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THE WHITE HOUSE
WASHINGTON

March 5, 1976

Dear Pete:

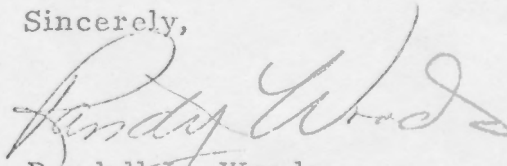
Attached are the answers from President Ford to the questions on the Drug problem which you submitted in your letter to me of February 5, 1976.

This is to confirm that the answers are to be considered "on the record" and may be published with President Ford's by-line.

Please let me know if we may be of further assistance.

Warmest regards,

Sincerely,



Randall L. Woods
Deputy Director of the
Office of Communications

Mr. Pete Franklin
The San Antonio Light
San Antonio, Texas

cc: Ron Nessen
Margie Vanderhye
Dick Parsons
Jim Cannon ✓



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Drugs
March 1976

Presidential Response to Questions Submitted by The San Antonio Light

Question #1

You personally and members of your Administration have been expressing increasing concern about the flow of heroin and other narcotics into the United States from Mexico. In as specific terms as possible, could you tell us what the Federal Government has done to curtail this influx, especially along the Texas-Mexico border?

Answer

The Federal drug enforcement strategy has three major components: assistance to foreign governments in their enforcement and eradication efforts in order to reduce the supply available to come into the United States; border interdiction which is designed to intercept drugs as they cross our national boundaries; and lastly, a strong domestic enforcement and demand reduction program.

Special concern with drug traffic from Mexico is evidenced by the substantial commitment we have made to provide equipment such as troop carrying helicopters, aircraft and other technical assistance and training for the crop eradication and interdiction efforts of the Government of Mexico.

To further support the Mexican efforts, I have personally spoken with President Echeverria of Mexico and have directed the Secretary of State and the Attorney General to personally convey my deep concern to the Mexican authorities, along with my desire to continue seeking ways which our two countries can further strengthen efforts to tackle the drug problem.

While I believe the United States Government has a responsibility to support foreign nations in their narcotics control efforts, I also believe that we must conduct an efficient and effective interdiction and enforcement program within this nation. Almost 4,200 Federal law enforcement personnel are assigned along the southern border of the U.S. stretching from San Diego, California to Miami, Florida. This manpower is supported by almost 100 aircraft, 30 marine craft, 1,400 land vehicles and drug detection dog teams. The United States Customs Service, the Immigration and Naturalization Service, and the United States Coast Guard are the principal agencies assigned responsibility for the interdiction of land, air and sea smuggling of drugs and other contraband. To further enhance the effectiveness of these organizations and to generate even greater interagency coordination and cooperation to reduce the flow of drugs across our borders, I have directed the Domestic Council's Drug Abuse Task Force to present me with specific recommendations for improving our ability to control drug trafficking along the southwestern border.



The Drug Enforcement Administration in the Department of Justice is the Federal organization assigned the responsibility of coordinating our overall drug intelligence, investigation and enforcement activities at the Federal level. I have requested the Attorney General and Peter Bensinger, the new Administrator of DEA, to ensure that the efforts of that agency are focused on immobilizing and incarcerating the leaders of major drug trafficking organizations. By concentrating on these important violators, we will more severely disrupt the distribution of narcotics in the United States.



Question #2

Is there any documented evidence that your Administration's efforts thus far have actually reduced that influx? If so, could you please review that evidence.

Answer

The results of our Federal interdiction and enforcement have been encouraging:

- Interdiction at our nation's borders have resulted over the past 18 months in over 21,000 seizures of narcotics, including 235 pounds of heroin, 1,100 pounds of cocaine and 400 tons of marihuana.
- In calendar year 1974, the Drug Enforcement Administration arrested over 1,400 major violators. Preliminary statistics for 1975 indicate an increase to approximately 2,000, demonstrating that the shift in emphasis suggested in the White Paper on Drug Abuse is occurring.
- The results of the Government of Mexico's eradication program also have been impressive. In 1971 the Mexican Government estimated that it had eradicated 2,300 fields; it is projecting eradication of some 15,000 this year. I believe that these increases are a direct result of both our aid and technical assistance, and the Government of Mexico's commitment to the program.

Thus, while it is impossible to determine precise quantities of illegally imported drugs, I believe that the significant increases in our drug control efforts have had an impact on reducing the flow of drugs to the U.S. Of course, we have a long way to go.

Question #3

What plans have been proposed by your Administration to ensure continued narcotics vigilance along the U.S.-Mexico border?

Answer

The answer to this question is contained in #1.



Question #4

The Office of Management and Budget, in its "Seventy Issues" budget report, characterized the proposed increases in the Fiscal Year 1977 "drug budget" as "relatively modest"; indeed, the proposed budget increase for the Drug Enforcement Administration does not fill the dollar gap created by inflation. How does the Administration justify the "relatively modest" budget increases in the face of a worsening narcotics trafficking and drug abuse problem?

Answer

First, I want to clear up a misconception in your question. The budget I have submitted does request an increase for the Drug Enforcement Administration in Fiscal Year 1977. It requests additional positions for intelligence, and for regulatory and compliance activities. In a broader sense, I concluded that the Domestic Council's White Paper on Drug Abuse was correct, and that the Federal Government could achieve increased effectiveness in this area largely through refocusing and retargeting existing resources. Internal refocusing of resources against major drug traffickers, which I believe is the important target for Federal enforcement efforts, is occurring. Additionally, the Drug Enforcement Administration is concentrating on inter-regional and international trafficking networks in order to severely disrupt the flow of drugs coming into this nation.

Question #5

How would you characterize the recent efforts of Mexico to control narcotics production and trafficking in that country?

Answer

I believe that the recent efforts of the Government of Mexico relative to control of narcotics production and trafficking in that nation demonstrate its keen awareness and deep concern for the increase of the drug abuse problem in both of our nations. The results of this year's crop eradication program will far exceed the results of previous years. This is in part due to the additional equipment and technical expertise provided through the State Department, but more due to the commitment of combatting this problem demonstrated by the responsible Mexican officials. In short, I am extremely pleased with the cooperation we are receiving from President Echeverria and the members of his Administration.

Question #6

The Federal Government has dispensed millions of dollars in aircraft, other special equipment, and training funds to Mexico for narcotics control. What evidence can you cite that the money and equipment are being used solely to further international narcotics control efforts, and not to counter insurgent groups there?

Answer

We have seen no evidence to suggest that U.S. money and equipment are being diverted to purposes other than narcotic control. To the contrary, I have every indication that U.S. assistance is being used solely to further international narcotics control efforts.



Question #7

The Treasury Department's Bureau of Alcohol, Tobacco and Firearms plans to step up gun control efforts along the U.S.-Mexico border in an attempt to curtail the illegal flow of weapons into Mexico; the Drug Enforcement Administration reports that, in some instances, guns are exchanged for narcotics in Mexico. Has the Mexican Government communicated to you, or to members of your Administration, its concern about gun running to Mexico?

Answer

The Mexican Government has expressed some concern over illegal importation of arms from the U.S. and, as a result, our two governments are working jointly to curtail this activity.

Question #8

Does your Administration have any evidence that any weapons of U.S. origin are reaching insurgent or guerrilla groups in Mexico?

Answer

We have heard occasional reports to this effect, but have no firm confirmation. These reports are, of course, a matter of concern to me and the Government of Mexico. The Bureau of Alcohol, Tobacco and Firearms and the U.S. Customs Service actively pursue any such reports in cooperation with the Mexican Government.

Question #9

Legislation has been proposed -- specifically, Senator Mansfield's amendments to the Foreign Military Assistance Act -- that seeks to impose stricter controls on Drug Enforcement Administration operations abroad. If these controls are put into effect, what will the impact be on U.S.-encouraged international narcotics control campaigns?

Answer

The proposed amendments to the Foreign Military Assistance Act may indeed be overly restrictive and thus may impair U.S. drug intelligence and international narcotics control efforts abroad. I share Senator Mansfield's concern about the possible involvement of U.S. drug enforcement officials in activities which may involve the use of force. But, I also am concerned that legislative attempts to define the precise limitations on activities could be counter-productive and could indirectly damage a vital part of our overseas program. I believe careful management can avoid the type of excesses which we must avoid. Accordingly, I have instructed Peter Bensinger to work with the Department of State to develop appropriate guidelines for DEA activities abroad.

Question #10

Across the country, there are moves under way to "decriminalize" marihuana use by individuals, even as the Federal Government spends millions of dollars each year in an attempt to prevent marihuana from entering the U.S. What is the effect of these "decriminalization" efforts on Federal drug control efforts?

Answer

The current movement by a few states to decriminalize marihuana will have absolutely no effect on the Federal drug control program. The existing Federal enforcement policy, with regard to marihuana and other drugs, is to focus our efforts on major violators involved in inter-regional and international trafficking activities. This, I believe, is an appropriate role for the Federal Government and is an appropriate use of its resources. U.S. Federal enforcement officials will attempt to interdict major shipments and arrest major traffickers of all illicit drugs.

Question #11

In your State of the Union message, you spoke of mandatory prison sentences for traffickers in narcotics. What penalties do you envision, and how does your Administration intend to write them into the law?

Answer

I believe it is essential that more serious crimes, and those who commit them, be dealt with in a speedy, fair manner and that the punishment match the severity of the crime. Currently, the Criminal Justice Reform Act of 1975, a bill to codify and reform U.S. Federal criminal law which I support, is in the Senate of the United States. In its present form, it would require mandatory minimum sentences of five to ten years for trafficking in heroin.



