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The paradox of illicit economies: survival, resilience, and the limits of development and drug policy orthodoxy

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ABSTRACT

The illicit drug crops opium and coca are conventionally regarded as sources of instability, an 'evil' that breeds fragility and violence. Fragile states are supposed to be most vulnerable to their production and consequent harms. Yet by looking into the local contexts of the world's leading opium and coca producers – Afghanistan, Myanmar, Colombia and Bolivia – these illicit crops are found to *also be* sources of stability, even drivers of economic growth. They enable marginalized communities and territories abandoned by the state to be reinserted into national and global markets. Within so-called 'fragile' and conflict-affected areas are displaced and dispossessed households adopting innovative and unorthodox strategies for coping and survival in changing and insecure environments. This paper maps out an approach, useful for examining the resilience that has emerged amidst violence and uncertainty in illicit-crop-producing territories, and which can hopefully tackle the continuing disconnect between drugs and development policy.

KEYWORDS

Illicit economies; conflict and violence; development policy; drug control policy; World Bank; UNODC

Introduction: the disconnects of drugs and development policies

The 'drug problem' remains today as one of the most difficult policy challenge for the United Nations, donor agencies, and national governments. Despite decades-long efforts and billions of dollars used to fund its eradication, including deadly 'wars on drugs', illicit trades in opium and coca continue to expand. In 2018, the World Drug Report estimated total global opium production at 10,500 tons, 'easily the highest estimate recorded by the UN Office on Drugs and Crime (UNODC) since monitoring started at the beginning of the twenty-first century'. Similarly, global cocaine manufacture in 2016 reached 'its highest level ever: 1410 tons' (UNODC, 2018a, pp. 1 and 8).

One explanation for such extraordinary resilience to prohibition is that these crops are global commodities whose market values have been multiplied, ironically, by prohibition. Global opium harvests in 2016–2017 were officially estimated to be between 9100 and 9400 tons – out of which 700 to 1050 tons of heroin were processed. That is equivalent – using the often-cited observed retail street price of heroin in London at US$135,000 per kilogram – to a potential global annual turnover of between US$94.5 billion to US$141.75 billion. Similarly, global turnover of cocaine sales is huge at US$ 169.2 billion, based on the street prices of cocaine in Chicago at US$120,000 per kilogram

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(Reuter & Trautmann, 2009, p. 23).[1] In comparison, the global trade in cane sugar is estimated as worth US$69.7 billion in 2018; while the global business in coffee is estimated at US$107.8 billion in 2019.[2]

When including into consideration the full scope of opium and coca's supply and distribution chains, it becomes clear that the illicit commerce is of a magnitude likely to leave almost no aspect of development untouched. Like sugar and coffee, its sheer size and scope will shape access to land and markets; affect the creation of employment; sway trends in banking; and drive cross-border financial flows. It will also likely affect public services; influence political decision-making; and change processes on who gets to wield power, among others. In other words, the impact and consequences – intended and unintended – are significant.

One illustration of impact comes from the 2012 US Senate investigation of HSBC, one of Europe's biggest banks, over how its global bank notes business and other financial services laundered billions of dollars for a Mexican drug cartel.[3] US prosecutors, however, did not criminally charge HSBC; instead, an out-of-court settlement was agreed wherein the bank paid an unprecedented fine of US$1.9 billion and issued a public apology. HSBC received protection too from the British government, which told relevant US authorities that a revocation of HSBC's banking license would not only lead to thousands of jobs lost, but more importantly, threaten another 'global financial disaster' right after the 2008 global financial meltdown.[4] This case shows how the illicit commerce in drugs has become firmly embedded in the world's licit banking and financial systems.

There is a practical problem, however, in further observing and analysing impact: the illicit drugs trade is almost always regarded *only* as a law enforcement, and not a development problem as well. This understanding is based on faulty assumptions – such as, that the boundaries between 'licit' and 'illicit' are clearly delineated. As the HSBC case shows, drug cartels use banks to launder drug profits, blurring the lines between legal and illegal. Blind spots and stereotypes are therefore created and reproduced, leading to a tendency in analysis and policy responses to rely on a 'single story',[5] thus risking a critical misunderstanding of the phenomenon. Also created is a disconnect between drugs and development policies.

That disconnect is no better reflected than in the flagship products of two global institutions – (a) the Systematic Country Diagnostics (SCD) of the World Bank Group (WBG); and (b) the World Drug Reports (WDR) of the UNODC. The SCDs examine economic development problems to inform the WBG's strategy for a particular country.[6] Because the WBG is also a 'Knowledge Bank', the SCDs are, arguably, a most authoritative official socioeconomic and fiscal assessment of a country under review. Yet the SCDs suffer from a fundamental flaw: it barely notices illicit economies and its impact on local communities. SCDs for the world's two main opium-producing countries, Myanmar (November 2014) and Afghanistan (February 2016), gave only passing mention of opium. Coca-producing Colombia's SCD (June 2015) barely mentions 'coca'; while Bolivia's SCD (June 2015) makes no mention at all (World Bank, 2014; 2015a; 2015b; and 2016).

It is as if the WBG avoided to consider illicit crop economies, because this field is regarded as the sole domain of the UNODC. Yet the omission is mutual. Despite the availability of relevant data and analysis – such as employment levels, job creation, access to credit, or the availability and reliability of infrastructure – the UNODC's WDRs do not cite the WBG's SCDs in its analysis of, for example, employment levels, access to credit, or other socioeconomic trends in the illicit-crop-producing territories it surveys. Thus, on one hand, UNODC data and analyses are not intensively used by the WBG; and on the other, the WBG's development data are not used by the UNODC. The mutual omissions are a source of methodological and analytical weakness in both sets of reports.

These omissions are serious mistakes. Among others, it leads to a failure to acknowledge and analyse the paradox – that illicit economies, though a driver of criminal activity, may also be a source of order under certain conditions; and that its criminal actors, though drivers of predation and violence, can be development actors too, no matter how counter-intuitive that may seem. Opium shapes Myanmar's 'triple transition' – described as the change from military to democratic governance; from a centrally-directed, closed economy to a market-oriented one; and from 60 years of conflict towards peace in the border areas (WB, Nov. 2014, p. 7). In Afghanistan, opium creates jobs and is a main source of cash in places not reached by development aid. In Colombia, coca plays a key role for coping and survival in neglected territories settled by those displaced and dispossessed by the country's multiple conflicts and agricultural commercialization. Bolivia had a president installed in office on the strength of its indigenous cocalero movement (*New York Times*, 18 Dec 2005).

