



Research Report | XXVI Annual Session

## Economic and Social Council

# Decreasing the economic dependence of developing countries on illegal drug production and trade



|                         |   |
|-------------------------|---|
| <b>Forum</b>            | Economic and Social Council   |
| <b>Issue:</b>           | Decreasing the economic dependence of developing countries on illegal drug production and trade |
| <b>Student Officer:</b> | Katharina-Inés Janisch  |
| <b>Position:</b>        | Deputy-President ECOSOC, MUNISH XXVI  |

---

## Introduction

Since 1729, with the Chinese mandate against opium smoking, the issue of illegal and legal drugs persists until nowadays. There have been fought wars such as the First Opium War from 1839 to 1842 between the United Kingdom and China as the western country forced China to allow British merchants to trade opium. As the drugs were banned, the prices rose and crime rates increased globally. Another result was the increased cooperation among international organized crime syndicates such as the Sinaloa Cartel and the 'Ndrangheta. The world drug scene is involved in nearly all conflicts emerging within the international community. The drug use is increasing in the past 10 years by 2% resulting into a range of 3.5% to 7.0% of the world's population aged 15 to 64 consuming illicit drugs. The amount of drug users is higher in wealthier regions and more economically developed countries (MEDCs). The global amount of cocaine consumed reaches approximately 600 metric tons, which of 85% in South America. UNODC has estimated to have occurred averagely 183'000 in 2012. Furthermore, the money brought in by illicit drug trafficking and production reaches \$ 321.6 billion in 2003 representing 1% of the world's gross domestic product (GDP).

As the drug use has risen, so did the production. Between 1998 and 2009, the production of opium has increase by 80%, which of 60% in Afghanistan located in "The Golden Crescent". Bolivia, Colombia and Peru are largely cultivating and synthesizing cocaine, which has increased. Cannabis containing the amphetamine-type stimulants (ATS) remains to be the most widely produces illicit drug globally.

Illicit drug trade and production does not only harm the health of the people and hazard the world's peace. It also prevents countries with a weak socio-economic status to develop remaining in the situation or deteriorating. Thus, in interest of the international community as well as the Member States directly suffering from this issue, drug trafficking and production has to be controlled. If not, real and potential harms arise, affecting each Member State directly or indirectly by means such as health problems, (organized) crime,



decreasing productivity, increasing unemployment rate and poverty, regarding the long-term effect illegal drug trade, production and consumption has.

## Definition of Key Terms

### Opium Poppy

Also known as *Papaver Somniferum*. This plant provides Opium latex which contains approximately 12% of the educt being chemically processed to produce heroin and other synthetic opioids such as morphine or cocaine.

### Sinaloa Cartel (CDS)

CDS is the most powerful drug trafficking, money laundering and organized crime syndicate in the world, according to the United States Intelligence Community.

### Interdiction

Development programs with the aim to reduce or stop illicit drug trading

### Demand side policy

It includes primary prevention of drug use (mass media campaigns, education), secondary prevention (treatment) and law enforcement.

### Harm reduction

Policies and programs aiming the reduction of drug associated harms

### Money-laundering

It is the process of large income resulting from illicit activities such as drug trafficking or terrorist activity originating from a legitimate and legal source

### Balloon effect

It refers to the shifting of drug production to different countries as a response to the suppression of others

### The Golden Crescent

One of the two Asia's principle areas of illicit opium production located at the crossroads of Central, South and Western Asia (Iran, Afghanistan and Pakistan)



## The Golden Triangle

The other principle opium-producing area in Asia located in Southeast Asia (Myanmar, Laos and Thailand)

## General Overview

Illicit drug trade, production and use, and the socio-economic development (SED) usually occur in isolation of each other. This issue is still persistent today because it has not been included into the

Millennium Development Goals effectively. However, the relationship between the SED of a country and the illicit drug economies are simultaneous forming a vicious circle. On the one hand, corruption, violence and a recent or ongoing conflict facilitate the production, trade and consumption of illegal drugs. On the other hand, these elements are being sustained by the illicit drug economy.



