

Article Analysis # 1:
Drugs: To Legalize or Not

This assignment is optional. Please consult your Syllabus for further details.

Instructions:

The attached article is from The Wall Street Journal. If needed, the article could be accessed online. In addition, it can also be accessed through the Drexel libraries.

Triggered by the massive drug-fueled murders in Mexico, the article discusses possible policies in relation to drug use and distribution. The two authors take opposing views. I would like you to critically analyze the article by using graphical analysis and brief explanations, and applying the supply and demand tools as discussed in class. Please answer all questions.

1. What are the two opposing views in terms of drug legalization? Which author supports which view?
2. This and the next several questions are related to the piece by Steven Duke. It is clear, as the author claims, that the US government should cooperate with the Mexican government in arresting and prosecuting drug traffickers. Use simple supply and demand analysis to show the effects on the market equilibrium price and quantity of drugs sold after lowering the number of traffickers.
3. Duke then discusses the popular view that strict gun control in the US will help resolve the problem. Describe his argument. What is his conclusion?
4. It is clear now, Duke says, that US authorities are incapable of keeping drugs south of the border. A "bail out" for the Mexican government will not work either. Why?

5. Next, Duke argues that the Obama administration should "really open to change" by decriminalizing illegal drugs. The current administration recognizes that US is the main market for Mexican drugs: "US demand for illegal drugs is insatiable," Secretary of State Hillary Clinton says. Thus, drugs have to be decriminalized in both the US and Mexico. Use a graph to represent the difference between the US demand and the Mexican demand for drugs.

6. Duke provides evidence from Portugal that decriminalization of drugs works. What happened to the number of users in Portugal after the process of legalization took place? What does this imply for the demand of drugs? Use graphical analysis similar to the ones discussed in class to represent the effects on drug users, in terms of price and quantity consumed, and the effects on drug dealer revenues if drugs are legalized in the US. (*Hint: Clearly capture the fact that the demand for drugs in Portugal was inelastic. Your graph should look exactly as the "Bumper harvest paradox" graph.*)

7. Duke goes on to argue that after drugs are legalized, the US government should tax their producers, which will result in huge tax revenues. Start with the drug market equilibrium from the previous part and capture the effect of taxes. (*Hint: Taxing drug production acts like an additional cost for producers. Keep demand the same and account for taxing by shifting the supply curve accordingly.*)

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THE WALL STREET JOURNAL.

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AMERICAS NEWS | APRIL 25, 2009

ESSAY

Drugs: To Legalize or Not

Progress in Colombia provides clear evidence that the war on drugs is winnable, while history repeatedly shows that relaxed restrictions lead to more abuse and addiction.

By JOHN P. WALTERS

Justified alarm over drug-related Mexican border violence has led to the predictable spate of drug legalization proposals. The most prominent was a call by three former Latin American presidents -- from Brazil, Colombia and Mexico -- to end what they claimed was the drug war. While there are many "end the drug war" plans, all of them, as even their advocates admit, result in more drug use and addiction. Their response? We should emasculate prevention and law enforcement and just spend more on treatment.

What would America look like with twice or three times as many drug users and addicts? To answer, consider what America was like in the recent past, during the frightening epidemic of methamphetamine, so similar to the crack outbreak of the 1980s. Each was a nightmare, fueled by ready drug availability.

Americans can't forget the meth epidemic hitting the heartland earlier this decade. In 2004, 1.4 million people said they had used methamphetamine in the past year, according to the National Survey on Drug Use and Health. The powerful, long-lasting stimulant began growing rapidly as the make-it-yourself drug, using a precursor in over-the-counter cold medicine. It later was produced in large quantities by Mexican traffickers and smuggled into the U.S. Drugs weren't just an urban problem anymore.

Addiction, violence and drug poison hammered middle America. The addiction epidemic shattered families and created a staggering toll of family violence. Effective laws got the addicted into treatment through the courts, and thereby saved lives. In parallel, we deployed targeted prevention measures and, importantly, used law enforcement and regulation to cut meth production dramatically. As a result, use (as measured by workplace drug testing and youth surveys) and supply (as measured by the Drug Enforcement Administration) dropped sharply: by 60% or more between 2002 and 2008.

Cocaine and crack present a comparable case study. Urban policy experts on the left and right -- who agree about little else -- have a united view of what cocaine and crack did to our urban poor. Pushing back against crack made urban life better for all Americans.

The violence essential to drug trafficking is meant to be shocking -- from the marijuana traffickers who brutally murdered DEA special agent Enrique "Kiki" Camarena in Mexico in 1985 to the viciousness of rolling heads across a dance floor -- calculated to frighten decent citizens and government authorities into silence.