The disconnect explains the fundamental conundrum. Drug policy could not solve the so-called 'drug problem', as evidenced by the failure of prohibition.[7] Solutions may perhaps be found in the application of development policy, but current development orthodoxy, as reflected in the WBG's approach, remains far too limited and unable to penetrate the interdependencies – i.e. the 'whys' and 'hows' of coping and survival in illicit-crop-producing territories with high levels of violence and conflict.

Despite the disconnect, it is essential to emphasize that the WBG and UNODC share some common understanding – they have more or less similar assumptions over illicit economies and its supposed harms. This paper is an examination of these assumptions, a step that may be key for unravelling the paradox of illicit economies. This paper first groups these assumptions into four threads, and then attempts its unpacking and deconstruction. This elaboration is necessary, because collectively, drugs and development agencies get to define to a significant degree what is presumed to be 'good' or 'bad' in illicit-crop-producing territories. These assumptions, whether explicit or implicit, get to be the frameworks for understanding; they construct the dominant depictions with which these territories are typically framed. These assumptions are perhaps why resilience – the innovative and unorthodox strategies for coping and survival in the constantly changing and insecure environments of illicit-crop-producing territories – remains a blind spot in drugs and development policy orthodoxy.

The central theme across this paper's examination is *interdependency*, the notion first elaborated by Anton Blok in his opus *The Mafia of a Sicilian Village: A Study of Violent Peasant Entrepreneurs* (1974). Blok's basic contention is that criminal actors are essentially embedded in society, the economy, and state institutions, and are therefore necessarily engaged or locked in interdependent relationships, whether friend or foe, with other actors. As such, criminal actors are not just plain gangsters or racketeers for the simple reason that they make decisions that affect the public. Blok's field work in Sicily showed how the Mafiosi became the force for change that shaped the effective distribution of land, patterns of land use, and the consequent division of labour resulting from shifts into livestock raising. Most importantly, it was more the Mafiosi rather than capital, Blok emphasized, that principally re-organized peasant society into more commercial forms of agriculture. Hence, the realm of the criminal entrepreneur is the public, where he or she establishes interdependencies with other socioeconomic and socio-political actors (Blok, 1974, p. 6; and tables on 245–252).[8]

Michael Watts recently called for a revival of interest into Blok's work, because the *Mafia of a Sicilian Village* offers a view at odds with much of the economics-dominated work of the 1990s and 2000s. While these literatures, 'see mafia exclusively as a perverse market response to modernization and commercialization in a context in which the state fails to protect property', Blok takes a substantively different view, points out Watts, by construing the mafia as brokers in violence that kept restive peasants in submission, but in ways that are starkly 'different from its feudal predecessors who acted mainly as armed retainers for maintaining law and order of vested interests in the countryside'. The 'mediating functions' of feudal armed retainers 'were minimal and strictly local phrased', while those of the Mafiosi 'attain major strength and significance in connection with the impact of the State and the advent of the market'. Blok shows that it is the collusion, cohabitation and contiguity with the state and forms of public authority which are central to the mafia's reproduction (Watts, 2016).

Thus, the principal difference between the licit and the illicit entrepreneur may simply be the socially constructed and politically applied label 'criminal', because both are after all involved in similar processes of commodification of crops, accumulation of wealth and assets, and appropriation of labour. The coercive specialization of criminal entrepreneurs does not make them less or more reliant than licit capitalists on interdependent relationships. As Abraham and Van Schendel note, there is an uncanny symmetry between criminal networks and strategic business models. The dominant imagery of nation-states fighting valiantly against global criminal networks, as represented in institutions like the UNODC and the WBG, 'is far too simplistic and even misleading'. The labels 'illegal' or 'criminal' are applied to those who defy the norms and rules of formal political authority, 'but they are quite acceptable, "licit", in the eyes of the participants in these transactions and flows' (2006, pp. 3–4). Nordstrom points out that trillions of dollars move around the world outside legal channels, flowing through millions of hands, thousands of institutions and hundreds of borders, as 'they ruin the lives of some and create vast empires of profit for others' (2007, p. xvi)

A short note on the methodology is necessary. To support its claims, this paper uses comparative analysis, drawn from existing discussions of specific local contexts and cases that cover almost all illegal opium production (Afghanistan and Myanmar) and the vast majority of coca production (Colombia and Bolivia). Thus, this paper does not present new empirical material. Rather, what is new is that it uses carefully selected material from these countries in a comparative way to unpack the discourses on global drugs policy. This comparative approach has been suggested as a way to tackle the research problems that emerge when much of the phenomenon under study remains hidden; when available data is uneven; and when the conditions with a bearing on the analysis are often incomplete or piecemeal (Mollinga & Gondhalekar, 2014). A single case may indeed provide intensive examination, but could not constitute the grounds for valid generalization, or for disproving an established generalization (Levi-Faur, 2005 and 2006). Inferences are then developed from the comparison of the material gathered, a process similar to Hospers' explanation that when we see bear tracks in the mud, we can infer that a bear has been there, even if we didn't see one (1990, p. 72). Systematic comparisons, therefore, can be a useful strategy to address the limitations of knowledge on phenomena that are hidden, understudied, piecemeal, or incomplete, and can potentially generate new insights and inferences through which long-running divides on drugs and development policy may be better addressed.

Thread 1: 'Fragile states are most vulnerable to illicit crop production and its harms' – the case of Afghanistan and Helmand

A central and widely held assumption of both drugs and development agencies is that fragile states[9] are most vulnerable to illicit crop production and its harms. Illicit drug crops are understood to be a cause, or at least an essential attribute, of violent conflict. As the UN Commission on Narcotic Drugs (CND) stated in its 2009 Political Declaration, 'drugs infect society through open wounds', and fragile states are understood to be among those 'open wounds'.[10] Fragile states not only provide safe havens for criminals but are also the most likely places where illicit crops could be grown 'with impunity'. Afghanistan is one such 'deeply fragile and conflict-affected state', stated the 2016 SCD in its opening sentence. And indeed, fragility and conflict have been emphasized as Afghanistan's 'most important constraint' in addressing poverty and achieving development (WB Group, 2016, pp. 1–25).

