

Good Markets Make Bad Neighbors

Regulating Open-Air Drug Markets

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In their manuscript, Corsaro, Hunt, Kroovand Hipple, and McGarrell (2012, this issue) provide a valuable contribution to the literature regarding focused deterrence with an econometric evaluation of the High Point Drug Market Intervention (DMI). By employing a difference-in-difference Poisson panel regression framework, as well as group-based trajectory analyses, these authors examine the High Point DMI's likely impact on neighborhood violence.

In their main result, Corsaro et al. (2012) find an incidence rate ratio of 0.854 in violent crime incidence within the targeted intervention areas—roughly speaking, a 14% decline. These authors also find no statistically significant change (indeed some decline) in nearby neighborhoods associated with the intervention, allaying concerns that the DMI simply displaced criminal activity from targeted areas to nearby communities. These findings seem statistically credible. Point estimates are robust to a variety of sensitivity analyses.

The Corsaro et al. (2012) article provides a valuable contribution to the literature regarding an important specific intervention, as well as to the broader conversation regarding innovative approaches to drug policy exemplified by the High Point DMI. Both drug policy hawks and drug policy doves have special reason to embrace this intervention. To hawks, such interventions represent an effective strategy to maximize law enforcement leverage to disrupt drug markets and reduce violent offending. To doves, seeking to soften the individual and community harms associated with severe sanctions for drug offenses, interventions such as the High Point DMI are especially attractive because they offer the promise of improving

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public safety while gaining the support of local communities, without requiring large or indiscriminating increases in incarceration for nonviolent drug crimes.

Although High Point has attracted widespread attention (Kleiman, 2009), the Corsaro et al. (2012) article provides the most careful econometric analysis to date of the intervention's likely impact on neighborhood violence. The focus on violence is important. Previous research has demonstrated the utility of focused policies in maximizing the deterrent effect of criminal justice policies, and in minimizing the punitive measures required to achieve significant disruption of drug markets (Kleiman, 2009). Corsaro et al. demonstrate that the High Point DMI is associated with an important, statistically significant, albeit modest, decline in violent crime.

These findings from the Corsaro et al. (2012) article also provide a welcome opportunity to examine the broader applicability of this focused-deterrence model. In particular: Can this approach be employed in large cities, where, *inter alia*, community organizations may be weaker, and where drug markets may be much larger? How much can violent crime be curbed through more effective regulation and suppression of open-air drug markets, given the declining violence of the drug trade generally? When and why should authorities focus on specific *places* in which drugs are sold, as opposed to particular drug buyers and sellers, or particular substances being sold?

Open-air Drug Markets: What Are They, and Why Do They Merit Special Attention?

Illicit drugs are consumer goods, which are frequently provided through markets. Markets for illicit drugs have distinctive characteristics with implications for social welfare and for drug policy choices. For example, illicit drugs are enormously valuable per unit weight. So smugglers can afford to employ sophisticated methods to conceal and transport modest quantities. The markets also are generally characterized by small, short-lived, vertically unintegrated, and technologically unsophisticated sole proprietorships that can generate great violence and disorder. For a recent review of drug market characteristics, see Caulkins and Reuter (2010).

Suppressing (or implicitly regulating) these markets is a distinctive responsibility for local police. The market should be shrunk, thus reducing the extent of drug use, itself a crime. Yet police also seek to reduce the adverse consequences of drug use and selling; some of those harms are not driven by the extent of drug use or by the frequency of drug sales (MacCoun and Reuter, 2001).

An interesting feature of the High Point DMI—and of similar local law enforcement interventions—is that these efforts do not particularly seek to suppress the overall drug market, or even the market for substances in a specific community. Rather, these interventions seek to suppress particular *marketplaces* where drug-related commerce brings especially severe social costs.

Thus, the High Point DMI is not primarily concerned with reducing the number of buyers and sellers, let alone with eliminating the drug market in that community. No indicators of drug use are offered in this evaluation or in any of the supporting documents that we have seen, although some reduction should occur as a result of making it more difficult for sellers and buyers to come together.

