

GLOBALISATION, AND DRUGS AND CRIMINALISATION

Final Research Report
on Brazil, China, India and Mexico



http://www.unesco.org/most/globalisation/drugs_1.htm

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CD-ROM EDITION

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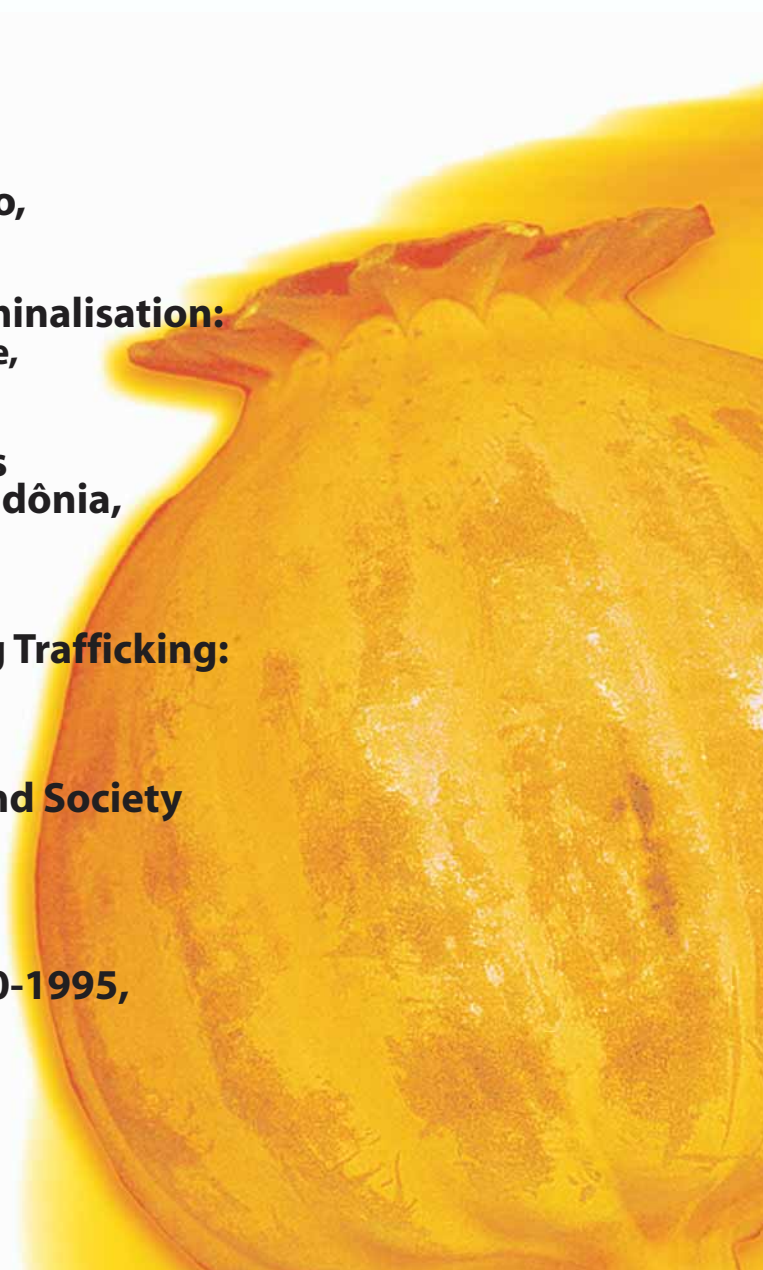


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DEDICATED TO THE
MEMORY OF
CHRISTIAN GEFFRAY
(1954 – 2001)

**Philosopher
as well as Anthropologist,
and scientific coordinator
of this report**

After his training in philosophy, Christian Geffray became a professional anthropologist. As he was first of all a theoretician and a thinker, his intellectual discipline as regards reality led him to a deep commitment to work in the most difficult fields. In Mozambique, he started by submitting a unique contribution, on a classic theme in anthropology, that of kinship ("Neither father nor mother — overview of kinship among the Makhuwa"; Paris, Le Seuil, 1991). Later he undertook research on the causes of the "insane" war that was devastating the country. His contribution was important in the international debate on the causes leading up to the war (*La cause des armes au Mozambique: Anthropologie d'une guerre civile / Why They Took up Arms in Mozambique: Anthropology of a Civil War*, Paris, Karthala, 1990).

Afterwards he continued his research and his reflections in the Amazon region of Brazil. In the beginning he accompanied the local Indians, the "gold seekers" ("*garimpeiros*") and the other populations who lived in this region, in order to analyse the pattern of paternalistic domination which was typical of these societies. His publication of *Chroniques de la servitude en Amazonie brésilienne* (*Chronicles of Servitude in the Brazilian Amazon Basin*, Paris, Karthala, 1995) is a model of scholarship, and opened new horizons on the subject of political science. His next project was to use the theories of Freud and Lacan as a conceptual base for a new analytical anthropology (*Le nom du maître : Contribution à l'anthropologie analytique / In the Name of the Master: Contribution to analytical Anthropology*, Paris, Arcanes, 1997). He developed his

theory around the central question of values in his masterful work *Trésors: Anthropologie analytique de la valeur* (*Treasures: Anthropological analysis of value*, Paris, Arcanes, 2001).

It was also in the Amazonian region of Brazil that he came to study the world of traffickers and criminals, which he described in two original and exemplary reports, which also served as a basis which allowed him to develop new theories about the relationship between the State and criminality and which suggested new questions about the nature of the State (*Mondes en développement*, 160, 2000; *International Journal of Social Sciences*, 169, 2001). Christian Geffray had also started to carry out research in Rwanda to try to have an understanding of what led up to the genocide in that country.

He died suddenly on 9 March 2001 at his home near Paris.

Christian Geffray was Director of Research at the *Institut de Recherche pour le Développement* (Institute for Research on Development, IRD, France) and also held a research position at the *Centre d'Etudes Africaines, Ecoles des Hautes Etudes en Sciences Sociales* (Centre of African Studies at the School of Advanced Studies on Social Sciences, EHESS). He was also a director of the Scientific Council of the publication *Lusotopie* and directed a seminar at the International College of Philosophy. He was Scientific Co-ordinator for the MOST/UNESCO Project "The Economic and Social Transformations Connected with the International Drug Problem". He is also the co-editor of this report.

In addition to being unusually creative on the intellectual level, Christian Geffray took risks that were on the same level as his discoveries. Even more, he was also a friend who listened to everybody who was associated with this project. Thus, it is with emotion that his colleagues dedicate the results of this project that we collaborated on for four years and which owes him so much.

The MOST Project:

**ECONOMIC
AND SOCIAL
TRANSFORMATIONS
CONNECTED WITH
THE INTERNATIONAL
DRUG PROBLEM****Ali Kazancigil
and Carlos Milani**TABLE OF CONTENTS |
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1. Introduction

Since the end of the bipolar system characteristic of the Cold War, the world order has been undergoing a series of structural changes defined in terms of "crisis", "transition" or "turbulence". The disorder prevailing in the relations between the different actors on the world scene could be regarded as the result of the confrontation between the forces of centralisation and decentralisation in the international system. This confrontation is characterised by the multiple reactions of state actors in response to growing economic and social interests.

The world system appears to be affected by some highly complex trends in which very different processes and levels of regulation are combined and confronted. In the transformations taking place today, regulatory and mediator bodies are not necessarily adapted to each level of action. One of the problems raised by the geoeconomics and geopolitics of drugs on a global scale is closely bound up with the lack of conformity between local, national and international regulatory bodies and the levels — both spatial and temporal — of economic, social and political activities.

The 1980s and 1990s were strongly marked by the surge of activities related to the trafficking of illicit drugs. During this period, the processing, export and — to a lesser extent — production and distribution of illicit drugs were largely taken over by major criminal organisations, some of which managed to play a key role in the development of markets and to control large sectors of the drug trade. These organisations are now present in all the major regions of the world, both North and South. For the drug trade today nationalities and borders do not exist. More than ever, this trade epitomises the new world disorders of the post-Cold War era.

The drugs issue is one of the factors in the process of realignment of international relations — together with identity crises and demographic, cultural and economic transnational flows. Alongside environmental and human rights issues, it has become a new area of conflict and negotiation in the international arena — and hence in the globalisation process.

To analyse the drugs question, the MOST programme has started a research project, with the support of UNODCCP, on "Economic and Social Transformations connected with the International Drug Problem", covering Latin America and Asia. In the drugs market, official intervention has a key role to play in regulating the relationship between supply and demand. It is especially important to gain a better understanding of these mechanisms and their economic and social consequences in that this area is mainly clandestine and not sufficiently researched. The MOST Scientific Steering Committee approved this project in 1996. The MOST programme thanks the UNODCCP Research Section for its financial support, particularly Sandeep Chawla and Melissa Tullis.

One of the driving factors behind these transformations, according to the members of the MOST network, is the explosion in the production of drugs of all kinds in every region of the world. Let us take the example of coca and poppy growing. Coca is grown mainly in Bolivia, Peru and Colombia, but can now also be found in Ecuador, Brazil, Venezuela, Panama and Guyana. It has also been reported in other major world regions. Laboratories for the processing of hydrochloride (the finished product, made from cocaine base paste) are beginning to proliferate in other countries, such as Argentina and Chile. The

opium poppy is grown on all continents, particularly in South-East Asia, Central Asia, Turkey, Egypt, Eastern Europe, Mexico and other countries of Central America. The most lucrative markets, both for coca and opiates, are still the United States and Western Europe, but consumption is spreading much faster today, particularly in the new business markets of Eastern Europe and South-East Asia, and more generally in a large number of developing countries. Cannabis and its derivatives are now found all over the world.

The production and distribution of drugs today constitute a considerable source of revenue. Revenue from drugs can help to offset budget deficits or enrich individual members of population groups, companies and even countries; it has had major repercussions on recent financial crises. Drugs also involve economically marginalised groups, such as peasant-producers or small-time dealers, as well as criminal organisations and certain integrated sectors of society, in the world of business or state institutions. The recycling of profits has a direct effect on the heart of the economy and society (on land, property and financial assets), at the same time directly involving business enterprises and financial institutions.

The social transformations which stem from the development of the drugs economy attest to the expansion of illegal sectors of activity and their interpenetration with the formal sectors of society. They call in question the law, standards and elementary rules of economic and social organisation and appear to be radically influencing the development of our societies. A detailed study of these transformations is therefore of crucial forward-looking importance for decision-makers and for the definition of appropriate short, medium and long-term tools for the management of public affairs. There are wide variations in consumption, production and distribution, necessitating a large number of case studies focusing on national and local specificities in order to compare the most deeply affected sectors and groups in different societies and to discuss new hypotheses, such as those put forward by members of the MOST network in this report.

2. The objectives of the project

The purpose of the project was to:

1. Produce new knowledge by compiling and processing information — most of it previously unpublished — on the situation in different countries. The specific nature of the theme and its novelty in many regions have resulted in a scarcity of basic knowledge on the subject, with the exception of a few countries (in particular, the United States and the Andean countries).
2. Undertake a comparative analysis between the countries and regions under study, with a view to identifying more closely the various historical, cultural, social, economic, legal and political dimensions of the spread of drug trafficking and the related social transformations.
3. Establish a network of research institutions and researchers in the various regions of the world: Asia, North and South America, Africa, Central Asia, and Western and Eastern Europe.

3. Design and methodology

The project was based on networking among social science research institutions chosen for their scientific quality and interdisciplinary approach.

The focus was on research in four geographical areas: Brazil, China, India and Mexico. All these regions are economically complex and diversified, and are all becoming increasingly involved in the drug trade.

4. Scientific results

- . The production of new items of knowledge in these four selected major regions and their comparison with data available in the traditionally specialised countries surrounding them.
- . A better theoretical understanding of the conditions governing the development of drug trafficking and the related economic and social transformations.
- . The regular production of analyses of the status quo at global, regional and sub-regional level (through the establishment of two UNESCO Chairs).

5. The expected institutional results (evaluation of existing policies and relevance of research for policy for- mulation)

The international system for the prohibition of drugs, however valid it may be for containing the risk of an uncontrolled outbreak of drug addiction, underestimates the social, economic and political repercussions of the creation of a highly globalised and readily accessible illegal market, despite the resources devoted to repression. The project was therefore intended to contribute to a better understanding and assessment of the social transformations at the various international, national and local levels, especially in the major urban centres of population.

These results make it possible to construct a new line of argument regarding the economic, social and political consequences of national and international drug control measures. This argument may help to restore the balance to a policy approach which is, in our view, too exclusively based on considerations of public health and law enforcement, to the detriment of a preventive approach.

MAIN OUTCOMES: PUBLICATIONS, CONFERENCES, SEMINARS AND UNESCO CHAIRS

1. Publications of the Research Project

Three major publications in special editions of magazines and books were made on the basis of the research of the project. They complement, in large part, certain contributions that are presented in this final report.

Drug trafficking: Economic and Social Dimensions, International Social Science Journal, 169, September 2001 (co-ordinated by Michel Schiray, Christian Geffray and Guilhem Fabre), pp. 339-474.

This issue is published in French, Arabic, Russian and Chinese and will be available in Spanish on the web site of UNESCO.

Trafic de drogues et criminalités économiques (Drug trafficking and economic crime), Mondes en développement, N° 160; 2000 (co-ordinated by Michel Schiray, in collaboration with Christian Geffray and Guilhem Fabre), 106 p.

Guilhem Fabre, *Les prospérités du crime: Trafic de stupéfiants, Blanchiment et Crises financières dans l'après Guerre froide* (Criminal prosperity: drug trafficking, money laundering and financial crisis after the cold war), La Tour d'Aigues: Editions de l'Aube/UNESCO, 1999, 215 p. (forthcoming in English, Routledge, 2002).

In addition, several preliminary versions of extracts of the contributions presented in the present report and some complementary pieces of works were published in the MOST Discussion paper series, which is available on the web site of the MOST/UNESCO programme (www.unesco.org/most).

A book was also published in German, based on research results of this project:

Regine Schoenenberg (editor) 2000: *Internationaler Drogenhandel und gesellschaftliche Transformation* (International Drug Trafficking and social transformations), Wiesbaden, Deutscher Universitaets-Verlag (DUV), 171 p.

Two papers on the subject of the project were presented in UNESCO magazines, which have a large circulation.

Two pieces were published at the end of related international conferences in the framework of this project, and three reports from annual seminars of the system were distributed, as noted below.

Numerous articles, several special editions of magazines and even special documents were published based on the work of the project in different countries, notably in France, Germany, Portugal, Belgium, the United States, India, Brazil, Mexico and China.

Publications List:

ASTORGA (Luis), 1999, *Drug Trafficking in Mexico: a first general assessment*, MOST Discussion Paper.

CD-Rom, Lia Osorio Machado and Murilo Cardoso de Castro, "A Multi-layered Enquiry into Drug Trafficking and Money Laundering Networks in the Amazon Basin and other Regions".

COLOMBIE (Thierry), *Impact Economique et Social de la Culture du Pavot sur la Communauté des Yanaconas au sein du Massif Colombien*, MOST Discussion Paper.

LANIEL (Laurent), 1999, *Cannabis in Lesotho: a preliminary survey*, MOST Discussion Paper.

LANIEL (Laurent), 1999, *The Relationship between Research and Drug Policy in the US*, MOST Discussion Paper.

MILANI (Carlos) and **KERAGHEL** (Chloé), mars 2002, *Les transformations économiques et sociales liées aux problèmes internationaux de drogues : le Programme MOST de l'UNESCO*, Revue Toxibase N° 5.

MINGARDI (Guaracy), 1999, *Geography of illicit drugs in the city of São Paulo*, MOST Discussion Paper.

MOST, 1998, *Globalisation and the International Drug Problem in Central Asia and Pakistan*, UNESCO, Tashkent.

MOST Newsletter 9, 1998, *Drugs, globalisation and transformation*.

MACHADO (Lia Osorio), 1998, *Financial Flows and Drug Trafficking in the Amazon Basin*, MOST Discussion Paper.

OBSERVATOIRE GEOPOLITIQUE DES DROGUES, 1998, *Les drogues en Afrique subsaharienne*, Khartala, Paris.

