or "do business with any reliable actor (legitimate or otherwise) that can generate added value to the network"[1]. They are capable to establish their own distribution and trafficking business and rarely confine their activities to one particular drug. Poly-drug activities are exemplified by the case of Amsterdam – major hub for distribution of heroin, refined in Turkey from Afghan opium – where previously specialized trafficking organizations now stockpile various drugs and refer to each other in case of supply shortages[2].

Third, heroin trafficking networks are highly adaptive to law enforcement interventions and are quick to establish new safer transnational routes. Case studies of heroin trafficking between Myanmar and China, denote that criminal networks tend to recruit low-level traffickers for immediate transportation, who are willing to undertake the risk of seizure consequences due to desperate poverty, but whose confession to law enforcement authorities cannot undermine the efficiency of network as a whole[3]. Ingenious transportation schemes are continuously developed and improved to stay ahead of seizure efforts, implying combinations of large- and small-scale shipments. Toughening of anti-heroin operations by local governments is balanced by sharp increase in amphetamine-type stimulants, which are

[1] Vincent Ruggiero and Kazim Khan, "British South Asian Communities and Drug Supply Networks in the UK: A Qualitative Study," *International Journal of Drug Policy* 17, no. 6 (2006), 482.

[2] Ibid., 479.

[3] Ko-lin Chin and Sheldon X. Zhang, "The Chinese Connection: Cross-Border Drug Trafficking between Myanmar and China," *Report for U.S. Department of Justice* (April 2007), 3-6. http://www.ncjrs.gov/pdffiles1/nij/grants/218254.pdf

becoming more important component of the drug problem worldwide[1]. Concentration of law enforcement efforts along traditional heroine routes enabled West Africa to emerge as a new transshipment point for Southwest Asian heroin being smuggled from Pakistan through Middle Eastern to Kenya, Tanzania, South Africa, Nigeria and Ghana and later entering markets worldwide[2].

The aforementioned developments in heroin production and trafficking are being enhanced greatly by larger trends of economic globalization and certain gloomy features of economic life in developing countries.

3.2 Illicit Markets, Money Laundering, and Global Development Agenda

Transnational organized crime is naturally understood as a continuation of trade by illegal means. The main reason why transnational criminal groups exist and succeed is black markets of illicit commodities, blossoming around state prohibition policies. Liberalization of international commerce and growing functionality of 'digital money', as well as notorious reluctance of governments and financial institutions to resist illegal transactions enables networked drug traders to follow the logic of markets crossing national borders, successfully launder their incomes, reinvest, and prosper.

3.2.1 Economic globalization and drug markets

First feature of drug markets, enhanced significantly during recent decades, is their global dimension. Merill Singer points at promotion of "neoliberal adjustment" by the Western nations and development institutions, which implies structural shift from national ownership to general privatization and dependence on market forces as controlling

[1] U.N. Office on Drugs and Crime, *World Drug Report 2009*, 9.

[2] Thomas M. Harrigan, "Confronting drug trafficking in West Africa," *Statement before the U.S. Senate Committee on Foreign Relations* (June 23, 2009), http://www.justice.gov/dea/speeches/hearing_indian_country.pdf

mechanism of economic development[1]. The ultimate goal of such policies is maximal removal of national trade barriers. The major consequence – which targets developing nations in the first place – is increase in global flow of both legal and illegal commodities. Contrary to the public perception, most of the drug traffic safely concealed with licit cargo and transported for very low cost. However, at its present-day stage 'container revolution', while giving preference to more and more capacious container ships to facilitate the cargo flow, generates critical difficulties in inspection that grant safe passage for greater majority of containers, carrying drug smuggling[2].

Liberalization of global trade also influences drug markets' structure, risk premium, and efficiency features. Market structure effect involves a shift from monopolistic towards competitive forms of trade, thus lowering the difference between the retail price and production cost of the drug. Risk premium effect implies the influx of poor and unskilled labour migrants (both from the countryside to the city and from developing to developed parts of the world), who "have little to loose and are willing to take risks so as to capture the large profits of the drug business", which also reduces the intermediation margins in illegal markets. The efficiency effect comprises reduced costs and safety of transportation and communication, as well as facilitated transfers of technological know-how, with the latter increasing the capability of drug farmers to resist crop eradications[3]. These effects combined induce decline of drugs' retail prices – the second major advantage, brought up by globalization, which stimulates consumption and whittles international supply reduction policies. Multiplied by reliable mechanisms of laundering illegal profits, effectiveness of drug markets proves to be a strong economic factor of network resilience and power.

[1] Merrill Singer, 469.

[2] Standard twenty-foot equivalent unit container (TEU) requires five custom officers and three hours for full inspection. With capacity of modern cargo-carriers to convey up to fifteen thousand TEU, in the US alone *only three percent of about nine million* containers that enter US ports annually are checked. – Peter Andreas, 41.