The violence of traffickers, which has harmed tens of thousands, is dwarfed by the millions harmed by another violence, that done daily by those in our own communities under the influence of drugs. Roughly 80% of child

abuse and neglect cases are tied to the use and abuse of drugs. It is not that drug abuse causes all crime and violence, it just makes it much worse by impairing judgment, weakening impulse control and at some levels of pathology, with some drugs, causing paranoia and psychosis. Well more than 50% of those arrested today for violent and property crimes test positive for illegal drug use when arrested. Legalized access to drugs would increase drug-related suffering dramatically.

The origins of federal drug laws were a response to disastrous drug and violence epidemics when virtually every family had access to opiate- and cocaine-based remedies around the end of the 19th century. Drugs were available without penalty. Addiction was rampant, with an estimated 250,000 opiate addicts in the U.S. population of 76 million.

Or if you really think that prohibition causes the problem, remember that ancient China was brought to its knees by easy access to opium. Today, even highly traditional and regulated societies like Thailand, Malaysia, Iran and Afghanistan are suffering terrible addiction problems -- because heroin is addictive and easily accessible. Making highly addictive drugs easier to get and use is what makes this harm greater.

Although cynics on the left and right assert the drug problem is as big or bigger than ever, it is simply not true. Illegal drug use is still a problem, but by any fair assessment it is a smaller problem. Half as many teens are using drugs than 30 years ago and a quarter fewer than seven years ago, according to the Monitoring the Future, an ongoing study conducted by the University of Michigan under grants from the National Institute on Drug Abuse. Cocaine and meth use are less than half what they were at their peak. Even drug offenders are a smaller percentage of the prison population than they were 15 or even seven years ago.

What are the indelible lessons? In the process of making the drug problem much smaller, we learned the importance of education -- not principally teaching the young about the health dangers of specific drugs, but teaching young and old about the disease of addiction. We know that the disease begins with the use of addictive drugs and that those drugs change the brain -- they create craving, impair judgment and lead to withdrawal or a feeling of illness in absence of the drug. Science has helped us see that we need to help those who are addicted particularly when they do not want our help -- every family of an addict or alcoholic knows that denial is a terrible part of this disease.

When I became the drug policy director in 2001, we faced an inherent weakness in prevention programs for youth. Teens told us they had been taught the dangers of drugs, but if their boyfriend or girlfriend used they did not want to be judgmental or estranged, so they were likely to join in. We put treatment specialists together with some of the best creative minds in advertising to fashion prevention messages directly presenting drug abuse as a sickness that places an obligation on friends to help stop it. We enlisted the idealism and caring of the young to reverse the force of peer pressure. The ads were an important contributor to our progress that needs to continue and grow. With this knowledge of addiction, how do we choose to make more victims?

We have learned to apply public health tools that have been proven effective against other diseases. We have learned that addiction is a treatable disease. We are increasing the pathways to treatment -- through routine health care, the workplace, places of worship and schools. Drug courts leading to referral for treatment by the criminal justice system are now the major pathway through which the dependent are getting the help they need. Do we want to end all this by taking the courts out of the equation? Supervised, court-sanctioned treatment works best. Legalization robs us of this tool.

We have also learned how to join law enforcement and national security resources to break down trafficking groups and narcoterrorists. One of the greatest international policy success stories of the last decade has been the transformation of Colombia from a state dominated by narcoterrorism, violence and corruption to a thriving liberal democracy.

Between 2001 and 2007, the U.S. government's estimate of the maximum potential production of cocaine in Colombia dropped 24%. There is no certain method of translating that into drug profits, but even conservative

estimates show that a 24% reduction equaled hundreds of millions of dollars in lost revenue. There is now evidence that the combined effect of reduced production and increased seizures dropped the available Colombian cocaine supply to the U.S. from 2001 to 2007.

Colombia is the genuine backdrop for understanding the threat in Mexico today. The criminal gangs in Mexico go back decades. Many are drawn from generations in the same extended families. They have become wealthier and better armed, but the border areas they seek to control are an old battleground. The corruption they use to protect themselves has deep roots. They have become more dangerous as they have lost profits from the cocaine and meth trade over the last two years. Those who think legalizing drugs will stop the violence by cutting off the money to these groups seem unaware that they not only smuggle drugs and people across the border for profit, but that they also kidnap, hijack, manage large auto-theft operations and have extensive protection rackets.