These depictions of fragility, conflict, and crises are not new. They have been the dominant narratives on Afghanistan since the 1979 Soviet invasion and after the ouster of the Taliban by US-led NATO troops in 2001 (Pain & Sutton, 2007, pp. 1–9). These depictions, though, have been challenged by scholars who criticize the implicit assumption that Afghanistan's population, particularly those rural-based and beyond the immediate reach of state or aid institutions, are helpless and dependent. Rural Afghan society, they argue, have inherent strengths, as seen in the robustness and resilience of its farming and pastoral systems that enable survival under conditions of extreme fragility and conflict (Fitzherbert, 2007, p. 29).

Afghans, states Pain and Sutton, 'have been anything but passive and static, adopting brilliant, innovative and unorthodox strategies to secure food, livelihoods and stability in a shifting and insecure environment' (2007, p. 3). The key point is that there is a need to recover and examine the 'minutiae of coping and survival that has been all but erased' in development orthodoxy. Attention needs to be drawn to the '*interdependencies* of production, livelihoods and the mosaic of environments at even the small scale' or to the 'multi-layered livelihood strategies which include migration, manipulation of aid, remittances, and of course, narcotics production' (Pain & Sutton, 2007, pp. 3–5).

Thus, the dominant depiction of fragility is but a 'convenient device' to tell a story that supports a particular, state-centred, aid-dependent, and elite-focused humanitarian and development agenda (Pain, 2007, pp. 11–26). Fitzherbert is scathing, stating that these orthodoxies are 'frequently simplistic, outdated, and ignorant, or based on a perspective that overvalues the role of state and aid agencies in agricultural recovery and change' (2007, p. 29). Especially in volatile rural areas, informal and local structures persist *in spite of* the fragility and conflict, 'consolidating the resilience born of centuries of survival in a harsh and unforgiving land' (Pain & Sutton, 2007, pp. 2–3).

David Mansfield is another strong critic. Data produced by the UNODC, he states, reinforce the portrayal of 'the farmer' in accordance with neoclassical economic theories of the firm. He points out that the simple act in UNODC surveys of categorizing the population into 'opium poppy farmers' or 'non-opium poppy farmers' implies that 'those who grow opium are landed and produce nothing else, while those who do not grow opium poppy on their land are not working on the opium crop of others' – assumptions that are 'flatly untrue' (2016, pp. 42–43). Mansfield builds up a 'rural livelihoods approach', drawing from authors like Alexander Chayanov, who asserted peasants will prioritize a stable subsistence over that of a higher risk/higher return strategy, and Eric Wolf, who maintained 'peasants run a household, not a firm' (Mansfield, 2016, pp. 50–51).

The term 'unintended consequences'[11] finds particular resonance in Helmand Province, where well-intentioned policies to tackle poorly-understood 'fragility' had unfortunately backfired. After the US-led invasion in December 2001, British forces prepared to assume administrative control of the province. Its aid agency, the Department for International Development (DfID), offered compensation to farmers voluntarily destroying their opium crop, to wean them away from its cultivation. But the scheme backfired, because as it turned out, it incentivized rather than discouraged opium-growing. In addition, there were cases of local authorities pocketing the money. In 2006, angry Helmand farmers were still demanding the British to pay for crops destroyed four years earlier.[12]

But perhaps the most important unintended consequence in Helmand was that triggered by the 'Food Zone Initiative', a joint effort of the US, UK, and Afghan government in the autumn of 2008 to reduce instability and dramatically improve Helmand's food security. Troops were provided; roads and irrigation were rehabilitated and improved; farmers were given subsidies to grow alternative crops; and other forms of essential support – credit, agricultural extension, access to markets – were provided (Mansfield & Fishstein, 2015).

The Food Zone Initiative became an unqualified success in the short-run, resulting in better productivity, higher incomes, and improved food security for participating farmers. But it was precisely this 'success' that triggered the displacement of land-poor households, contends Mansfield and Fishstein. The land-owning farmers of Helmand, who previously had to rely on seasonal migrant workers as farmhands during labour-intensive months, and who typically rented a portion of their smallholdings to sharecroppers as a form of guaranteed income, now found less need for seasonal farmhands or sharecroppers. Thus, the consequence of 'success' meant not only poorer farmhands and sharecroppers losing their livelihoods; they also became excluded from government support because they were disqualified, i.e. not registered as owners of property (Mansfield & Fishstein, 2015, pp. 5–8).

The irony is that it was a fairly successful development project, *not* violent conflict, that triggered the forced migration of the land-poor. They moved north of the Boghra canal beyond the reach of opium-eradication campaigns, buying desert land from local commanders or arriving as sharecroppers or tenants hoping to save enough from opium cultivation to buy their own land in the future. With generous loans from opium traders, they constructed deep wells with diesel or solar-powered pumps that converted desert land to agriculture. As a result, states Mansfield and Fishstein, the once-desert land planted to opium north of the canal increased from 752 hectares in 2002 to 34,270 hectares in 2012, a 45-fold increase (Mansfield & Fishstein, 2015).

A 2016 video from Alcis, a research and mapping firm, documents opium's role in converting over 300,000 hectares of desert into agricultural land, sustaining the livelihoods of over 1.2 million people in the largely desert southwest from 2000 to 2015.[13] The 2016 SCD statement that Afghanistan's 'unrecorded export of opium' is 'large', or '7–8% of GDP', makes it even more of a puzzle why the impact of the illicit crop has been omitted in the WBG's analysis. Opium is not insignificant to Afghanistan.

An argument can now be made that for the poorest and land-poor, survival comes less from official development aid and state interventions, and more due to engagement with expanding shadow and informal economies. Contrary to the common belief that engaging in illicit trade is simple criminality motivated by greed and need, the decisions taken are not simplistic: it is based on poor households' evaluation of risk and opportunities, including getting protection elsewhere when they could not expect it from state institutions. Opium cultivation by poverty-stricken and land-poor farmers in Afghanistan is a resilience strategy.

In summary, the dominant interpretation that 'fragile states are most vulnerable to illicit crop production and its harms' is at best an incomplete assessment of what is actually going on. Within so-called fragile states are resilient communities, many of which adopt innovative and unorthodox strategies, and build interdependencies with licit and illicit actors, to secure assets, livelihoods, and security in constantly changing and insecure environments.