Revue TIERS MONDE, 1999, *Drogues : un nouvel avantage comparatif ?*, Vol. XL, N°158, April-June 1999, P.U.F., Paris.

UNESCO Sources, April 1999, *The globalization of the Drug Trade*, N° 111.

ZALUAR (Alba), 1999, *Violence Related to Illegal Drugs, Easy Money and Justice in Brazil: 1980-1995*, MOST Discussion Paper.

2. Annual Conferences of the Research Network

Three conferences were organised to bring together all the members of the international research network to discuss goals and the progress of the work.

1997: The first seminar to launch the project *Social and economic transformations connected with the International Drug Problem* was held at UNESCO in Paris from 4 to 5 April 1997. It brought together, for the first time, all the members of the network.

A presentation document entitled "Report on the Seminar to Launch the Project of Social and Economic Transformations Linked to Drug Trafficking — UNESCO — Paris" summing up the seminar was prepared by Carlos Milani, MOST/UNESCO, 1997 (*available on www.unesco.org/most*).

1998: The second annual conference of the international network was held in Rio de Janeiro from 19 to 22 October 1998. It was organised by the University of the State of Rio de Janeiro

(UERJ), with the support of the university's three research centres (NUSEG, IMS and NUPEVI) and by the Foundation for the support of Research of the State of Rio de Janeiro (FAPERJ). In addition to the members of the network, the conference organisers invited several specialists from several countries, including Rodrigo Uprimmy (Colombia), Iban de Rementeria (Chile), to compare experiences from different contexts in Latin America. A day open to the public was dedicated to the presentation and the discussion of the results of work with national and local officials who were responsible for drug use prevention and the repression of drug trafficking.

A presentation and summary document entitled "Report of the 2nd Conference on *Economic and Social Transformations Linked to the International Drug Problem* at Rio de Janeiro" was prepared by Carlos Milani, MOST/UNESCO, 1998 (*available on www.unesco.org/most*).

1999: The third annual conference of the network was held in New Delhi from 1 to 5 November 1999. It was organised at the Jawaharlal Nehru University, with the support of the Indian Council of Social Science Research (ICSSR), the Indian Council for Medical Research (ICMR) and by NARC. The conference benefited from the presence of outstanding researchers from fourteen different countries, especially M^r Abul Faizi and M^r Mohammad Fateh, and M^{rs} Nualnoi Treerat, as well as the presence of numerous outstanding experts from the Jawaharlal Nehru University and from the presence of officials from 14 different public services concerned with the problem of drug trafficking.

A presentation and summary document entitled "Conference report — Third international conference of UNESCO-MOST project on *Economic and social transformations connected with international drug problem*" held in Jawaharlal Nehru University, New Delhi was prepared and published by Madan C. Paul (*MOST/UNESCO-JNU*, December 1999).

3. International Follow-up Conferences in Other Regions

Two other conferences were organised by the MOST Programme in the framework of the project in order to widen the collaboration with other regions — Sub-Saharan Africa, and Central Asia/Pakistan.

The first international conference entitled "Drug trafficking in Sub-Saharan Africa" was organised at UNESCO, in Paris, by the MOST programme and the *Observatoire Géopolitique des Drogues* (OGD) in 1997. This conference was attended by many specialists, officials and researchers from a wide spectrum of countries and world regions, and especially from Africa. Representatives from the main international organisations dealing with the drug problem, were also present.

One of the products of the conference was the publication of a book by the *Observatoire Géopolitique des Drogues* and the *MOST Programme*, entitled "Drug Trafficking in Sub-Saharan Africa", Paris, Khartala, 1998; 250 p.

A second international conference entitled "Sub-Regional Workshop on Globalisation and the International Drug Problem in Central Asia and Pakistan", was organised by the MOST Programme/UNESCO and the UNDCP in Tashkent, on 14/15 November 1998. This conference brought together numerous officials and representatives from the universities and administrations from Uzbekistan, Tajikistan, Turkmenistan, Kyrgyzstan, Kazakhstan and Pakistan, in addition to officials from international organisations concerned with the drug problem and also members of the MOST network, Guilhem Fabre and Alain Labrousse.

At the end of the conference a book was published, edited by Carlos Milani and Alisher Ikramov, *Globalisation and the International Drug Problem in Central Asia and Pakistan*, Paris/Tashkent, UNESCO and the National Commission of the Republic of Uzbekistan for UNESCO, 1999, 277 p.

4. Creation of UNESCO Chairs in connection with the Project

In order to assure the continuity of the Project and the international network that was built up between 1996 and 2001, UNESCO decided to support the establishment of Teaching and Research Chairs and a network between universities on the subject of drug trafficking in the associated countries.

A UNESCO Chair was established in Mexico at the Universidad Nacional Autónoma de México (UNAM) for the years 2002-2003-2004. This Chair is co-ordinated by Luis Astorga, in liaison with the teachers and researchers from several other Mexican universities.

A second UNESCO Chair and a national network on the theme of drug trafficking is being established in Brazil. This Chair will associate a research centre and two universities — Federal University of Rio de Janeiro (UFRJ), The State University of Rio de Janeiro (UERJ) and the Museu Goeldi in Belem. It should start functioning at the end of 2002 for a period of three years. The project will be co-ordinated jointly by Alba Zaluar (UERJ), Lia Osorio Machado (UFRJ) and Roberto Araujo (Museu Goeldi), while associating other institutions as well, notably the USP and ILANUD of the City of São Paulo and researchers such as Guaracy Mingardi who has already participated in the project.

5. Informal Working Group on Drug-Related Social Transformations in Paris

Because of the interest and concern generated by the MOST Project, a working group, baptised the "Cluny Group" was set up in France. The leaders of this group are Pierre Salama, professor at the Université Paris XIII (University of Paris XIII), and Jean Riveleis and Bernard Castelli, researchers at the *Institut de Recherche pour le Développement* (IRD) (Institute of Research on Development). Recently Jean Cartier-Bresson, professor at the University of Reims joined the leadership. The working group welcomes as members university teachers and researchers working on the subject of drug trafficking. Now membership has been expanded to include criminal economic affairs in general. Since 1998 this group has organised seminars on a regular basis

in Paris with the co-operation of several members of the MOST network and the support of the *Institute of Research on Development* (IRD) and the *Institut des Hautes Etudes de l'Amérique Latine* (IHEAL) (Institute of Higher Studies on Latin America). From 22-23 November 2001 at the University of Guadalajara (Mexico), the Working Group organised a Franco-Mexican conference on the theme "The criminalisation of power — corruption and drug trafficking" which brought together university professors and researchers as well as officials from many Latin American countries.

The work undertaken in the framework of this project illustrates, documents and analyses a great number of different problems connected with the traffic of illegal drugs on the local, regional, national and international levels. These research findings refer mainly to the four important countries under this study (Brazil, China, India and Mexico). Some of the social, political and economic problems are already publicly recognised, and others less so, but all of these problems are controversial because of the uncertainty of information available on this subject.

However, all the different research done on the subject of the traffic of illegal drugs confirms and comments on the serious malfunctions internally and serious problems externally provoked by the drug market, especially the extreme violence which occurs in certain large cities, the extraordinary power acquired by some drug traffickers in the cities and sometimes beyond the cities in the surrounding regions. Everywhere, young people, and more and more very young people, are the first victims. In a general context of poverty, unemployment and social marginalisation, young people are tempted to get money to buy consumer goods by engaging in illegal activities.

But the research has gone beyond the local level, and has enabled us to see the consequences of drug traffic at higher levels where it is more and more difficult to find out what is going on, to understand the impact of drug trafficking on the economy, the financial networks, the specialised public institutions and even on government institutions in general. In this regard, some conclusions can be listed:

. The trafficking of illegal drugs, with the concomitant activity of money laundering, is directly connected to a whole mass of criminal activities (robbery, racketeering, illegal gambling, prostitution, arms dealing, smuggling of goods and people, etc.) of which it is an essential link, given the enormous profits that can be made. Even in cases where criminals specialise in one activity or another, in general they are controlled by one and the same organisation. The general development of criminal activities, in the last twenty to thirty years, is largely explained by the multiplication of opportunities brought about by financial liberalisation and economic globalisation, in a context of low risk for the big operators.

This impunity is favoured by the gap between the laws and their application, between the international system of regulations and the real limits of the means of control and repression. These limits cannot be explained away solely by the increase in the ways and means of laundering money both locally and internationally by using offshore banks, which create a form of legal illegality. This impunity is also due to the strategies of the criminal elements, who often manage to neutralise or undermine the forces of order by using systematic corruption, or even, sometimes, by infiltrating government forces.

. This infiltration of the government of a country takes different forms according to the kind of government. At the local level, the "profits" made by illegal activities are used in schemes by which the drug dealers become economic players in the formal economy by laundering the money and using it to stimulate the economy in certain territories, which eventually they end up controlling. In democratic countries this system of "*legitimate clients*" enables certain criminal elements to get access to the government at the local regional or even national level, either by financing their own election campaign or by financing the election of politicians who become obligated to them. In countries that have been ruled for a long time by a unique political party, as in Mexico until 2000 and in China since 1949, the government plays the role of arbitrator in the legal economy and also plays the role of arbitrator in the illegal economy, which makes it easier for some government officials at the local, regional or even national level to take a share of the profits generated by criminal activities, while at the same time maintaining a high degree of repression of criminal activities. If one party has a monopoly of power, one often sees a kind of a peaceful crim-

inalisation. The "clientelism" mentioned above allows top levels of the criminal population, who run the whole show, to profit from the tolerance of the officials who are supposed to control them on the one hand, and on the other hand to profit from a sort of social aggrandisement among a certain fringe of the population who often considers these criminal bosses as "heroes" who are above the law.

. The political influence of criminal networks, observed on the local level, as well as regional and national, poses the essential question of the actual capacity of the government to enforce the law. The gap between the law and its very selective application, concentrated on the lower levels of the distribution networks and on the "small fry" among the criminal element, who are also the most visible, leaves a space which is favourable to enterprising criminals, while at the same time making it look like the laws are unenforceable and that the legitimate political institutions are worthless.

. If the illegal traffic of drugs represents only a small percentage of economic activity in comparison to the formal legal economy, nevertheless the money laundering of the profits from the totality of the illegal activities controlled by the criminal networks can have an effect on financial crises. The demonstration has been made for the Mexican financial crisis (1994-1995), as well as for Thailand (1997) and Japan (since 1990). And further studies could prove these links in other countries like Turkey, Argentina or Nigeria in 2000-2002.

. These important discoveries should push the regulatory authorities on both national and international levels to take these findings in all their ramifications into account when they analyse the situation and plan their action plans and strategies. They must not ignore the relationship between criminal networks and national economies, which goes a long way to explain the growing problem of corruption which has become the focus of study and action in the major international organisations.

Finally, one of the most important conclusions — both for the researchers and for society in general — is the confirmation, in countries that are as complex as Brazil, Mexico, India or China, that socio-economic research can achieve important results on the local regional, national and international levels on subjects which are secretive and often dangerous, and that this research

can be very useful in supplying information that is lacking in the media and in the anti-criminal institutions — to better inform and elucidate public opinion and to influence the decisions and policies taken by public authorities.

Part 1: DRUG TRAFFICKING AND THE STATE

The Field of Drug Trafficking in Mexico,

Luis Astorga, p 6.

There are at least three important moments in the history of the interdisciplinary fields that deal with illicit drug trafficking in Mexico. In these three moments, the relationship between the political spheres and drug trafficking are very clear: 1914-1947, 1947-1985 and 1985-2000. Another moment seems to be emerging after 2 July 2000. The first moment is characterised by the birth of the drug trafficking field itself, under the political powers. In the second, structural mediations between the political power and the traffickers — such as the police corporations and the army — had an important role. The third moment shows the decline of the monopoly of political power by the state party. The fourth and last moment begins with the PRI's loss of Presidency and of its absolute majority in the Congress. This period is also marked by the rising importance of the opposition party, the PAN, and the implementation of a drug policy controlled by the army.

Decentralisation, Corruption and Criminalisation: China Seen from a Comparative Perspective, Guilhem Fabre, p 23.

This chapter aims at interpreting the links between decentralisation, corruption (defined as an attack on possessions) and criminalisation (defined as an attack on people). The Chinese case is viewed from a comparative angle, incorporating the examples of Brazil, Mexico and India. The links established between corruption, decentralisation and criminalisation make it possible to define a basic typology borrowed from the work developed by Christian Geffray. Although it is ruled out in the Chinese case that criminals can become representatives of the State, as in Brazil, India or Thailand, the structures of power and the regulatory pressure it exercises with respect to the economy and society allow, on the other hand, representatives of the State (including its highest levels) to become criminals. These developments make it possible to explain the features of the new campaign against corruption, which is distinguished from the previous ones in that it touches the highest levels of the State, is linked to a process of re-centralisation and partly concerns criminal profits.

Social, Economic and Political Impacts of Drug Trafficking in the State of Rondônia, in the Brazilian Amazon, Christian Geffray, p 33.

Drug trafficking has deeply affected social, political and economic life in the Brazilian states bordering Bolivia. This chapter analyses and chronicles this "Amazonian cocaine cycle", starting from the early 1980s, in the federal state of Rondônia. It considers how the first major drug trafficking networks were formed; the Madeira river gold rush and the wider access to cocaine resulting from the barter of stolen or contraband goods together with the development of a large-scale domestic drug market in Brazil; the commercial decline of Brazil's border towns and the boom enjoyed by inland towns as a result of the drug trade. The author links these historical developments to the rise in power of certain drug traffickers within the federal state machinery through their election to public office.

History of Two Cities in between the Drug Trafficking: Guajara Mirim and Costa Marques, Christian Geffray, p 48.

This chapter draws attention to an anthropological insight on two middle-sized towns in the State of Rondônia in the Amazon region of Brazil. These two towns are located on the Brazil-Bolivia border and are right on the main trade routes for the transit of cocaine over the last twenty years. In many ways the history of the towns is similar: in the eighties there was a period of economic growth due to the development of commercial activities which got their start due to the money and the purchase of legal goods by the Bolivian drug traffickers. Then in the early nineties another sort of exchange developed — the exchange of cocaine for stolen goods (cars, trucks, planes) which came from all regions of Brazil. However, there is one important difference between the two towns. In one of them, due to the impetus of a family who had recently immigrated to the area, the members of the local elite got involved in drug trafficking — following the example of the immigrant family — so much so that they were able to constitute the ownership of several real estate holdings and control over the local economy in general. This economic power was sufficient to enable them to also exercise real power in comparison to government institutions and officials.

The Drug Trade, the Black Economy and Society in Western Amazonia,

Roberto Araujo, p 65.

This chapter describes some of the main social and political consequences of the emergence of the cocaine trade in Brazilian Amazonia, taking as an example the state of Acre. Drug trafficking, which concerns all sections of society, has (like other illegal networks) become an alternative to the rubber industry, which has been in crisis since the 1980s. Its implications differ, however, in the Northern and Southern parts of the state. In the latter, especially in the capital, Acre, the development of a local market of urban consumers is closely connected to police corruption and the illegal use of violence by law enforcement agencies. In the former, where machinery for the social redistribution of illegal income seems to be more effective, the cocaine trade is contributing to a degree of prosperity, thanks in partic-

ular to recent growth in the service sector. While violence is, comparatively speaking, less necessary as a guarantee of social control in that region, the control exercised by drug barons and business people over the executive branches of the state means that political life as a whole is crossed by relationships forged in the criminal world.

Violence Related to Illegal Drugs, Easy Money and Justice in Brazil: 1980-1995, Alba Zaluar, p 70.

The purpose of this chapter is to discuss the connections between drug trafficking and poverty, with particular reference to the various official institutional mechanisms that impact on these connections. It presents the findings of field research done in three districts of the city of Rio de Janeiro between 1998 and 2000 and an interpretation of the findings of a survey conducted on the functioning of the justice system in Campinas and Rio de Janeiro between 1993 and 1998 in respect of drug-related crime. The results are provided in the form of statistical data (compiled on the basis of investigations and judicial cases recorded in the Livro do Tombo of the various criminal courts), interpretations derived from reading 364 case files of trials in 1991 and the results of interviews given by judges, lawyers, public defenders, prosecutors and prisoners in the two cities.