Image I. shows the major trading routes of drugs as well as the cultivation areas. It clarifies that these are originating in LEDCs and thus restricting the possibility for these Member States to develop on a socio-economic scale. The major growing areas are located on the western coast of South America as well as “The Golden Crescent “ and “The Golden Triangle”.

## Impact of socio-economic development on illegal drugs

As mentioned, the SEC can fuel the illicit drug policy in many ways. Farming illicit drug crops can be encouraged by conflicts, rural underdevelopment and economic crises. Therefore, less economically developed countries (LEDCs) provide a suitable situation for the illicit drug production. The crops of plant-based illegal drugs such as marijuana and morphine, are in most cases a more viable possibility regarding a short-term economic profit than licit crops. Countries giving the evidence of maintaining the cultivation of illegal drug crops of for example opium poppy, are seen to be geographically and/or socially isolated. In addition to that, these LEDCs have very few economic prospects and opportunities and some may have suffered a conflict, resulting them to be economically and politically more



vulnerable. In the case of an ongoing conflict, mostly internal, the illegal drug economies often sustain the conflict resulting into a continuously reinforcing circle. In Afghanistan, Colombia and Myanmar have these illicit drug economies financed the actions of rebel and pro-government forces.

Bolivia represents the situation of an LEDC being affected by illicit drug trafficking, production and consumption. With 39.3% of poverty and 31.9% of rural people within the total population, as well as the geopolitical location of the country and the economic crises in the late 1980s, makes it a suitable target for the illicit drug industry. Since the 1980s, after the collapse of the economy, Bolivia has turned into the second largest grower of coca. Within 10 years has the cultivation area increased from 4'100 hectares to 48'000 hectares. Even though Bolivia is trying to decrease its dependence on coca since 1983, the country turned into the "heart of South America's illegal narcotics trade" in 2014 because of its low prices compared to Colombia with the difference of \$2'000 to \$4'000. In addition to that, Bolivia outlives the "balloon effect" coming from Peru.

Illicit drug use affects all Member States, MEDCs and LEDCs. In case of illegal drug consumption in MEDCs, it is mainly situated in socially and economically deprived urban settings. Nevertheless, the drug users in LEDCs are in average poorer, unemployed and less educated than the drug users in MEDCs.

## Impact of illicit drugs on SED

### *Short-term results*

The illicit drug industry provides short-term "advantages" to LEDCs in case of the suitable situation for the trafficking and production of narcotics. Farmers and other members of impoverished communities benefit from illicit drug production as it increases a disposable income. Adapting on a national level, it may boost the gross domestic product and reduce unemployment rates. For example the increase in the cocaine production by 10% resulted in Bolivia into a positive development of the GDP by 2% and a decrease of unemployment by 6%. In Colombia the illegal drug industry helped fueling the growth of property market.

### *Long-term results*

Even though the drug scene may provide "advantages" it does not in a long-term. The sheer amount of money made by illicit drug trade encourages corruption. Furthermore, it damages social structure as families are split apart resulting in single mothers obligated to maintain their families. With the enrichment of members in



certain communities because of their participation in the illicit drug industry, social harmony is disrupted and tension arise in the traditional power dynamics resulting into an internal conflict. Furthermore, the increase of drug cultivation is followed by an increase of the cost on food, because of a macroeconomic instability emerging into a rise of the amount of impoverished people. The instability has its origins as the investment in the licit sector decreases and weakening the effectiveness of monetary and fiscal policies. In addition to that, communities isolate because of the substantial mortality and morbidity as violence between drug gangs or between gang and members of law enforcement arise. For example in Mexico the drug-related killing reached approximately 28'000 in 4 years.

Furthermore, the health costs grow with the illegal drug consumption. It is also the reason for 10% of all HIV infections worldwide, from which 60% of it occurs in Sub-Saharan Africa, as an drug trade center and passage to Europe. According to the International Labor Organization (ILO) drug users tend to be less productive while injuring themselves 2 to 4 times more. Absenteeism is 2 to 3 times higher when people consume drugs

Currently, in the rural areas of Asia and Latin America, the income of around 700'000 families, or around 4 million people depends on the illicit cultivation of the Coca leaf or the Opium Poppy by nearly 50% of the total earnings. Most of these people live below the poverty line. Even though the illicit drug industry may help them to cope with food shortages and the quirk of the agricultural market, this economic dependence is not sustainable in the long run.