Thread 2: 'Fragility, violence and illegality breed each other' – the case of Colombia and Putumayo

The dominant depiction of areas with thriving illicit economies as unruly, disorderly, or less civilized frames a picture of lawlessness or absence of local order. This obscures attention – and development aid – from being focused on the structures, norms and adaptations for coping and survival amidst the violence and conflict. It distorts the understanding of the relationships (or lack of it) between marginalized communities and state institutions. It fails to appreciate the dilemmas – for example, that criminals, belligerents, and ordinary people caught in conflict may have agendas that, while completely different from each other oftentimes overlap and may even merge temporarily. More importantly, drugs and development orthodoxy seldom see the agency of local people. The conclusion that emerges is that because the world's leading producers of illicit crops and drugs, Colombia and Afghanistan, are beset by violence and conflict, it therefore follows that fragility, violence and illegality can be thought to breed each other. But as will be pointed out below, at least two Colombian scholars have argued strongly against such framing, emphasizing that it is not the unruliness, disorder, or illicit crop production that are the fundamental problems, but the marginalization and exclusion of subsistence peasant communities caused by the structural inequalities of the political economy subsequently heightened by violence and conflict.

To elaborate on these claims, it is useful to begin with a simple comparison of the world's top coca producer with the world's top opium producer (Table 1).

Like Afghanistan, Colombia's violence is brutal and has been going on now for more than 60 years, according to the *Centro Nacional de Memoria Historica,* a public body reconstructing the history of conflict that has caused over 218,000 deaths and displaced over 5.7 million people (CNMH, 2012). CNMH traces the roots back to the 1948 *El Bogotazo* urban insurrection that destroyed the centre of Bogota, which started *La Violencia* – the period of partisan conflict between Liberals and Conservatives through the 1940-1950s. In the next decades, the violence expanded into a left-wing insurgency (CNMH, 2012, p. 1). From 1985 to 1989, there came a huge surge in the violence. In November 1985, the M-19 guerrilla group attacked the Palace of Justice in central Bogota and held hostage the entire Supreme Court. Following a brutal military response, around 300 people, including twelve justices of the 25-member Supreme Court, were killed (*New York Times*, 10 Nov 1985). Four years later, from August to December 1989, drug traffickers went to war in response to efforts to, among others, capture Pablo Escobar. By early October 1989, Colombian police had linked 142 deadly bomb attacks to the Medellin cartel, with up to 88 car bombs exploded at banks, hotels and malls in major Colombian cities. An Avianca commercial airliner, reportedly

Table 1. Essential figures on the top two illicit drug crop producers.

	Afghanistan – opium and heroin	Colombia – coca and cocaine
Population 2017	35.53 million	49.06 million
GDP 2017 (WB figures)	\$19.54 billion[a]	\$314.46 billion[b]
Land area	652,864 square kilometres	1.142 million square kilometres
Land area planted to illicit crop	328,000 hectares (78%) of world total of 420,000 hectares (UNODC, 2018b, p. 12)	146,000 hectares (68.5%) of world total of 213,000 hectares (UNODC, 2018b, p. 29).
Illicit crop production level	9000 tons (85%) of 10,500 tons of opium produced globally in 2017 (UNODC, 2018b, p. 12).	No figures supplied. Since 2014, the UNODC stopped publishing on coca leaves production, and only reported cocaine production.
Processed drugs production levels	550–900 tons (66% to 85%) of 1100–1400 tons of heroin produced globally (UNODC, 2018b, p. 13)	Estimated production is 866 tons (61%) of the total of 1410 tons of cocaine produced globally, of which 378 tons were seized in Colombia (UNODC, 2018b, p. 29).
Estimate of the size of the illicit economy as a proportion of GDP	SCD states that exports of opium comprise 7-8% of Afghanistan's GDP.	The farmgate value of coca leaf production in Colombia is about 0.2% of GDP, or 3% of the agricultural sector's GDP.

Sources: UNODC and WBG (see relevant notes).
[a]See https://data.worldbank.org/country/afghanistan. GDP 2013 was higher at US\$ 20.56 billion.
[b]See https://data.worldbank.org/country/colombia. GDP 2014 was higher, at US\$381.112 billion.

with two government drug informants as passengers, was also targeted, killing all 107 on board (*New York Times,* 30 August 1989; 4 Oct 1989; and 20 Dec 1994).

Though Colombia and Afghanistan share similarities in the intensity and scope of violence, there is a major difference: the size of their economies. Colombia's GDP is more than 16 times the size of Afghanistan's. Thus, though beset by violent conflict, and for far longer than Afghanistan, Colombia evades easy categorization as 'fragile'. It has, at least in theory, resources to deliver 'comprehensive service entitlements', the lack of which defines 'fragility'. The stark difference in economic size also suggests illegality and violence will not always breed fragility. Colombia's economy expanded over the last fifty years, despite the violence. Foreign direct investments continued, showing how firms could adapt their business models even to unpredictable and violent local conditions.[14]

The unequal distribution of economic growth in Colombia, and the inability to distribute the benefits of growth to large areas that have suffered from long-term neglect are widely accepted. And it is precisely in this regard that the illicit coca economy could be contextualized. Not only are large quantities of coca being grown in neglected parts of the country. More importantly, the crops are also grown by *campesinos* (peasants), those who have been historically marginalized and excluded from the mainstream economy, state protection, and public services provision.

One key coca-growing area is Putumayo, characterized by its poor infrastructure and largely agrarian economy. It is also where the *Fuerzas Armadas Revolucionarias de Colombia* (FARC), the largest rebel group, has been most active. For the last thirty-five years, Putumayo has been a major producer of coca and cocaine. Thus, the central state, explains Maria Clemencia Ramirez, typically represents Putumayo 'as uncivilized and disorderly, where inhabitants follow alternatives codes of behaviour and justice beyond (the state's) hegemonic control' (2011: loc. 299).[15] Many inhabitants of Putumayo are *colonos,* or campesino settlers displaced from other regions by conflict and exclusion from the market. They are often depicted as 'migrants without roots – therefore without any regional identity'. Since the 1960s, continues Ramirez, they have been portrayed as people 'in search of easy money', or the 'first and weakest link in the global chain of cocaine trafficking'. Many are regarded as either guerrilla supporters or criminals. This stigmatization not only makes them legitimate military targets, it also further reinforces their exclusion and marginalization (Ramirez, 2011).