Part 2: DRUG TRAFFICKING, CRIMINAL ORGANISATIONS AND MONEY LAUNDERING

The Bombay Underworld: a Descriptive Account and Its Role in Drug Trade, by Molly Charles, K.S Nair,

Gabriel Britto and A.A. Das, p 7.

This chapter presents a descriptive account of the Bombay (now, Mumbai) underworld. As an exploratory study, it provides only a broad picture of the growth of the Bombay underworld, referred to, from this point, as Organised Crime Groups or OCG.

It touches upon the major landmarks that determined its structure, activities, nexuses at the institutional level that supported its growth, and operations. It also provides insights into the lives of the gangsters. Primary data were collected through interviews with key informants; secondary data were culled from 250 court judgments under the Narcotic Drugs and Psychotropic Substances Act (NDPS Act), newspaper clippings over a period of 15 years, and magazine articles. This chapter proposes that the underworld in Bombay emerged as a result of various government policies, unmet needs of citizens due to various system failures in governance, as well as other socio-economic changes in the city, inside and outside the country.

Drug Trafficking and the Informal Market in Rio de Janeiro, *Alba Zaluar, p 51.*

This chapter is mainly concerned with activities of the informal drug market in Brazil and the social and cultural changes that accompany it at the local level. It leaves outside the intentions or consequences of the Brazilian government's law enforcement policies and techniques. The main question that this chapter deals with is how the effects of poverty and accelerated urbanisation and immigration are linked to the existing institutional mechanisms and the presence of networks of organised crime. The effects of poverty and accelerated urbanisation, although they are clearly connected with the results and causes of exclusion, are less responsible for organised crime, unless we consider the relationship with organised legal businesses and the institutional support from state agencies. Therefore, the related issues of violence, criminality and insecurity cannot be properly understood if removed from the larger political and economic framework. Assuming that many poor young men have been in a state of vulnerability due to the crisis within families (quarrels between adults and youngsters), the inefficient school system and the lack of professional training added to insufficient employment possibilities, the article presents arguments that further the idea of "perverse integration".

Drug Trafficking in an Urban Area: the Case of São Paulo, *Guaracy Mingardi and Sandra Goulart, p 65.*

The literature on organised crime usually presents it as a trans-national affair: this is what the authors discuss in the case of the metropolis of São Paulo. No criminal organisation can manage without cooperation of people with influence locally, whether they are criminals themselves, state official, or employees. This chapter analyses the types of relationships between foreign criminal organisations involved in drug trafficking and local Brazilian criminal organisations. It also presents an overview of the organisation of the drug market in the city, deepening the study of a local "open drug supermarket area" in the inner city, named Crackland.

Drug Trafficking and Consumption in China: Case Studies from Two Cities in Guangdong Province, *Deng Zhenglai, p 85.*

This chapter presents the results of a pioneer research on drug trafficking and consumption in China that has substantially grown in the last years. This research work has been conducted at a national level, based on existing and unpublished documentation and, at a local level, on field surveys accomplished in two towns (Guangzhou and Shenzhen) in the Guangdong Province. It analyses successively the geographical, the economic and the sociological dimensions of drug trafficking.

Drug Trafficking in Southern Africa: the Legacy of War and Apartheid, *Laurent Laniel, p 110.*

This chapter presents the main results of a field assessment of the geopolitics of illegal drugs in twelve countries of Southern Africa carried out in mid-1997. The study focuses on drug production, trafficking, consumption, money laundering and state control measures thereof. The overall objective of this paper is to explore the seemingly paradoxical question of why Southern Africa became both a major export and transit hub, and an ex-

panding market for international flows of illegal drugs after the end of most regional conflicts and of apartheid and not when it was prey to institutionalised racism and war. The data gathered in the field is arranged into four sections. The first section focuses on the central role played by the Republic of South Africa on the regional drug scene; each of the remaining three sections reviews a macro-level source of explanation for the mutation of Southern African drug geopolitics. The three factors are "ethnic-political divides"; the "infrastructural legacy of conflicts"; and "barter". It is argued that studying the interplay of these macro-factors is necessary, although not sufficient, in order to understand the change. The chapter ends on a broad "snapshot" of the Southern African drug scene, suggesting that drug activities are one of the modes in which substantial, historical, political, social, and economic arrangements are expressed and reproduced within Southern Africa and between it and the rest of the world.

Drug Trafficking in the Brazilian Amazon, Regine Schönenberg, p 125.

In regions which are being exposed to fast processes of social transformations arise spaces with diminished or no state regulation, interrupted social links and informal economies. In the Brazilian Amazon during the past 30 years, this has been the case in regions of traditional occupation as well as in regions of intense migration. The respective local construction or re-construction of social patterns, of power-relations, of institutions and of redistributive networks can provide fertile grounds for new criminal activities, such as cocaine trafficking. After a short introduction, the national and international contexts of the investigated region are outlined in this chapter. The description of the "scene of action" provides the background for the exposition of two Amazonian examples: the case study of the traditional river community, Abaetetuba in Western Pará and the drug trafficking case of LDM who created the so-called "Suri-Cartel" with its bases in the frontier region of Southern Pará. Concluding, the article tries to identify corner stones that shape the regional and local outcome of processes of fast social transformations regarding the underlying causes of receptivity for international drug trafficking.

Drug Trafficking and Money Laundering in the Amazon Region: Goeconomic and Geopolitical Effects, Lia Osorio Machado, p 151.

A geographical perspective of illicit drug trafficking and money laundering activities points to the difference that place makes in their dynamics. Differences in territorial configurations are evaluated by agents at the operational level as are the elements of distance, relative position and accessibility of places. The first section presents a brief survey of the evolving symbiotic relationship between the organisations running the illicit drug trade and the banking and financial system, with focus on the Brazilian section of the Amazon River Basin. The second section draws a parallel between the Brazilian and the Western sections of the Amazon Basin in South America in terms of the organisational modes of international drug trafficking networks and particular goeconomic traits of territorial settlement. The third section discusses money laundering and drug trafficking control measures in Brazil, their geopolitical implications in the Amazon region and the positive effects it has had on the country's restructuring of banking and financial practices.

Criminal Prosperities, Financial Crisis and Money Laundering: the Case of Mexico in a Comparative Perspective, Guilhem Fabre, p 172.

The criminal economy differs from corruption in that it is necessarily based on the existence of networks and on the use or threat of violence, when corruption proves ineffective. Its revenues, derived not only from drug trafficking, but also from other illegal or legal activities such as human smuggling, prostitution, arms trafficking and gambling, may influence the post-Cold War financial crisis, as it is demonstrated in the case of Japan, Thailand and especially Mexico. To understand the correspondence between exogenous and endogenous factors behind the Mexican crisis of 1994-1995, we take into account the repatriation of 3 to 8 billions narco-dollars from the North American market (superior to the Mexican oil exports), and we demonstrate that money laundering has stimulated local consumption of US goods and

local speculative and unproductive investments, from small businesses to the stock and real estate markets, thus accelerating the current account deficit. The "tequila effect" is thus linked to a "cocaine effect".

Part 3: SOCIAL AND CULTURAL DIMENSIONS OF DRUG TRAFFICKING

Culture and the Drug Scene in India,

Molly Charles and Gabriel Britto, p 4.

Cultural diversity in India has nurtured various associations with mind-altering substances over centuries, without causing any great alarm about drug abuse. This chapter, using research conducted by the authors and other secondary data, attempts to present socio-cultural-religious, functional patterns of drug use in the country and examines some of the factors responsible for the drastic changes that have occurred since the 1980s. Specifically, it points out that the Narcotics Drugs and Psychotropic Substances (NDPS) Act, 1985, took away the responsibility of drug abuse control from the community norms to the near defunct legal establishment; that by criminalising socio-religious-cultural-recreational use of opium and cannabis, it has promoted the proliferation of alcohol, heroin and other more harmful pharmaceutical drug; that it has given a new lease of life for the organised crime syndicates; and that denial of access to low cost, accessible health care at the hands of traditional healers is one of the unintended consequences which needs immediate rectification. It makes certain policy recommendations for the UN bodies, member States and to policy makers in India in particular.

Violence in Rio de Janeiro: Styles of Leisure, Drug Use and Trafficking,

Alba Zaluar, p 31.

The aim of this chapter is to understand the connections between poverty and drug traffic at retail level, approaching the devices that provoked economic, social and political changes in

poor neighbourhoods. Although one should bear in mind the historical background of the economic, social and political changes in which violence and drug traffic thrive, the paper focus on the data obtained in several fieldwork researches, mainly the last one done from 1997 to 2000. The latter compares data on crimes and social indicators, interpreting them on the light of the ethnographical material about the styles of drug use and trafficking in three different districts of Rio de Janeiro: Copacabana, in the richest zone of the city; Tijuca, in a predominantly middle-class area; Madureira, in a predominantly poor section. It describes how young *favelados* are attracted to the dangers and virility ethos of a certain style of drug dealing in which many lose their lives.

The Social Construction of the Identity of the Trafficker, Luis Astorga, p 39.

The objective of this chapter is to analyse the origin, the development and the main characteristics of the symbolic production of drug trafficking and traffickers in Mexico. Legal and physical confrontations among traffickers and authorities, or their cooperation, are reconstructed in a particular discourse: drug ballads, for instance. The meaning of drug traffickers relationships; the synthesis of the categories and schemes of perception serving these social agents to find their place into the world; the reason of their existence; the construction and reconstruction of their identity; all those elements are versified, put into songs and introduced into the market of symbolic creation (often indirectly and not necessarily in a voluntary way). This may represent a competition to the official discourse on drug trafficking and traffickers; thus, it may break the traditional monopoly in terms of rhetoric and messages of the governmental officials on this subject.

Part 4: METHODOLOGICAL, INSTITUTIONAL AND POLICY DIMENSIONS OF THE RESEARCH ON DRUG TRAFFICKING: LESSONS AND CONTRIBUTIONS FROM FRANCE AND THE UNITED STATES

Certainties and Uncertainties as Regards Illicit Drug Trafficking: Research Lessons in the Case of France, Michel Schiray, p 1.

Based on the experience of various research projects on drug trafficking in France that were started seven years ago, this chapter sets out the main obstacles that hinder research and the production of sound knowledge in the field of a "criminal" activity that is secret by definition. This activity has its economic, social and sometimes political importance now recognised at both the local and national levels (in most countries of the world), and of course at the international level. From an institutional perspective, the article shows that administrations are reluctant to support research and to share archives of knowledge under their control as a result of repressive policies. From the methodological perspective, it examines the complementarity of direct and indirect approaches which may make up for the lack of significant and set up information from official sources. Finally, this chapter presents the main findings of research carried out through the exploration of local reality and a later broadening of the scope of analysis to the national and international levels.

From the Discovery of Drug Trafficking to the Recognition of Economic and Financial Crime: the Various Stages of a Decade of Francophone Studies on the Subject, Michel Schiray, p 8.

Based on a selection of thirty-six books written in French (essays, journalists' inquiries, professional testimonies or scientific research), this chapter aims at analysing the recent development of knowledge production in the field of drug trafficking at the international level. Indeed, international research has

opened up considerably, particularly to all economic and financial criminal activities.

The Relationship between Social Science Research and Drug Control Policy in the United States, with a Focus on the Drugs-Crime Nexus,

Laurent Laniel, p 20.

This chapter gives a broad overview of the social science research on drugs carried out in the United States. It attempts to examine the problems raised by drugs in the United States by reviewing current issues and their historical sources. Acknowledging that the United States is the largest producer of drug research in the world, while it is also the world's only "drug-control superpower", this paper suggests, however, that the simultaneous leadership in social science and world agenda setting is not the result of a symbiotic relationship between American research and policy-making. It is divided into two main sections, one on domestic issues related to drug-abuse and trafficking, and a second section on main international problems currently considered by American social science research on drugs.

**RESEARCH ON DRUG
TRAFFICKING,
ECONOMIC CRIME AND
THEIR ECONOMIC AND
SOCIAL
CONSEQUENCES:
CONTRIBUTIONS TO
FORMULATE
RECOMMENDATIONS
FOR NATIONAL AND
INTERNATIONAL
PUBLIC CONTROL
POLICIES****Christian Geffray, Michel
Schiray and Guilhem Fabre**

Drugs have been the object of universal study for centuries, and a large amount of research of a scientific nature has been undertaken with a new intensity, in the United States in the first place beginning in the sixties at least, and in the course of the last two decades in most European countries as well as in all other large regions of the world. The emphasis has frequently been put on the problems arising from the use and abuse of drugs, their social consequences and health implications, as well as on the policies of prevention and treatment of drug addiction. Gradually, the need for a deeper understanding of the supply of products and the consequences of illegal drug markets became apparent, not only as regards the circumstances of drug consumption, but also because of the effects on society and the economy as a whole. This is what this research report has particularly focused upon.

The key problem of research on and the understanding of the questions of drug trafficking and their effects on the economy and society results obviously from the hidden nature of this area of activity, which is directly linked to its illegal dimension. The organisation of this field of activity is outside the law, and therefore, outside any system of controlled information. The consequences are serious: when talking about drug trafficking, one can say anything from the point of view of quantitative measures and also

as far as the extent of the phenomenon and its implications for each of the actors concerned. The time has come today to face up to the fact that we are in an exceptional area of an "informational circus". The work of repression of drug-traffickers and seizure of products, which sometimes requires great courage and high intellectual and technical skills from police authorities in charge of control and repression, provides the only indicators that allow us to follow the movement of drugs and to estimate the amounts. But the work of repression is not always very rigorous. This work can be problematic, often dictated by strategic motives, sometimes legitimate (for police action) and sometimes wholly illegitimate, unlawful and even literally criminal. We must indeed recognise and state, for strictly scientific purposes, that, in general, and to various degrees — and this applies to every region of the world — criminal activities are linked to drug-trafficking in particular and are also closely connected at some levels with the authorities in charge of their control. Therefore, can we depend on the information that they supply to us? Since one cannot be satisfied with the "routine" data supplied by the official institutions, the production of primary data (mainly qualitative) becomes a complex challenge.

The present work seeks to attempt to go beyond the common knowledge of drug trafficking presented by the press and specialised institutions or general pieces of work, which have been drafted essentially on the basis of secondary data. In the four large countries where we were able to concentrate our research (India, China, Brazil and Mexico), a wide range of methods was experimented and developed to attempt to build a solid basis of knowledge with a view to support interpretations on the large social, economic and political phenomena which surround drug trafficking and other criminal activities to which it is linked. Obviously, the research team has not been able to deeply examine all the questions raised. In this report, the collected information is divided into three main parts. The first one enables us to discuss the question of the relationship between the State, drug trafficking and criminals. The second develops a range of questions on the organisation of drug trafficking, its links with other criminal activities and its economic and social consequences. The third part completes the work by emphasising more specifically the socio-cultural dimensions. A fourth part of this research report deals with methodological, institutional and policy dimensions of the research on drug trafficking.

This work as a whole encourages a permanent circulation of the issues that were raised at different levels, from the local to the global with a particular importance given to the national level. It enables one to show the links between the social, political, legal, and cultural factors, on the one hand, and the economic and the financial questions, on the other. It shows the importance of the inter-disciplinary effort undertaken in the course of the project between anthropologists, sociologists, geographers, political scientists and economists. It also allows the development of comparative approaches, which are essential to a more in-depth understanding of the various forms of development of drug trafficking and of its consequences in different countries and a variety of local contexts.

Undoubtedly, one of the most important practical goals of this project is to show that even within the shadowy areas of large-scale economic crime, socio-economic research is possible. When carried out under strict deontological rules, with intelligence and scientific caution, it is not as dangerous as many of our academic colleagues would like to claim. It constitutes a vital stake for social understanding and political decision making, in order to go beyond the "informational circus" which qualifies these topics, ever since the appearance of the first detective stories which invaded the literature and written publications, even before cinema and television. These media and mass culture bases have greatly facilitated a certain interpretation of daily events by newspapers and general public magazines. They largely influence the formation of public opinion, whereas information coming from public institutions and from scientific research remains for too long extremely discreet and reserved to some academic spheres.

