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HEADLINE: One Tough Plant

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BODY:

The \$1.3 billion in aid approved by the House yesterday to help Colombia's faltering government combat narcotics trafficking may be good politics, but it is based on bad economics. And it is unlikely to stem the flow of South American cocaine into the United States.

The backers of the bill, as well as the Clinton administration, which requested a similar aid package, argue that rebuilding Colombia's weak military would help the government defeat the leftist guerrillas who protect the coca farmers, or at least force the guerrillas to the bargaining table. This, in turn, would allow the government to attack coca fields directly and help farmers make the shift to legal crops.

The problem is that for the guerrillas, the coca industry is essential (since the money that growers pay them for protection provides nearly half of their estimated \$100 million annual revenue), but for the coca growers and refiners the rebels are a convenience, not a necessity. Without the guerrillas' protection, the farmers may have to move to smaller and more dispersed plots, which is inconvenient and costly. But this would have little effect on the price of cocaine on the street in the United States.

It costs cocaine refiners only 30 cents to purchase the coca leaf needed to produce a gram of cocaine, which sells for about \$150 in the United States. Even if the price of the leaves needed for that gram of the finished product doubled, the change in retail price would be negligible. And if retail prices do not rise, then consumption in the United States will not decline.

Cocaine refiners will always pay what they need to pay to get the leaves to meet demand. This is, after all, an agricultural market and is subject to the same economic laws that govern markets for legal crops.

The aid money, which is part of a \$12.7 billion spending package that faces a tough battle in the Senate, also provides money to help

coca farmers develop alternative crops like pineapple. But helping farmers earn more money growing legal crops by giving them cheap seeds, subsidized processing plants and better roads assumes that the price of the coca leaf will not increase enough to tempt the farmers back to growing it. Cocaine refiners would offer a high enough price to get back the land and labor needed to meet the needs of the cocaine market.

Many who support the aid package point to the success of efforts in Bolivia and Peru, where land under coca cultivation is down to 145,000 acres in 1999 from 370,000 in 1992. But there is little evidence that intervention in Peru and Bolivia has lowered coca production in South America as a whole. As acreage devoted to coca farming in Bolivia and Peru decreased, cocaine acreage in Colombia increased to 300,000 acres in 1999 from 90,000 acres in 1992. Even if coca farming is pared back in Colombia, it will likely increase again in Bolivia and Peru.

Washington seems fixated on trying to solve America's drug problem through intervention in other countries. That only a tiny fraction of the federal drug-control budget goes for overseas programs is a source of frustration to hawks and liberals alike: hawks want more for crop eradication; liberals want more money to help farmers grow alternative crops. Neither side seems willing to accept that these actions can do little but shift the location of crop production. In the end, the only way to win the drug war will be to change the behavior of Americans, not of farmers in the third world.