The inclusion of illicit drugs as one of six agenda items in the 2016 government-FARC peace agreement initially offered promise.[16] It included the provision 'to build a joint and comprehensive solution to the problem of illicit drugs', and sought *new*, evidence-based alternatives that will 'treat illicit crop cultivation and drugs consumption *differently* from the problem of organised crime.' But as pointed out by Ricardo Vargas Meza, the approach agreed is, unfortunately, a reiteration of orthodoxy. The agreement, states Vargas, is weak because it fails to even define the problem of illicit drugs; does not consider that the criminal economy is able to continue regardless of who controls security in the producer regions; and the 'community participation' it envisages is limited only in relation to crop substitution, 'not with regard to life in the territory as a whole' (Jul 2014, pp. 1–2).[17] Ramirez, an anthropologist who investigated the reasons for the 1996 Cocalero Uprising in southern Colombia, adds the key critique. She argues that marginalization and exclusion – not illicit crop cultivation, unruliness, or disorder – are the real problems in coca-producing Putumayo.

Another Colombian scholar, Maria-Clara Torres Bustamante, rejects the depictions of illicit crop growers as simply passive and unable to influence the world in which they live. Torres points out, for example, that the cocaleros of Bajo Putumayo were *also* creating and developing their own version of political and social order. Despite their stigmatization, they lobbied for the creation of local municipalities in order to bring state institutions closer and become more accessible administrative centres where they can press for the delivery of public services (2011, pp. 33–68).

More importantly, Torres points out, it is precisely the illegal coca economy which enabled an excluded territory and people to be inserted back into the market. Among others, the coca economy accelerated the use of money in 'peripheral' and 'out-of-the-way' Putumayo, not only because it brought more cash, but also because other food crops, such as cassava or corn starch, displaced by coca, now had to be purchased and transported from other regions, consequently invigorating those other regions' agrarian economies. Villages in Bajo Putumayo – La Dorada, La Hormiga and San Miguel – which became centres of trade in coca paste consequently transformed into small 'boom' towns where hotels were set up, transportation expanded, and demand for goods like cars, chainsaws, outboard motors, and firearms increased. The importation of electricity generators created further downstream stimulation to the local economy. Alongside, migrants from across the country streamed or migrated to Putumayo in search of livelihood opportunities or seasonal work in coca farms (2011, pp. 60–68).

As the volume of transactions expanded, a local financial system consolidated. Torres documents how per capita bank deposits in Putumayo grew, from COP (Colombian peso) 179 in 1995, to COP 1049 in 2005, an over five-fold increase in a decade of coca-led growth.[18] Though Torres cautions that data on banking in Putumayo is unreliable and could not be made the sole basis on the extent to which the illicit coca trade monetized the local economy (Torres, 2011), the case could still be made that from a position of extreme isolation, Putumayo became increasingly integrated into national and global markets as a result of its coca economy.

Whether or not these changes brought by coca constitute genuine development remains debatable. But clearly, the coca economy transformed both state and market structures in Putumayo. In sum, the dominant notion that fragility, violence and illegality breed each other has stigmatized coca-growing areas and cocaleros to such an extent that it has become difficult to focus attention instead on the real and more fundamental problems of marginalization and exclusion. Sadly, such views have found its way into the final peace agreement. Orthodox assumptions on fragility and its links to violence and illegality are not always true – as demonstrated by Colombia's overall economic growth, despite the violence. The case of Putumayo in particular, a marginalized area reinserted back into national and global markets by its illegal coca economy, opens up to the roles that illicit economies may serve for the expansion of capital and markets especially among excluded and displaced populations.

Thread 3: 'Illicit crops and drugs production are sources of instability' – the case of Myanmar and Shan State

The failures of drugs and development orthodoxies could be attributed to how interdependency – symbiosis, *quid pro quos*, collusion, or other similar relationships that become essential for coping and survival in contexts of marginalization and exclusion – is continually overlooked. Interdependency can also be a form of reciprocity created and maintained to better manage risks, or a form of insurance in constantly shifting and insecure environments. Where there is interdependence, illicit crops could be a source of order, contrary to orthodox understanding.

Interdependency is best illustrated in what Richard Snyder and Angelica Duran-Martinez calls 'state-sponsored protection rackets', defined as:

> Informal institutions through which public officials refrain from enforcing the law, or alternatively, enforce it selectively against the rivals of a criminal organisation, in exchange for a share of the profits generated by the organisation. (2009, p. 254)

The benefits from such rackets are not inconsequential, as the case of Myanmar demonstrates. Before 1990, there were some 25 ethnic armies operating in remote regions, the largest of which emerged in the borderlands of Shan State. As the conflicts dragged on, most if not all insurgent groups turned to taxing opium cultivation for financing their armed struggles. What is curious however, observed Snyder and Duran-Martinez, is that following the dramatic increase in opium and heroin production after 1989, the biggest of these opium-financed armies, oddly, did not expand. Neither did they engage in more battles, widened their bases, nor extended the scope of their operations. Instead, most demobilized, and appeared to have focused instead on opium-growing to rebuild their lives. Consequently, there was a dramatic reduction in the levels of violence (2009, p. 262).

The explanation, states the two authors, lies in the military's successful construction of 'institutions of protection'. Such institutions, they explain, could emerge only under certain conditions. First, state officials must have a credible capacity to enforce the law. Because without a credible threat of enforcement, why would criminals pay for non-enforcement? Thus, the stronger the illicit actors, the stronger and more capable the state must be if it is to successfully induce those illicit actors to participate in the protection racket. Second, criminal organizations also need to have the capacity to offer a credible guarantee to 'share the spoils', to refrain from violence when needed, share information, or control 'public hazards'. Thus, to be credible partners in a protection racket, 'criminal organisations require a certain level of internal command, control, and coherence' (Snyder & Angelica Duran-Martinez, pp. 255–256).

With these conditions apparently met in Myanmar's borderlands, opium 'transformed from being a source of violence into a source of political order'. Opium provided a lucrative 'exit option' for battle-weary rebels looking for a settlement or compromise with the enemies they could not defeat, but who could neither win anyway. The quid pro quo created 'a powerful pacifying effect on the illicit markets'. By 1997, continues Snyder and Duran-Martinez, opiates had become Myanmar's largest export, 'pumping more than half-a-billion dollars annually into the economy, an amount exceeding the government's official tax revenues' (2009, p. 269).