Question #12

- Your Domestic Council's Drug Abuse Task Force, in its "White Paper" issued last September, called for increased cooperation between the Drug Enforcement Administration and the U.S. Customs Service. Do you believe the interagency quarrel has hampered drug control efforts, and has that problem been resolved to your satisfaction?

Answer

The implementation of Reorganization Plan #2 of 1973 and subsequent attempts to redefine border jurisdictional responsibilities created uncertainties in the definition of agency responsibilities and resulted in a period of instability characterized by a lack of interagency coordination and cooperation. Recently, however, the Drug Enforcement Administration and the U.S. Customs Service have signed a detailed "Memorandum of Understanding" which sets forth the operational responsibilities of each agency in our drug interdiction and enforcement efforts. The resulting increased cooperation has already resulted in many significant seizures of heroin, cocaine, and marihuana. I am confident that the period of instability has passed and that the future will be characterized by even greater interagency coordination and cooperation.

Question #13

Narcotics investigations and drug interdiction are now primarily the domains of the Drug Enforcement Administration and the Customs Service. Have you encouraged other government agencies, such as the Internal Revenue Service and the Federal Bureau of Investigation, to take more active roles in attacking criminal elements engaged in narcotics trafficking and its financing? If so, how?

Answer

While the Drug Enforcement Administration is the lead agency in narcotics investigations, and the U.S. Customs Service has principal responsibility for interdiction along our nation's borders, the overall Federal program has long included many other Federal organizations. The Internal Revenue Service has long been involved in the financial and tax aspects of known criminals while the Federal Bureau of Investigation frequently exchanges information with the Drug Enforcement Administration that it develops in other areas. The United States Coast Guard, in conjunction with the Drug Enforcement Administration and the Customs Service, has mounted several joint operations in marine interdiction off the coast of Florida and has recently instituted the same program off the southern coast of California. The Federal Aviation Administration, as well as the Department of Defense, assist our interdiction efforts through supporting roles in detecting intruding air flights across our borders.

Clearly, we must use all of the resources available to the Government if we are going to successfully fight the drug problem. This view has been communicated to all departments and agencies at the Federal Government.



MEMORANDUM

THE WHITE HOUSE

WASHINGTON

March 9, 1976

MEMORANDUM FOR: Jim Cannon
FROM: Dick Parsons
SUBJECT: Drug Abuse

Attached is a copy of the drug abuse piece I mentioned to you yesterday.

As you can see, the author's objective is to analyze the problems we have encountered in attempting to effectuate Reorganization Plan No. 2 of 1973 (which created DEA). However, the article contains an excellent discussion of what we are trying to do in the supply reduction area and, more importantly, why.

Enclosure

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CENTRAL FILES

REORGANIZATION PLAN #2 REVIEWED:

Problems in Implementing a Strategy to Reduce
the Supply of Drugs to Illicit Markets in the
United States



Mark H. Moore
December 31, 1975

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I. Introduction: Drug Abuse Policy and Implementation 1968-1972

In 1965, an epidemic of heroin use began in the United States.¹ The epidemic began in the ghettos of major metropolitan areas that were linked fairly directly to major sources of supply (e.g., New York City, Los Angeles, and Chicago). Within the next few years, the epidemic spread to white, suburban population in the original metropolitan areas, and to both ghetto and suburban populations in new metropolitan areas. By 1970, epidemics of heroin use had appeared in smaller, more remote urban areas (e.g., Jackson, Miss.; Eugene, Oregon; etc.).² By 1972, the United States as a whole had absorbed a ten-fold increase in the number of heroin users.

The rapid growth of the problem caused the early social response to be disorganized. There was neither a coherent, intellectual basis for the design of an effective policy, nor an institutional base from which to launch an effective response. Relatively few well-defined program concepts were available for consideration as policy instruments. Virtually no empirical information on the effects of policy instruments existed. And there was no strategic view of the problem that was broad enough to identify significant interdependencies among the various programs and plan for their coordination. Most organizations were small compared to the size of the problem. The capabilities of the existing organizations were limited. And there were no institutional mechanisms which could force adjustments in the policies and procedures of one organization to assist the operations of another organization.

By 1972, a fairly coherent and reasonable policy had emerged -- at least at the federal level and in the major metropolitan areas that had a major share of the drug abuse problem. The basic tenets of that policy were the following:³

- * The primary reason to be concerned about drug use was not drug use in itself, but rather the individual and social consequences of drug use (e.g., adverse effects on users' health, dignity and autonomy, and property and violent crimes.)
- * Since drugs could be substituted for one another, our policy had to be designed to deal with many drugs -- not just those that had been singled out for attention because they had no widely accepted legitimate medical use (e.g., heroin, marijuana, hallucinogens, cocaine).
- * However, since not all drugs and not all consumption patterns of drugs had equally grave individual and social consequences, we should focus our efforts on those drugs and those patterns of consumption that seemed to be causing the largest portion of the individual and social consequences.
- * Far from competing with one another, supply reduction strategies (e.g., enforcement, crop control, border interdiction), and demand reduction strategies (e.g., prevention, treatment, vocational rehabilitation) complemented one another. Examples of complementary relationships include the following:
 - * Supply reduction efforts reduced the rate at which new people experimented with drugs (thereby making a significant contribution to our prevention policy), and increased the rate at which drug users volunteered for treatment (thereby making a significant contribution to our treatment policy).
 - * However, since supply reduction efforts failed to prevent drug use in areas where drug use was already endemic, supply reduction efforts had to be complemented by other prevention programs.
 - * Moreover, since supply reduction efforts adversely affected the behavior and condition of current users, treatment programs were necessary to minimize these external costs of supply reduction efforts.
 - * Finally, as treatment programs absorbed a large fraction of the current population of users, supply reduction objectives would have to expand to insure that in the short run, the level of price and availability to new users would not fall.
- * The supply reduction strategy should have the capability to strike at a variety of different points to control supplies of drugs to illicit markets. It should include programs to control raw materials, to immobilize major trafficking organizations, to interdict drugs at the border, to pressure illicit domestic wholesale and retail distribution systems, and to control diversion from legitimate domestic production of abuseable drugs.

- * In the short run, the major problems on the supply side were to crank up diplomatic machinery to control opium in Turkey, Mexico, and Southeast Asia and to strengthen our capability to immobilize major traffickers.
- * The demand reduction strategy should experiment with a large set of possible prevention programs and treatment programs (e.g., methadone maintenance, therapeutic communities, in-patient psychiatric hospitals, "rational authority" etc.). It should not be committed to a single program concept.
- * In the short run, the major problem on the demand side was to build large scale treatment capacity without sacrificing quality in the massive expansion.
- * In the near future, the problems of effective rehabilitation (given treatment), and effective prevention would become critical.
- * There was some risk that the institutionalization of the drug abuse policy would permanently distort our social policy by giving too much emphasis to the drug abuse problem.

Thus, at the level of articulated aspirations and rationales, our drug abuse policy was reasonably sophisticated.

Moreover, this policy was backed up by more than the usual interest in effective implementation. Specialized staffs were created within both the Domestic Council and Office of Management and Budget to insure that drug abuse policy received high priority among the departments, that the programs were reliably coordinated, and that some progress was demonstrated.⁴ On the demand side, the Special Action Office for Drug Abuse Prevention (SAODAP) was established with special authority to influence the expenditures of existing organizations involved in the treatment of drug users, as well as spend substantial resources of its own.⁵ To prevent the establishment of a permanent drug treatment lobby, the legislation establishing SAODAP also stipulated that SAODAP go out of existence in 1975.

On the supply side, the initial response was equally aggressive, but slightly more disjointed. Existing organizations with responsibility for narcotics enforcement (e.g., Customs and BNDD) received significant budget increases, and were lashe into aggressive action by sustained White House attention.⁶ A special cabinet committee was established to license a "diplomatic blitz" by high ranking U.S.



officials.⁷ Its purpose was to mobilize foreign governments to assist U.S. narcotics control objectives. Two new narcotics enforcement organizations were created within the Department of Justice. The Office of National Narcotics Intelligence was created to organize and disseminate all narcotics intelligence available to the Federal Government.⁸ The Office of Drug Abuse Law Enforcement was established to mobilize state and local enforcement organizations through task forces which combined federal agents with state and local agents. These new organizations were created to close "gaps" in the overall enforcement capability

By the end of 1972, these efforts were yielding significant results. Federally sponsored treatment capacity had grown from 20,700 in October, 1971 to 60,700 in December, 1972.⁹ The capacity was evenly divided between methadone and other modalities, and was completely filled. The Government of Turkey had announced a ban on the growing of opium.¹⁰ The French Government had cooperated in a series of cases against significant international traffickers.¹¹ And pressure had increased on distribution systems operating within the United States. Indicators of heroin use were declining as the number of users in treatment and the effective price of heroin increased.¹²

Although encouraged by these successes, the policy was not yet institutionalized. Problems were particularly apparent on the supply side. The diverse enforcement organizations were beginning to compete. The initiative behind the foreign program was slackening. The White House wanted to play a smaller role in motivating and coordinating the supply reduction effort. In March, 1973, the Administration presented a proposal designed both to solve current problems and insure the continued, effective implementation of an overall supply reduction strategy --Reorganization Plan #2 of 1973.