What is really serious and what scientific research can prove, is that whereas certain "homes" of these criminal activities, such as poor or disadvantaged districts of large towns, are the object of an often incessant repression and social stigmatisation, other sectors benefit not only from a surprising impunity, but also from an often shocking tolerance by public control institutions and the public opinion. It is true that big economic crime requires a certain amount of discretion with few directly visible nuisances, when it is not also the object of social recognition, with admiration and gratitude felt towards some of its "heroes". These contrasts are socially and politically dangerous.

The work carried out by this project brings to light many insights for a deeper knowledge in the field of drugs research. It shows the usefulness of a research effort, to complement information from police sources, which are necessarily limited and defined according to operational objectives of repression. This knowledge applies not only to the realities of the organisation of drug trafficking and criminal activities linked to it; but more importantly the research allows a wider reflection on the consequences of those activities taken as a whole on the economy and society, and provides sufficiently stable and confirmed elements of understanding in this field. The means that were available in the accomplishment of this work remained modest in relation to the magnitude of the task and the scientific and political challenges raised by these topics. On the other hand, they show the importance of supporting and developing these areas of research in order to transfer to the public and the political decision makers information and ideas which are not events-driven or sensationalised by the media, and by the over cautious strategies of law enforcement institutions and politicians.

Research on drug trafficking confirms the links between all criminal activities of an economic nature. These links are mainly shown through human and social ties. They are expressed within activities or territories, and finally through the financial circles of money laundering, at the different geographical, local, regional, national or world levels. Illegal drug trafficking holds, however, a particularly interesting position within the whole context of criminal economic activities. It is based on products of mass consumption which are prohibited by law, at an international level, at least as far as production and trade are concerned. It is original and deserves a particular attention on that account. Even prostitution or trade of human beings or human organs, or arms, strategic materials or dangerous waste, subject to strict regulations, are not the object of such an extensive prohibition. The prohibited parts of these activities are merely unlawful "extensions" or "appendix" of sectors that claim to be socially controlled or, let us say, legally accepted. Most criminal activities of an economic nature correspond to corruption, abusive levies (theft and extortion) or evasion of the law and regulations, in particular in tax matters (smuggling, games, tax fraud). Money laundering circles of an illegal origin, through increasing the value of these activities, obviously recover the whole of their products and profits. All the latter activities may be considered as "parasitic" in relation to

the activities of the official economy. Activities relating to illegal drugs constitute completely "autonomous" channels⁽¹⁾, and production, consumption and distribution systems develop according to specific logics, all unlawful and subject to and largely determined by police and judicial repression. Under particular circumstances, which are linked to the unlawful nature of these activities, these activities can be the object of levies of a criminal nature in the shape of extortion and corruption, on the part of criminal circles as well as some sectors or members of public institutions in charge of repressing them.

One of the main questions of this research project relates to challenges posed by drug trafficking, considered as the result of a global prohibition regime set up on an international level. Challenges are also put forward for the governance and the capacity of States, local authorities and international organisations to control not only the development of drug trafficking but, more importantly, their social, economic, political and institutional consequences. One of the essential contributions of this work is indeed to show how criminal activities and criminals can, within certain contexts and at certain times, strike alliances with State representatives through corruption schemes and parallel markets. This work also shows how economic crime can lead to the access of criminal men to state appointments and public responsibilities. These links and associations create truly serious problems for governance at all territorial levels, from the local to the global. They must be considered as a key world problem, mainly because they concern the very legitimacy of those who are responsible for making laws and more importantly for implementing them.

At the most operational level, all enquiries carried out in the four countries confirm the astonishing involvement of a number of representatives of those institutions responsible for fighting crime in general and drug trafficking in particular with criminal activities. This creates a complex problem for the researcher as regards information and knowledge. But the problem is still more serious for society, which is submitted to an international regime of prohibition, which *de facto* accepts social, economic and political ascent and influence of criminal lords, and the involvement of state agents into economic crimes. This observation is not without weight. It contributes to the idea that the main question of the drug problem is probably not so much the fundamental

ethical dilemma, which we consider essential, between prohibition/legalisation. Rather, as the implied hypotheses of the project indicated, the question concerns the capacity of governance and control of an international system of prohibition, at the various territorial levels, from the local to the global. What the examples given by the project show is not only the involvement of high level political decision-makers in the world of crime, but also the massive involvement of agents on the ground — at various hierarchical levels — responsible for repression and control who succeed in changing the configurations of the drug market in particular, to such an extent that the scientific researcher can no longer clearly recognise who rules the game and who benefits from it: is it the trafficker or the person who is responsible for its control and repression?

These observations seem to apply, obviously in different degrees, in socio-political contexts as varied as Mexico, Brazil, India or China and at all territorial levels, from the local to the national. It would, indeed, appear that the experience acquired in the course of the last decades, with the intensification and a certain clarification of objectives in the fight against economic crime and drug trafficking in particular, should allow the formation of a number of simple but globally important questions on the efficiency of national public policies and international systems of control and co-operation.

Everyone by now has understood that the extraordinary profits, in volume, coming from strictly criminal activities and trafficking in illegal drugs in particular, are coveted not only by large and small scale criminals, but also by representatives of the world of business and commerce as well as by State agents. Numerous sectors of official economic activities lend themselves more readily to a direct participation in criminal activities, starting, among the more exposed, with sectors of transport and freight, tourism, leisure or the financial sectors, which offer practical logistics to the development of drug trafficking. As far as public authorities are concerned, all research shows that, at the bottom line, there is an easy collusion by the agents responsible for the control of local illegal markets, who easily secure for themselves levies on the profits of these activities to supplement their salary. Beyond that, there is also an example in which the control of criminal activities is actually carried out by persons who are officially responsible for their repression.

These situations are a reversal of positions within the objectives of control. They obviously raise the key question of the capacity to implement the existing policies. This capacity is not only a question of practical means, in manpower and equipment, but is primarily related to the moral and professional values held by the members of the institutions whose task is to fight crime, and of the systems of internal and social control. These situations at operational ground level merely reflect, in all their territorial extent, and often in a caricatured way, the limits of moral and social probity within States, their administration and some of their representatives. Without preconception nor a desire to overemphasise the question, the results of the research carried out in the four countries converge ultimately in giving the greatest importance to "complicity" relationships or even sometimes actual alliances between public officials, sometimes at the highest level, not only with the criminal world but also within criminal economic circles. As a result, the legitimacy of international systems of repression is definitely not strengthened, in that it is failing to maintain clear boundaries between the world of law, that of outlaws and the political and economic officials who are placed above the law.

Several observations throughout the study showed a serious dysfunction of control over legal, economic and political systems at different territorial levels, from the local to the global. They force one to consider seriously the discrepancies between current systems and the socio-economic realities that have been going through great change in the course of the last decades. This leads us to place at the centre of our analysis the question of an in-depth revision of the rules of the game at a world level, including the laws and the institutions whose task it is to implement them.

There is no doubt that since the 1980s and particularly in the 1990s, the acceleration of globalisation and the liberalisation of economies and international exchanges, in particular in financial matters, have also aided the development of criminal economic activities. It has undoubtedly led to changes in the contents of such activities by helping those more directly connected with such developments, such as trafficking in illegal drugs or money laundering in connection with criminal activities. The smuggling of legal goods, on the other hand, should have taken a lesser position with the reduction of customs taxation. Yet it has reached an increased level in respect to some goods, subject to high taxes

at national level, such as tobacco and alcohol, or more generally in relation to goods subject to control such as some agricultural products. The general liberalisation movement has undoubtedly contributed to a new increase in these fields of smuggling activities. However, one of the characteristic features, at the world level, of the general movement of globalisation and liberalisation of commercial and financial exchanges, is the increased control and restrictions over movements of people and the workforce. This has opened a new large field for criminal activities connected with the clandestine import of workers and also with prostitution, as well as other forms of trafficking in human beings. The broadening of these systems of increased restrictions, protectionism or prohibition has thus opened new areas for the particularly organised criminal sectors, from a human and social point of view, and over which it appears more and more difficult to exercise any form of control.

These observations take us back again to the problem of governance and capacities of States and international institutions to dictate rules and laws — which may well be fundamentally in force — without assessing the full measure of the political and economic implications of their reinforcement. This disproportion ultimately opens spaces, which can be vast in some sectors, in which criminal activities develop and which unfold precisely in the gaps between the law and the means to enforce it. One can currently witness, with the new opportunities generated by the globalisation and liberalisation movement, a parallel development of opportunities for crimes of an economic nature and the impunity concerning them. International institutions and many States have, of course, responded to most of these challenges by setting up specialised organisations and involving the sectors of administration dealing with these matters. Nonetheless, the important effort deployed on the legislative and institutional fronts at State level as well as at the international co-ordination level remains well below what those challenges require. At the national level, in particular, gaps between material and financial — but also of course political — capacities for the effective implementation of these policies are huge. The United States, then the European Union and all the countries of the OECD were the first to adopt laws and set up institutional and operational instruments to fight against economic crimes. Most "emerging" countries attempted, often with an impressive vigour, to adopt similar instruments. But what means can the most "marginalized" coun-

tries, in Africa in particular, expect to adopt? Yet everyone has understood, using the experience of financial markets, that the existence of "tax heavens" and "off-shore markets" makes it extremely difficult to control and fight against crime, which now takes place at the world level.

At an international level, institutions of the United Nations specialised in crime and drug trafficking have been set up for decades. They have played an essential part in the mobilisation of States in this matter and the extension of legislative instruments of control throughout the world. However, their operational or support means are extremely limited. The most operational police institutions - Interpol - or customs services, as well as legal co-operation systems, which attempt to set themselves up at an international level, are confronted by the limitations of the national intervention capacities of the different countries. These police institutions encounter particularly intricate problems as regards co-operation, exchange and sharing of information, and the coordination of their respective procedures to respond to the extent necessary at an international level. International financial institutions, such as the International Monetary Fund and the World Bank, publicly emphasised the importance of these issues much later, whereas financial circuits were among the first involved in the movement of profits of criminal origin, whether coming from strictly criminal sectors or from quite official, private or public ones and resulting from tax fraud, corruption or various misappropriations. The analysis carried out in the course of this project in the case of Mexico in the last few years even seems to show a possible direct link between movements of laundering of funds originating from crime and the financial crises experienced. However, the methods of intervention of international financial institutions in these areas still remain insufficiently precise. In spite of the caution generally displayed in these areas by the OECD, it was the governments of the G7 countries who took the initiative to raise the loudest alarm warnings on this world problem and who supported the setting up of systems of prevention and repression. An increasing number of countries adhere to these systems today, through the Financial Action Task Force on money laundering, the GAFI. Further to more than a decade of experimentation of these systems, the results achieved in the various countries are not negligible but remain far from the goal of controlling and repressing the develop-

ment of national and international capital flows of criminal origin as well as investments into the real official economy to which they give rise.

These trends lead us to emphasise, as regards the evaluation of public policies and recommendations, the worrying discrepancies between the rigour of international systems of prohibition and regulation, the national legal systems relating to criminal activities of an economic nature, and the weakness of national and international capacities in enforcing them. These discrepancies are at the origin of a perversion of the institutions responsible for control, through collusion and corruption largely stemming from their representatives. They also allow for alliances between the worlds of criminals with that of those who govern us, when the former has not directly penetrated the latter. We think that these serious findings must be considered to their full extent first, before we present sustainable recommendations for public policy making. Indeed, we do not feel one can support the all too frequent opportunist cynicism which consists in acknowledging the seriousness of the problems examined and offering a few more or less original measures pretending to resolve these problems, without undertaking an in-depth work of reflection associating researchers with representatives of operational sectors of activities of control and political officials. This is what we wish to undertake in the wake of this research report.

The Scientific Coordinators of the Report

DRUG TRAFFICKING AND THE STATE

Christian Geffray

Brazil, Mexico and China, which are the focus of this part, are known today for their role in the international movement of drugs (cocaine in Brazil and Mexico, and heroin in China) as well as, in the case of Mexico, in the production of cannabis. These are very large, economically diversified countries, where, unlike in producing countries such as Peru, Bolivia, Colombia, Pakistan, Afghanistan and Burma, the drug trade plays a relatively marginal macroeconomic role. However, these illegal activities can have a far more significant impact on the political arena than on the national economy. Several legal cases have exposed the involvement in drug trafficking of some of these countries' senior civil servants. Over the past ten years, these cases have caused a stir in the international media. Some of them are mentioned by Luis Astorgas in his chapter on Mexico, by Guilhem Fabre in the case of China and by the present writer in the context of Brazil. What exactly, then, do these sensational episodes represent in relation to the situation of the elective, executive and judicial administrations and authorities in these countries? Beyond the scandals, which can as such affect any State at any point in time, the authors have endeavoured to understand the nature of existing relations between State institutions and the traffic in narcotics, or, more broadly in the case of China, the relations of State institutions with criminal activities of which drug trafficking is only one facet.

The magnitude of such scandals in many countries and on all continents has prompted some researchers or commentators to point to the existence of an ongoing process of "State criminalisation". This elliptical, evocative expression refers to the illegal character of activities undertaken by *some representatives* of the State — activities that can become a cause for concern when they take on a systematic character. Be that as it may, and whatever the nature of the relations between criminals and State representatives, between outlaws and representatives of the law, such ties always suggest a form of corruption. It is this generic pattern of State delinquency — *corruption* — that we wish to underscore here. The chapters presented below demonstrate that the form of corruption prevailing in a given country is strictly dependent upon the nature of the State and the balance of power that holds between State institutions and drug trafficking networks. In this regard, the case of Mexico, where the civil service remained for a long time under the *de facto* tutelage of a single party, may show a greater similarity to the case of China than, for example, to that of Brazil or Colombia.

Autonomous Traffickers

It must be borne in mind — however obvious this may seem — that all traffickers are faced with the problem of having to escape the severity of the law, either by going into hiding or, when the scope or nature of their activities is such that secrecy may not be guaranteed, by circumventing the representatives of the State whose job it is to enforce the law. Various means of neutralizing the law can then be used, as a result of which a number of officials renounce the exercise of their duties in the struggle against drug traffickers while retaining their position — since their resignation would serve no purpose. These officials' act of *renunciation*, coupled with their *failure to relinquish their office*, is at the very core of the corruptive transaction. Such an act entails the repudiation of the ideals of the State that the corrupt officials have pledged to uphold in principle, and imparts from the outset to those practices a moral dimension that cannot be left out of any analysis aimed at understanding and measuring the effects of such practices. As for the criminals, they deal with the institution of the State as a whole in the same manner as with every one of the individual officials they corrupt: they manage to induce the State to both relinquish the

(1) This message was sent by drug traffickers to an officer of the Civil Police named Henrique. It was found in a drawer at the officer's police station in Cacoal during a search carried out by the Federal Police in 1991 (Abdiel Rabelo File, 1991, archives of the Regional Superintendence of the Federal Police, Porto Velho, Rondônia). It is reproduced below in its original typography, including the misspellings: "CARO COLEGA! Henrique/FIEL/ ESPERAVAMOS QUE VOCE FOSSE AO NOSSOS TRATOS. Sabe o que é! Não? sabe sim henrique, você é que esqueceu. Nós não. Você prometeu nos informar sobre qualquer investigação ao nosso respeito. a nossa maior sorte é que você tem um preço = MUITO BAIXO = não chega a valer uma bagana de cigarro./Lembra quando você nos ajudou a sair de alguma situação difíceis? Onde ganhamos milhões e você CENTAVOS? Henrique é tão otário que nem percebeu que estava sendo USADO. Se vendeu por: maços de cigarro — cervejinhas — uisque e litrinhos de gasolina./Tu és vagabundo para NÓS, (...) porque coloca a vida dos seus colegas por um fio de cabelo/TUDO ISSO VAI CUSTAR MUITO CARO PARA VOCÊ OS SEUS DIAS ESTÃO CONTADOS PORQUE NÃO CUMPRIU O TRATO (VIDA JAZ)".

exercise of its responsibility against them and remain in place (politics proper being of no interest to them).