The global community was not unaware of the state-sponsored protection racket. For successive years, the annual International Narcotics Strategy Control Report (INSCR), published by the US Department of State, had been stating that drug profits have become the seed capital for many otherwise legitimate commercial and manufacturing enterprises.[19] Indeed, in an evaluation of Myanmar's anti-money laundering efforts in 2002, Brian P. Joyce confirmed what by then had become a public secret: 'As a means of maintaining peace and apparent stability, criminal elements were not only permitted to engage in illegal activity but also encouraged to invest ill-gotten gains into legitimate commercial development' (2002, p. 81). As such, it was illicit enterprise that arguably began the revival of Myanmar's moribund economy. Over the years, more of these opium-capitalized legitimate enterprises were tagged in the Specially Designated Narcotics Traffickers (SDNT) List, a database kept and maintained by the US Treasury's Office of Foreign Assets Control (OFAC).[20] Some examples:

- Lo Hsing Han's Asia World Group, reputedly Myanmar's biggest conglomerate, was on the Sanctions List for years, linked to drugs and money-laundering investigations. However, after the US terminated its Burma Sanctions Program in October 2016,[21] Asia World has become a fully legalized and legitimate multinational conglomerate.
- Wei Hseuh-Kang and the Hong Pang Group, along with 26 individuals and 17 affiliated companies involved in construction, gem mining, logging, and commercial agriculture, were included in

the US Sanctions List in 2008. Wei is the leader of the United Wa State Army, one of the first insurgent groups that signed a ceasefire agreement in 1989.
- In 2003, US Treasury imposed sanctions on Asia Wealth Bank because of 'unacceptable risks of money laundering and other financial crimes' related to narcotics trafficking. It is chaired by U Eike Htun, and was Myanmar's largest private bank until 2003.[22]

In sum, illegality does not always breed violence, i.e. there is no singular relationship between illicit crop economies and instability. Although it appears as counter-intuitive, under certain conditions – as elaborated in the case of Myanmar and Shan State – illicit drugs can transform from being a source of violence into being a source of stability, and even a driver of economic growth. This appears to be similarly the situation in Afghanistan and Colombia. An understanding of interdependency – rather than theories of the firm or instrumentalist theories of violence – appears necessary to resolve the failures of the orthodoxy.

However, it is necessary not to lose the nuances. Myanmar's decades of economic isolation – starting with its largely self-imposed isolation from 1962 and expounded by the harsh international sanctions from 1988 – may have created enabling conditions not possible in other contexts. Additionally, there has also been a resurgence in violence in the opium croplands since 2011, showing that even apparently stable quid pro quos and relationships of interdependency are subject to wider processes of social, political and economic change.

Thread 4: 'Illicit crops are evil' – the case of Bolivia and the Chapare

A fourth widely-held assumption of the orthodoxy is the notion that illicit crops are a social evil. A key report to the 1952 UN ECOSOC Enquiry on the Coca Leaf supported views that coca-chewing populations were 'little civilised', needed to be 'saved', and that it was only through Christianisation that the 'primitive population' could 'show themselves to be physically and mentally capable of freeing themselves from coca-leaf chewing' (Wolff, Jan 1952, pp. 3–8). In 1961, no less than the Preamble of the UN Single Convention on Narcotic Drugs stated that it is the duty of states 'to prevent and combat this evil'. The wording is notable, explains Rick Lines, because under international treaty law, the Single Convention is the only UN treaty 'characterising the activity it seeks to regulate, control or prohibit as being "evil"' (2010, p. 3).

Today, Bolivia, where coca-chewing has been practiced for centuries, leads in reversing these beliefs, prejudice, and stigmatization. Since the dramatic election of a cocalero, Evo Morales, as president in 2005, Bolivia has worked to undo the 'historical mistake' of banning the coca leaf under the 1961 Single Convention. Right after assuming the presidency in 2006, Morales convened a Constituent Assembly to draft a new Constitution to change, among others, the legal status of coca, causing concern in global drug agencies and the US. By September 2008, Bolivia declared its open defiance when Morales expelled the US Ambassador from the Bolivian capital (*Daily Telegraph*, 12 Sep 2008). Two months later, he went further by expelling the US Drug Enforcement Administration.

In February 2009, following approval in a referendum, the new constitution went into force. It stated that,

> The State shall protect native and ancestral coca as cultural patrimony, a renewable natural resource of Bolivia's biodiversity, and as a factor of social unity. In its natural state coca is not a narcotic. It's revaluing, production, commercialization and industrialization shall be regulated by law (Article 384, Constitution of the Plurinational State of Bolivia).[23]

Speaking before the CND in Vienna on 11 March 2009, Morales stunned his audience by chewing a bag of coca leaves at the podium. 'This is a coca leaf', he said. 'This is not cocaine. This represents the culture of the indigenous people of the Andean region' (*Daily Telegraph*, 12 Mar 2009). Bolivia then led a petition for two amendments to the 1961 UN Single Convention on Drugs: the removal of Article 49-2a which banned the coca leaf; and the removal of the coca leaf from the Treaty's schedule of restricted products and substances. When countries led by the US objected, the petition collapsed in January 2011, well into Morales' second term. In response, Bolivia officially withdrew from the Treaty. But almost immediately, it also announced an application for re-accession, a legal manoeuvre that gave it, under treaty accession terms, the right to 'temporarily permit' coca-chewing in its territory for 25 years. Bolivia won time to continue improving its policy of 'yes to coca, no to cocaine'.

The policy, officially called the '*Cato* Accord', explains Thomas Grisaffi, legalized the cultivation of small amounts in specific zones or '*catos*' to supply Bolivia's legal market for coca with pre-set limits. The *sindicatos*, or coca growers' unions, then ensures that growers do not exceed this limit by identifying where over-production takes place, which are then subject to government-conducted eradication operations (2015, p. 1). There is inevitable resistance from coca growers to such an approach, but it is 'overall deemed fair and well-managed, as shown by the relative absence of open rejection of the authority of the *sindicatos*' (Mortensen & Gutierrez, Jan 2019, p. 66).

Like in Putumayo, many Chapare residents are migrants similarly displaced by upheavals and changing agrarian economies elsewhere. But these settler families, emphasizes Grisaffi, were not reliant on coca alone. They used manual labour in family-run farms to cultivate rice, bananas, and citrus fruit. Others found work as labourers in coca paste production. It was from these settler-farms that the self-governing *sindicatos* emerged, which assumed the role of local governance and 'responsible for assigning land, administering justice, taxing the coca trade and undertaking community projects such as building schools or roads' (2015, p. 3).