The purpose of this brief analysis is to analyze the success of Re-organization Plan #2 as a mechanism for implementing an overall supply reduction strategy. The procedure will be the following. First, I will describe the objectives, targets and instruments of a supply reduction strategy. Second, I will describe the reasonable hopes of Re-organization Plan #2; the objectives and assumptions. Third, I will analyze the major political and bureaucratic factors which frustrated the reasonable hopes. I will close with some general conclusions about the critical problems in implementing a supply reduction strategy.

II. The Objectives, Targets and Instruments of a Supply Reduction Strategy

A. Objectives of a Supply Reduction Policy

The fundamental objective of a supply reduction strategy is to make drugs inconvenient, expensive and somewhat risky to consume. The basic assumption is that if drugs are risky, inconvenient and expensive, fewer people will experiment with drugs, fewer who do experiment will advance to chronic, intensive use of drugs, and more of those currently using drugs will abandon their use and seek treatment.¹³

While straightforward, this simple description of supply reduction objectives fails to capture some important complications to the supply reduction effort.

First, many drugs have legitimate medical uses. To preserve the benefits associated with legitimate medical use of the drugs, we should make the drugs easily and inexpensively available to legitimate users. In effect, we are trying to create two different markets with different levels of price availability: an illicit market in which drugs are expensive and inconvenient, and a legitimate market in which drugs are cheap and readily available.

Second, not all drugs are equally dangerous in illicit use. At any given level of use, drugs differ in terms of their consequences on a user's health, economic capability, and tendency to commit crimes. In addition, drugs differ in terms of the chance that a user will advance to chronic intensive use of the drug. The objectives of a supply reduction effort should reflect those differences. Drugs that are dangerous and likely to lead to chronic intensive use should be more difficult to find than drugs which are less dangerous and less likely to lead to chronic intensive use.

This is true partly because scarce resources require us to focus on drugs that cause the greatest social problems, and partly because it is desirable to deflect consumer choices to the less hazardous drugs.

These complications can be accommodated by introducing the concept of "effective prices" for different drugs in different markets.¹⁴ The effective price is defined as an index of all the things that make drugs difficult, expensive or dangerous to consume: dollar costs, amount of time required to secure the drugs, the toxicity of adulterants, uncertainty about the actual dose, risk of arrest, and risk of being defrauded or mugged in the transaction.

Given this definition, we can describe the objectives of a supply reduction strategy in terms of a matrix of effective prices for different drugs to different consuming groups. Table 1 presents such a matrix. The absolute price levels reflect our desire to discourage drug use in general. The relative price levels reflect the fact that different drugs have different individual and social consequences. The two different markets reflect the fact that many drugs that are abused have legitimate medical uses that should be preserved.

These objectives differ significantly from the common view that our supply reduction effort is designed to "enforce the narcotics laws"; or "put dope peddlers in jail"; or "keep all narcotics and dangerous drugs out of the country." The important differences are the following:

First, the objective presented here acknowledges that despite our best efforts, drugs will reach illicit markets. The problem is cast in terms of minimizing the rate at which drugs move to illicit markets rather than stopping all drugs. This is a more realistic objective than the objective

TABLE 1

The Objectives of a Supply Reduction Strategy

(Illustrative Matrix of Intended Effective
Prices for Different Drugs in Different
Markets)

Specific Drugs	Effective Price in Illicit Markets	Effective Price in Legitimate Markets
Heroin	Very High	Not Applicable
Cocaine	High	Not Applicable
Methamphetamine	High	Moderate - High
Amphetamine	Moderate - High	Moderate - Low
Barbiturates	Moderate - High	Low
Hallucinogens	Moderate - High	Not Applicable
Minor Tranquilizers	Moderate	Very low
Marijuana/Hashish	Moderate	Not Applicable

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of stopping all drugs.

Second, the objective presented here encourages one to think of the variety of instruments beyond making cases against illicit traffickers that can be brought to bear on supply reduction objectives. The roles of regulatory programs, eradication programs, and the development of international institutions to encourage drug control are highlighted, and the inadequacy of an enforcement objective that focuses solely on drugs that have no legitimate medical use and relies largely on making cases to achieve the objectives is underscored.

Third, the objective presented here makes a virtue of a selective enforcement. We attack the drugs that cause us problems and the individuals who currently account for a large fraction of the supply capability. The enforcement objective encourages us to go after all violaters of the law equally. Absolutely loyal pursuit of this strict enforcement objective would dilute the impact of supply reduction efforts. Resources would be wasted on insignificant individuals, and on reducing supplies of more drugs that are relatively less harmful while allowing supplies of more harmful drugs to increase.

Thus, the objectives of a supply reduction strategy are to minimize the adverse individual and social consequences of drug abuse by influencing absolute and relative levels of availability in illicit markets. A supply reduction strategy depends significantly on effective law enforcement. But law enforcement is not the sole instrument of a supply reduction strategy.

B. Targets and Instruments of a Supply Reduction Strategy

1. The "Source of Supply" as a Strategic Concept

The problem in designing a supply reduction strategy is to decide where

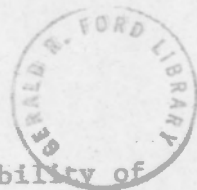
to concentrate our efforts. In the past, strategic calculations have been dominated by the concept of "source of supply." This concept has proved remarkably useful. When used in the context of the enforcement program it has motivated agents to develop cases against financiers, chemists, and managers of major trafficking organizations. When used in the context of the international program, it has directed the attention of the CCINC to countries that produced raw materials or harbored major traffickers. When used in the context of the regulatory program, it has stimulated the design of a program to control retail diversion. Thus, the concept has appropriately guided many policy calculations and subsequent actions.

However, the fact that the concept of source of supply takes on quite different meanings in different organizational contexts suggests that it is ultimately an ambiguous concept. Moreover, if one seeks to arbitrate discussions among advocates of crop control, enforcement, and regulatory programs, it quickly becomes clear that the idea of source of supply cannot resolve the issue of relative emphasis. To resolve this issue, one needs a somewhat more complicated model of the systems that supply drugs to illicit markets.

2. An Alternative Strategic Perspective

The strategic objective is to reduce the throughput capability of systems supplying drugs to illicit markets in the United States. The problem is to find the specific points in the system which can be effectively attacked, and which, if effectively attacked, would yield a substantial, durable reduction in the rate at which drugs are supplied to illicit markets.

In principle, there are a large number of possible points to attack, (or more precisely, the points to be attacked can be described in several



different terms). One can strike at the wholly illicit systems, or seek to control diversion from legitimate systems. One can strike at different stages of the production/distribution system, or at different factors necessary for production or distribution (e.g., raw materials, production facilities, inventories of finished drugs, individuals who produce or distribute, transactions that limit the entire system together). Within collection or distribution systems, one can choose different levels to attack. Table 2 arrays possible targets and the instruments that can be used to attack or control the various points in the system.

The calculation of an optimal portfolio of policy instruments is by no means trivial. We lack both data and analytic models necessary for a sophisticated calculation. Still, it is possible to outline a crude general procedure for making the calculation, and to make some rough calculations based on current knowledge about major drugs of abuse.

a. Control of Diversion from Legitimate Systems

The first step in the design of a portfolio is to assess the potential role of diversion from legitimate production/distribution systems, and to design the regulatory program that will control diversion from legitimate productions. In assessing the role of diversion, one should look at the size of the legitimate systems relative to the supply of illicit systems; the concentration of the supply in the legitimate systems (both organizationally and geographically); the stages of production/distribution where leaks are currently or could in the future appear; the strength of the authority that can be used to control diversion; and the capability of the institutions that will be charged with the control of diversion. In many cases, the

authority and institutions will not be those of the federal government of the United States, but rather those of foreign governments or state governments. The smaller the legitimate supply/distribution system, the more concentrated the legitimate production/distribution system; the stronger the authority and institutions that seek to control diversion, the smaller the necessary investment in instruments to control diversion.

[To people accustomed to thinking of supply reduction efforts primarily as the control of wholly illicit systems, this emphasis on controlling diversion from legitimate systems is puzzling. However, it is important to remember that for all important drugs of abuse, there are legitimate production/distribution systems that influence the supply of drugs to illicit markets in the United States. An important piece of the heroin strategy must be the successful control of opium diversion from legitimate production in Turkey and India. An important piece of the barbiturate strategy must be the control of diversion of finished products from legitimate domestic producers. The only drugs for which the problem of controlling diversion is trivial are cocaine, marijuana, and the hallucinogens.] 15

There are several important reasons to consider the regulatory issue as the first step in the design of an optimal portfolio for the control of a particular drug. First, it is likely to be relatively easy to calculate. Since many features of the legitimate system will be known, it will be possible to discover quickly what claims the control of legitimate activities, will make on available resources, and where it is likely to fail.

Second, it is often true that performance in this area will explain a large portion of the variance in overall performance. This is true simply because the legitimate systems are often very large compared to the illicit system. Consequently, small changes in controlling the legitimate system is likely to have a dramatic impact on the illicit systems.