Moreover, some of us remember that Bobby Kennedy was leading organized-crime strike forces against extremely dangerous mafia families, decades after the end of Prohibition. Just as ending Prohibition did not destroy organized crime in the U.S., legalizing drugs will not break the terrorist criminal groups in Mexico. In fact, the real pattern of violence from the mafia families in the U.S. to the cartels in Colombia suggests it is when they are threatened and destabilized that violence skyrockets. It is the violence focused on the threat of violent takeover by rival criminal groups that is an unfortunate but perhaps necessary first step in restoring the rule of law.

Legalizing drugs is the worst thing we could do for President Felipe Calderón and our Mexican allies. It would weaken the moral authority of his fight and the Mexicans would immediately realize that we have no intention of reducing consumption. Who do we think would take the profits from a legal drug trade? U.S. suppliers would certainly spring up, but that wouldn't preclude Mexican supplies as well -- or Mexican production for consumption in other countries. The Mexicans know that they too have a dangerous use and addiction problem. They have already learned that it is wrong and dangerous to make abuse and addiction worse.

We can make progress faster when more of us learn that drug use and addiction can not be an expression of individual liberty in a free society. Drug abuse is, by nature and the laws of organic chemistry that govern this disease, incompatible with freedom and civil society. Drug abuse makes human life solitary, poor, nasty, brutish and short (a special version of Hobbes's hell in our own families). In the deepest sense, this is why failure is not an option.

John P. Walters is executive vice president of Hudson Institute and was director of the Office of National Drug Control Policy from 2001 to 2009 under President George W. Bush.

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AMERICAS NEWS | APRIL 25, 2009

ESSAY

Drugs: To Legalize or Not

Decriminalizing the possession and use of marijuana would raise billions in taxes and eliminate much of the profits that fuel bloodshed and violence in Mexico.

By [STEVEN B. DUKE](#)

The drug-fueled murders and mayhem in Mexico bring to mind the Prohibition-era killings in Chicago. Although the Mexican violence dwarfs the bloodshed of the old bootleggers, both share a common motivation: profits. These are turf wars, fought between rival gangs trying to increase their share of the market for illegal drugs. Seventy-five years ago, we sensibly quelled the bootleggers' violence by repealing the prohibition of alcohol. The only long-term solution to the cartel-related murders in Mexico is to legalize the other illegal drugs we overlooked when we repealed Prohibition in 1933.

In 2000, the Mexican government disturbed a hornets' nest when it began arresting and prosecuting major distributors of marijuana, cocaine, heroin and amphetamines. Previously, the cartels had relied largely on bribery and corruption to maintain their peaceful co-existence with the Mexican government. Once this *pax Mexicana* ended, however, they began to fight not only the government but among themselves. The ensuing violence has claimed the lives of at least 10,000 in Mexico since 2005, and the carnage has even spilled north to the United States and south to Central and South America.

Some say that this killing spree -- about 400 murders a month currently -- threatens the survival of the Mexican government. Whether or not that is the exaggeration that Mexican President Felipe Calderón insists it is, Mexico is in crisis. The Mexicans have asked the Obama administration for help, and the president has obliged, offering material support and praising the integrity and courage of the Mexican government in taking on the cartels.

The U.S. should enforce its laws against murder and other atrocious crimes and we should cooperate with Mexican authorities in helping them arrest and prosecute drug traffickers hiding out here. But what more can and should we do?

Is gun control the answer? President Calderón asserts that the cartels get most of their guns from the U.S. We could virtually disarm the cartels, he implies, if we made it harder to buy guns here and smuggle them into Mexico. President Obama has bought into this claim and has made noises about reducing the availability of guns. However, even if the Obama administration were able to circumvent the political and constitutional impediments to restricting Americans' access to handguns, the effect on Mexican drug violence would be negligible. The cartels are heavily armed now, and handguns wear out very slowly.

Even if the Mexican gangsters lost their American supply line, they would probably not feel the loss for years. And when they did, they would simply turn to other suppliers. There is a world-wide black market in military weapons.

If the Mexicans could not buy pistols and rifles, they might buy more bazookas, machine guns and bombs from the black market, thus escalating the violence.

Also hopeless is the notion -- now believed by almost no one -- that we can keep the drugs from coming into this country and thereby cut off the traffickers' major market. If we could effectively interdict smuggling through any of our 300-plus official border crossing points across the country and if we eventually build that fence along our entire border with Mexico -- 1,933 miles long -- experience strongly suggests that the smugglers will get through it or over it. If not, they will tunnel under or fly over it. And there is always our 12,383 miles of virtually unguarded coastline.