[3] Cláudia Costa Storti and Paul De Grauwe, "The Cocaine and Heroin Markets in the Era of Globalization and Drug Reduction Policies," *International Journal of Drug Policy* 20, no. 6 (2009), 488-494.

3.2.2 Money Laundering

Already in the mid-nineties, the time when financial transfers were relatively far from their modern level of sophistication and speed, it was little to no chance in preventing the laundering of drug money after they would enter the international banking system[1]. Growth of offshore financial centers, used by legal corporations as outlets for tax evasion, introduced a pattern carried on by criminal enterprises, and nowadays the laundering of the drug trade proceeds is sufficient to destabilize regional capital markets, distort efforts of economic development and integrity of financial institutions[2]. Money can be moved across numerous jurisdictions, creating serious difficulties for law enforcement in tracing, and even when 'dirty' money is identified, seizing it is close to impossible. Thus contemporary financial system represents "a money launderer's dream"[3]. United Nations Office on Drugs and Crime identifies drug money laundering as "rampant and practically unopposed" [4] while its recommendations on anti-laundering measures are honoured in the breach. Taking into account the role of rapid money transfers in the survival of legal businesses, government protection of banks in case of transaction ambiguity has become a widespread practice, mainly due to obvious reluctance of any national government to restrict existing freedom of financial market within its jurisdiction by effective anti-laundering regulations[5].

[1] David A. Andelman, "The Drug Money Maze," *Foreign Affairs* 73, no. 4 (July-August 1994), 95.

[2] United Nations Office on Drugs and Crime evaluated global drug trade at $320 billion for the year of 2009. Although it constituting about 0.5% of the world GDP ($58 trillion in 2009), global drug economy – if hypothesized as a country – would rank as twenty first largest in the world, following Sweden with GNP of $358 billion. – U.N. Office on Drugs and Crime, "Organized Crime and its Threat to Security: Tackling a Disturbing Consequence of Drug Control," *Report by the Executive Director of the United Nations Office on Drugs and Crime*, E/CN.7/2009/CRP.4. (Vienna, March 1, 2009), 3; Central Intelligence Agency, "The World Factbook 2009," https://www.cia.gov/library/publications/ the-world-factbook/index.html.

[3] Phil Williams, "Crime, Illicit Markets, and Money Laundering," in *Managing global issues: Lessons learned*, eds. P. J. Simmons and Chantal de Jonge Oudraat. (Washington: Carnegie Endowment for International Peace, 2001), 110.

[4] U.N. Office on Drugs and Crime, *World Drug Report 2009*, 3.

[5] Allan Castle, 13; Ian Taylor, "The International Drug Trade and Money-Laundering: Border Controls and Other Issues," *European Sociological Review* 8, no. 2 (1992), 191.

3.2.3 Economic reform and alternative development failure

Developmental implications of illicit drugs – especially in their social dimension – are of increasing importance for the number of reasons. First, drug trade activities always entail corruption of public officials and often breakdown of social institutions, which even on its own account has deadly consequences for developing nations. Second, they are accompanied by an increase of crime, which, given certain geographical and political conditions, may result in loss of government control over vast areas of the country and/or generate flows of refugees. Third, large-scale agricultural activities of opium production disturb normal development of whole regions and cause environmental damage. And fourth, populations of drug producing and trafficking countries are prone to criminal employment and/or widespread drug abuse – problems hardly manageable for developing nations with their tight social budgets.

The very root of the problem is the obsolescence of the contemporary concept of international development[1]. Since being conceived in 1955 on Non-aligned Movement constitutive conference, development paradigm did not demonstrate much evolution even in Millennium Development Goals, adopted by the United Nations for the years of 2000-2015, address the drug issue only superficially and overlooked in the development debate in general. Erosion of the rule of law and legitimate productivity caused by illicit drug trade, in the long run presents more significant security concerns than short-term existential threats[2]. These opinions are illustrated brightly by destructive effects of illicit drug markets on developing countries. Reported scope of drug-related corruption in Tajikistan, Afghanistan, and Colombia[3] are posing a major obstacle for the development of proper state and civil society, based on legal economy, "where the output of public goods is a natural part of the relation

[1] Merill Singer, 467.

[2] Allan Castle, 12.

[3] Merill Singer, 474-475.

ship between the government and the public"[1]. Investments by drug-lords in peasant cultivation leads not only to certain technological modernization, but reproduces increasingly oppressive labor relations[2], while eradication efforts tend to cause tremendous environmental damage, undermining country's legal agriculture[3]. With drug farming being prominent employer in producing and trans-shipment countries, it is very difficult for the government to generate budget revenues and provide access to social services[4]. However, problems even more fundamental in nature are generated by the impact of drugs on social peace.