Third, the volume and type of diversion from legitimate production will have a significant impact on the structure of the illicit systems that

supply drugs to illicit markets. If there is diversion of finished products from thousands of retail outlets that are geographically dispersed, the illicit distribution system will be almost non-existent. It will be widely decentralized, and involve only a few levels. If there is only diversion of raw materials, the illicit distribution system will have to involve many different levels and many different capabilities. This often implies that the system will be centralized. Consequently, knowing the characteristics of diversion from legitimate production will provide important clues about the shape of illicit markets.

b. Constricting Wholly Illicit Systems

The second step in the strategic calculation is to analyze possible targets in the illicit system. By definition, at some stage all drugs destined for illicit markets in the United States enter illicit production and distribution systems. The calculation about where to attack these systems should be based on analyses of what necessary factors of production and distribution are currently constraining throughput capacity, and where nodes through which a large fraction of the supply destined for illicit markets in the United States are located. In effect, we are looking for "bottlenecks" in the system defined either in terms of necessary factors which are in short supply, or in terms of centralized pieces of the system.

1) Necessary Factors of Production and Distribution

Necessary factors of production and distribution include raw materials, processing facilities, inventories, and the transactions that knit the entire system together. Over time these factors can be increased through capital investment and entrepreneurial efforts.

Any of these factors can be the target of supply reduction efforts. Illicitly produced raw materials can be attacked through eradication programs and enforcement actions against farmers. Processing facilities can be attacked by locating and destroying illicit labs, or by arresting illicit chemists. Inventories and working capital can be attacked by making large seizures of illicit drugs. Transactions at all levels of the supply system can be attacked through undercover police, informants or surveillance.

Which factor should be attacked depends on which factor is currently in short supply (i.e., the most binding constraints on the throughput capacity of the system). If there are insufficient raw materials to keep processing and distribution capacity fully utilized, then we should attack raw materials. The reason is that attacks on raw materials will reduce actual throughput. Attacks on other components of the system will merely reduce excess capacity in these components without constraining actual throughput in the system.

What is in short supply will vary over time and from drug to drug. However, within illicit supply systems, one factor that often appears to be in short supply is a "reliable connection"; i.e., a person with whom one can reliably and efficiently execute illegal transactions.

The reason that a reliable connection is rare and valuable is that the transactions that are necessary to keep drugs moving through illicit supply systems are extremely vulnerable, and therefore difficult to execute. Since there are no courts or police to enforce contracts in illicit transactions, the transactions are vulnerable to betrayals and "rip-offs." In addition, the transactions are vulnerable to standard enforcement tactics. Transactions bring traffickers close to evidence of

their criminal activity, and provide convenient points of penetration for undercover police and informants. As the surveillance of the police increases in comprehensiveness and effectiveness, and the density of informants and undercover police in illicit markets increases, dealers must take increasingly elaborate precaution to avoid arrest. They must carefully screen and test people who will become parties to the transaction. They must establish procedures that protect themselves from betrayal. They must find a way to conceal or displace evidence of criminal activity and still complete the transaction. Such activities consume time and reduce the frequency of transactions.¹⁵ Consequently, the activities also reduce the volume of material that flows through the production/distribution system. In effect, enforcement pressures reduce the availability of reliable connections and interfere with routine transactions. The difficulty of executing transactions in this environment may be the long run constraint on the throughput capacity of illicit supply systems.

2) Structure and Centralized Nodes

It is also important to consider the structure of illicit supply systems in designing strategies. Illicit supply systems can be more or less concentrated. They can also be more or less vertically integrated. And the systems can be more or less geographically concentrated. If the systems are highly concentrated, vertically integrated and geographically concentrated, then there is essentially one leverage point in the system. If one can immobilize the particular organization that has succeeded in concentrating and controlling the supply system, then there will be a dramatic reduction in throughput capacity. If the systems are less concentrated, less vertically integrated, and geographically more



dispersed, then the leverage that comes from immobilizing any given trafficking organization is much less: The organization accounts for a smaller fraction of the total throughput of the system.

The structure of illicit distribution systems will be affected by many things -- the technology of production, the transportation requirements to move drugs to illicit markets, enforcement pressures exerted by U.S. and foreign governments, etc. As a result, not all illicit supply systems will be highly concentrated, vertically integrated, and geographically specific. However, there are some strong forces pushing illicit systems towards concentration. The reason, again, is the difficulty of executing transactions.

The problem of executing routine transactions among illicit dealers can be solved through the establishment of criminal organizations. Criminal organizations can routinize transactions by screening and certifying customers, by managing incentives (threats and rewards) which reduce the chance of betrayal, and by arranging mechanisms of communication and concealment which allow transactions to be completed without producing damaging evidence visible to casual observers. Among these devices, the most important is the capability of a criminal organization to reliably threaten its employees. This capability, in turn, depends on a capacity for violence. If an organization has a capacity for violence, it can turn this capability toward objectives like the elimination of competition, control of other stages of production and distribution, etc. Thus, an organization with the fundamental capacity to guarantee transactions is also likely to have the ability to achieve significant control over competition, suppliers, and customers. This capability, in turn, gives a push towards centralization.¹⁷

The implications of this observation are that there are likely to be centralized organizations in many illicit markets, and that attacks against these organizations are likely to yield significant reductions in throughput capacity.

3) Geography

As in the case of the design of the regulatory program, one must be concerned about the location of the various targets. Location will often determine the institutions that have jurisdiction; the authority that can be invoked; and the particular organizational units that will accept responsibility for implementing a chosen policy. To the extent that a potential point of attack is located in an area where the authority and organization are strong, it will be more attractive as a target than points located in areas where the authority and institutions are weak.

c. Summary

In making strategic calculations about where and how to attack the systems supplying drugs to illicit markets in the U.S., one must take account of the interplay of three major factors. First, one must notice the role of diversion from legitimate supply systems--partly to develop programs to control diversion from specific points, and partly to take account of the impact of any given level and kind of diversion on the structure of illicit systems. Second, one must analyze the illicit supply systems to isolate bottlenecks; e.g., resources, capabilities or activities that are in short supply; and areas of concentration and centralization within the illicit systems. Third, one should notice when pieces of the supply system operate in areas where the U.S. Government has no jurisdiction, or not exclusive jurisdiction. Attacks at these pieces of the system require programs to strengthen the motivation and capability of the foreign government.

3. Strategic Aspects of the Major Drugs of Abuse

Drugs differ in terms of the strategic factors outline above. Brief discussions of priority drugs are offered.

a. Heroin

Heroin is primarily a problem of foreign production and processing, and centralized illicit systems. The control of raw materials depends partly on eradication programs directed at illicit fields, and partly on control of diversion from legitimate firms. Given the concentration of the illicit supply systems, and the fact that raw materials are neither in short supply nor easy to control, the most effective instrument will probably be enforcement. However, even enforcement will be fairly weak due to the need to rely on foreign governments against major traffickers.

b. Amphetamines and Methamphetamines

We know substantially less about amphetamine trafficking than we do about heroin. We know that at least part of the problem results from diversion of legitimate, finished inventories. We also know that there is both domestic and foreign production reaching markets in the U.S. Control of raw materials is difficult due to the fact that precursors and necessary equipment have many legitimate uses. Given the relatively easy technology and the modest amounts of enforcement pressure against these drugs, it is likely that the illicit systems are fairly decentralized. Thus, amphetamines represent a difficult control problem. In the short run, the best chance for more effective control is likely to be in improved domestic regulatory efforts, and improved enforcement against drugs from Mexico.

c. Barbiturates

As in the case of amphetamines, our knowledge of barbiturate

trafficking is relatively slim. However, it appears that barbiturates in illicit markets are primarily the result of diversion of legitimate products. There appears to be little illicit production except for secobarbital from Mexico (Mexican Reds). The technology of production is somewhat more complicated for barbiturates than amphetamines. Consequently, aggressive efforts to control diversion of barbiturates from legitimate production could have a substantial impact on the supply of barbiturates to illicit markets.

d. Cocaine

Cocaine distribution presents a situation similar to heroin. It is a problem of foreign production, processing and trafficking. In addition, the institutions and organizations required to control raw materials are less fully developed than in the case of heroin. Thus, cocaine must be considered primarily an enforcement problem. Our ultimate success in controlling the supply of cocaine will depend critically on cooperative enforcement efforts with foreign countries.

C. Basic Programs in the Federal Supply Reduction Strategy

Given this perspective, it is possible to divide the government's supply reduction efforts into five basic programs. The operational programs include the international program, the enforcement program, and the regulatory program. The programs include an intelligence program and a science and technology program.

1. The International Program

The basic objective of the international program is to enlist the resources of foreign governments to drug control efforts. This objective is achieved by encouraging foreign governments to be concerned about the

problem, and by providing training, technical assistance and material resources to organizations involved in narcotics control within foreign governments. Within the international program, efforts to control poppy and coca cultivation are very important. In addition, because enforcement operations often involve overseas traffickers, and because foreign enforcement agencies are often the targets of institution building efforts, there is substantial overlap between the international program and the enforcement program.

2. The Enforcement Program

The basic objective of the enforcement program is to immobilize and deter illicit trafficking organizations. The cornerstone of this program is a federal investigative agency that has a comprehensive narcotics intelligence system; a jurisdiction that includes international, border, and domestic areas; and a set of investigative procedures which allow the maximum development of any given lead. However, a strong investigative agency by itself will be ineffective. Beyond effective narcotics investigations, there must be a capability to immobilize individuals who are arrested or indicted for drug trafficking. In addition, there are important independent contributions by federal interdiction agencies and state and local police forces. Finally, there are significant possibilities for effective coordination among federal investigative agencies, between federal investigative agencies and federal interdiction efforts, and between federal investigative agencies and state and local police. Viewed from this comprehensive perspective, the enforcement program is complicated to design, much less manage.