On the part of the traffickers, the ordinary corruption procedure thus consists in prompting the representatives of the State to renege on their commitment by enticing them through the promise of some material gain, service or particularly attractive and providential riches, and then resorting, if necessary, to threats of some terrible evil — including the death of the official or of the official's relatives. In the course of our research, we all encountered police officers, judges and journalists who either had been the victims of such neutralization attempts, or had come across documents similar to the one reproduced below⁽¹⁾:

"Dear colleague! Henrique. Faithful friend. We had hoped that you would keep to our arrangement. You know what this is about! No? You know yes Henrique, you are the one who forgot it. Not us. You had promised to inform us about any investigation on us. It's very lucky for us that you can be bought — for a very cheap price — you're not even worth a pack of cigarettes. Do you remember that you helped us in some difficult situations? Where we earned millions and you earned pennies? Henrique is such an idiot that he didn't even realize he was being used. He sold himself for: packs of cigarettes — a few beers — some whisky and a few litres of gasoline. To us, you are a zero (...) because your colleagues' life is hanging by a thread, thanks to you. You're going to pay for all this very dearly, your days are numbered because you did not keep to our arrangement."

The traffickers' financial power and the mediocrity of the officials' income are well known in Brazil, as well as in most countries involved in drug trafficking. It is thus easy to measure the corrupting influence that the outlaws can potentially exert at every echelon of the government hierarchy before they have recourse to death threats, as well as the vulnerability of those sectors of the State apparatus that are exposed. In many Latin American countries as well as in India, Thailand, etc., the traffickers' financial resources also allow them to act upstream of the establishment of the State's organizational chart, by contributing to the funding of electoral campaigns. In so doing, they secure the silence and goodwill of some elected representatives. If they operate shrewdly, they can even manage to keep the latter genuinely unaware of the criminal source of those funds... Once their clientele has become strong enough, some traffickers do

not confine themselves to circumventing elected officials. They are then in a position to consider capturing elective State offices and filling those offices themselves. The latter approach differs from the ordinary procedures of State neutralization (corruption, funding of electoral campaigns). In this case, criminals become, both personally and officially, the servants of the very State whose laws they violate, as some sectors of State administration are placed under their legal responsibility. This is one of the alarming patterns of contemporary criminalization of the activities of State representatives. An example of this pattern was notoriously displayed in Colombia during the 1970s. One of the articles below (see *C. Geffray*) deals with the lesser-known case of the federate State of Rondônia in Brazil, where traffickers won elections for mayor, state deputy, federal deputy and senator. One of them would have been elected governor of the state in 1990 had he not been assassinated a few days before the second ballot.

Traffickers under Special Protection

There are many other modes of "State criminalisation". What happens in Colombia, or to a much lesser degree in Brazil, India or Thailand, where corruption is initiated from outside the State, bears no resemblance to what happens as a result of the same drug trafficking operations in Mexico or China, for example. Luis Astorgas has endeavoured for years to dispel the very notion, conveyed by the press, public opinion and Mexican public figures, that drug trafficking developed independently of the State and gradually corrupted the latter from the outside. *"The creation of a State party in 1929, the monopolistic character of political power and the military control of the national territory have rendered the autonomous development of significant groups of illegal drug traffickers virtually impossible. However spontaneous the emergence of some of those groups may have been, the latter found themselves faced at some point with a far stronger power structure that compelled them to forfeit a substantial part of their gains"* (see below *L. Astorgas*). In other words, State representatives enjoyed, for decades, sufficient power and self-confidence to deal directly with drug traffickers and spare them from the severity of the law if they agreed to hand over a share of their illegal profits in return.

Alba Zaluar (see below) demonstrates that Mexican-style acts of public extortion have been documented in Brazil at the level of small-scale redistribution. In Rio de Janeiro, for example, police officers extort money from consumers, in particular from the "poorest, who do not have the resources to make a "deal". Users prefer to (...) become accomplices to the extortion, and they argue that it is better to pay, to "hand over the dough" and reach an agreement than to be exposed to the legal consequences. Some are suspicious of police officers, whom they see as "crooks in uniforms", and this exposes them to abuse by the police force. They draw attention to the figure of the "thuggish" police officer who arrests, beats, and in some cases kills". Yet, unlike in Mexico, wholesale traffickers do not seem to be involved in such practices (in the course of our investigations in Brazil, we once came across the case of a Military Police officer from the State of Mato Grosso who demanded a bribe of \$200,000 to look the other way regarding a substantial delivery of cocaine. He was gunned down by the traffickers along with his family in Rondonópolis in September 1995, and thus never achieved his ends).

Unlike in Brazil, the corrupt transactions in Mexico were hence for a long time initiated by officials or elected representatives from the "State party" (a *de facto* single party), who, as it were, set their price for relinquishing the exercise of their duty in the fight against Mexican outlaws. Only in the last decade, as the political monopoly of the Institutional Revolutionary Party on the government of the federate states (and subsequently on the federal level since July 2000) came to an end, have some groups of traffickers been able to win their independence from the State, now represented by members of the opposition party. In the federate states where this institutional and political mutation has had an impact, the phenomenon seems to have coincided with a rapid increase in the practices of violent regulation of the illegal market and of its relations with the State (assassinations, settlements of accounts, intimidations and execution of threats, as happened for a long time at the national level in Colombia, for example). There is a clear difference between the powerful Mexican State and the "democratic" situation in Colombia and Brazil, where traffickers have always enjoyed a broad measure of autonomy from the State — which they have sought to corrupt from the outside. It is easy to see how the discrepancy, though inherited from history, may fade away in the future as a result of the democratisation process in the Mexican political arena. This dif-

ference is less a product of the intensity of drug trafficking, the magnitude of the trafficking population or the volume of illegal wealth circulating in the national economy (which is significantly greater in Colombia and Mexico than in Brazil) than of the pattern of the historical balance of power between State institutions and traffickers.

Just as the Institutional Revolutionary Party presided *de facto* over the destiny of the Mexican State for more than 70 years, so there exists in China a powerful and permanent civil service, which to this day operates under the tutelage of a single party that has been exercising its sovereignty over the *de jure* State since 1949. As in the case of Mexico, the recent liberalization and decentralization process in the Chinese economy seems to have facilitated the creation within the State apparatus of internal networks that abuse their power in order to control and siphon off the proceeds from illegal activities. Clearly, the public functions that the Chinese Communist administration has fulfilled since 1949 have been vastly different from those exercised by its Mexican nationalist counterpart. Guilhem Fabre (see below) demonstrates how, "in their new managerial role, local authorities, monopolistic central authorities, or even some central institutions such as the military, the armed police forces, the public security forces and the judicial system have tended to maximize profits from economic activities carried out under their tutelage by limiting all forms of competition". Nevertheless, as in Mexico, the implementation of this policy fosters the creation of coercive administrative networks (in the area of taxation, customs, the police, the military, etc.). These networks strive to take advantage of their public prerogatives in a way such that they "act at the same time as regulators, custodians and revenue hunters, and (that) their grip is exercised as well in the field of the illicit and criminal economy". The seriousness of this situation eventually elicited a strong reaction on the part of the central authority in the summer of 1998, and brought about the "prohibition of all economic activity among the armed forces, the armed police forces and the judicial system". In this case as well, the arrest and conviction of the Deputy Minister of Public Security in charge of border security illustrates the involvement of some of the highest State authorities in criminal activities. Yet drug trafficking is only one of many facets in the illegal Chinese economy, alongside gambling, prostitution, moonlighting, smuggling and counterfeiting, whose global development is assessed here by the author in its relations with the decentralization and liberalization of the economy⁽²⁾.

(2) The author analyses the specific role of drug trafficking in the global illegal economy of China in *Les prospérités du crime* (Chapter 2), Editions de l'Aube, 1999, published with the support of the UNESCO-MOST Programme.

Two Procedures of Corruption and Criminalisation

The balance of power between the State and the outlaws in the corruptive transaction thus differs from one country to the other. In Brazil, it seems to favour corrupting traffickers, who target the representatives of a rather weak State. In Mexico or China, it tends to benefit the corrupt representatives of States that are substantially more threatening for the outlaws. In both cases, those who dominate the balance of power impose the price of the neutralization of the law. It must be noted that the criminalisation process of activities carried out by State representatives subsequently follows two opposing paths. In Brazil, some drug traffickers are able to rely on their financial power and their social constituencies to seize positions of authority within the State in a lawful manner (as has happened in Colombia, Thailand and India). In Mexico or China, on the other hand, officials or elected representatives are the abusers of their own legal authority, which they use to place criminal activities under their protection and share the proceeds from these activities with the criminals. Alternatively, they can choose to engage directly and at a lesser risk in those activities under the cover of their position (as was the case some time ago at the highest level under the military governments of Bolivia, Pakistan, Peru, etc.).

This phenomenon is unsurprising, in fact, since it is the very authority of the State that finds itself negotiated and traded in the last resort by the corrupt individuals through the corruptive transaction, and since that authority is undeniably more feared in China and in Mexico (or under any dictatorial regime) than in Brazil, Thailand or Colombia. The Chinese practice described by Guilhem Fabre, whereby delinquents purchase police uniforms (which are sold on the open market) in order to abuse the prerogatives of the police, is uncommon in Brazil, where usurping the same function fails to yield similar advantages ... For the same reason, it is scarcely surprising that those institutions which are the most exposed to corruption should be, in every single case, those administrative bodies whose mission it is to enforce the law and which possess the means to achieve that end, i.e., the police, the judiciary and in some cases the military. For a long time, the source of the corruptive interconnection between large-scale trafficking and the Mexican State, for ex-

ample, seems to have been located at the level of the Federal Division of Security (DFS) and the Public Ministry (Procuraduría General de la República, PGR), which Luis Astorgas shows were the strategic sites for the "mediation" between political power and traffickers from 1947 to 1985. The members of those sensitive Mexican administrative bodies were obviously in a better position to impose the price of their connivance on the traffickers than the dean of a university or the director of a hospital would have been ... Conversely, Brazilian, Colombian and Indian police officers and judges also constitute the prime target for corruptive traffickers (who are usually quite indifferent to deans). From this point of view, it is understandable that part of Mexican and Brazilian public opinion should be reluctant to entrust their country's national armies —renowned for their integrity — with the mission of fighting drug trafficking, for fear that these institutions be exposed to the subversive appeal of the wealth generated by the traffickers whom they may be called upon to combat.

Preliminary conclusions: the Issue of Clientelism

The studies mentioned thus establish a distinction between two forms of corruption that epitomize roughly two opposing paths of "State criminalisation", depending on the power of the authority that the officials or elected representatives refrain from exercising — such renunciation constituting the very object of the corruptive transaction. Beyond this inevitably sketchy opposition, it must be noted that all of these studies have in common the fact that they raise the question of the political legitimacy of those States that are involved in drug trafficking. Indeed, the drug money does not solely serve to increase the wealth of private individuals (in which case the issue of the relations between outlaws and State would be reduced to a simple question of policing). The outflow of that money also causes a shift in the public perception of legitimate authority in society for the populations involved.

The drug money increases the wealth of traffickers and of some of the Mexican State's representatives, but it can also serve to replenish the treasury of a Mexican governor's federate State, thereby helping to strengthen the legal legitimacy that such a

public figure enjoys in the State and facilitate that public figure's re-election. The drug money increases the wealth of Brazilian traffickers, but it can also benefit small coffee producers when a trafficker buys their crops at prices that are well above the market price. In that case, the money is no longer simply laundered. It can grant the criminals, who nevertheless remain outlaws, sufficient legitimacy to win a federal election that will sanction their clientelist legitimacy through the additional blessing of the law, while administrative bodies whose task it is, in principle, to suppress them are placed under their personal responsibility. The drug money that is earmarked for the corruption of officials can be allocated to them without causing them to perceive the transaction as a venal procedure aimed at purchasing their connivance. It can be transferred to them in such a way that they will interpret the transaction in fact as the allocation of a benefit that will win them over to the clientelist ideal embodied by the magnanimous trafficker — as though the outlaw's promises turned out to be more credible and the outlaw's authority more legitimate than those of the State they are supposed to serve. Finally, illegal wealth can enable some members of the Chinese civil service to preserve the legitimacy of the latter's internal hierarchy, as well as the legitimacy of the populations' subordination to its bureaucratic authority.

The social consequences of the outflow of drug money, and more generally of the proceeds from crime, are thus not only of an economic nature. There are eminently political in so far as the devolution or investment of these resources fosters a specific form of legitimacy — one whose principle is thoroughly indifferent to the law or to any institutional statute. This clientelist legitimacy is capable of consolidating, subverting or inducing the collapse of any institution (and remains in this respect a challenge for social science). Anywhere it exists, the outflow of illegal wealth has the potential to create or maintain a-legal poles of legitimacy that are indifferent to the law, regardless of its formal orientation (democracy, single party). In all cases, these clientelist legitimacies impinge on those of the State that they subvert. The decline, if not the collapse, of the State's credit can coincide with the rise of these subterranean clientelist polarities, driven by the sole private interest of traffickers and their strategies of neutralization and instrumentalisation of legal institutions that remain indifferent to the public interest and legality. It is worth noting that the contemporary triumph of the

free-trade ideology and the concomitant demotion of the image of the State (the only historical institution that has ever had the authority ideally to promote the public good vis-à-vis the expression of private interests) do nothing to curb the greed and ambition of traffickers.

THE FIELD OF DRUG TRAFFICKING IN MEXICO

Luis Astorga

Introduction

There is no doubt that the modern communication media have been instrumental in spreading drug-related stories from all over the world. The aspects that stand out are usually those that concern governments, which include production, trafficking, consumption, corruption, crime and money laundering. Less is said about the historical processes that gave rise to prohibition policies in different countries with different experiences. And hardly anything is said about the majority of social agents who have made the illicit trade in illegal drugs their way of life and of survival. The often-fanciful news items about leading traffickers are exceptions.

The increasingly abundant scientific production concerning the illegal drug field and its connections with the political, social, economic and cultural fields rarely finds its place in such media. It remains an accumulation of knowledge by experts and for experts in the specific academic field and can only with difficulty — a difficulty that varies in degree according to the country — find an echo in political decision-making. It is not easy to establish bridges between scientific reasoning and political reasoning, and even less so in a field that is as old, sensitive, ideology-prone and polemical as that of drugs. The history of the genesis of ille-

gal drug trafficking in each country could explain, at least partially, why this very essential communication would be difficult or easy to achieve. It would also explain how the generalizations and labels that the media apply indiscriminately to all these countries obstruct rational understanding of the phenomenon and serve to feed the Manichean fantasies of those who think in terms of battles between heroes and villains.

Politicians currently heading antidrug policies do so by conviction or because they have to, or because of a combination of both. When they came to power, the prohibitionist policy was already in place and they have rarely been able to change it in any way other than reinforcing it. Some may criticize the policy in private, but ultimately such criticism is not reflected in the general orientation. It is as if such policies and the institutions implementing them had a life of their own and a paradoxical capacity to reproduce and reinforce themselves that is in direct proportion to the failure of their explicit national and international objectives. More than eight decades since this prohibitionist trend began to prevail worldwide, we should ask ourselves whether that is not precisely its inherent logic.

At the beginning of the 20th century, the social use of certain drugs — particularly although not exclusively opiates — stopped being a matter of concern simply among certain social groups, as had been the case with these and other substances in countless other periods in history. On this occasion, the new groups had sufficient power to impose their own moral codes and raise them to the status of law, applicable to everyone. One country, the United States, assumed international leadership in promoting a policy of prohibition, the multiplier effects of which are even today growing in intensity. Between its beginnings and now, that policy has been reinforced, as has the hegemony of the United States in its design and modifications. The governments of drug-producing and transit countries, as well as consumer countries to a lesser extent, have been left with very little autonomy to introduce significant changes or negotiate with the United States on a more equal power basis, when they have expressed such intentions. Among heads of State, the same principles operate as those guiding the government officers who implement the antidrug policy in a given country. They are convinced that they are either an important part of a far-reaching national and global project, or subject to a transnational will.

