



# The Drug-War Quagmire: Perpetual Demand, Perpetual Failure

*Juan Carlos Hidalgo: Prohibition No Match for Market Forces*

**Belén Marty**  
**September 19, 2014**

In today's political climate, what position should the United States and international organization take with regard to the [drug war](#)?

As we stand at what could be a historical turning point, Juan Carlos Hidalgo, a public policy analyst for the Cato Institute and a passionate historian of the drug war, offered the *PanAm Post* his vision for the future of drug legalization in Latin America.

Hidalgo is from San Carlos, one of Costa Rica's 81 counties, but has lived in Washington D.C. for many years. He holds a master's degree in international commerce and policy from George Mason University, and is an expert on drug trafficking and organized crime.

He is an emphatic proponent of the legalization of all drugs, not just marijuana.

**Given recent statements by José Miguel Insulza, the secretary general of the Organization of American States (OAS), that the war on drugs “has not gone anywhere,” where does Latin America currently stand with regard to the legalization of marijuana?**

We have seen that [Uruguay](#) legalized marijuana, becoming the first country to do so, even though there are international treaties that prohibit countries from taking this step. We have also seen steps toward legalization in the [United States](#): more than 20 states have legalized marijuana for medicinal purposes, two of those states have legalized marijuana for recreational use, and I am sure many states will be making similar decisions soon.

However, the war on drugs is a much greater challenge. I am frustrated, because we are not moving very quickly toward that end.

We have had presidents, like [Otto Pérez Molina](#) in Guatemala, who have spoken out in favor of legalization. Juan Manuel Santos, in Colombia, has questioned the war on drugs, and has stated that he would [favor legalization](#) if the rest of the world was in agreement. However, we need stronger voices in the region than the ones we have had so far.

My fear is that this debate will stop. I think we had good momentum when the OAS published their report on the drug-trafficking strategy for the next few years, where legalization was [mentioned](#) as one of four possible scenarios.

However, an influential Latin-American figure has not emerged to carry this flag and emphasize the need to have this debate right now — an articulate debate, not the ethereal one we have had so far.

### **What do you think about Uruguay? Is it a viable system over the long term?**

Yes. I think Uruguay should be applauded for their efforts: the courage of president Pepe Mujica in ignoring the discourse and recognizing the facts, questioning the war on drugs, and effectively passing legislation to regulate a drug that was previously illegal.

However, I am worried the law is much too [bureaucratic](#): creating a National Institute of Cannabis, asking Uruguayans who consume marijuana to register with the government, the government establishing marijuana prices, among other things.

There is a tendency to overregulate. All of these factors that are under government control can affect the experiment.

I don't see a big desire on the part of Uruguayans to register as marijuana consumers. At the same time, I don't think the Uruguayan government can maintain a registry of every plant in the country. It is natural that regulation is part of the legalization process. It will be a process of trial and error.

The experiments in Colorado and Washington in the United States are a little more liberal, despite the high marijuana tax rate, which is counterproductive to the experiment because consumers may return to the black market.

The Uruguayan government, despite the objections one may have about the project, has made a step in the right direction by taking action rather just offering words, as other Latin-American presidents have done.

### **Why has the war on drugs not worked?**

It [hasn't worked](#) because of economics. The war on drugs has not eradicated the demand for drugs, especially in the primary market: the United States.

If you look at the numbers, you see that drug use has remained steady over the last 20 years. Some drugs have fallen in popularity, like cocaine, others have remained steady or increased, like marijuana, and others have surged, like methamphetamine.

The truth is: if there is demand, there will be supply.

The problem with drug prohibition is when you outlaw a product or substance, the final price is primarily determined by the price of transportation, which is to say, smuggling. This inflates drug prices, and in some cases the premium created by prohibition can be 90 percent of the price of the drug.

This creates massive incentives for organized crime to take over the business, because now the profits are enormous — inflated by prohibition. This is why it is impossible to eliminate the market, because it is created by a demand that has existed throughout mankind's history.

### **What relationship do you see between the war on drugs, the exodus of Central American migrants, and its impact on immigration policy in the United States?**

I am not so sure there is a correlation between these issues. There has been talk that the children who have arrived at the United States border are refugees from the war on drugs.

The reality is it's a little more complicated than that. Certainly the four Central American countries that make up the Northern Triangle (Belize, Guatemala, El Salvador, Honduras) are among the six most violent nations in the world.

A large part of the violence that ravages these countries is due to the transportation of drugs, but not all of it. These are countries with very weak institutions, with ineffective judicial systems and weak security, and the drug war exacerbates these institutional weaknesses.

Gangs are primarily responsible for the high levels of violence. While gangs control the local retail market, there is still no research or data to tell us what narcotics regulation would do to reduce the economic power of gangs, and their ability to inflict violence on the Central American population.

I definitely believe the drug war is a significant contributor to the climate of violence in the Central American "Northern Triangle;" however the issue of migrant children is more complicated than that.

### **How did the Colombian cartels move to Mexico?**

During the 1980s and 90s the Colombian cartels — Cali and Medellín — were the most powerful, and controlled the flow of drugs to the United States. The drugs moved through what was known as the "Caribbean route," where the drugs were sent to the Caribbean islands, and then on to Miami.

Just like in [Miami Vice](#), for example, which portrayed how these drugs were moved through the city.

However, toward the end of the Reagan administration, the Coast Guard began a more intensive patrol of these waters, so the drugs began to move over land, through Mexico.

Toward the end of the 1980s, there was a big cartel that managed drug trafficking to the United States that began to split up. That gave birth to the Gulf Cartel, the [Sinaloa Cartel](#), Carrillo Fuentes, and the [Arellano Félix](#) brothers in Tijuana. The fact that drugs could be sent through Mexico empowered the Mexican cartels.

The Colombian organizations also began paying Mexican cartels with drugs. This allowed the Mexicans to start managing the business on their own.

During the early 1990s, the Colombian cartels experienced major losses. In December 1993, [Pablo Escobar](#) was killed and the Rodríguez Orejuela brothers were captured. This was a devastating hit. After that, the Mexicans began to dominate the market.

### **Is legalization in Colorado [destroying business](#) for Mexican cartels?**

I doubt it very much. Two years ago, the Rand Corporation conducted an [investigation](#) that analyzed the revenue of cartels in the United States and Mexico. It revealed that approximately one-third of the income of the Mexican cartels comes from cocaine. Contrary to popular belief, the sale of marijuana in the United States represented only 17 percent of the cartels' income.

It is very adventurous to say legalization in Colorado and Washington has a large impact on the profits of Mexican cartels.

The legalization of all drugs must be put on the table, not just marijuana. This would not bring an end to organized crime, but it would definitely end drug trafficking.