3. The Domestic Regulatory Program

The basic objective of the regulatory program is to shut off



diversion from legitimate domestic production, Instruments available to the federal government include scheduling drugs, establishing production quotas and investigating firms to insure compliance with the security and record keeping provisions of the Controlled Substances Act (CSA). Since the CSA reserved much of the authority and responsibility for controlling retail diversion to the states, and since there are large numbers of retail distributors, the federal government must rely heavily on state regulatory agencies to control retail diversion.

4. The Intelligence Program

The basic objective of the intelligence program is to insure the effective utilization of resources in the operational programs. Strategic intelligence should influence major resource allocation decisions. Operational and tactical intelligence should insure the effective targeting of enforcement resources and the successful development of cases.

5. The Science and Technology Program

The basic objective of the science and technology program is to provide required technical services to the operating programs and to find ways to increase the effectiveness and efficiency of these programs over the long run. The science and technology program is based not only on engineering and hardware, but also on operations research and program analysis.

III. Re-organization Plan #2

A. Problems in Implementing an Effective Supply Reduction Strategy

Even to casual observers, it should be apparent that the management of the supply reduction strategy is a difficult process. In the short run, the diverse programs must be sharply focused and successfully orchestrated. Over time, the specific strategy must respond to changes in the nature of a drug abuse problem. In the long run, broader and stronger capabilities must be created within the various programs. There is sufficient complexity in those processes to make even people who are accustomed to manipulating concepts and ideas pause over the potential problems.

However, to people who were genuinely concerned about the effective management of the strategy, the problem seemed even harder. The effectiveness of the supply reduction strategy depended on the effectiveness of thousands of specific, concrete actions taken by officials in the government: the debriefing of defendants; meetings with foreign officials to draft "Narcotic Control Action Plans"; prosecutorial decisions on specific cases; the de-bugging of a computer system to monitor transactions of legitimate drugs through production and wholesale levels; etc. Whether these specific actions occurred, how effectively, and at what scale, depended significantly on the orientation and capabilities of the organizations that would have to perform them. The problem was that, like all organizations, the capabilities of those involved in supply reduction efforts were circumscribed by specific sets of procedures;¹ by allocations of resources that were fixed in the short run;² and by specific styles or cultures that influenced their general ideas about their mission, and the right way to do their job.³ The range of possible actions could be changed only gradually as new

procedures and routines were developed; as the allocation of resources shifted through structural changes in the organization or the selective use of new budget increments; or as the system for recruiting, training, and evaluating personnel changed. Moreover, the limitations of the existing organizations threatened to create chronic problems for each of the programs in the supply reduction strategy.

1. The International Program

- a. Requirements for Successful Performance

The international program relied primarily on the organizational machinery of the State Department, and somewhat less on the capabilities of BNDD. The basic requirements for a successful program were the following. Ambassadors and policy level officials from Washington had to impress various countries with the urgency the U. S. government felt about controlling drugs. Country teams within key countries had to forge specific plans and proposals to flesh out a general commitment, then had to insure that resources promised by the U.S. were forthcoming, and finally had to guarantee that the planned programs were effectively implemented. A part of the program in many foreign countries was to permit agents from BNDD to be assigned to that country. The agents would serve as additional staff for the planning of narcotics control action, to be technical advisors for the development of police forces in the foreign countries, and to assist domestic U.S. investigations by gathering information or following up domestic leads. Any operational role required extensive cooperation with host government officials. Only if these organizations played these roles would the foreign governments begin to effectively control

or eradicate crops, attack guerilla organizations that controlled narcotics activity, arrest citizens involved in narcotics trafficking, root out corruption in their own institutions, and extradite third country nationals indicted for conspiracy in the United States.

b. Existing Organizational Capabilities

Unfortunately, none of these roles were natural to the particular organizations. The State Department's primary objective is to "maintain relations" with foreign governments.⁴ They shy away from strong pressure or direct interventions in the policies and programs of specific countries. They prefer the development of elaborate international architecture which "commit" countries to specific policies, but provide neither means for effective monitoring, nor effective sanctions. Moreover, among the programs that seemed to require an aggressive U.S. posture, drug abuse control seemed relatively low priority. It paled before almost all defense issues, and most economic issues. Consequently, when the State Department was prepared to be aggressive, it was not likely to be aggressive about drugs. Thus, unless there was persistent pressure from higher level authority, drug abuse control was likely to slide down on the agendas of country teams, ambassadors, and desk officers, and no aggressive stances would be taken vis-a-vis the effects of foreign governments to control drugs. The U.S. drug policy would drift into the limbo of long run development of international institutions.

One might expect BNDD to resist this tendency. They were naturally aggressive, deeply committed to the effective control of drugs, and occupied institutional positions which gave them access to country



teams, desk offices, and policy level officials in the State Department. However, it turned out that they were ill prepared to take up the slack from an apathetic State Department. In 1972, only a few agents were operating in foreign countries. Moreover, in those countries where they were active, the agents were fairly low status members of the country team. While intense White House pressure on drug issues would elevate the agents to councils beyond their status; diminished White House pressures would banish them to lower ranks within the country teams. Moreover, as one would expect, the agents from BNDD did not fully understand their roles as "policy planners" and "institution builders." They were trained to make cases. Their natural inclination was reinforced by a formal evaluation system which placed heavy emphasis on case production. Thus, rather than play staff roles in the design of policy institutions, or even play effective liaison roles in the design of police on specific cases, the agents often tried to operate on their own - making cases in Morocco in the same way that they made cases in the streets of New York. When language or political barriers frustrated individual case making activities, the agents lapsed into homesickness.

It should be obvious that the interests of the agents in making cases would cause great tension between them and State Department officials. Aggressive efforts by BNDD agents to make cases had explosive potential. Gunfights could occur, foreign police officials could be embarrassed, American citizens periphirically involved in drug trafficking might be imprisoned and tortured by zealous foreign police. Since these events threatened good relations between the various countries and the U.S., the State Department's interest was in minimizing the chance that they would

occur. This led them to resist expansion of BNDD's foreign program, and to make strong efforts to keep the agents under tight control. These efforts frustrated already confused agents.

Thus, the international program rested on an uneasy partnership between two organizations that distrusted one another, and neither of which was naturally inclined to do the most important pieces of work in implementing an effective international program. The diplomatic efforts threatened to become too low key, long run, and general. The enforcement threatened to become too operational and specific.⁵

2. The Enforcement Program

a. Requirements for Successful Performance

The enforcement program was even more complicated. The effectiveness of the program depended on the rate at which significant trafficking organizations could be effectively immobilized. A high rate of immobilization would insure large direct and indirect effects on the rate at which drugs moved to illicit markets: major pieces of the production/distribution system would be eliminated: those that remained would be forced to behave cautiously and therefore inefficiently. The high rate of immobilization depended partly on effective investigation partly on effective prosecutions, and partly on effective sentencing. Limited organizational capacities and orientation were problems in each area. In this analysis, I will concentrate on the problems of effective investigation.

The process of making cases against major traffickers can be analyzed as a two-step program. The first step is to "penetrate" existing trafficking organizations. Penetration usually implies the

development of an informant within the organization. While there are some informants who work voluntarily or for money, the most common informants are defendant/informants.

Defendant/informants are produced by many different organizations through a variety of tactics. BNDD produced defendant/informants through undercover operations. State and local police departments produced defendants through undercover operations, surveillance activities targeted against known "copping areas," or routine patrol activity. Customs and the Immigration and Naturalization Service produce narcotics defendants by patrolling borders, inspecting individuals at ports of entry, and inspecting cargo. (The special Customs search authority made Customs particularly effective in turning up narcotics offenders.) In any given year, these organizations produce tens of thousands of narcotics defendants.

The production of defendant/informants is an expensive process. It consumes a substantial fraction of police budgets. Courts become clogged and congested diminishing the quality of justice in the society. And relatively harmless individuals are subjected to the short run violence and long run stigmatization of arrests. These costs seem particularly onerous because not all of these narcotics defendants are valuable as "penetrations." Many of the defendants are too low level to be valuable in the development of cases. Many of those who are potentially valuable will refuse to cooperate. However, among these thousands of defendants, a few will be both able and willing to implicate significant higher level traffickers. It is the successful development of these few possibilities that must justify the large costs.

Given a successful penetration, a case can be developed through several different tactics. The defendant/informant can facilitate extensive surveillance of a trafficking organization by identifying individuals and locations that are involved, or by providing probable cause for the installation of wire-taps. A prolonged surveillance documented through photographs, tapes, and seizures of drugs can net a large fraction of a trafficking organization. The defendant/informant can also facilitate continued undercover operations by vouching for the undercover policeman and introducing him to key traffickers. Finally, the defendant/informant can implicate others in the trafficking organizations. If his testimony is corroborated by others and/or by documentary evidence such as photographs, airline tickets, hotel bills, it may be possible to secure a conspiracy indictment.

Note that conspiracy investigations are often the only way of proceeding against major traffickers. The reason is simply that these traffickers stay far away from evidence of their involvement in narcotics trafficking: they never possess drugs or sell them. Consequently, it is only the testimony of those who work for them that will convict them. Note also that conspiracy investigations are difficult to conduct and require somewhat different investigative skills from other kinds of cases. They require thorough debriefings of informants, good filing procedures to insure that related statements by different informants will be discovered, and careful searches through records of private organizations to corroborate the testimony of informants. This is painstaking work accomplished over a long period of time. Moreover, it is performed inside in offices with paper and pencil. It is not at all like surveillance, or undercover operations.