3.2.4 Drugs and social development

Persistence of violence in the countries of production and trafficking as a result of 'turf wars' between rival syndicates, political assassination or for the sole purpose of intimidating the community has become a common fact. Antonio Maria Costa, executive director of UN Office on Drugs and Crime, attributes this trend to the uncontrolled urbanization of the world, while the growth of cities evolves with total neglect to the problem of urban poverty[5]. With over a half of the contemporary world inhabitants living in urban centers, late-modern city attracts increasing attention as a principal analytical unit in the study of drug trade among social science scholarship. Massive migration undermined its function as a place of peaceable cohabitation of residents and visitors, giving rise to misanthropic trends of social interactions and turning city into 'drug bazaars' and seats of major threats – from terrorism to the emergence of new synthetic drugs and their increasing distribution through global trade networks. Toughening of the condition of survival, illustrated by the rise of youth

[1] Johan Engvall, "The State under Siege: The Drug Trade and Organized Crime in Tajikistan," *Europe-Asia Studies* 58, no. 6 (September 2006), 850.

[2] Roger Lewis, 110.

[3] Liliana M. Dávalos, Adriana C. Bejarano and Leonardo H. Correa, "Disabusing Cocaine: Pervasive Myths and Enduring Realities of a Globalized Commodity," *International Journal of Drug Policy* 20, no. 5 (2009), 385.

[4] Opium remains largest employer in Afghanistan and Myanmar, while in the most fertile agricultural regions of Bolivia coca farming employs between 18% and 58% more workers than alternative crops – Merill Singer, 472; Liliana M. Dávalos et al., 382.

[5] U.N. Office on Drugs and Crime, *World Drug Report 2009*, 2.

unemployment, immigrant ghettos, and illegal enterprises contribute to the popular view of criminal activity as a justified self-employment, and of drug use as an acceptable remedy from social suffering[1]. However, in the countries of production and trafficking temptation of the fast profits of drug business multiplied by economic desperation of local populations enables spread of violence all across the nation. Need systematic protection for the criminal groups from state suppression and rival gangs, combined with the profitability of drug business that can provide criminals with latest weapons contributes much to the cause of drug violence. In the case of West African region that becomes an important transhipment point of South American cocaine route towards Europe, local violence quickly grew with the expansion of territories under control of organized crime[2]. Another example is proliferation of cannabis farming in countryside regions of Northeast Brazil in the late ninety-nineties, quickly causing the level of criminal activities equal to the "permanent state of siege with a generalized feeling of paranoia much greater than one senses even in the violent metropolitan areas"[3]. Combined with aforementioned developmental failures, criminal unrest adds to rather gloomy prospective of global social progress and successful modernization of developing nations.

Analysis of trends and impacts of global market of heroin (and illicit drug markets as such) allows making the following conclusions. First, cultivation of opium and heroin production expanded significantly after the Cold War, entrenching in traditional growing regions and appearing in new countries with chronic political or social instability and poor economic performance. Second, heroin trafficking today constitutes market of

[1] Vincent Ruggiero and Nigel South, "The Late-Modern City as a Bazaar: Drug Markets, Illegal Enterprise and the 'Barricades'," *British Journal of Sociology* 48, no. 1 (1997), 55-56; Bruce D. Johnson et al., 41-43; Merill Singer, 469.

[2] U.N. Office on Drugs and Crime. "Drug Trafficking as a Security Threat in West Africa". *Report by the Executive Director of the United Nations Office on Drugs and Crime* (Vienna, November 2008), 5.

[3] Ana M. Bicalho and Scott W. Hoefle, "From Family Feud to Organized Crime: The Cultural Economy of Cannabis in Northeast Brazil," *Bulletin of Latin American Research* 18, no. 3 (July 1999), 357.

macroeconomic dimensions and new routes are emerging, with the persistence of the old ones. Third, economic globalization enables dramatic expansion of the drug markets, restricted rather by demand than anti-drug measures. Contemporary financial system blindly favours drug money laundering, thus opening opportunities of criminal capital accumulation, hence strengthening the position of transnational organized crime in global affairs. Fourth, both drug business and massive use in countries of production and trafficking reproduce political corruption, severe violence, and expansion of illicit economies. It challenges social well-being of cities and brakes establishing civil society, rule of law, and economic reform in the developing world, also contributing to such truly global concerns as immigration and poverty. Considering these urgent challenges, it is possible to critically examine contemporary drug control regime as flexible framework for effective international action.