The real goal of such interventions is to eliminate concentrated drug selling and accompanying disorder and crime at a small number of specific locations where a relative handful of active street-level dealers especially disrupt the life of surrounding communities. Some drug users who formerly purchased cocaine in High Point's West End neighborhood may have stopped using illicit drugs when their preferred open-air marketplace was suppressed. Presumably, though, most simply found new locations that were less socially disruptive or that were less vulnerable to intercession by the police,

The intervention's success is mainly measured in terms of the location and associated crime, not in terms of the total gram-weight of a particular drug sold. This enterprise is different from those pursued by (say) the Drug Enforcement Administration and border authorities in their efforts to disrupt the overall market by interdicting the flow of drugs into the country.

Local police focus on specific places for one simple reason: Good drug marketplaces tend to be bad neighbors, facilitating disorder and crime. These places are good ones for offenders to meet each other and, in some cases, to find victims in the form of intoxicated purchasers, who are poorly situated to seek the assistance of police. Some purchasers are likely to be aggressive and violent. The very existence of the marketplace signals a local failure of law enforcement and perhaps of informal social control—and hence signals a lower risk of apprehension for various crimes. *The Corner* (the book that generated the classic television series *The Wire*) by Simon and Burns (1998) provides an eloquent description of just that phenomenon. Gang struggles for turf, theft by users, and the general menace originating from the presence of so many addicted and impulsive individuals overwhelmed an already-challenged, low-income Baltimore neighborhood.

Not all drug transactions occur in well-defined marketplaces, and not all illicit drug marketplaces are as problematic as those addressed in the High Point DMI. Many marijuana users purchase from friends or acquaintances in settings that are part of their routine life (Caulkins and Pacula, 2006). College dormitories have long been the location of many such transactions, without any particular menace or accompanying police interest. Even if one were to believe that marijuana is a dangerous drug whose use should be subject to intense enforcement, most transactions occur in settings that do not create the same adverse neighborhood and community consequences one associates with open-air marketplaces for heroin or cocaine. An increasing share of cocaine transactions may, as a result of improved communication technologies, occur in private locations (apartments, restaurants, offices) that are agreed to by the buyer and the seller. Poor or unsophisticated heroin and cocaine

users still frequently transact in exposed locations, chosen precisely because they facilitate the coming together of buyers and sellers.

The High Point DMI seeks to suppress open-air marketplaces through a comprehensive effort. Through intensive surveillance, community engagement, and intelligence gathering, High Point law enforcement authorities sought to comprehensively identify *every* street-level dealer who was actively selling drugs within a particular open-air marketplace. To that extent, it is universal, within a specific population: active sellers in a specific area. In that respect, the High Point DMI is unlike the Boston Cease Fire, which focused just on the leaders and the most violent gang members.

Evidence, particularly video surveillance footage, is accumulated sufficient to convict each offender. Once these sellers are identified and sufficiently evidence is collected, authorities immediately seek to incarcerate the most dangerous offenders who have serious records or a propensity to violence. Less violent offenders are shown the evidence against them, but they are told that they can avoid incarceration if they immediately cease their drug-selling activities. By applying overwhelming police pressure to *every person* within this relatively small number of drug sellers, the High Point DMI seeks to suppress quickly a local marketplace.

This project is ambitious. Its generalizability to larger cities remains a tantalizing possibility but also unproven. High Point, NC, has a population of roughly 100,000. An open-air drug marketplace in (say) that city's West End community involves 16 identified individuals who account for most illicit drug sales in a particular location. In contrast, Chicago, IL, has a population roughly 30 times as large. Since 1999, High Point homicide rates averaged less than 8 per 100,000 (city-data.com, 2011). Chicago's rate over the same period exceeded 17 per 100,000.