Given this basic analytic structure, the overall effectiveness of the enforcement program will depend on: (1) the total number of defendant/informants; (2) the skill with which valuable leads are screened from less valuable leads among the thousands of possibilities; and (3) the techniques and skills employed in developing the case. This implies that success in the enforcement program requires the various organizations to produce large numbers of defendants; to evaluate these informants in the context of a comprehensive intelligence system; to use the valuable informants in jurisdiction where their information has the greatest value; and to select tactics for developing cases from the full set of investigative techniques. If the program is constrained in terms of available information, jurisdiction or investigative techniques, some fraction of the potential for development will be lost.

b. Existing Organizations' Capabilities

Unfortunately, few of the organizational capabilities for this program existed. The various organizations were able to produce many defendant/informants. What was absent was all the capabilities that were required to insure the maximum development of valuable penetrations.

First, there was no national intelligence system to permit agents to evaluate the potential of informants, to guide their de-briefing or to accept and store new information. There was no place where even a large fraction of the available information was reported and stored, much less effectively analyzed and disseminated. The nearest approximations of the required capabilities were the automated

information systems operated independently by Customs and BNDD. While these systems were accessible to a large fraction of the agents in the different organizations, they contained very little information. They contained the names and some modest identifying information for individuals arrested or suspected by the different organizations. There was no analytic effort made to link individuals in trafficking networks. Given the sparse information, these systems would fail to screen defendant/informants. Moreover, the sparse information and limited capability for accepting new kinds of information implied that the system could not improve significantly in the short run: de-briefings by agents would continue to be weak; the fruits of de-briefing efforts would not be accommodated by the system.

Second, there were serious limitations on how easily jurisdictional lines would be crossed. In many police organizations, informants were treated as the exclusive property of the arresting official. This was necessary to insure sufficient incentives for developing informants. However, it often implied that informants could not easily be moved even within a single organization. Informants developed by the Brooklyn South Narcotics Division of the N.Y.C.P.D. would only rarely be used in Harlem. Informants developed by the BNDD office in Los Angeles would only occasionally be used in the BNDD office in New York City. Movements from the jurisdiction of one organization to another were even more difficult. State and local police would surrender an informant to BNDD only with extreme reluctance. Thus, since informants were treated as the property of the arresting agent, and since the jurisdiction of the arresting

agent was likely to be extremely limited (even if the jurisdiction of his organization was not), it was likely that the informant would not be used in jurisdictions where their value was maximized.

Third, there were constraints on the set of development tactics. In fighting over jurisdiction for narcotics cases, the various enforcement organizations had developed specific investigative tactics and elevated them to the status of "philosophies" of enforcement. Moreover, the different tactics required somewhat different skills of investigators and somewhat different levels of investment in support systems. For example, undercover operations required action oriented agents, and relatively little investment in technical equipment for surveillance, pursuit, or intelligence. Patrol operations required heavy investments in technical equipment for surveillance and pursuit, and agents who were able to maintain vigilance over long periods of time when nothing was happening. Conspiracy investigations required meticulous, thorough investigators and a relatively heavy investment in intelligence. Over time, agencies adjusted their personnel systems and allocation of resources to be consistent with the specific kind of operation they adopted. As a result, the investigative techniques available to any single organization were narrowed. Since the organizations came to specialize in particular enforcement tactics, and since there was little cooperation among the organizations, in specific cases, tactical choices would be made without exploiting the full array of investigative possibilities.

In sum, the enforcement program threatened to disintegrate into open warfare among the different organizations. At best, the

organizations would avoid tripping over one another's cases. But even in this world of limited cooperation, the development potential of many cases would be lost due to limited intelligence systems, limited jurisdictions, and limited choices among investigative techniques. Moreover, the enforcement organizations seemed strongly committed to their current way of doing business: there were no apparent shifts in resources to develop intelligence systems; no shifts in personnel systems to select, train and evaluate agents in ways that encourage a broader set of investigative skills; and no appreciation of the importance of liaison and representational functions to facilitate cooperation among the agencies. As in the case of the international program, the interests and capabilities of organizations in the enforcement program threaten a bad outcome: a world in which the social costs of many low level narcotics arrests are absorbed without any of the potential benefits of a fuller development of cases.

3. The Regulatory Program

a. Requirements for Successful Performance

The program to control diversion from legitimate domestic production made the smallest demands on organizational capabilities. Indeed, the major constraint on the potential contribution of this program was not limited organizations capability, but rather the limited authority of the federal government over retail distributors of scheduled drugs. Within the limits of this authority, the performance of the regulatory program depended on only a few essential organizational capabilities: BNDD and FDA had to agree on scheduling and quota decisions; BNDD had to maintain a well-targeted set of effective investigations to insure that legitimate manufacturers had incentives

to comply with the regulations; and BNDD had to do something to strengthen state capabilities to close off diversion at retail levels.

b. Existing Organizational Capabilities

Unfortunately, even these modest organizational requirements were unlikely to be fulfilled. First, FDA and BNDD bickered over both scheduling decisions and quota decisions. FDA was suspicious of BNDD's scientific capabilities to gauge the abuse potential of drugs and estimate legitimate medical need. DEA was suspicious of FDA's commitment to control abuseable drugs. The bickering implied that new drugs were scheduled only after an epidemic of abuse had peaked, and quotas were set so loosely that neither production, nor inventories, nor prescriptions were restrained.

Second, the program to control wholesale diversion was weak inside BNDD. Since the investigative procedures and personnel required to discover diversion were nothing like the swashbuckling undercover operations in which BNDD specialized, the regulatory program never received adequate support in BNDD. The regulatory program received only a tiny share of BNDD's resources. Personnel in the regulatory program were distinguished from agents in their authority and compensation, but did not receive training or supervision that was tailored for their function. The procedures for targeting and monitoring investigations were not well-defined. Thus, the program was small, relatively unfocused, and showed signs of low morale.

Third, there were only modest efforts to strengthen State regulatory agencies to work effectively on retail diversion.

Thus, the regulatory program was limited by its statutory authority

and by the poor position of the program inside BNDD. If one really wanted to increase the effective price of amphetamines and barbiturates in illicit markets, the program would have to be strengthened and enlarged.

In sum, there were chronic problems in the supply reduction strategy. These problems were largely the result of limited organizational capabilities and interests. The White House was able to keep the program roughly on track, both for short-run objectives and longer run institutional development objectives; but only through an extraordinary level of intervention. By March, 1972, the White House wanted to reduce its role. However, it did not want the supply reduction effort to disintegrate. It had to find some mechanism for resolving the problems of coordination and continued development of the necessary organizational capabilities. Their proposed mechanism was Re-Organization Plan #2.

B. The Hopes of Re-Organization Plan #2

The basic idea of Re-Organization Plan #2 was to solve problems of coordination and organizational development by a change in structure. The specific proposal was the following:

- * An organization (DEA) would be established in the Department of Justice whose only objective would be to control the supply of drugs to illicit markets in the United States.
- * All federal, narcotics investigative functions would be transferred from BNDD, Customs, and ODALE to DEA.
- * In addition, the functions of ONNI would be transferred to DEA.
- * A special narcotics prosecution unit would be established

within Department of Justice and would be expected to develop close liaison with DEA.

- * The regulatory and research functions of BNDD would also be transferred to DEA.
- * The international program would continue under the policy direction of the CCINC, but DEA would be represented on all the major committees, and would chair committees on enforcement and training.
- * DEA would be the "lead agency" for supply reduction efforts, and would be responsible for articulating a national enforcement strategy.

The basic logic behind this proposal was simple and powerful. The coordination problems among federal enforcement agencies would be solved by putting them all in the same organization. A reduction in the number of federal enforcement organizations would also facilitate coordination between the federal enforcement agencies and state and local enforcement organizations. Coordination between enforcement agencies and prosecutors could be strengthened by the creation of a specialized prosecution unit in Department of Justice with DEA.

Organizational development objectives would also be served. DEA would be accountable for the success of enforcement efforts. This could be reasonably expected to spur the development of an effective intelligence system, and an effective regulatory program. Moreover, since DEA would inherit the different investigative styles of the diverse agencies, it was reasonable to suppose that a broader set of investigative tactics would be available in tactical decisions about the development of cases. Finally,

DEA's strong interest in the success of supply reduction efforts, and its representation in CCINC, would insure strong pressure on the State Department. It looked like an attractive package.

The major signs of the success of DEA would be the following:

- * DEA would design and articulate policies which would influence the behavior of the State Department, and State and Local Enforcement organizations.
- * DEA would produce a large absolute number of high quality cases against major trafficking organizations.
- * DEA would develop a professional intelligence capability that was reliably connected to major policy choices, and to operational and tactical choices by enforcement agents throughout the world.
- * DEA would develop a small, but effective program to control diversion at wholesale levels, and to mobilize state agencies, to control retail diversion.

C. Problems with Re-Organization Plan #2

Two years later, these hopes have been largely disappointed. The enforcement program continues to be weak due to dissension, ineffective intelligence, limited investigative repertoires, and lackluster prosecutions. The international program has become less aggressive and less sharply focused. The regulatory program languishes with poor policy direction, inadequate resources and low morale. Rumors that DEA will be dissolved combine with unstable leadership to keep DEA from exercising any influence over the supply reduction effort. The supply reduction strategy drifts, and the drug abuse problem deteriorates despite the availability of sufficient

knowledge and resources to cope with the situation.