While this was not exclusive to the last eight decades, the social use of certain psychoactive substances moved from the private domain to become a concern of the State, which controlled and forbade such use. Prejudice, stigma and criminalisation — quickly replacing the eugenic arguments of the earlier period — awaited groups that deviated from the newly established norm. The United States ruled on the international scene, with its vision and experience in antidrug policy serving as a model and inspiration for other countries. It placed itself in a position of force so as to supervise the action of other States and judge the extent of their compliance or non-compliance. It reserved the right to intervene in the domestic affairs of these countries in different ways; interventions ranged from the symbolic, with stigmatising discourse, to economic sanctions and direct or indirect military intervention. The United States has the largest number of illegal drug users in the world, is now a major world producer of marijuana — one of the most sought-after drugs on its own market —, and is number one in the field of money laundering within its frontiers. It is truly odd and perverse, therefore, that this should be the country to have granted itself such authority and to use this unblushingly.

According to the particular history of its inhabitants' uses and customs regarding psychoactive drugs, each nation has accumulated experience, which it has sometimes codified into law. For a long time, different cultures succeeded in creating social control mechanisms that checked any overly negative effects that might result from use that was excessive or extraneous to traditional rules. Then a mass market was formed for age-old plants with psychoactive properties, and for their powerful components — whether isolated derivatives or chemically produced — in cultures where there were neither social control mechanisms nor traditional use. And this created the conditions for an economic activity that acquired greater impetus because of the prohibitions imposed on such substances.

Illegal drugs were commercialised in the same way as the legal goods circulating on the international market, the difference being that prohibition created additional costs that were reflected in prices. Also, the concentration, expansion and permanence of the greatest demand in just a few countries directed drug flows to faithful destinations. Different reasons caused some countries to be more prominent than others in the illegal drug

trade. These included the previous existence of raw materials, the experience of local growers, different attitudes towards illegal plants as consumer goods or goods to be traded between inhabitants of producer countries, and different official positions. The latter ranged from prohibitionist attitudes in imitation of the United States — although the institutional mechanisms or will to enforce the law were lacking —, to total indifference to new trends that were winning adepts in international forums, which resulted in *laissez-faire* and *laissez-passer* situations. Then there was another alternative, whereby the birth of the field of illegal trading in illicit drugs interacted with the field of political power, outside or inside the latter. This would be reflected in pragmatism, hypocrisy and institutionalised corruption or in a crusade that, although ruthless, would be no more effective than other strategies.

It is precisely the study of this last point — the birth of a new social field and the moment when it emerges, along with its special ways of interacting with other fields in a given society — that enables us to understand the major differences between countries. Such differences are at present glossed over as mere illustrations of a general model that is in fact non-existent. The model is implicit in the dominant discourse on illegal drug trafficking, and of course in the media that reproduce it daily. This model would have no major consequences — or at least these would be less serious — if only it remained symbolic. However, the problem is that the dominant policies to "tame the beast" are inspired by this very model and aim at universality. It is thought that if individual cases are simply a miniature copy of the overall situation, the same solution can be applied to each and the sum of results should consequently tend towards an overall solution. To date the more or less similar strategies that have been implemented in the United States' immediate geographic or political sphere of influence have produced different results, created additional internal problems and have had no significant impact towards anything remotely resembling an overall solution. Whoever prescribes and administers the quantity and quality of the medicine seems more interested in keeping the patient dependent upon the doctor than in curing the illness diagnosed.

From the moment when commerce in certain drugs was banned, information on the subject concentrated in law-enforcement institutions. Information became virtually a monopoly

of the State. Depending on the country, journalism gave a different slant to knowledge about the illegal world, although in many cases it only served to ensure wider publication of what the government wanted known. The other source of knowledge lay in the actual social agents involved in the illegal business, who obviously had no desire to reveal the secrets of their world. The universe, now legally designated as outside the law, took on material form as the police began to interpret the law and to act. This in its turn had the effect of expanding the areas criminalized. A certain moralizing journalism also made its contribution, singling out and publicly accusing social agents and deviant behaviour in the field of illegal drugs. The principal sources of information available for studying the history of the field of forbidden drugs — or at least of some of the stages and characteristics of its transformations — are the official and press archives. These reflect the dominant morality, the interests of factions and political calculation, as well as the descriptive objectivity of people who were convinced that they were acting in accordance with the law in a democratic nation. Direct, exclusive testimonials by criminals are far from constituting a primary source, because of their inaccessibility. Information available on these subjects is over-used by the media. Even nowadays, interviews with the principal social agents in this field by academic researchers or journalists attempting to obtain an idea of their world from the inside are rare, not to say non-existent. Within the field, one reason for this is the law of silence; such silence is a question of honour, or else recognition that a higher power has the capacity to punish in the case of compromising revelations. Outside the field, there is fear and the more or less well-founded perception that knowing more than one should can be dangerous for the health.

There are at least three major periods in the history of the illegal drug trafficking field in Mexico that enable us to observe more clearly its relations with the political field and its transformations. These are 1914-1947, 1947-1985 and 1985-2000. Another period appears to have begun on 2 July 2000. The first was characterized by the birth of the field itself, in subordination to the political power, and in particular to the figure heading the political hierarchy in each of the drug-producing or trafficking northern states. During the second, structural mediations represented by police forces and the army were created between the political power and traffickers. During the third, the political system that had emerged from the revolution, with political power

monopolized in the hands of the State party, began to show signs of losing control over its own mediating institutions. The latter, like the traffickers' organizations, were acquiring greater relative independence from the political power. Also, during this phase, stronger pressure was brought to bear by the United States than in former periods. The fourth began with the removal of the PRI from executive power, the loss of its absolute majority in the Houses and the opposition's access to the main positions of power. This period is only just beginning to take shape. In all these phases, modifications in the State and by the State effected the reorganization of relations between the political field and that of illegal drug trafficking. The purpose of this chapter is to demonstrate in synthesis some of the most relevant aspects of the three major periods mentioned above, and of a fourth that is currently forming.

Period 1914-1947

The field of trafficking in illicit drugs first emerged in the United States as another variety of criminal activity with the prohibition of opium in 1914. The same period in Mexican history was characterized by political and social convulsions, the destruction of a former regime and struggles for power. With its bilateral functioning, the field was building up to a cross-border reality until the Mexican government, under the new State just emerging from the revolution, decided to legislate against marijuana in 1920, and the opium poppy in 1926. In the years between the measures taken by the United States and those taken by Mexico, what was penalized in one country was considered in the other to be just another legitimate commercial activity, despite certain earlier, unsuccessful attempts at legal control. The field was born as a reaction to foreign measures, which Mexico adopted as its own. However, before the field emerged in Mexico it began to acquire characteristics connected with the political field at that time in regions known for their smuggling activities, and these characteristics would persist during prohibitions under the revolutionaries and the creation of the new state.

Traffickers of forbidden drugs form a social category that was created by criminalizing a commercial activity that had formerly been legal. The Mexican opium trader of the early 20th century mainly took his merchandise, produced in Asia or in Northwest

Mexico, across the Californian frontier via the cities of Ensenada, Mexicali and Tijuana. Although he was a criminal in the eyes of the United States law, he had no distinctive qualities to differentiate him from other traders. Nevertheless, his activity was already sufficiently profitable to attract those at the top of the political power hierarchy. The latter had no scruples about taking advantage of their rank and of the political and military control in their hands to charge these traders for the right to operate, demanding monthly quotas for the right to stay in the trade. They even intervened directly to control the new cross-frontier commercial activity. During the overthrow and hastened demise of the old regime of Porfirio Diaz, military and political power was concentrated in the person of Colonel Esteban Cantú, governor of the territory of Baja California and de facto highest authority, who imposed his own law. For the government and the laws of the United States, the opium traders and the governor himself were traffickers⁽¹⁾. In Mexico, the old State had still not totally disappeared, and the new State was in the process of construction. In addition, relations between the governor and the dominant revolutionary forces were not particularly cordial. In the opium trade, the governor acted pragmatically and exploited all his comparative advantages. He took money where he could for his government expenses and to pay his troops — and also to increase his personal fortune. He was not breaking any opium laws at first, because they did not exist in the early years. Later, he remorselessly violated the very prohibition that he had decreed. He was abusing his power, although he did not see it in this way; he considered it to be just another of his prerogatives.

The business was watched over, administered or controlled by the political power, forming a special field in the illegal economy whose most profitable aspects were subject to the goodwill of the governing class. That first historical experience at the beginning of opium smuggling to the United States marks one of the characteristics of the original relationship between the political field and the field of illegal drug trading. This was the subordination of the latter to the former, the confining of traffickers to their own activity, and the tacit ban on their intervention in the political arena. From the outset, the social division of labour was clear. Politicians in the governing class took care of politics and could take advantage of their position to do business — even illegal business. Exporters of forbidden drugs could only involve themselves with the different economic stages of the business,

but not with politics, a forbidden area to them. Smuggling illegal psychoactive substances became an additional subordinate component in the field as it emerged as one more illegal business made possible by the political power. In this issue at least, the history of crime and that of political power cannot be separated. It is for this reason that recent concerns regarding organized crime must necessarily seek explanations through a historical analysis of the organization of crime⁽²⁾.

Another of the characteristics observed at the root of the above example was the role of the United States government and its specialized agencies for investigating and monitoring illegal drug issues worldwide. United States vigilance, which began with the Harrison law in 1914, can clearly be seen in the detailed reports prepared that its Treasury and the Department of State officers prepared on anyone who, according to its law, fell into the category of drug trafficker. Reports stated the types of drugs, their origin and how their trafficking developed. Names were given, along with the responsibilities of those investigated. Information accumulated in this way is still one of the major weapons used by the United States government when accusing foreign governments or their leaders publicly of inadequate cooperation in antidrug efforts. One historical constant is the highlighting of relations between the political world and drug trafficking. The theme of corrupt authorities is permanent, although explanations vary according to the country concerned or the period. Sometimes it is asserted that the problem is of the "rotten apple" variety, and at others that the governments themselves are at cause.

When the Mexican government banned marijuana and the opium poppy in the nineteen-twenties, the trafficker as a figure came into legal existence nationally. Thus the new laws did away with the double identity of traders in such plants; until then they had been criminals for some and legal traders for others. Criminalisation created the field, defined its characteristics, determined what was at stake and imposed the rules to deter anyone wishing to play at flouting them. Meanwhile, the lawbreakers were marking a budding transnational field, where the legal risks were doubling, with their personal stamp. The quasi non-existence of an attractive local market for their illicit goods turned them into export specialists. They were operating a business that they did not entirely control in either of its stages — at home or abroad.

(1) See General Records of the Department of State, Record Group 59, 812.114 Narcotics/12-22, United States National Archives II, College Park, Maryland; Joseph Richard Werene, *Esteban Cantú y la soberanía mexicana en Baja California*, in *Historia Mexicana*, N° 117, vol. XXX, July-September 1980 (1), pp.1-32.

(2) A more detailed analysis of the subject is found in: Luis Astorga, *Organized Crime and the Organization of Crime*, in John Baily and Roy Godson (editors), *Organized Crime and Democratic Governability: Mexico and the U.S.-Mexican Borderlands*, University of Pittsburgh Press, 2000, pp. 58-82.

They were links in a chain and born under the protection of political power. Their success was not dependent on lawbreaking, but on the quality and duration of their relations with their "godfathers", and on their agreement to submit and to hand over a share of their earnings in exchange for protection. He who paid did not command, despite the usual understanding of the expression. He who commanded extorted and decided when, how, where and for how long the illegal business could operate. He had the backing that came from his dominant position in the field of power, and from the authority granted him to exercise the monopoly of legitimate violence.

In various states in the north of the country there were cases where official investigations and newspaper articles pointed out the close links between known traffickers and local governors. The example mentioned earlier of the Governor of Baja California was no exception; on the contrary, it was the first of a type of relation that seems to have been reproduced in different places with similar characteristics. In some cases the central authorities demonstrated concern about the suspicion of such links. Local authorities did not necessarily share this attitude, nor did the past and present illegal activities of people for whom they acted as godfather surprise them⁽³⁾. Naturally they did not bother with investigations, since laws were not for friends.

The same decade of marijuana and opium poppy prohibitions in Mexico (1920 and 1926) saw the creation of the State party (PNR, 1929). The intention behind its foundation was to contain the breakaway tendencies of the different political and military factions that had taken part in the revolution, channel their differences, negotiate such differences peacefully and create new institutions that would give shape to the post-revolutionary State. The acute patrimonialism of former years had not disappeared with the revolution; it had simply acquired other methods. The most enterprising members of the new political class took advantage of their positions of authority to accumulate fortunes and invest in numerous businesses. Objectively, the only barriers against such activity were the authority and will of the President, a lack of business acumen or a personal ethical disposition that drew the line at taking advantage of the world of possibilities available. Suspicion of governors' involvement in illegal drug trading and accusations against them never went beyond public scandal and use of the press to set-

tle differences between political factions of the same party. In one case the President himself had to calm things down. As there was no political opposition party and the legislative and judicial authorities were at the service of the executive, the political elite was sure of impunity, since it was judging itself.

The health authorities were given the responsibility of supervising compliance with antidrug legislation. This was not surprising in a country where the reasons for prohibition at the outset were eugenic. In the nineteen-twenties the health authorities were concerned about the health and improvement of the "race" and the effect that forbidden substances could have on these. In the nineteen-thirties, there were high-ranking civil servants in the department of health who thought that addicts were not criminal but sick, and that they needed appropriate treatment in specialized clinics financed and administered by the State. In addition, they proposed that the distribution of illegal drugs should be a State monopoly, so as to control quality and prices and remove traffickers from the market⁽⁴⁾. At the same time, the number of so-called anti-narcotics officers in the department of health was — given the size of the country — symbolic. For example, in 1944 there were only two officers in the Anti-narcotics Police — which came under the Department of Public Health — to cover the whole country. They had to ask for help from local police and the army when destroying illegal crops. The policing orientation of the prohibitionist policy was gaining ground, and from then on the reforming attempts of a few public health officers were overruled and forgotten. The influence of the United States government through Harry Anslinger, the head of its newly created and increasingly powerful Federal Bureau of Narcotics (FBN), was instrumental in this change of direction. And the public health institution had its own problems. Its director, who was a doctor and a general, said that one problem was his officers' salaries, which were so low that he often paid them with the very drugs that they were confiscating and which, of course, they in turn sold to add to their income. He also pointed out that Mexican traffickers in Ciudad Juárez were beginning to imitate United States gangsters by using armed violence against rival groups⁽⁵⁾.

World War II as an event was without doubt the most important factor in the increased demand for illegal drugs. These drugs were needed in enormous quantities and were medically irre-

(3) For example, Nazario Ortiz Garza, governor of Coahuila in the nineteen-thirties, was godfather to the principal opium trader in the region (cf. *Confidential memorandum, Department of Public Health, Mexico City, 16 June 1931, in Archives of Department of Health (ASS), Fondo Salubridad Pública (FSP), Sección Servicio Jurídico (SSJ), box 28, file 6*).

(4) The most important personality to defend these measures was Doctor Leopoldo Salazar Viniegra, Director of the Department of Drug Addictions in the Department of Public Health in the thirties (cf. *Luis Astorga, El siglo de las drogas, Mexico, Espasa-Calpe, pp. 84-85*).

(5) *Ibid.*, p. 39.

placeable, both for treating the wounded and responding to other needs inherent to the tensions of war. Production of raw materials was seen to increase in places where it existed already, and began in others. And, as with other wars, the soldiers kept their user habits when they returned to civilian life in their countries. The market had grown and continued to demand new suppliers. The business became more attractive and profitable and the number of people wanting to enter it grew. The field was expanding and needed more participants. Those who had seniority and longevity, and therefore experience, had an advantage over the new arrivals. They knew how to stay in the right place in their relation with the political power under whose protection they had grown. At the same time the illegal drug business was becoming a subject of major interest and fascination in the political field. There was even speculation about a supposed treaty between the governments of the United States and Mexico — a document that has never been seen or shown — with a view to increasing opium poppy crops in Mexico and providing the United States with the raw material, opium. Harry Anslinger's version was that Benjamin "Bugsy" Siegel, a member of the "Lucky" Luciano family, and his mistress Virginia Hill had made an agreement with Mexican politicians for the funding of opium poppy crops in the Northwest of the country⁽⁶⁾. The mutual favours exchanged between the United States government and the Luciano family during the Second World War with a view to the landing of allied troops in Sicily are widely known. The coexistence of *raison d'état* and the interests of *Cosa Nostra* in promoting opium poppy crops in Mexico at that time, the autonomy with which organized crime operated in Mexico and its use as a screen by the United States government remain, to this day, mere working hypotheses.