CHAPTER 4 – STRUCTURE AND FUNCTIONING OF INTERNATIONAL DRUG CONTROL

Persistence and intensity of challenges, posed by global drug trade networks, imply critical lack of collective agency by international community. Due to truly worldwide scope and complexity of drug trafficking networks it should be obvious that any nation-state on its own is capable of responding to the network challenge effectively but must make use of international cooperation on the highest level. This chapter undertakes critical analysis of the UN system of conventions on drug control and against organized crime, highlights major weaknesses of international drug control against the broader background of network challenge, and suggests potential areas of improvement.

4.1 United Nations International Drug Control Regime: Structure and Criticism

United Nations mechanism of drug control is centered around the Office on Drugs and Crime (UNODC) – subdivision, generally responsible for assisting member states in ratification and implementation of drug control treaties. UNODC incorporates specific body, responsible for coordination of international drug-control activities – International Drug Control Program (UNIDCP), in turn governed by Commission on Narcotic Drugs (CND), which functions as a central policy-making body. Another important drug control organ is the International Narcotics Control Board (INCB), directly responsible for implementation of the three conventions and technically independent. Legal international mechanism for fighting global drug trade is based on United Nations conventions on drugs and organized crime, each representing legally separate effort.

4.1.1 System of UN drug and crime control conventions

Major international drug control legislation currently in force is based on three treaties: Single Convention on Narcotic Drugs of 1961, Convention on Psychotropic Substances of 1971, and United Nations Convention against Illicit Traffic in Narcotic Drugs and

Psychotropic Substances of 1988. Since the prime purpose of the first two treaties was comprehensive codification of previously existing international drug control legislation on restricting non-medical circulation of narcotics, they contain rather general anti-trafficking provisions, and it is the 1988 Convention that provides legal mechanisms for enforcement of 1961 and 1971 conventions. United Nations Convention against Transnational Organized Crime of 2000 is an overarching and legally-binding tool that serves as a basic framework for international anti-crime efforts. Understanding the issues of practical shortcomings of the above system, it is important to have a closer look at its functioning and structure.

Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988 (hereinafter referred to as 'Convention') resulted from dramatic increase in drug production, trafficking, abuse, and activization of transnational organized crime groups in nineteen-eighties, which were discussed in Chapter Three. Against such disturbing background, UN General Assembly requested the Commission on Narcotic Drugs to "initiate, as a matter of priority, preparation of a draft convention against illicit traffic in narcotic drugs which considers the various aspects of the problem as a whole, in particular, those not envisaged in existing international instruments"[1]. Adopted in 1988, Convention entered into force in 1990, and by 2008 was ratified by vast majority of nations.

Most of the obligations imposed by the Convention went beyond those included in earlier documents. Concerning drug trafficking and money laundering, the Convention establishes the status of criminal offence for activities of cultivation, production, trafficking, and distribution of drugs, as well as for financing "any of the drug trafficking related offences, when committed intentionally", including empowerment of national courts to seize bank, financial or commercial records, confiscate substances and proceeds (Articles 3 and 5); status of criminal offence was also established for similar activities regarding precursor chemicals

[1] U. N. Office on Drugs and Crime, *World Drug Report 2008*, 206.

and production equipment, including requirements for the parties to intensify monitoring measures (Article 12 and 14); drug related offences were required to be incorporated into extradition treaties between the parties, as well as requirement for each party to "take measures […] necessary to establish its jurisdiction over the offences" (Articles 4 and 6); Convention required widest possible measures of mutual financial and legal assistance in "investigations, prosecutions and judicial proceedings" regarding drug offences, with special emphasis on transit states (Articles 7 and 10). Large section of the Convention also imposed requirements of more intensive control measures to preventing drug trafficking through sea ports, free-trade zones and by mail services, including forgery of commercial documents (Articles 15-19). The Convention also contained such legal innovations: it recognized the existence of "controlled deliveries at the international level" (i.e. trafficking networks) and encouraged parties to focus their law enforcement efforts on targeting principal organizers and financers (Article 11); it introduced the concept of alternative development programmes for major source countries as potentially effective measure to combat drug trade on the supply side – however, this provision has advisory character and is not legally-binding (Article 14)[1]. Another pillar of contemporary international drug control regime is formed by United Nations anti-crime effort.

United Nations Convention against Transnational Organized Crime (hereinafter referred to as 'TOC Convention') was adopted in 2000. It resulted from over a decade of debates on the need of global action against organized crime and codified virtually all previous UN documents on the matter[2]. TOC Convention establishes four offences – participation in organized criminal group, money laundering, corruption, and obstruction of justice, with

[1] U. N. Commission on Narcotic Drugs, *Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances*, 1988, 3-17.