Chicago and other large cities have been plagued with open-air drug markets since the mid-1980s at least. It remains unclear how one could define local drug marketplaces in a consistent, operationally helpful way. For example, in April 1987, the *Washington Post* reported that the Metropolitan Police Department had identified 39 locations as open-air markets in Washington, DC, compared with 70 twelve months earlier. By 1988, the number was said to be 91. This kind of instability in short periods suggests that the measure itself is not well determined. Ten years later, the number had not apparently declined much; the front page of the *Post* said that, despite substantial progress in reducing the city's drug problem, 60 locations still could be labeled open-air drug markets (Lengel, 2000).

We know of no explicit, standardized criteria for police to use in determining whether a location should be classified as an "open-air drug market." The idea is a transparent one, a place to which a drug user can go with fair confidence of finding a willing seller, perhaps even one whom he or she does not know. But the size and geographic boundaries of such areas are highly variable. Lengel referred to a market as being a "two or three block" area. Weisburd and Green (1994: 64), in their analysis of Jersey City drug markets, referred to a much tighter concept, the "intersection area . . . [linking] each of the 1,553 intersections in

Jersey City with its related four street segments or blocks.” Eck (1995) used an address as the basic unit in his analysis of San Diego drug-selling locations.

Weisburd and Green (1994) found that places are specific markets; i.e., arrest records indicate that only one drug is sold at most markets and that very few of the same persons are arrested in adjacent markets. Most persons with multiple arrests are apprehended in only one marketplace. Few of those with multiple arrests were apprehended in more than one location.

In considering the generalizability of the High Point DMI model, it is useful to consider whether and when big-city illicit drug marketplaces offer similar opportunities for regulation, disruption, or suppression. In one frame, a large city’s larger population simply implies that localized interventions must be applied in many more places. Chicago’s larger population might create 30 times the number of illicit drug marketplaces and require 30 times the manpower required in High Point. Yet the basic challenge remains the same.

A more troubling possibility is that big-city illicit drug marketplaces may qualitatively differ from those targeted by the High Point DMI. Chicago’s highest crime communities display homicide rates greater than 50 per 100,000. Moreover, some of Chicago’s most contested and violent locations are large spaces located along the boundaries between large, hierarchical gang organizations. It is not clear that the arrest or rehabilitation of a relative handful of street-level dealers will be sufficient in suppressing these marketplaces.

For a sense of what drug-selling gangs consist of in large cities, consider the Levitt and Venkatesh (2000) analysis of a drug-selling gang active in the 1990s in Chicago. They described the hierarchy of the total gang as consisting of 16 central leaders, 100 local leaders, 300 officers, and 3,000 foot soldiers. Localized gangs consist of 1 local leader, 3 officers, 25–75 foot soldiers, and between 60 and 200 rank and file; the latter are much more part-time participants than the “soldiers,” perhaps users who occasionally sell.

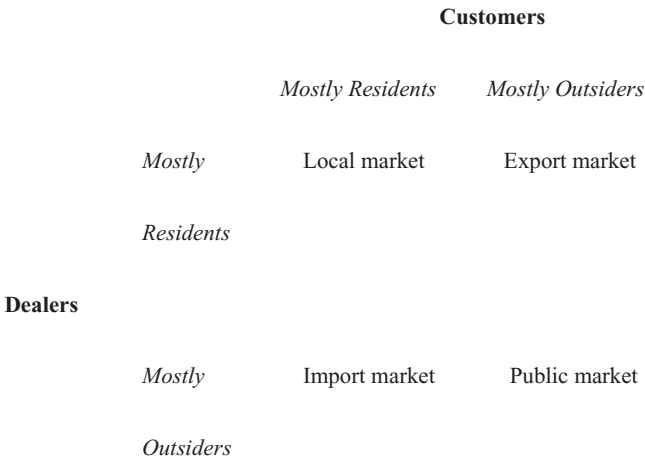
Another city-level study from the late 1980s, when cocaine and crack markets were probably at their height, also showed very high numbers of drug dealers, making it unlikely that discreet markets would have had only a few dozen dealers. Reuter, MacCoun, and Murphy (1990) examined data on arrests for drug selling in the District of Columbia. During the 3-year period 1985–1987, 14,500 different persons were charged with drug selling; approximately 4,000 of those were charged more than once with that offense.