Period 1947-1985

As a result of investigations carried out by antidrug officers and Health Department staff, the Mexican government knew that Nazario Ortiz Garza, governor of Coahuila, was "godfather" to the most important opium trafficker in the region in the thirties. During the same decade it had information on Carlos Trejo y Lerdo de Tejada, governor of Baja California, as protector of the drug trade⁽⁷⁾. Then during those same years there were newspaper articles singling out General Rodrigo Quevado⁽⁸⁾, Governor of

Chihuahua, as protector of his brother José, Municipal President of Ciudad Juárez. One of the candidates to the post of state governor had accused the latter of being involved in the opium trade, since he had removed (with bullets) Enrique Fernández Puerta. The latter had formerly controlled the business, and had in his time been protected by Governor Luis León (1929-1930) — who had him released from the Islas Marias prison — and Roberto Fierro (1931-1932). However, such information achieved nothing like the national scandal created by the Macías Valenzuela case.

General Pablo Macías Valenzuela⁽⁹⁾ was Minister of War and of the Navy from 1940 to 1942, and governor of Sinaloa from 1945 to 1950. During the key year of 1947 various newspapers in the federal capital published articles accusing him of protecting traffickers and being head of the opium trade. They even said that he used his own light aeroplanes. Harry Anslinger had asserted months earlier that Mexico was the main producer of the opium used in the United States and that certain high-level authorities in producing states were involved in the trafficking. Macías' friends maintained that his political enemies were behind the accusations in the national press, and more particularly members of the Lázaro Cárdenas group. The latter were also accusing the governor of being intellectually responsible for the assassination in 1944 of his predecessor Colonel Rodolfo T. Loaliza, a member of their group. For the first time since the prohibitions of the twenties, the issue of opium trafficking was being used politically by members of the governing elite themselves to discredit their enemies within the same "revolutionary family". The press articles continued at the same pitch during a week of fierce attacks. Then President Miguel Alemán made a trip to Chihuahua and Sinaloa and had a private talk with governor Macías, and the situation gradually returned to normal. The matter was resolved politically, rather than through police investigations or the presentation of evidence. The governor finished his term of office and was later nominated to other important posts, including head of Military Region 1 and of Military Camp N°1. It was never known whether the accusations were founded. The only certainty was that Sinaloa had become the centre of the nation's opium trade and the place of origin and headquarters of the main traffickers, known as *gomeros*.

(6) *Ibid.*, pp. 82-83.

(7) See letter from Dr Rafael Silva, Chief of the Public Health Department, to Carlos Trejo y Lerdo de Tejada, Governor of the Northern District of Baja California, Mexico City, 13 July 1931, in ASS.FSP,SSJ, box 28, file 8; and also the report by Dr Bernardo Bátiz B., Public Health representative in Baja California, to Dr Demetrio López, Head of the Chemical and Pharmaceutics Department in the Department of Public Health, Mexicali, B.C., 19 August 1931, in ASS, FSP,SSJ, box, 28, file. 8.

(8) See *El Universal Gráfico* (evening ed.), 16/12/1937; *La Prensa*, 9/5/1936; *El Universal Gráfico* (evening ed.), 9, 17, 23/11/1937; 14, 16, 27/12/1937; 13, 26/1/1938.

(9) For more details on the case, see Luis Astorga, op. cit., pp.68-83.

Since the Second World War, the United States government had placed the drug issue high on the list of its political agenda with the West. It was concerned with levels of use among its own population. It supposed, and rightly so, that producers were not going to give up a business that was apparently as profitable as ever. Its approach from the prohibitionist angle was to try and control the supply, thus shifting its domestic problem to the producing countries. It warned the governments of such countries that they had to act against illegal crops and traffickers. In 1947, during the first civilian government after the revolution, Mexico responded by moving responsibility for antidrug policy from the health authorities to the Office of the Attorney General of the Republic (PGR). In the same year, while the CIA was being created in the United States and as counterpart to this, the Federal Security Department was created (DFS), which was a kind of political police under the President which also had powers to intervene in antidrug policy. And then, amidst a great show of publicity, it was announced that the army would be involved in campaigns to destroy illegal crops. This had been going on since the thirties, if not longer, but without such a fuss in the media. In the new arrangement, the Attorney General's office was theoretically the highest antidrug authority and the army only acted upon its request and under its orders. In practice, the DFS had greater influence.

The United States Embassy in Mexico sent a report⁽¹⁰⁾ to the Department of State in Washington upon the creation of the DFS. It pointed out that the Senator for Mexico City, Colonel Carlos Serrano — a close friend of President Miguel Alemán, leader of the House of Representatives, the originator of the DFS and its real chief, although unofficially so — was linked with the drug trade. It added that the recently nominated official leaders were similarly linked. The United States authorities were concerned that subjects with such antecedents should be at the head of an institution with extraordinary powers similar, in their own words, to those of the Gestapo. Other members of the embassy were more optimistic and were hoping that DFS officers trained by the FBI in Virginia would follow its example. The cold war pattern focused mainly on persecuting communists, thereby limiting suspicions about the illegal business of DFS employees and concentrating mainly on their efficiency to contain the political opposition.

The quality of the relationship between the political field and the field of drug trafficking, which until then had involved the governors directly and their inner circle, now changed. In its place, institutional mediations were created between the two fields. Their functions were to contain, repress and control growers and traffickers, and very probably to administer the business. The latter now had more partners and earnings needed to be shared differently — downwards and horizontally. If the spell was not to be broken, and the machine kept running, a solid network of accomplices was needed along with the law of silence. There were still no institutional counterweights or independent bodies to ensure accountability. The State party governed without any real worries. The new institutional mediations shifted suspicion of governors and accusations against them to members of the coercive bodies. The governors had rid themselves of latent political pressure, but they obviously did not abandon their ethical inclinations or the advantage that their position gave them to use and abuse power.

For all the above decades we have a long list of Mexican traffickers at all levels, whose notoriety varied according to the stories told about them by the authorities and in the press. In the United States during the forties, significant traffickers included Harold Meltzer, whose contact for opium trafficking was the Mexican Consul in Washington, Salvatore Duhart and his associate Max Cossman, alias Max Weber, to whom the murder in 1944 of Enrique Diarte was attributed. Enrique Diarte had been another heavyweight trafficker operating in Mexicali and Tijuana. Also, of course, there were "Bugsy" Siegel and his mistress Virginia Hill of the Luciano-Lansky group, mentioned earlier⁽¹¹⁾. In none of these cases can the power of the traffickers and their organizations be presumed greater than that of the political authorities. They bribed minor civil servants in exchange for greater freedom of movement, but the higher they went in their dealings with State representatives, the more clearly appeared their subordination. Here they did not bribe; a kind of tax was demanded of them. The power to impose the rules of the game and remove them from it at any given moment was not on the traffickers' side. They were dominant in their own field, but dominated in the broader field of power. The creation of institutional mediations made it appear as if the political barons had lost interest in the business. In reality, their involvement became more opaque and difficult to prove, since investigations reached a halt

(10) See General Records of the Department of State, "Report of the Assistant Military Attaché on the National Security Police of Mexico" (confidential, n°4543), Embassy of the United States of America, Mexico, DF, 4 de septiembre de 1947, Record Group 59, 812.105/9-447, United States National Archives II, college Park, Maryland.

(11) See Alfred W. McCoy, *The politics of heroin. CIA complicity in the global drug trade*, Chicago, Lawrence Hill Books, 1991; *Novedades*, 14/5/1962; Harry J. Anslinger, William F. Tompkins, *The traffic in narcotics*, New York, Arno Press, 1981, pp. 152-153; *El Diario de Culiacán*, 1/4/1949; *La Voz de Sinaloa*, 23/11/1951; *El Universal*, 18/3/1958. For a more detailed history of the relationship between Siegel and Virginia Hill and the role of these two in drug trafficking in Mexico, see: Ed Reid, *La Bella y la Mafia*, Mexico, Editorial Diana, 1973.

once culprits were found at the lower and middle levels of the mediating institutions. In fact, violent confrontations between traffickers and State representatives were for many years restricted to precisely these levels, as if there was an unwritten pact to limit the scope of aggression.

Traffickers from the country, as most originally were, started to settle on the outskirts of cities such as Culiacán, the capital of Sinaloa. Armed clashes between traffickers in such places were becoming increasingly frequent. Journalists in the nineteen-fifties immediately associated this kind of violence with the violence in Chicago during Capone's reign. The traffickers were gangsters and Culiacán a Chicago with huarache gangsters (gangsters in sandals)⁽¹²⁾. Contemporary categories and patterns of perception for alcohol prohibition in the United States were applied to designate social agents who would eventually impose their own classification for some time. The name they called themselves was gomeros — literally "rubber planters". This came from the work that they did, which was to extract the "rubber" (or juice) from the opium poppy and to market this. The traffickers' violence was very local and was not indiscriminate. The district where most of them lived was seen as the natural territory for crime connected with illegal drugs. The drug trade had concentrated in the state of Sinaloa. People from different social and professional backgrounds joined that field of illegal commerce for just long enough to set themselves up financially so as to invest in legitimate activities; then they moved on. Meanwhile others, who had been born in the business and whose family livelihood had for generations been illegal crops, were the true professionals of the trade. The violence did not go beyond the boundaries of its own ghettos and was not used against people outside the field of trafficking. In addition, the business was relatively open to non-professionals who wished and had the courage to try their luck. As a result, conventional society's attitude towards the business and its operators was — although evidently not indifferent — more tolerant than in other parts of the country that had not experienced a long history of daily coexistence with these singular characters. So the publication in a Culiacán newspaper of a proposal to the Mexican government to legalize the cultivation of the opium poppy, with a view to creating jobs and wealth, is not surprising. It was also asked that the proposal be submitted to the United Nations since there was no reason why India, Turkey,

Iran and Yugoslavia should be legitimate producers if Mexico was not⁽¹³⁾. The great difference, of course, was that these countries did not have a frontier with the United States, which was the principal consumer market for legal and illegal opiates at that time.

In the seventies another war, the Viet Nam war, and the effects of the counter-culture in the United States caused a sharp increase in the demand for illicit psychoactive substances. At that time, marijuana ranked highest among preferences, although there was still a demand for opiates. A diversifying and broadening market opened countless opportunities for rapid accumulation of wealth. The Mexican traffickers — and especially the Sinaloans, who were the leaders in the field — exploited their comparative advantages to the utmost. The prospects of rapid enrichment had had never been so promising, and they were whetting the appetite of an increasing number of people. The market had again grown, but also the number of individuals who wanted to take part in the bonanza. The Mexican economy, and particularly agriculture, could not absorb the existing, constantly increasing labour force. Cultivation of illicit plants kept the peasants in their places of origin and in addition enabled them to earn a living, increase their income and improve their standard of living in the short term. Groups of traffickers that had already managed to accumulate a great deal of capital with opium trafficking now multiplied their income. And as on other occasions, their deep-rooted custom of settling differences with guns increased in direct proportion to the number of players in the field. Unlike the old hands in the business, who were accustomed to a certain type of relation with the political power and coercive bodies, those who had just arrived, the social climbers and heirs of the longest established, began to show signs of a break — perhaps unconscious — with the traditional relations. It was as if the changes in the market and the characteristics of new generations of traffickers called for new rules of the game. A politician who knew all the tricks of the State party system and had sufficient influence, both locally and nationally, such as Leopoldo Sánchez Celis, Governor of Sinaloa in the sixties, showed the drug traffickers whose side authority lay on. His enemies said that he protected the traffickers and allowed them to do business in the state as long as they killed each other outside the state⁽¹⁴⁾.

(12) See Luis Astorga, *op.cit.*, p.89.

(13) See Luis Astorga, *op.cit.*, p.90-92.

(14) See Manuel Lazcano Ochoa, *Una vida en la vida sinaloense*, Los Mochis, Mexico, Talleres Gráficos, Universidad de Occidente, p.226.

Miguel Angel Félix Gallardo⁽¹⁵⁾, who headed the most powerful traffickers' organization in the country from at least the mid-seventies, began his career as a police officer and bodyguard to the family of Governor Sánchez Celis. It has always been suspected that the governor was the political godfather of the trafficker, as well as having been best man at his wedding. When Mexico became a major transit country for South American cocaine, Félix Gallardo's organization was the favoured intermediary⁽¹⁶⁾. As in other decades, the top Sinaloan trafficker was a very well known person who did not live in hiding. On the contrary, he acted just like any other entrepreneur, since he also had legitimate businesses and was even a shareholder in a bank headed by an acquaintance — a politician and financier who later became Minister of the Interior.

The governors who followed Sánchez Celis did not have his ability to impose authority with the necessary force. The violence in the drug trafficking field escalated and increasingly invaded the rest of Sinaloan society, and the State authorities' reaction did not satisfy citizens' expectations. In such an atmosphere, with a growing and diversifying business on the one hand, and a seemingly uncontrollable increase in a particular type of violence on the other, the federal government launched the most spectacular military antidrug campaign since the beginning of prohibition. Under Operation Condor⁽¹⁷⁾, ten thousand soldiers were sent into the mountainous triangle formed by the states of Sinaloa, Chihuahua and Durango to destroy illegal crops and capture those responsible. The military operation caused increased complaints from human rights upholders who denounced cases of torture among prisoners detained by the army. There was an exodus from the mountains to the cities. The prisons filled with country people. Production slowed for a while. None of the important traffickers were arrested. Most of them moved to the state of Jalisco — a move that would later increase their strength.

During the eighties, the field of trafficking in forbidden drugs was already a structure with oligopolistic tendencies. It was dominated, both quantitatively and qualitatively, by organizations headed by Sinaloan traffickers operating in different parts of the nation. Félix Gallardo's organization was the most powerful within that structure. At the beginning and for several decades, Sinaloa had been the trafficking power centre. After Operation Condor in the seventies, the major traffickers moved to Jalisco.

While they did not entirely cease operations in their place of origin, they moved their headquarters to Jalisco, and in particular to its capital, Guadalajara, which is one of the three most important state capitals in economic and demographic terms. Viewed from the angle of crops destroyed, the military operation was a success. From the social viewpoint, however, the result of the military measures was to transplant the problem to other places where the infrastructure offered greater economic and financial advantages. It was this situation combined with the beginning of the rise in the demand for cocaine in the United States market that fuelled the capacities and ambitions of the trafficking organizations.

In Jalisco, the traffickers did nothing that they had not already done in Sinaloa in terms of violence, corrupting politicians and police, money laundering and strategies to make sure they were noticed. The latter included their particular lifestyle, which was reflected in lavish consumer habits, the music they liked, their way of dressing and their relations with people in local high society. A major mistake finally changed the lives of several of the major traffickers at that time, along with the structure of the business itself. The mistake that finally cost them their freedom was the kidnap and murder in 1985 of an agent of the United States Drug Enforcement Agency (DEA), Enrique Camarena, and his Mexican pilot Alfredo Zavala⁽¹⁸⁾. The prime suspect was Rafael Caro Quintero, head of one of the groups controlled by Félix Gallardo. Various versions circulated as to the trafficker's possible reasons for doing such a thing. One of these stated that the United States officer had discovered a large marijuana plantation in Chihuahua belonging to Caro, and that he had informed the Mexican authorities, which had destroyed the property. Caro, without measuring the consequences, murdered the culprits in revenge for having lost him his property and his business. Another version claimed that both Caro and agent Camarena were in competition for the favours of a young girl in Guadalajara's high society. She was the niece of an important PRI politician who was at that time leader of the PRI in Mexico City and later governor of Jalisco. The plantation-and-revenge version became the official one.

(15) For more information on his career, see Luis Astorga, op. cit., pp.151-166.

(16) See Luis Astorga, "Cocaine in Mexico: a prelude to 'los narcos'", in Paul Gootenberg (editor), *Cocaine. Global histories*, London, Routledge, 1999, pp. 183-191.