Grisaffi points out that coca is not profitable. Rather, 'it complements subsistence farming and, in the absence of other income-generating activities, is one of the few pursuits that provide them with access to cash'. In marginalized economies, cash is needed to pay for schooling, buy clothes, visit the doctor, or to purchase other daily needs such as cooking oil or salt. To be eligible for a *cato* of coca, growers first have to gain a land title and their *cato* measured and officially registered. To complement and improve internal controls, the European Union funded a biometric register of producers and their catos, imprinted on identity cards. Coca control then becomes a community responsibility, with the *sindicato* organizing regular inspections, and the community deciding on eradication measures should production breach the limits (Grisaffi, 2015, pp. 3–5).

There remain many problems and issues with the Cato policy, with critics coming from the ranks of cocaleros themselves. Yet what could not be denied is a significant outcome – the Cato policy has contributed to a sharp reduction in violence. Despite previous episodes of violence and conflict, Bolivia does not have active armed insurgencies nor Colombia-style criminal cartels today. The achievement is nothing less than remarkable, explains Ursula Durand-Ochoa. The cocaleros were engaged in contentious politics, had to defend an internationally-outlawed commodity, and made claims that generated divisive tensions that inhibited social movement unity (2012, pp. 34 and 196). A most important outcome too is that it appears that the Cato policy is enabling more agricultural diversification in Bolivia's coca-growing areas, leading to a gradual but nonetheless steady reduction in coca cultivation from a peak of 31,000 hectares in 2010, to current levels of 20,000–22,000 hectares (Mortensen & Gutierrez, 2019, p. 67).

Another scholar, Stewart Prest, has sought to explain Bolivia's 'rough peace', or the avoidance of armed conflict in such a contentious political context. He argues that certain forms of locallyembedded governance institutions – such as the *sindicatos* that assumed governance functions in the absence of the state – can play an important role in mitigating the likelihood of armed violence. 'Inclusive communities equipped with governance institutions capable of resolving collective action problems,' he emphasizes, 'are, under a range of conditions, less likely to engage in armed conflict with other communities or the state' (2015, p. ii).

Thus, Durand-Ochoa's and Prest's conclusions are particularly useful for understanding what may be missing in the other three illicit-crop-producing countries affected by violence and conflict. It provides explanations, according to Prest, for why and how some countries at risk of civil conflict, such as those with unconsolidated political regimes or limited state capacities, like Bolivia, 'tend to persist indefinitely in a state of rough, yet durable peace, while others experience conflict' (Prest, 2015).

The near elimination of violence, avoidance of criminal enterprise, and institution of self-governance counters the framing of coca as a social evil. Drug control and development policies have much to benefit from a careful consideration of Bolivia's experiences.

Conclusion: interdependency as an approach for connecting drugs and development policy

This paper has demonstrated the follies of drugs and development policy orthodoxy. Many of the assumptions about fragility and vulnerability are at best incomplete assessments riddled with blind spots and oblivious to local agency. Assumptions on supposed links between fragility, violence, and illegality are not always true. Illegal economies are shown as able to re-insert excluded and marginalized local economies back into national and global markets, thus enabling the penetration of capital and investments into displaced populations. Illicit drug crops can transform from being a source of violence to a source of stability, even a driver of economic growth. Non-state institutions of local governance can potentially eliminate violence, and over the long-term, pave the way for diversified local economies that ultimately eliminates dependence on illicit crops. This examination provides guidance on what new policy development could focus on to resolve the paradox, as summarized in Table 2.

Policy development to eliminate the disconnect between drugs and development policies is long overdue, especially because there is no dearth of knowledge and evidence available to policy-makers for reconsidering current approaches. For example, historical studies have shown that the labelling of the plant crops opium and coca as 'illicit', and its growers and entrepreneurs as 'criminals', is a modern-day social construction that is reflective more of power relationships in international treaty law than the harms these plants actually bring. When used to support colonization, coca and opium were legal. Coca sustained Spanish mining interests in Latin America in the 1500s (Gagliano, 1994; Gootenberg, 2008), in the same way that opium financed the expansion of the British Empire into the Far East that led to two Opium Wars in China (Trocki, 1999). When the substances morphine, heroin and cocaine were isolated by German and British chemists in the 1800s, it was European (e.g. Merck; Bayer) and American (e.g. Parke-Davis) pharmaceuticals that turned it into commodities for mass consumption (Booth, 1996; Gootenberg, 2001 and 2008). Had Muslim countries been the real powers behind the United Nations treaties, suggested the historian David Courtwright, it would be alcohol rather opium and coca that will be on top of the list of substances to be banned (2001).

Experts who studied the criminalization of drug crops, like Bewley-Taylor (2002 and 2012), point out that it was the United States that internationalized drug prohibition, through which a 'prohibition culture' across the UN built up. Buxton points out too that it is no small irony that the US,

Table 2. Summary.

Case	Orthodoxy typically applied in understanding the case	What new policy development could cover
Afghanistan – Helmand Province	Fragile states are most vulnerable to illicit crop production and its harms	Vulnerability to illicit crops is not automatic in fragile states; focus should be on the agency/resilience of people
	Peasants cultivating drug crops are primarily rational economic actors	Peasants tend to prioritize stable subsistence over high return/high risk strategies; peasants run households, not firms
	Denial of existence and impact of illicit drug economies	Engagement with illicit economies and actors enable coping and survival in contexts of fragility and conflict.
Colombia – Putumayo Department	Fragility, violence and illegality breed each other. Areas where illicit economies thrive are unruly, disorderly or less civilized.	The more fundamental problems are marginalization & exclusion. Illicit economies can serve excluded populations.
	The key problem to be solved in illicit-crop-producing areas is illicit crop cultivation.	Farmers do not rely on illicit crop production alone. They adopt multi-layered strategies to build resilience.
	Illicit crop producers are simple receivers of economic and political signals, and barely have the power to influence the world in which they live.	Opium and coca farmers create their own version of social and political order – including lobbying for state structures needed for the administration of local economies.
	Illicit economies are distinct and separate from the licit economy.	Boundaries have become unclear. Illicit economies enable excluded territories and people to be inserted back into the market.
Myanmar – Shan State	Illicit crops and drugs production are sources of instability. Illicit actors and criminals create chaos and disorder.	Illegality does not always breed violence. Under certain conditions, illicit crops can reduce violence and be a source of stability.
	Drug lords and criminals are illegitimate actors who can only operate in the 'shadows'.	Drug lords and criminals can gain legitimacy. They can also become the legitimate democratic choice of voters.
Bolivia – Chapare District	Illicit drugs are evil. It is right to criminalize illicit drug crop producers.	The concept of 'illicit' is a social construction. Coca-chewing has never been illicit in Andean culture and history. Coca-growers are not necessarily criminals.
	State-sanctioned and aid-supported eradication campaigns are necessary to reduce the global supplies of plant-based drugs.	Social control mechanisms in place of market mechanisms to control supply are possible.