Some of those charged were not guilty. No doubt there was, even within the 3-year period, some replacement of dealers who were incarcerated. However, some drug sellers were never arrested. Overall, these figures suggest that there were a few thousand individuals selling drugs in Washington at that time. If a local drug market could be as small as 16 individuals, there were hundreds of such drug markets in a city of 550,000. We return to the issue of scale in our concluding section.

Moreover, the High Point DMI seems especially effective in promoting the rehabilitation of relatively young, low-level street sellers with relatively nonviolent offending histories. Younger offenders may be especially responsive to the entreaties of family members,

FIGURE 1

Types of Illicit Drug Markets



Source: Reuter and MacCoun, 1992.

community leaders, and social service providers. When open-air drug marketplaces are operated by large organizations whose street dealers are somewhat older and have relatively severe offending histories, an intervention may acquire a more punitive dimension than was observed in the High Point DMI.

Types of Drug Markets

All street drug marketplaces have certain features in common. (For simple consistency with common nomenclature, we will refer to these marketplaces as, simply, “markets” in what follows.) In each, cash leaves the neighborhood via payments to drug importers and producers. Markets differ in the flow of cash for retail sales and in the economic effect, the violence they engender, and in their responsiveness to policy interventions. The typology presented here from Reuter and MacCoun (1992) was an early effort to suggest distinctions that may be useful for enforcement decisions.

Figure 1 classifies markets according to whether buyers and sellers come from the neighborhood or elsewhere. Those characterized by mostly resident dealers and customers are labeled *local markets*. These markets are unlikely to produce a net economic gain for the neighborhood. But precisely because they meet a local demand, buyers and sellers know each other and can readily communicate the re-establishment of the market at a new location. These markets may be particularly difficult for the police to suppress.

Export markets are ones in which residents of the neighborhood sell drugs to nonresidents. These markets bring certain gross economic advantages to at least some

neighborhood residents, even if on balance the net local economic consequences are negative. Fagan (1992: 26) noted that, in such markets, “since neighborhood residents benefit from the secondary economic demand generated by drug selling, this undercuts efforts at formal and informal social control. Residents are likely to be less willing to disrupt drug selling when they directly benefit from it.” Although neighborhoods may exert some social control over the manner in which such drug sales occur, there is obvious motivation for at least some tacit neighborhood resistance to police interventions that seek to suppress these export markets.

Markets where mostly nonresident dealers sell to local residents are characterized here as *import markets*; a more apt, if value-laden label, would be “parasitic markets.” Finally, markets where both sellers and customers are mostly nonresidents are labeled here as *public markets* because they tend to occur at large public locations like parks, trains or bus stations, or school yards. The effect of import and public markets on neighborhoods is likely to be particularly insidious—a net outflow of cash and other resources.

As suggested, these classes of markets may differ systematically in their vulnerability to enforcement. We hypothesize the following descending order of vulnerability: export, public, import, and local. This vulnerability represents the ease with which buyers and sellers can signal to each other that a new place has been found. In export markets, not only are buyers and sellers from different communities but also they have no natural foci, or “Schelling” points, around which to coalesce once the market is disturbed.

In contrast, public markets, although they also involve separated buyers and sellers, are simply selecting from a small number of potential locations that all share the same characteristics of easy access by outsiders and weak surveillance by police. Import markets may have natural nodes within the buyer community, for example, the exit ramps of highways. The most confident prediction is that local markets will be the hardest to suppress.

The typology also may be relevant to the harmfulness of markets. Very speculatively, on the one hand, local markets may be the least harmful precisely because the participants are well acquainted and violence risks retribution. On the other hand, import markets may be the most violent because sellers have more anonymity.

Our point here is not to argue for a particular typology or a particular set of hypotheses about harmfulness. Rather, it is to demonstrate the utility of considering multiple dimensions of a market. Research can show which kinds of markets cause most damage (by drug, time of day, or residence of buyers/sellers) and which are most vulnerable to various types of enforcement, including the kind of focused deterrence illustrated by DMI.