## Human rights

Parallel to the negative impacts of the illicit drug policies on the SED, they also violate basic human rights as stated in the Universal Declaration of these. However the infringement of human rights can have a severe impact on the socioeconomic development of a country or a region. When the international community tracks down and closes several trade ways of drugs, many families would lose their income without any viable alternatives.

Furthermore, harsh law enforcements with the association of the military in order to control the illicit drugs may lead to serious violation of the human rights such as physical abuse, sexual assault, and death with the excuse of the law enforcement. In addition to that, many countries have used stringent drug laws as the justification for the discrimination against poor and marginalized people, in concrete ethnic minorities. This causes many refugees. Ecuador, for example, has accepted up to 300'000 refugees from Colombia who



were running from guerrillas, paramilitaries and/or drug lords. Even though, many have registered to receive an asylum, many are still illegal immigrants. Additionally, many drug users face discrimination and denial for treatment or social rights based on their consumption of illicit drugs, even if the reason is usually an isolation of the society or psychological instability possibly resulting in LEDCs from the pressure by drug syndicates.

## Major Parties Involved and Their Views

### United Nations Office on Drugs and Crime (UNODC)

UNODC has been established 1997. Its aim towards this issue is through educational campaigns in order to convince youth not to use drugs, and to provide treatment to drug-dependent people. Furthermore, the UNODC tries to let the governments see drug as a health hazard rather than a crime.

### Union of South American Nations (UNASUR)

UNASUR's general aim is to build integration on the cultural, economic, social and political areas always with regards to the member nation's situation. The Members of the UNASUR are as well members in the UN, thus highly in favor to tackle the global drug problem. The Union supports actions in each country towards the issue.

### United States of America (USA)

The USA has established an Office of National Drug Control Policy (ONDCP) in 1989. Its aim is to implement policies, priorities and objectives to eradicate the illicit drug industry. Independently from the ONDCP, the USA has started a campaign of prohibition of drugs in association with military aid and military intervention called "War on Drugs". Hereby it includes policies intended to discourage the production, distribution and consumption of narcotic drugs.

## Timeline of Events

| Date                | Description of event   |
|---------------------|--|
| 1950s               | The Golden Crescent emerges  |
| 1980s               | The Golden Triangle emerges  |
| November 15th, 2000 | United Nations Convention against Transnational Organization is being adopted by the General Assembly    |
| October 31st, 2003  | United Nations Convention against Corruption is being established and recognized by the General Assembly |



## UN involvement, Relevant Resolutions, Treaties and Events

- International cooperation against the world drug problem, 19 December 2011 **(A/Res/66/183)**
- Strengthening the United Nations crime prevention and criminal justice programme, in particular its technical cooperation capacity, 19 December 2011 **(A/Res/66/181)**
- Resolution on the 2005 World Summit Outcome, 24 October 2005 **(A/RES/60/1)**

## Evaluation of Previous Attempts to Resolve the Issue

International and national illicit drug control policies set their aim on reducing demand and supply of illegal drugs. Initiatives and policies focusing on minimizing the harms in association with drugs are increasingly being adopted by many Countries. These policies work with law enforcement, attempts to abolish drug cultivation and production. Thus, providing other economic opportunities to communities called “alternative development”. However, these have been largely ineffective in eradicating cultivation of drug crops and supply has either maintained or increased. As a response many farmers shift to farm opium on smaller and more dispersed field. This is mainly the case in Colombia and Mexico. The initiatives and policies mainly failed because of the non-recognition of the association of illicit drugs to a range of political, cultural and socioeconomic factors.