The problem for this subsection is to identify the major factors that caused the implementation of Re-Organization Plan #2 to fall short of its objectives. I should caution readers that this analysis cannot claim to be wholly objective. Having worked at a policy level within DEA, some of the failures are mine. This cannot help but influence my perceptions.

1. A General Analysis

There is a fairly simple general analysis of DEA's problems. The key observations are the following.

The effective implementation of a supply reduction strategy required rather substantial changes in the organizational capabilities that were combined to make DEA. There had to be a significant shift in resources to develop the intelligence program and the regulatory program. The diverse investigative styles had to be blended at the agent level, and reliably coordinated with intelligence activities. Capabilities to represent DEA's position and influence other organizations had to be created. Moreover, these changes could only be made if personnel within DEA developed a view of DEA's responsibility and mission that could accommodate these changes. If people clung to old styles and philosophies, nearly all of these changes would be bitterly contested as wrong-headed efforts to destroy a fine organization that had done well in some limited, previous role.

It soon became apparent that the reorganization plan had provided little to DEA that would allow it to accomplish these substantial changes. The only thing provided to DEA was legislatively established authority over a larger fraction of the total resources necessary to

implement a new supply reduction strategy. Few additional resources were provided. Virtually no personnel were changed. No new information systems were established. Moreover, while the grant of new authority seemed like a significant new resource, the authority proved to be remarkably fragile for several different reasons.

First, DEA inherited the management systems of BNDD. These were fairly weak in the essential areas of personnel, budget, and performance monitoring. Weak management systems meant that the administrator of DEA would find it difficult to shift personnel, to mount new training programs, to selectively use budget increments, and to provide suitable incentives for field managers. He lacked the mechanisms that would allow his legislatively established authority to be translated into effective control over the 4,000 employees of the new organization.

Second, these systems were weakened still further by the shocks delivered to the structure of headquarters by having to absorb high-grade personnel from the different organizations, and by the politicalization of almost all policy issues. To accommodate large numbers of high-grade supervisors, many different organizational units, were created at Headquarters. Since these were many different units, the responsibility and authority for specific actions became diluted and confused. In reaction, the managers jealously guarded their "turf." Since "turf" was defined largely in terms of authority over field operations, the field was besieged by policy initiatives from all over Headquarters. The staff work that was necessary to design new procedures, evaluate current performance, and provide incentives for improved performance was simply ignored. Everyone fought to hold onto existing authority. Moreover, slights to individuals at



headquarters were taken as indicators of which faction at headquarters was becoming dominant. As a result, any aggrieved manager could rally support from the people who had come from the same predecessor organization. Even minor matters of policy and procedures could become general political battles among the predecessor organizations. Given the large number of problems in the headquarters structure, and the large political stakes in that structure, it became extremely difficult to improve the delegation of authority and responsibility.

Third, DEA had powerful external enemies and little support from higher levels. The organizations that had lost authority and resources as a result of Re-Organization Plan #2 made no secret of their anger, and supported newspaper and congressional attacks on DEA. Over time, DEA's failure to make the necessary internal changes made DEA more vulnerable to outside attack. As the outside attacks became stronger, people inside the organization began to hedge their bets -- seeking alliances with many of the factions that might end up being powerful in a new organization, and refusing to commit themselves to positions which make them vulnerable. As a result, the limited central authority grew still weaker. A vicious circle was created. This dynamic could have been interrupted by powerful support for DEA from higher levels, but instability in the leadership of both the Department of Justice and the White House meant that the necessary support would not be forthcoming.

In short, to succeed, DEA had to make fundamental changes in the style of its operation. It had very little time and very few resources to make the necessary changes. The responsibilities were all too real,

and the apparent authority all too ethereal for DEA to succeed. To see how this general analysis applies to specific areas, it is worth looking at the fate of several specific programs within DEA.

1. The Intelligence Program

One of DEA's major responsibilities was to develop a national narcotics intelligence system. This program was critical to their success. Without an effective strategic intelligence program, DEA's capabilities to articulate an influential national enforcement strategy would be weak. Without an effective operational intelligence program, DEA's ability to make cases against major traffickers would be limited.

It was apparent that the development of intelligence would be a difficult problem in DEA. The reason is that the functions of intelligence analysts are almost wholly included in the functions of agents. As a result, intelligence analysts threaten to embarrass agents, to control the development of cases, and to steal credit for successful cases. Moreover, the analysts threaten to achieve this influence from behind desks on 9-5 jobs. Since agents think they do at least as well as analysts in checking files and discovering relationships among cases, and work harder and take more risks than analysts, most agents think of intelligence analysts as useless annoyances. In an organization that is dominated by enforcement agents, intelligence functions will be given few resources and little influence.

This situation created a significant problem for the design of

DEA. It was clear that a significant investment in the intelligence profession would be necessary, and difficult to secure. This argues for a separate, high level Office of Intelligence that could compete for resources, enhance the status and morale of intelligence personnel, and take responsibilities for the long run development of the program. On the other hand, much of the benefits of intelligence would accrue only if operational intelligence was used by agents in making cases. This argues for blending operational and tactical intelligence with enforcement operations--placing them both under the same manager. At the time DEA was established, it was decided to establish a separate Office of Intelligence; the architects were willing to pay a price in terms of poor coordination to insure an adequate investment in the profession of intelligence. Moreover, they thought they could avoid paying the price in terms of poor coordination by selecting an experienced and revered enforcement man to head the Office of Intelligence.

Two years later, it was clear that a price had been paid in terms of poor coordination. Not only did the intelligence program fail to be routinely used by the agents; it actively competed with the agents on some major cases. Moreover, virtually no investment had been made in the profession of intelligence. The intelligence program consumed about the same portion of DEA's resources as it always had. There were no procedures governing such fundamental intelligence activities as filing, production, quality control, dissemination or feedback. There were no specialized procedures for recruiting, training and evaluating intelligence analysts. And there was no career ladder for analysts to motivate high-quality analytic work and insure effective



supervision. NADDIS continued to be DEA's most important intelligence system.

There were several factors contributing to this result. First, to expand as a share of DEA's total budget, intelligence would have had to receive very large shares of new budget increments, or would have had to take over some personnel slots freed up by attrition. The control of decisions affecting these resources was so weak and so hedged about by internal political problems that it was very difficult to divert a large share of these flexible resources to intelligence. All moves to expand intelligence were either successfully opposed by the enforcement side of the organization of the policy level, or subverted during implementation due to poor information systems and some inattentiveness on the part of intelligence program managers.

Second, key supervisor positions in the intelligence program were given to high-grade enforcement personnel. The reason was that there were no other positions at suitable grades to absorb these individuals. These supervisors were fairly weak in general management skills. They did not devote the necessary time to the design of operating procedures and to personnel systems. They were weaker still in the specialized skills required in intelligence programs. They had little appreciation or interest in designing accessible filing systems and defining standards for specific intelligence products. They understood how to make cases and wanted to stay in that action. This meant that there would be little investment in the profession of intelligence and significant competition with enforcement activities.

Third, the specific personnel at the working levels were inherited

from other organizations which had largely failed (e.g., ONNI and BNDD's Office of Strategic Intelligence.) They were not strong enough or able enough to develop an intelligence program despite ineffective supervision. Consequently, they continued to be mediocre.

Finally, what few resources became available for new personnel in intelligence were not used to develop the intelligence profession. They were used to recruit former CIA operatives to assume covert, nearly operational roles overseas; to satisfy the interests of the enforcement oriented managers of Intelligence and to create positions for upward mobility from clerical jobs within DEA; to satisfy pressure from EEO and the Civil Service Commission. The little bit of slack was not used to build up the basic analytic requirements which were essential to the success of intelligence.

Thus, one ended up with a small, largely ineffective intelligence program that competed with rather than supported DEA's enforcement program.

2. The Enforcement Program

As indicated previously, the success of the enforcement program depended on: 1) close cooperation with federal border control agencies and state and local police to insure a large number of "penetrations"; 2) a capability to evaluate the potential value of penetrations in the context of a broad intelligence system and a broad jurisdiction; and 3) a full set of investigative skills and tactics to use in developing cases. DEA was expected to develop these capabilities simply by exercising more authority over organizations that had a few of these capabilities. In fact, there was little development in any of these areas.

a. Cooperation with Other Enforcement Organizations

Cooperation with other enforcement organizations did not improve and may have deteriorated. The main factor contributing to this situation was the failure of high level leadership to encourage cooperation.

While some of Customs's resources had been transferred to DEA, there remained 2,000 Customs Patrol Officers and 4,000 Customs Inspectors who patrolled the borders. These men were potentially valuable in supply reduction efforts. However, Customs, angered by the loss of functions and personnel, was not eager to make DEA a success. DEA, now being advised by former Customs officials to view Customs objectives as implacably hostile, decided to make an aggressive effort to monopolize narcotics enforcement: the door would not be opened even a crack to let Customs assist in narcotics control efforts. These attitudes meant that cooperation between the Customs capabilities that remained and DEA would not be good. Cooperation deteriorated badly as Customs mounted public attack against DEA. Numerous efforts by the Department of Justice, Office of Management and Budget, and the Domestic Council failed to resolve the dispute.