[2] Dimitri Vlassis, "The UN Convention against Transnational Organized Crime", in *Transnational Organized Crime and international security: Business as Usual?* ed. Mats Berdal and Mónica Serrano. (London: Lynne Rienner Publishers, 2002), 90.

direct implementation of all offences into domestic legislation of the parties. With regard to criminalization of participation in organized criminal group (Articles 5) and engagement in corruption (Articles 8-9) it includes provisions on extradition (Article 16), mutual legal assistance (Article 18), and law enforcement cooperation (Article 19, 26, and 27), most of which are based on principles of double criminality and wider multilateral exchange of intelligence information (Article 28). Money laundering issue is covered in a detailed fashion, providing for development of comprehensive regulatory regimes and unconditional confiscation of criminal assets (Articles 6, 7, 12-14). Additional obligations embrace protection of witnesses and victims (Articles 24 and 25), updating or adopting new legislation and enhancing the capacity of national law enforcement, including financial assistance to developing countries (Articles 29-30). TOC Convention also introduces previously concept of prevention (Article 31), previously not embedded in international criminal law. Significance of this provision is that it allows transferring the global level efforts onto regional level via development of standard procedural code for public institutions and legal professions. Last, but not the least important provision is establishment of the Conference of Parties (Articles 32-33) with functions of monitoring the implementation on national level, promoting the exchange of information on patterns, trends, and successful practices in combating organized crime, as well as authorization to make recommendations on legal improvement of the TOC Convention[1].

Despite establishing the legal universality as a main strength of international action, the aforementioned conventions, they has not completely embraced the nature and essence of network as organizational pattern of transnational crime, that is why UN-led international drug regime soon revealed recurring instances of malfunctioning and is being an object of ongoing criticism.

[1] U. N. Office on Drugs and Crime, *Convention against Transnational Organized Crime and the Protocols thereto*, 2000, 6-35.

4.1.2 Drug prohibition as malfunctioning determinant of international drug control

As other sources international law, United Nations drug control treaties are meant to be implemented 'on the ground level' by means of incorporation into national legislations of member states. Thus despite seeming coherence, completeness, and universality, system of international drug control does not retain these features on the level of national law, being object of misinterpretation and debate, often creating the room of 'safer jurisdictions', which drug trafficking networks do not hesitate to utilize. Therefore it is frequently the case that on the level of particular state international drug control not only fails to achieve the level of effectiveness against trafficking networks, but effectiveness per se. Although is obviously beyond the scope of any research to provide detailed analysis of each case, understanding of general shortcomings implicit in the UN-imposed drug control regime brings in the limelight opportunities for its improvement.

The predominance of strict prohibitive paradigm in all drug control conventions is regarded by many nation states as directed against their demand reduction efforts and, more broadly, as a breach of U.N. fundamental principles. This can be exemplified by INCB interferences against the initiatives of nation states concerning pursuing harm reduction policies or expanding medical use of heroin and other substances. These interventions involved forced revisions of acts by national supreme courts and were viewed by states as contradicting the provisions of UN Charter on inviolability of state jurisdiction and promotion of human rights, especially taking into account that such domestic policy options are not outlawed by the conventions[1]. It is not to deny that such contradiction exist, hence discrediting the benevolent image of drug control in the eyes of its immediate implementers. However, considerable amount of literature on the issue reflects undeservedly exaggerated concern of both scholars and politicians about reduction of global drug prohibition.

[1] David R. Bewley-Taylor, "Emerging Policy Contradictions between the United Nations Drug Control System and the Core Values of the United Nations," *International Journal of Drug Policy* 16, no. 6 (2005), 424.

The issue of drugs liberalization or even legalization is very widely advocated by a growing number of scholars and governments[1] to such an extent, that it had to be regularly refuted in UNODC publications[2]. Moreover, the issue of easing drug prohibition is often the subject of intensive debate at CND meetings between anti-prohibition lobby of European Union countries, and USA, Sweden, and Japan[3]. Apart from deteriorating institutional effectiveness of drug control, such an agenda indicates the crisis of cooperation and degree of uncertainty, surrounding interpretation of drug control treaties, which certainly does not contribute to their effectiveness 'in the field'. It is obvious that proposals of drug liberalization aim at establishing drug taxation schemes in a manner similar to alcohol and tobacco, which, *inter alia*, would provide revenues for public health programs focusing on reducing impact of drug epidemics. Although such policy trends can be attributed to very evident tension between the prohibitive spirit of UN convention and actual practices and patterns of drug use in vast majority of countries – most notably of cannabis[4] – legalization debates display despondent reluctance of states to continue financing their seemingly vain law enforcement efforts against drug trafficking networks.

Antonio Maria Costa, executive director of UN Office on Drugs and Crime, by contrast advocates the perspective changes of international drug control to be in favor of "*different means* to protect security against drugs, rather than […] *different goals* of abandoning such protection"[5]. On the economic side arguments of anti-prohibition lobby are refutable by

[1] Francisco E. Thoumi, "The International Drug Control Regime's Straight Jacket: Are there any Policy Options?" *Trends in Organized Crime*, no. 13 (2010), 83-86; Jan G. van der Tas, "The UN Drug Treaties Revisited," *International Journal of Drug Policy* 14, no. 2 (2003), 199; Avram Goldstein and Harold Kalant, "Drug Policy: Striking the Right Balance," *Science* 249, no. 4976 (1990), 1518.