It’s an awkward notion that the police might strategically determine that a particular marketplace is best left to persist in particular locations rather than targeted for tough enforcement. This trade-off is not acceptable in enforcing measures against violent and property crimes. Yet the reality is that drug marketplaces bring different harms in different locations, and that such marketplaces also present different opportunities for effective law enforcement.

The High Point DMI offers other useful lessons as well. Perhaps most important, the intervention was relatively discriminating in its approach to *specific individuals*. By seeking to assist low-level drug-sellers, and by reserving the most punitive measures to the most recalcitrant or the most violent offenders, law enforcement authorities are more likely to win support from local communities. Moreover, some of the intervention's most effective approaches would prove valuable even if authorities do not focus on specific marketplaces as the focus of intervention.

Concluding Comments

Some readers may be disappointed to find that an innovative intervention that successfully disrupted local illicit drug marketplaces only reduced violent crime by roughly 14% within target areas. We think that it is in fact an important positive finding. Such results must be considered in light of a changing market for illicit drugs and in light of the diverse factors that promote violent crime. Two decades ago, a large fraction of urban homicides were directly linked to the illicit drug trade. Today, though hardly peaceful, drug markets seem to generate many fewer killings or shootings.

Our work and the work of others has suggested that the population of frequent users of expensive drugs (cocaine, heroin, and methamphetamine) has aged (Pollack, Sevigny, and Reuter, 2011). The sellers, most of whom are themselves frequent users of these drugs, have aged at a similar pace. Aging slows violent crime rates, even for cocaine- and heroin-dependent individuals. At one intervention site, police officers noted that "most of the violence occurring in the area was domestic violence and not crime resulting from drug activity in the neighborhood" (Frabutt, Shelton, Di Luca, Harvey, and Hefner, 2009: 36). In many communities, violence originates from interpersonal conflicts, domestic or otherwise, and other motives not directly linked with the operation of drug markets. One's expectations regarding the violence-reduction potential of drug marketplace interventions should be correspondingly tempered.

The issue of scale especially concerns us. All markets in which the DMI operated were apparently small. Even outside of High Point, in the replications funded by the National Institute of Justice, the largest number of identified dealers has been 50. It may be that patterns of illicit drug-selling have sufficiently changed that the numbers from earlier studies, such as those from Reuter et al. (1990) of Washington in the mid-1980s or those from Levitt and Venkatesh (2000) of Chicago, no longer describe the central realities of drug markets. It also may be that the High Point DMI is valuable in addressing some kinds of drug markets, and not others. Therefore, it is especially important to specify the contexts in which such interventions are most likely to be effective.

Interventions are readily oversold and thus found wanting when subject to rigorous evaluation. That cycle of hype and disappointment should be resisted. In involving community residents in law enforcement efforts, in implementing focused deterrence, and in concentrating law enforcement efforts, the High Point DMI offers valuable lessons

for drug policy. It modestly but significantly reduced violent offending and (at least locally) suppressed the most socially harmful forms of the open drug trade. The intervention accomplished these goals while minimizing many of the social harms associated with enforcement itself.

Policy makers and researchers face many challenges in extending this promising model to the full range of big-city illicit drug markets. Perhaps the first order of business, then, is to conduct a broader range of rigorous trials to examine the generalizability of the model in different settings. A large metropolitan area such as Chicago, New York, or Los Angeles includes several dozen open-air drug marketplaces of varying sizes, locations, and other marketplace characteristics. Site-randomized trials could shed light on the model's true applicability to large-scale urban settings, as did Sherman et al.'s (1995) study of a randomized trial of crack house raids.

Such trials would be costly and labor-intensive but no more so than the actual application of the High Point model on a similar scale. On the demand side of the illicit drug trade, different modalities of substance abuse treatment are rightly held to rigorous standards of clinical medicine. Regulating the supply side of the same markets, we should hold enforcement efforts to comparable standards of rigor.

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