With respect to state and local police, DEA continued the former ODALE policy of operating joint task forces, and the former BNDD policy of training state and local enforcement officers. Both policies were designed to strengthen simultaneously the independent capabilities of state and local units and their degree of cooperation with DEA. However, DEA quickly ran into problems coordinating the State and Local program with LEAA. LEAA funded the Task Force program from National Institute funds which required no matching contribution from State and Local

police. The arrangement was set up under intense pressure from the White House. Soon after DEA was created, the arrangement began to erode badly. LEAA wanted to cut the program dramatically and shift it to funding that required matching contributions. Intervention by the Department of Justice prevented 60% reductions in the program; but could not prevent a continuing erosion. State and local agencies, buffeted by the uncertainty about funding, began to abandon the program. LEAA could also have funded participation by State and Local officials in DEA training programs. They did not do so. Finally, through its block grant program, LEAA was funding state and local narcotics enforcement efforts to a level where they were no longer dependant on or even usefully assisted by federal capabilities. Thus, the bonds that tied state and local officials to DEA were becoming unravelled -- at least at the level of national policy.

b. Screening leads and Exploiting a Large Jurisdiction

The capacity to evaluate and use penetrations in the context of an international intelligence system and jurisdiction was also limited. The problems with the intelligence system have already been noted. These problems had a significant impact on the quality of the enforcement program.

But DEA also had difficulty in effectively exploiting its international jurisdiction. The problem was in creating incentives for cases to cross office and regional boundaries. The performance monitoring systems operating within DEA, gave credit to regions for cases made in their area. If the case culminated in another region, it became that region's case. No production was recorded for the other region. Moreover,

the funding arrangements usually required the sending region to absorb the operational costs incurred (e.g., travel, payments to informants, etc.). These were few special funds of Headquarters to cover inter-regional cases. Thus, if a region sent a case out of its area, it paid the costs and received no benefits. It was not surprising that cases rarely moved from one region to another.

BNDD had handled the problem of inter-regional cases reasonably successfully by developing a set of strong area desks in Headquarters to monitor cases in the field. Since this system often required relatively low grade personnel without intimate knowledge of the current situation in the field to make tactical decisions which overrode the decisions of Regional Directors, the Regional Directors did not like this system. Since the Regional Directors were considered an absolutely key constituency in DEA's internal political struggle, the desk system was significantly weakened by an announced policy of decentralization. Thus, a capability that could have compensated for a badly designed information and administrative system was abandoned partly for internal political reasons.

c. Exploiting the Full Set of Investigative Procedures

The problems with developing a full set of investigative capabilities were extremely difficult. Some diversity in investigative skills had been created by blending the personnel of different organizations. However, these diverse skills were lodged in an organization that had a specific set of supporting capabilities (e.g., intelligence and technical equipment), and a specific system for supervising and evaluating agents. Whether the new skills would survive and be

effectively employed depended on whether their support and evaluation systems could be adjusted to nourish them, or would continue in a style that would extinguish them. Unfortunately, these systems were most likely to operate in ways that limited rather than enlarged the existing set of investigative skills.

The key supporting systems were intelligence and technical equipment. To conduct sophisticated investigations that were targeted at significant trafficking organizations and wrapped up a large fraction of the organization at the same time required significant intelligence support and technical support. Information had to be stored and retrieved by analysts. Unfolding events had to be documented for evidentiary purposes through effective surveillance, photographs, electronic recordings. Without such capabilities, the investigations would be limited to specific individuals at specific points in time -- a limited buy operation. As we have already seen, intelligence failed to develop into a coherent program. Technical operations units met a similar fate. Agents thought they could do the technical job effectively; they were reluctant to surrender this control or have their performance observed by a different professional group; they effectively resisted shifts of resources to technical operations and failed to use technicians when they were available; and they managed to dominate many key supervisory positions in the small technical operation program that was established. Thus, there were no supporting systems which would allow new investigative skills to flourish.

The problems in the supervisory structure and evaluation system were that they were both geared to undercover operations. Probably

the most important supervisory position within DEA is the group supervisor -- the man who manages a group of from 6-12 agents. He decides which cases to develop, influences tactical choices about development, and evaluates agents. Consequently, he has a profound impact on the investigative style of the organization. Within DEA, the group supervisors were fairly weak. The reason was that in 1971, the predecessor agency had almost doubled in size. Rather than let the span of control increase, it was decided to maintain the span of control at lower levels and promote as many people to group supervisor as were necessary. This decision implied the skills of the group supervisors would be slightly worse than previous cohorts of group supervisors -- partly because they were relatively inexperienced and partly because a larger fraction of the cohort was promoted.

Moreover, these agents who became group supervisors were strongly socialized into the undercover style of BNDD. Nearly all supervisors insisted that all agents go undercover as a test of courage and dependability. Since the experience of undercover work was so compelling, everyone who successfully handled it became equally zealous about the importance of undercover operations and the inadequacies of other investigative approaches. Given this dynamic, one would expect strong social pressures in support of undercover operations.

The formal evaluation system was also a problem. Evaluations were filled out frequently -- monthly at the start, quarterly by the end. The evaluation forms highlighted the development of informants and undercover operations. An agent working on an elaborate conspiracy case had to tolerate months of "zeros" in the areas of undercover

operations and informants. Moreover, he risked having nothing at the end if a key witness suddenly refused to testify, or an incompetent prosecutor refused to take the case. Consequently, an agent had to take a sizeable personal risk to make a major conspiracy case.

Finally, to change any of these factors influencing the quality of supervision and the character of the evaluation system, there had to be an effective personnel operation within DEA. Personnel, despite being overstaffed, had long been a serious weakness in DEA and its predecessor organizations. It was weak in both policy planning and operations. It was under constant attack by the Civil Service Commission. Badly organized, with low morale, personnel could do little to help the situation.

Thus, a failure to invest in appropriate supporting capabilities, and a failure to develop effective supervision and personnel systems meant that only a limited set of investigative skills would flourish in the organization.

3. The Regulatory Program

The fate of the regulatory program resembles the fates of both the intelligence program and the technical operations program. Agents regard the function as unessential to the mission of DEA so that few resources are allocated to the program. Agents occupy key supervisory positions in the program and perform badly in these roles. Weak support systems (personnel and automated data processing) make it impossible to strengthen and redirect the program. The program continues to stagger along with a bad reputation and low morale.



D. Summary and Conclusions

Very similar analyses can be presented to explain failures to develop an international program, and strong policy planning capabilities within DEA. Consequently, the general analysis of DEA's problems remain sound:

- * All the Re-Organization Plan #2 did was to provide DEA with authority over a larger fraction of the resources necessary to mount an effective supply reduction strategy.
- * This authority proved remarkably fragile for several different reasons: 1) weak administrative systems (e.g., budget, personnel, information); 2) a poorly designed headquarters structure and intense internal political conflicts; 3) powerful external enemies and competitors who were not effectively restrained by higher level attention.
- * As the authority looked increasingly fragile, it became increasingly fragile.
- * DEA was unable to develop its own internal programs or influence the conduct of other necessary organizations.

What do these findings suggest about the problem of implementation in general, and what to do about DEA's situation in particular? I would offer the following conclusions.

First, it is apparent that changes in organizational structure were not enough to achieve the complicated results envisioned by the architects of Re-Organization Plan #2. To be successful, one had to dig much deeper into the stuff of the organization. One had to be able to shift resources on a larger scale. One had to design new procedures. And, most importantly, one had to be able to shift and influence personnel at all levels. The problem was to equip the new organization with these rudimentary tools of management. Without them, it would be impossible to broaden and strengthen DEA's capabilities: the only effect of Re-Organization Plan #2 would be to increase DEA's responsibility and insure its failure.

Second, it is likely that two years is too little time to give in expecting such a complicated organizational result to occur. Thousands of individuals have to be encouraged to relinquish behavior, attitudes and images of themselves that have become comfortable and tightly integrated into their daily life. Many details of procedures and information systems must be worked out. Tens of key supervisors must be evaluated to gauge their motivation, capability and breadth. From one's own life it is clear that the pace of Individual learning is slow. By implication, the pace of organizational learning in a world of conflicting objectives, ambiguous language, and personal idiosyncrasy is glacial.

Third, we probably expect too much of public managers. It is possible that no organization could do all the things that were expected of DEA. Consequently, what appears to be a failure may not in fact be a failure. It is a failure only in the light of unreasonable expectations. Note that there are significant costs of having unreasonable expectations. One cost is that managers feel vulnerable all the time. They dare not try anything for fear that disaffected employees will be able to embarrass them. They dare not evaluate their performance candidly for fear that a good performance will appear hopelessly inadequate in the face of unreasonable expectations. A second cost is that managers will spend a great deal of their time presenting and protecting the image of extraordinary success. They will worry about managing relations with newspapers and congress when the public interest would be better served by worrying about the design of a new personnel procedure. Extravagant promises and glorified reports of success fuel both continued high expectations and increased cynicism. In short, by expecting too much of public managers, we may decrease their sense of responsibility and divert their energies.

These observations suggest that there will continue to be serious problems in the implementation of government policy. We want and expect the government to achieve large and complicated outcomes. We wildly under-estimate how long it takes for an organization to develop significant new capabilities. The mechanisms we have for evaluating an organization's performance (primarily the press and Congress) demand high levels of performance, and thrive on the indignation "justified" by inadequate performance. To avoid failure, our public managers move in and out of jobs quickly, carefully manage press and congressional relations, and ignore the meticulous, long run nurturing of an organization. Given this situation, it should not be surprising that the government is long on promises and short on performance: one could hardly design a system more nearly perfect for encouraging this result.