[2] U. N. Office on Drugs and Crime. *World Drug Report 2009*, 1.

[3] Cindy Fazey, "The Commission on Narcotic Drugs and the United Nations International Drug Control Programme: Politics, Policies and Prospect for Change," *International Journal of Drug Policy* 14, no. 2 (2003), 160-161.

[4] Jan G. van der Tas, "The UN Drug Treaties Revisited," *International Journal of Drug Policy* 14, no. 2 (2003), 197.

[5] U. N. Office on Drugs and Crime. *World Drug Report 2009*, 1.

foreseeable increase in demand and consequent increase of health expenditures, already observed in the countries of immediate heroine production and along the trafficking routes, where the retail price of drug is low. Statistics of global deaths related to substance use brightly illustrates such prospective: nearly five hundred million people died in 2009 as a consequence of tobacco and alcohol abuse, and "this greater death toll is not a result of the licit substances being pharmacologically more hazardous [but] a direct result of their being legal and more available"[1]. The expected effect of eliminating illicit transactions on the drug market will not pay its way due to the flow of smuggled goods, which would take place immediately – for example, illegal market of smuggled cigarettes accounts to thirty billion dollars annually in the US alone, according to the most conservative estimates[2]. Poor potential capacity of developing nations to impose effective drug regulations is also obvious. However, the strongest rationale against the current system of international drug control is not its financial burden on UN member states of even its relative ineffectiveness in suppressing drug trafficking activities – it's the black market of macroeconomic dimensions, and hence violence, corruption, and transnational criminal activities, referred to by the UN as "unintended consequences of drug control"[3]. In economic terms the problem lies in immense added value or "prohibition premium" [4] that enables extreme profitability of illicit drug markets.

Economic analysis proves that black market drug traders achieve lower marginal costs of the end product by evading taxation and regulatory policies, thus achieving cost advantage that compensates increased costs, incurred by prohibition policies; additionally, low cost of labor and raw materials input, available in producing countries exceed the expenses on

[1] Ibid., 164.

[2] Compare to US market for illicit opiates (US$65 billion) and cocaine (US$71 billion) – U. N. Office on Drugs and Crime. *World Drug Report 2009* (Vienna, 2009), 165.

[3] U. N. Office on Drugs and Crime. *World Drug Report 2009*, 163.

[4] David R. Bewley-Taylor, 426-427.

transportation and distribution, thus, for instance, allowing heroin sales up to twenty times higher than the hypothetical price of this drug being legalized[1]. Similar research suggests that neither strict enforcement of all-out prohibition, nor the economic effects of globalization are likely to cause drug market decline[2]. Although advantages in logistics and extended supply of cheap labor, brought about by globalization, cause decline of the drugs retail price, it produces classic economic effect of growing sales and hence market expansion.

Despite these inauspicious trends, approach to drug trafficking networks as a market allows elaborating of several potentially effective options, which in the long-term prospective would enhance the efficiency of international control efforts.

4.2 Network vs. State Scenario in Practice: Policy Implications for Anti-Drug Efforts

Significant degree of firmness, attributed to networks by scholars in IR and other disciplines should not imply their absolute invulnerability. In this respect Phil Williams argues, that the nature of criminal networks implies that attacks against them "need to be carefully orchestrated, finely calibrated, and implemented in a comprehensive and systematic fashion"[3]. The author develops his argument, asserting that effective anti-network action requires five key prerequisites. First is determining ultimate objectives of the attack. These may range from complete destruction of the network to creating instability in network's operational environment. Second – developing comprehensive and effective intelligence about criminal networks. It should include link analysis and identification of vital (or potentially vital) 'nodes', locating networks' gateways to the outer environment, and network damage assessment. Third, attacking both core and 'life-support' infrastructure of the network – from corrupted public officials to financial centers, engaged in the laundering of proceeds.

[1] Jeffrey A. Miron, "The Effect of Drug Prohibition on Drug Prices: Evidence from the Markets for Cocaine and Heroin," *The Review of Economics and Statistics* 85, no. 3 (August 2003), 529.

[2] Cláudia Costa Storti, and Paul De Grauwe, 488.

[3] Phil Williams, "Transnational Criminal Networks", 91.

Fourth, initiate network's dysfunction by infiltration and misinformation. And fifth, organize government and law enforcement efforts in a network fashion, especially on the level of joint operations[1]. With certain specifications, this theoretical framework can be applied to the case of drug trafficking networks.