oftentimes the world's foremost champion of free trade and the economic theories of capitalism, is also the global champion of a planned economy for narcotics at the world stage, as it funds, mobilizes, and uses its vast influence for drug control (2006, pp. 100, 38).

In conclusion, though illicit economies may enable coping and survival for excluded and marginalized communities, it is important to reiterate that there are costs involved that could not be brushed away. Behind the enterprises, commodity chains, and social networks that make up illicit economies lies a form of capitalism that by nature is cruel, criminal, unregulated and exploitative. Communities surviving on the margins often have no choice but to live under its control, which may mean working under conditions of virtual slavery while criminal bosses reap most of the profits, or families being forced to give up their daughters as 'opium brides' to settle loans from drug traffickers. It is perhaps another paradox – that in overcoming some drivers of poverty, exclusion and marginalization – these communities expose themselves to a new set of risks and dangers. This makes the resolution of the divides between drugs and development policy even more urgent.

Indeed, as Norbert Elias explained, 'underlying all intended interactions of human beings is their unintended interdependence'. At any given point of economic development, says Elias, people are bound and dependent on each other in quite specific ways, producing particular forms of social integration and tensions (Elias, 1994 [1939], pp. 284–285, 300).

Notes

1. There appears some divergence in Reuter and Trautmann's Table 1 on page 23, due to notations of 'ounces' and '100 mg. pure'. However, I have used the figures of $135,000 per kilogram for heroin and $120,000 for cocaine based on the logic of the table. Note that these authors' estimates are inferences into hidden activities, not actually observed sales and consumption.
2. Figures on sugar were sourced from https://www.statista.com/topics/1224/sugar/, while the figures on coffee came from https://www.statista.com/outlook/30010000/100/coffee/worldwide. Last accessed 31 March 2019.
3. See for example, page 41 of the US Senate Report (https://www.hsgac.senate.gov/imo/media/doc/PSI%20REPORT-HSBC%20CASE%20HISTORY%20(9.6)2.pdf), and various media reports like https://www.bbc.co.uk/news/business-18867054. Last accessed 31 Mar 2019
4. See https://www.theguardian.com/business/2016/jul/11/hsbc-us-money-laundering-george-osborne-report, accessed 31 March 2019.
5. The phrase 'danger of a single story' was coined by Nigerian novelist Chimamanda Ngozi Adichie, who said single stories create stereotypes which, though not untrue, are incomplete. See https://www.ted.com/talks/chimamanda_adichie_the_danger_of_a_single_story
6. For example, in January 2019, the Bank announced the start of preparations to produce Myanmar's SCD. See http://www.worldbank.org/en/news/infographic/2019/01/21/myanmar-systematic-country-diagnostic, last accessed 31 March 2019.
7. A full discussion of the failures of prohibition is presented in Rolles, Murkin, Powell, Kushlick, and Slater (2016).
8. The patterns Blok observed in his case study are affirmed in more recent studies, such as Goodhand (1999), Ahram and King (2012), McSweeney, Richani, Pearson, Devine, and Wrathall (2017) and Gutierrez-Sanin (2019).
9. Defined as "states that are failing, or at risk of failing, with respect to authority, comprehensive service entitlements, or legitimacy" (Stewart & Brown, 2009, p. 3).
10. See page 4 of https://www.unodc.org/documents/ungass2016/V0984963-English.pdf, accessed 28 Jan 2019
11. 'Unintended consequences' is a widely-used term in drugs policy, having been the title for a series of reports commissioned by the UN Research Institute for Social Development in 1995. See Tullis (1995).
12. Details and sources of this compensation fiasco are in a 2015 Christian Aid report (Gutierrez, 2015, pp. 4–5).
13. The video can be seen here – https://vimeo.com/173599228, last accessed 31 December 2019.
14. The reasons for the expansion of Colombia's economy despite the violence and conflict is beyond the scope of this paper. An explanation, however, may be drawn from Francisco Gutierrez-Sanin's argument on the relative success of 'indirect rule', the Colombian state's 'strategy of rule' in peripheral areas characterized by a 'thin bureaucracy and a thick system of partisan networks' (2019, p. 15).
15. 'Location' rather than pages is what appears on the Kindle edition of this book.
16. For the summary of the final agreement in English, see http://www.altocomisionadoparalapaz.gov.co/herramientas/Documents/summary-of-colombias-peace-agreement.pdf .
17. Vargas' assessed the 2014 joint Peace Communique, before the agreement was signed.
18. Torres notes that the figure is still eight times lower than the national average, showing how extensively marginalised Putumayo's economy was.
19. See page XII-94 of INSCR 2001 on https://www.state.gov/j/inl/rls/nrcrpt/2001/, last accessed 28 January 2019.
20. After the passage of the Foreign Narcotics Kingpin Designation Act in the US in December 1999, and the revisions in the Patriot Act in 2001, the SDNT was renamed Specially Designated Nationals (SDN) List, to include terrorists and corrupt officials. It became forbidden for US banks, firms and individuals to transact business with those in the list, unless a special license is pre-acquired from OFAC.
21. See https://www.treasury.gov/resource-center/sanctions/Programs/Documents/burma_fact_sheet_20161007.pdf
22. More details on the companies are available in Meehan (2015) and Chin and Zhang (2015). Further elaborations on the context on these companies are available in Meehan (2011) and in Woods (2011).
23. From the English translation of Bolivia's 2009 Constitution available at https://www.constituteproject.org/constitution/Bolivia_2009.pdf, accessed 29 January 2019.

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