Several proposals have been submitted in the Mexican congress to decriminalize illegal drugs. One was even passed in 2006 but, under pressure from the U.S., President Vicente Fox refused to sign it. The proposals rest on the notion that by eliminating the profit from illegal drug distribution, the cartels will die from the dearth of profits. A major weakness in such proposals, however, is that the main source of the cartels' profits is not Mexican but American. Mexican drug consumption is a mere trickle compared to the river that flows north. However laudable, proposals to decriminalize drugs in Mexico would have little impact on the current drug warfare.

Secretary of State Hillary Clinton recognized the heart of the matter when she told the Mexicans last month that the "insatiable demand for illegal drugs" in the U.S. is fueling the Mexican drug wars. Without that demand, there would be few illegal drug traffickers in Mexico.

Once we have recognized this root cause, we have few options. We can try to eliminate demand, we can attack the suppliers or we can attempt a combination of both. Thus far, the Obama administration, like every other U.S. administration since drug prohibition went into effect in 1914, seems bent on trying to defeat the drug traffickers militarily. Hopefully, President Obama will soon realize, if he does not already, that this approach will not work.

Suppose the U.S. were to "bail out" the Mexican government with tens of billions of dollars, including the provision of military personnel, expertise and equipment in an all-out concerted attack on the drug traffickers. After first escalating, the level of cartel-related violence would ultimately subside. Thousands more lives would be lost in the process, but Mexico could thereby be made less hospitable to the traffickers, as other areas, such as Colombia, Peru and Panama, were made less hospitable in the past. That, after all, is how the Mexicans got their start in the grisly business. Eventually, the traffic would simply move to another country in Latin America or in the Caribbean and the entire process would begin anew. This push-down, pop-up effect has been demonstrated time and again in efforts to curb black markets. It produces an illusion of success, but only an illusion.

An administration really open to "change" would consider a long-term solution to the problem -- ending the market for illegal drugs by eliminating their illegality. We cannot destroy the appetite for psychotropic drugs. Both animals and humans have an innate desire for the altered consciousness obtainable through drugs. What we can and should do is eliminate the black market for the drugs by regulating and taxing them as we do our two most harmful recreational drugs, tobacco and alcohol.

Marijuana presents the strongest case for this approach. According to some estimates, marijuana comprises about 70% of the illegal product distributed by the Mexican cartels. Marijuana will grow anywhere. If the threat of criminal prosecution and forfeitures did not deter American marijuana farmers, America's entire supply of that drug would be home-grown. If we taxed the marijuana agribusiness at rates similar to that for tobacco and alcohol, we would raise about \$10 billion in taxes per year and would save another \$10 billion we now spend on law enforcement and imprisoning marijuana users and distributors.

Even with popular support, legalizing and regulating the distribution of marijuana in the U.S. would be neither easy nor quick. While imposing its prohibitionist will on the rest of the world for nearly a century, the U.S. has created a network of treaties and international agreements requiring drug prohibition. Those agreements would have to be revised. A sensible intermediate step would be to decriminalize the possession and use of marijuana and to exercise benign neglect of American marijuana growers. Doing both would puncture the market for imports from Mexico

and elsewhere and would eliminate much of the profit that fuels the internecine warfare in Mexico.

After we reap the rewards from decriminalizing marijuana, we should move on to hard drugs. This will encounter strong resistance. Marijuana is a relatively safe drug. No one has ever died from a marijuana overdose nor has anyone gone on a violent rampage as a result of a marijuana high. Cocaine, heroin and amphetamines, on the other hand, can be highly addictive and harmful, both physically and psychologically. But prohibition makes those dangers worse, unleashing on vulnerable users chemicals of unknown content and potency, and deterring addicts from seeking help with their dependency. There is burgeoning recognition, in the U.S. and elsewhere, that the health benefits and the myriad social and economic advantages of substituting regulation of hard drugs for their prohibition deserves serious consideration.

A most impressive experiment has been underway in Portugal since 2001, when that country decriminalized the possession and personal use of all psychotropic drugs. According to a study just published by the Cato Institute, "judged by virtually every metric," the Portuguese decriminalization "has been a resounding success." Contrary to the prognostications of prohibitionists, the numbers of Portuguese drug users has not increased since decriminalization. Indeed, the percentage of the population who has ever used these drugs is lower in Portugal than virtually anywhere else in the European Union and is far below the percentage of users in the U.S.. One explanation for this startling fact is that decriminalization has both freed up funds for drug treatment and, by lifting the threat of criminal charges, encouraged drug abusers to seek that treatment.

We can try to deal with the Mexican murderers as we first dealt with Al Capone and his minions, or we can apply the lessons we learned from alcohol prohibition and finish dismantling the destructive prohibition experiment. We should begin by decriminalizing marijuana now.

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