Other law enforcement and eradication attempts cause harm multiple by weakening the SED in communities, such as eradicating livelihoods of poor farmers from Afghanistan to Myanmar. Few viable economic opportunities result in farming illicit drugs again because of survival necessity. Success with alternative development programs is rare, even though it has been met in Thailand.

Interdiction has caused the smuggling routes to constantly change to countries where law enforcement is weak. This has lead Guinea Bissau become the new trading passage to Europe. With an increase of law enforcement comes and development of violence and crime which creates a riskier environment. Therefore, the situation is more prone to drug gang power dynamics when members or leaders are arrested. Furthermore, in Vancouver and Sydney a study found, that law enforcement did not decrease drug use but riskier forms did. Demand side policies have shown to have a negatively impact on SED as following



campaigns, drug users want to seek healthcare, thus socioeconomic costs to the society are intensified.

Harm reduction has shown a cost effective and positive impact on socioeconomic development. Benefits such as reduction of drug use behavior and decrease of HIV transmission can be of advantage for developing countries.

## Possible Solutions

There have been different policies and initiatives made throughout the decades, they have not shown a lot of positive change. To resolve the issue, it is important to comprise with the different policies of Member States. Additionally, this issue can be specifically incorporated into the following Millennium Goals.

Furthermore, the provision of education is one of the most important factors that needs to be implemented on a wide range as well as in rural areas. Population prone to poverty is an easy target for drug industries and thus to develop. Therefore, educating people and farmers on the effects and especially the long-term effects of the illicit drug cultivation is of high importance. When the education as well as public campaigns in LEDCs and MEDCs has been executed on a large scale a risky possibility could be the abolishment of law enforcement. From previous attempts can be seen that law enforcement has not abolished the issue neither improved. If law enforcement would be eradicated, governments would have lower costs on this matter on the long-run. Furthermore with the legalization the drug use at the beginning may rise but long-term it would eradicate because people would be aware of the issue and the health hazards they would face. Once abolished, the drug industry would declare insolvent and thus dissolve because a high percentage of the price is due to the illegalization and the risk of being tracked.

## Bibliography

- "Bolivia." Data. N.p., n.d. Web. 25 June 2016.
- "Bolivia Illicit Drugs." - Transnational Issues. N.p., n.d. Web. 25 June 2016.
- "Bolivia: The New Hub for Drug Trafficking in South America." N.p., n.d. Web.
- "Corruption Definition | Investopedia." Investopedia. N.p., 07 Mar. 2012. Web. 24 June 2016.
- "Golden Triangle (Southeast Asia)." Wikipedia. Wikimedia Foundation, n.d. Web. 25 June 2016.



- "Interrelationships Between Health Programmes and Socio-Economic Development." *Annals of Internal Medicine Ann Intern Med* 80.1 (1974): 133. The Interrelationships between Illicit Drugs and Socioeconomic Development. Web. 24 June 2016.
- "10 Reasons Bolivia Is a Potential Haven for Organized Crime." 10 Reasons Bolivia Is a Potential Haven for Organized Crime. InSight Crime | Organized Crime In The Americas, 16 Oct. 2014. Web. 25 June 2016.
- "UNESCO - The Social and Economic Impact of Drug Trafficking." UNESCO - The Social and Economic Impact of Drug Trafficking. N.p., n.d. Web. 25 June 2016.
- "UNITED NATIONS INTERNATIONAL CONFERENCE ON DRUG ABUSE AND ILLICIT TRAFFICKING: DECISIONS OF THE CONFERENCE." *International Legal Materials* 26.6 (1987): 1637-724. ECONOMIC AND SOCIAL CONSEQUENCES OF DRUG ABUSE AND ILLICIT TRAFFICKING. Web. 24 June 2016.
- "World Drug Report 2014." (n.d.): n. pag. World Drug Report. UNODC, June 2014. Web. 24 June 2016.
- "Money Laundering - Financial Action Task Force (FATF)." Money Laundering - Financial Action Task Force (FATF). N.p., n.d. Web. 25 June 2016.

## Appendix or Appendices

- I. "Illegal Drug Trade." Wikipedia. Wikimedia Foundation, n.d. Web. 24 June 2016.