Abundant empirical evidence, presented in Chapters Two and Three, proves the formidability of trafficking network first due to its flexible reliance on the financial capacity of the drug market. With the exception of criminal organizations specializing on rather low-budget activities such as cyber-terrorism and/or financial crimes, trafficking networks are dependent on continuous incomes to sustain and expand their operations, and therefore – running black markets. Distinctive features of drug trade networks include dependence on the availability of agricultural labor force, as well as territorial spaces under poor or no government control for drug production; affordability of weapons to provide the firepower, necessary to repulse government anti-drug efforts; assistance of corrupted public officials, customs, and law enforcement all along the trafficking route, or their reluctance/inability to undertake decisive actions; accessibility of sizeable retail markets in the countries of consumption; effective money laundering mechanisms. While it is important to be aware of utopian nature of such goals as creating drug-free societies[2] or completely eliminating trafficking of illicit commodities in general. However, the above features of drug trade networks represent potential points of vulnerability of global drug trade in its supply and demand dimensions. Targeting of these points simultaneously and by collective action, should still produce significant results.

On the supply side, international efforts should focus on reducing drug production and disrupting trafficking routes. These measures should center on enhancing global and local

[1] Phil Williams, "Transnational Criminal Networks", 92-95.

[2] Notable example is 1998 UN goal of complete and definitive eradication of drug crops by the year of 2008. – Martin Jelsma, "Drugs in the UN System: The Unwritten History of the 1998 United Nations General Assembly Special Session on Drugs," *International Journal of Drug Policy* 14, no. 2 (2003), 181.

police enforcement efforts, which are to combine drug control and crime prevention measures of equal intensity. First of all, the shift of law enforcement focus has to be made from drug users to drug traffickers. Although being justified under the law – due to uncompromisingly prohibitive nature of UN conventions – random police action against "those, found in possession of drugs when stopped for an unrelated reason"[1], adopted as a world-wide practice, makes enforcement efforts slow, expensive, and labor intensive, and also contributes to false efficiency reports[2]. Statistical gap between one hundred forty three tons of global heroin seizures and eight thousand tons of total production in 2007[3] should be seen as sound evidence in favor of such shift. More specifically, police efforts are to be directed at elimination of connections and disrupting transactions between trafficking 'nodes', hence improved intelligence collection[4]; More effort should be directed to crime prevention in drug-problematic areas and reclaiming these from the control of urban gangs, which frequently constitute the final 'node' of trafficking network.

Second strategic initiative should be wiser distribution of enforcement resources targeting the flows of specific drugs, depending on national and regional situation. This would of course require elaborate international coordination, especially on the level of interstate migration, monitoring and development of transport infrastructure, and investigation of corruption issue along actual and potential trafficking routes. One of the most important concern in this respect is establishing thorough border control in trafficking-prone areas, which in most cases proves to have "symbolic effects that are too often ignored or taken for granted"[5].

[1] U. N. Office on Drugs and Crime. *World Drug Report 2009*, 166.

[2] Alisher Latypov, "Understanding Post 9/11 Drug control Policy and Politics in Central Asia," *International Journal of Drug Policy* 20, no. 5 (2009), 388.

[3] U. N. Office on Drugs and Crime. *World Drug Report 2009*, 41.

[4] Mark H. Moore, "Supply Reduction and Drug Law Enforcement," *Crime and Justice*, no. 13 (1990), 148-152.

[5] Peter Andreas, "Redrawing the Line: Borders and Security in the Twenty-First Century," *International Security* 28, no. 2 (Autumn 2003), 110.

Third and most crucial aspect of supply reduction includes enhancing alternative development programs and establishing durable rule of law in countries of drug production. As most of heroin production is concentrated in remote areas of Afghanistan under direct control of Taliban insurgency, profiting from taxing opium farmers, little can be expected of anti-trafficking efforts without effectively addressing this problem. As it has been emphasized in Chapter Three, developmental failures and negative consequences of global trade, widely observed across the countries of the former 'Third World' are creating favorable environment for transnational criminal activities. These measures should include not only establishing alternative agricultural options for drug crop farmers, but also effective control over legal drug industry[1] and activities of commercial enterprises[2].

Aforementioned supply-reduction policies should be complemented by political action on the demand side. Although seemingly representing exclusively a concern of domestic public health, demand-reducing policies undermine the very market base of global drug trade. As providing wider access to drug treatment constitutes a meaningful alternative to drug abuse, diminishing the market power of drug-traffickers, effective demand reduction entails synergetic effect for international counter-supply measures[3]. However, contemporary international drug control regime proves not to be perfectly suitable to foster these measures.

The 1988 Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances is based on predominance of supply-reduction provisions, providing legal link between domestic anti-drug measures and their international coordination, thus assigning UN member states little responsibility little resources and responsibilities on use prevention and

[1] Merrill Singer, 475-476.

[2] For example recent Chinese opium-replacement policy in Laos, which, although having produced rapid eradication results due to rubber-plants promotion, is causing the spread of corruption and inequality. – Paul T. Cohen, "The Post-Opium Scenario and Rubber in Northern Laos: Alternative Western and Chinese Models of Development," *International Journal of Drug Policy* 20, no. 5 (2009), 428.

[3] Cláudia Costa Storti and Paul De Grauwe, 491.

treatment, not to mention the unattractiveness of its high costs and only long-term effects[1]. Current research suggests the necessity of maintaining synergetic balance between supply and demand policies, for only this approach can provide effective targeting of global drug trade networks.

The 2000 Convention against Transnational Organized Crime in turn, contains legal 'loopholes' and creates lack of law enforcement authority to target the trafficking flow in its entirety. It focuses on the organized crime *group* rather than *activities,* also does not clearly implying the transnational dimension of organized crime, thus only conceptualizing it as the "activities of a collection of particular people, rather than a market with a dynamism of its own. […] If these individuals are arrested and incarcerated, the activities continue, because the market, and the incentives it generates, remain"[2].

Critical analysis of international drug control regime allows drawing several important conclusions. First, trafficking networks are based on illegal markets, which could be disrupted on the supply and demand side, provided multilateral character of action. Second, strictly prohibitive paradigm of drug enforcement, as well as legal definition and concept of organized crime does not fully reflect its contemporary transnational nature, thus limiting enforcement authority and potential of international cooperation. Third, in order to effectively target drug trafficking, UN regime of international drug control should be reformed to enhance law enforcement reforms worldwide, both on international and domestic level, as well as international effort to improve economic and social environment of the developing world.

[1] U. N. Office on Drugs and Crime. *World Drug Report 2009,* 173.

[2] Ibid., 175.

CONCLUSION

Illicit drugs are complex commodities, due to their pharmacological and sociological characteristics favouring creation of sizeable illegal markets, run by transnational criminal organizations. The latter, empowered by economic advantages of globalization, shaped illegal trade into the form of complex networks, capable of moving drugs from remote poppy fields and underground laboratories to the veins of millions users in record time and with greater profitability, while remaining clandestine and virtually invulnerable. On its contemporary stage of development, drug trafficking, production, and consumption cannot be resisted by states on their own, but requires consistent international action. Analysis of 'network challenge' in IR scholarship, historical evolution of opiate trade and its control, as well as structure and efficiency of contemporary international drug and crime control regime, represented by United Nations conventions, allows making several important conclusions.

First, transnational criminal networks demonstrate remarkable increase in their capacity to resist state efforts of suppression and effectively fight back. Networks are empowered by globalization in economy, technology, and communication, which enables them to operate worldwide, with states experiencing greater difficulties combating them, bound by the limitations of sovereignty, hence law enforcement jurisdiction. Difficulties in theorizing such challenge in IR scholarship and theoretical ambiguities observed across other social sciences grows are critical in constructing theoretical justifications for international effort against illicit drug trade and locate the latter within the broader range of present and future security priorities.

Second, illicit drug trade carries enormous destructive potential, observed all across modern history vividly demonstrated by the case study of global opium market. This historical inquiry proves that illicit networks in never experienced difficulties in crossing

cultural and geographical borders and always demonstrated greater flexibility of organization, backed by high profits of drug business. In lack or absence of effective international legislation and enforcement laws of economics favour the sale of more drugs at cheaper prices. Since such situation is frequently the case in the developing world, drug markets easily expand worldwide at the expense of local demand in production regions, which also sustains drug markets in times of global demand fluctuations. Drug production and trafficking tends to proliferate literally all across developing world, where severe poverty and instability make the temptation of hard currency, derived from drug trade, almost irresistible. It implies critical consequences for their economic and social progress, including high level of violence and corruption, which today representing powerful factor of security deterioration.

Third, although UN system of drug and crime control conventions presents crucial legal framework for drug trafficking containment, problems of coverage and interpretation of their provisions – as well as issues of domestic implementation – pose considerable obstacles for effectively responding to the world drug challenge. Perspective of illicit network as supported by black market profits allows elaboration of effective strategies to combat drug trade on its supply and demand side. However, growing need of worldwide law enforcement reform – as well as of reformulating approaches to social development and drug treatment – require relevant amending of UN conventions.

As drug trade in particular, and network challenge in general represents rather a social practice of global scale rather than issue of theoretical interpretation, current research was restrained by limited availability of precise data due to certain degree of secrecy characterizing both fighting and promotion of drug trade. However, without further efforts of theoretical and empirical comprehension of transnational drug trade networks, efficiency of contemporary drug control remains in doubt.

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