(17) For further details on this military operation, see Richard Craig, "Operation Condor. Mexico's Antidrug Campaign Enters a New Era", in *Journal of Interamerican Studies and World Affairs*, vol. 22, n° 3, August 1980, pp.345-363.

(18) The DEA's information on the case is to be found in Elaine Shannon, "Desperados. Latin Drug Lords, U.S.A. lawmen and the war America can't win", New York, Viking, 1988.

Period 1985-2000

With the death of its agent in Mexico, the DEA recovered the star role that Anslinger's FBN had once had as the founding institution and source of ideological inspiration in the United States antidrug administration. According to the DEA version, after Operation Condor drug certain DFS chiefs had been supervising trafficking in Mexico; they had organized the traffickers who had moved from Sinaloa and helped them to operate with greater efficiency and force from their new base in Jalisco. During investigations following the murder of the United States agent, names of DFS and Federal Judicial Police (PJF) chiefs would arise in connection with Caro Quintero's organization. The DEA provided the media with information about links between traffickers, police forces and governing party politicians. The names of the Minister of the Interior and the Minister of Defence were mentioned. For the first time since the beginning of prohibition, an agency of the United States government was pointing openly to the involvement of members of the highest circle of power in Mexico. Diplomatic relations between Mexico and the United States grew very tense as a result of this issue. The Mexican government decided to do away with the DFS as a result of the Camarena case and political pressure from the United States. Nevertheless, most of its officers were accused of nothing; they simply moved on. They became part of the Federal Judicial Police (PJF) or some other judicial or state police force. The institutional brokerage system lost its main structure, but still had its operating agents and its functioning rationale. For reasons that certainly had something to do with the local implications of the explanations given by the DEA and with diplomatic negotiations, the antidrug agency modified its initial version of the way in which the drug trade was supposed to have been reorganized. It replaced it with a theory to the effect that traffickers had penetrated power structures by bribing civil servants. Suddenly, in this version, traffickers acquired an independence from the political power that they had never — from the very beginnings of illegal drug trafficking in Mexico — ever had.

The death of agent Camarena gave rise to an international hunt for the main suspect, who was finally captured in Costa Rica with his lover, the niece of the PRI leader in Mexico City. Shortly afterwards his uncle, Ernesto Fonseca, another major trafficker connected with the crime, was arrested in Puerto Vallarte, in a

house belonging to the chief of public security of Ameca, Jalisco. Four years later, Félix Gallardo was caught in Guadalajara and sent to prison, also in connection with the murder. The main members of the most important trafficking organization in the country were now in prison. The immediate result was the detachment of various groups that had formed part of the main organization to form independent and rival units, which were constantly fighting over routes and dominance in the field of illegal drug trafficking. The organizations that developed at the time of Félix Gallardo's downfall quickly became as or more powerful than the original organization, but they were all headed by Sinaloans.

The exception to the rule was the rapid rise during one presidential term of office of a trafficker from Tamaulipas, Juan García Abrego, and of his organization. The powerful PJF chief, Guillermo González Calderoni⁽¹⁹⁾, played a significant role in both the downfall of Félix Gallardo and the success of García Abrego, since he organized the capture of the former and promoted the latter. García Abrego was his countryman and they were on intimate terms. The same chief was at the head of operations to remove from circulation the Herrera de Durango family — who were heroin traffickers — and also Pablo Acosta — who controlled the main crossing-point for cocaine into the United States at Ojinaga — in favour of Amado Carillo, another Sinaloan. His importance as middleman between the political authorities and the drug trade did not end there. He also acted, at the request of Raúl Salinas, brother of the then president Carlos Salinas, as a political spy against the PAN in Nuevo León. When the Mexican authorities tried to capture González Galderoni because of his connections with García Abrego, he fled to the United States and talked about certain compromising tasks that he had carried out for the PRI, and in particular for the President's brother. He threatened to remember more details if the Mexican government insisted on asking for his extradition. The Mexican authorities did not push the matter and González became part of the United States government's protected witness programme.

In earlier periods, organizations originating from the state of Tamaulipas had not loomed so large in the field of drug trafficking as organizations headed by Sinaloans. It seemed as if the strategy to reorganize the field was intended to lighten the relative weight of the Sinaloan oligopoly and move the leadership to

(19) See Luis Astorga, "Drug Trafficking in Mexico: A First General Assessment", UNESCO-MOST, Discussion Paper N° 36, 1998, pp.21-25.

a group from the Northeast. This did not mean, however, the disappearance of traffickers from the Northwest, who were longer established, had greater experience and were relatively disciplined in the face of the new rules of the game. At the end of Salinas' six-year term of office, the weakening of his personal power and of that of his group was also reflected in the decline of García Abrego. The latter was extradited, or deported — depending on the version — to the United States in the second year of President Zedillo's government in 1996. Since that time, the Sinaloan oligopoly has never again had to face such major competition.

It is striking that various major traffickers in the country have been arrested and imprisoned, rather than being murdered by their opponents or dying in clashes with the authorities. In such cases, it is not known whether they have broken the law of silence and given details on their links with the political, police or military fields. Neither was a wave of specific violence unleashed against the representatives of the law when the most well known traffickers were captured. What did happen, however, was a fierce dispute for the control of routes and territories and carnage among traffickers, during which various members of the police who were in some way connected with them were killed. In the latest cases, it is the Arellano brothers' organization that has seemed the most inclined to use violence against the police. This may have been because officers were playing a double game, or were connected with investigations that might have harmed the traffickers' interests⁽²⁰⁾. Even in these examples there seems to have been a limit to the position in the hierarchy of the officials murdered, who were chiefs, representatives or under-representatives of the State, assistant attorneys or federal attorneys. To go beyond this limit would certainly imply a different scale in the use of violence — both the legitimate violence of the State and the unlawful violence of the traffickers. There have certainly been more deaths in terms of numbers and these have been more frequent. However, the violence is still contained within certain limits, although there is a tendency for these limits to be exceeded as the old mediating and controlling mechanisms lose their efficiency.

The field of political power in Mexico has undergone important changes in recent years that have had repercussions on the efficiency of the traditional mechanisms for mediating between

this field and the field of drug trafficking. One of these changes was the dismantling of the DFS and another the gradual rise of the political opposition to government posts. In 1989 the PAN won its first governorship, specifically in Baja California, the operational base of the Arellano Brothers' organization. And for the first time, in 1997, the PRI lost its majority in the House of Representatives and the post-revolutionary State entered into a transitional process. This has involved a gradual dilution of the powers concentrated in the federal executive, and in all probability a lessening of autonomous action on the part of both opposition governments and institutions mediating between the federal power and traffickers, and on the part of traffickers themselves, of course. Mediations that used to operate at State level, under the control of PRI governments and in conjunction with coercive federal bodies, have been transformed in some measure by the new State authorities of the political opposition. This has started to reduce the efficiency of the machinery that has worked for several decades. Local authorities are in a weak position, since have no access to the brokerage system that depends on the federal authorities. This creates conditions in which the former rules of the game may be broken by major heavyweights or by players in positions of strategic force. Such players include the federal coercive bodies (the PGR and the army), the local police, who are midway between the old allegiances and the new, and the traffickers themselves. The immediate result, observed in Baja California and in all the other drug-producing or trafficking states where the political opposition has taken office, has been an increase in violence connected with drug issues. The PRI alleged that the opposition was incompetent to govern. While not denying the opposition's lack of experience in this field, it must be stressed that a totally new situation had arisen, which implied the potential destructuring of one of the local mechanisms for mediating between the PRI's political power and the drug trade. When the PRI won back the governorship of Chihuahua, for example, the violence associated with drug trafficking did not lessen, but concentrated even more in Ciudad Juárez, a city governed by the PAN.

There is no doubt that the Mexican government has a serious problem with its main institution responsible for antidrug policy, the Office of the Attorney General of the Republic (PGR), and in particular with the Federal Judicial Police (PJF). On various occasions, Jorge Madrazo, Head of that institution under President

(20) In April 2000 the lifeless bodies of three FEADS officers were found on the Rumorosa highway, near Tijuana. Officers were investigating the activities of the Arellanos (cf. Jorge Alberto Cornejo and José Galán, *Asesinados cerca de Tijuana, tres agentes anti-narcóticos de la PGR*, *La Jornada*, 13/4/2000; Carlos Avilés Allende y Miguel Angel Ortega, *Focos rojos en la FEADS*; Hallan muerto a Patiño ("Red lights in the FEADS; Patiño found dead"), *El Financiero*, 13/4/2000.

(22) See Luis Astorga, "Drug trafficking ...," *op.cit.*, pp.25-27.

(23) See Marta Anaya, "¿Por qué tanta saña... Por qué me odia tanto?... Preguntaba Gutiérrez Rebollo", *Excelsior*, 1/3/97; Andrés Oppenheimer, "Jailed general: Mexican elite tied to drug trade", *Miami Herald*, 8/7/97; Andrés Oppenheimer, "Is Mexican a con man or 'political prisoner'?", *Miami Herald*, 13/7/97; Gustavo Castillo, *Compareció Gutiérrez Rebollo; descalifica la justicia militar sus declaraciones, La Jornada*, 19/9/97; Alvaro Delgado y María Scherer, *Versión de la hija del general preso: Una discusión con el secretario de la Defensa llevó a Gutiérrez Rebollo a Almoloya*, Proceso, n° 1083, 3/8/97.

(24) See *El Universal*, 22/4/2000.

(25) See Luis Astorga, "Mexico: recent trends in drug trafficking", Report prepared for the Third Annual Conference of MOST/UNDCP project "Economic and Social Transformations connected with the International Drug Problem", Jawaharlal Nehru University, New Delhi, 1-5 November 1999, pp.20-21.

(26) See Isabel Arvide, *Una noche en el aviario con Mario*, in *Milenio* (weekly), n° 127, 14/2/2000, pp.42-46.

Zedillo, has indicated that "the enemy was at home" and that he did not trust his own police. This has for many years been the opinion of the United States government and is the reason why it has supported the militarization of the antidrug policy in Mexico, as it has in South America. The army as an institution is thought to be more sound and reliable and less corrupt than the PGR. In 1995 there was a closer rapprochement between the United States and Mexican armies for cooperation in training Mexican soldiers in anti-insurgent and antidrug combat techniques⁽²¹⁾. In the same year a pilot project was launched to militarize the antidrug combat in Chihuahua and later members of the military were nominated to the main operational posts created in the national territory. The strategy soon revealed its weaknesses. A few weeks after his nomination to the head of the National Antidrug Institute (INCD) at the beginning of 1997, General Jesús Gutiérrez Rebollo was arrested and accused of protecting Amado Carillo's organization⁽²²⁾. In response, the General pointed out that the head of National Defence knew that he was doing intelligence work, for which he had informers among the traffickers, and added that President Zedillo's father-in-law had relations with traffickers, and especially with the Amezcua brothers⁽²³⁾. We are left with unanswered questions. Do the other organizations need protection at the same level if they are to operate efficiently? If this is the case, who might be the other high-level army officers or politicians involved? And if this is not the case, how is it that the largest organization needed this type of protection while other smaller ones did not? Might there perhaps be at least two types of organizations: the completely autonomous ones that can look after themselves and others that need official protection? The Gutiérrez Rebollo case has often been cited by the Mexican and United States governments as an example of corruption used by traffickers to infiltrate State structures. But how can a structure from which the drug trafficking field actually emerged be penetrated, when drug trafficking is a politically subordinate part of this same power structure? Norberto Corello, PAN Senator for Baja California and Secretary of the Senate National Defence Committee, once said that the "worst mafia" that operated in Baja California was not the Arellano brothers' organization, but the PGR, since it controlled trafficking in drugs, illegal immigrants and weapons⁽²⁴⁾. Just like the official theories, the theory of the then opposition raises other questions. If the PGR is what it is said to be, then who controls the institution, what is its role in the field of political power relations, and what is its degree of autonomy in the same field?

As at the beginning of the 20th century in the north of the country (Baja California), at the end of the century in the south another governor, Quintana Roo, was accused of protecting traffickers, in this case the Amado Carillo group. The group was apparently the favourite of the police, politicians and the military. Information on other groups revealed support from the police and certain military men; they were not as important or as political, however, as Carillo's friends. During his mandate, Mario Villanueva, governor of Quintana Roo, was cited several times in the press as being implicated in drug issues⁽²⁵⁾. In the final days of his term of office he fled to an unknown destination and the authorities have been searching for him for more than two years. In a supposedly secret interview⁽²⁶⁾, Villanueva said that his colleagues in the PRI elite had betrayed him and that his persecution had nothing to do with drug trafficking, but with political revenge. He pointed out that the governor was the most powerful person in the state, that he could do a great deal of legal business and therefore had no need of illegal business. However, precisely because he was the most powerful personality in the region, and given the historical relations between PRI political power and drug trafficking, there appear to be no reasons why he should not have taken advantage of his privileged position to do illegal business — given his ethical inclinations. He is known in the political world as "El Chueco" (crooked), partly because he is disfigured by facial paralysis, but also because of his taste for murky business deals and his authoritarian and despotic style in politics. Villanueva never said that drug trafficking had penetrated state structures. For him it was clear that the only authority above his own was that of the President. If the federal authorities had "discovered" the drug affair in his state at the end of his mandate, it was due either to the PGR's incompetence or to a high-level political decision, because he had fallen from presidential favour. He said he had done a fair amount to bring money into the coffers of the PRI, but did not say where the money came from.

During the PRI's primary campaign to nominate its candidate for the presidency in the year 2000, Francisco Labastida Ochoa, Minister of the Interior and one of the candidates, asserted that another candidate, Roberto Madrazo, governor of Tabasco, had among his backers Carlos Hank González and his son Jorge Hank Rhon. The latter was also coordinator of Madrazo's campaign in Baja California. Labastida won the internal election. The day before he took the oath as PRI candidate to the Presidency of the

(27) See Daniel Moreno, *Desprecia Labastida apoyo de Hank Rhon*, *Reforma*, 8/11/99.

(28) See Ernesto Núñez, *Se deslinda Labastida de Hank*, *Reforma*, 8/12/99.

(29) See David Carrizales, *Clausuran tres casas de apuestas de Jorge Hank Rhon en Nuevo León*, *La Jornada*, 15/12/99.

(30) See Hugo Martínez McNaught, *Investigan "lavado" en casinos*, *Reforma*, 8/12/99.

(31) See Arturo Zárate Vite, *Pusieron los narcos precio a mi cabeza, en 1993: Labastida*, *El Universal*, 21/2/98; Mary Beth Sheridan, *PRI Candidate's Drug Stance Stirs Doubts*, *Los Angeles Times*, 30/4/2000.

(32) See Antonio Garzo Morales, *No quiero llegar a la presidencia para que todo siga igual: FLO*, *Excélsior*, 19/8/99.

(33) See Luis Astorga, "Mexico: recent..." *op.cit.*, pp. 16-18.

(34) See Daniel Lizárraga, *Con los Arellano ne se negocia*, *Reforma*, 17/4/2000.

(35) See Jesús Aranda and Ricardo Alemán, *Descarta el funcionario tintes políticos en el asesinato de Posada* ("Civil servant discounts political colouring in assassination of Posadas") *La Jornada*, 14/9/95.

(36) See Dolia Estévez, *De los ochenta, la relación Citibank-Hank* ("The eighties and the Citibank-Hank relationship"), *El Financiero*, 11/4/2000.

Republic, he publicly rejected the support that Jorge Hank had offered him⁽²⁷⁾. Almost three weeks later in Toluca, which is in the State of Mexico and Hank clan territory, he declared that he had not accepted Jorge's offer because he was involved in the betting business. But he did not distance himself from the father, Carlos Hank⁽²⁸⁾. Some days earlier, the Ministry of the Interior (Segob) had sent a summons to one of Jorge Hank's betting firms to check whether it had the necessary licences to operate three betting establishments in Monterrey. A few days later the municipal authorities closed these establishments⁽²⁹⁾. Sergio Orozco was government director of Segob and part of Labastida's team since the latter had been governor of Sinaloa. He had declared that both Segob and the Secodam (Ministry of Inspection and Administrative Development) were investigating all the betting establishments in Mexico with a view to identifying associates and the origin of the money and preventing money laundering⁽³⁰⁾. So although the government deputy-minister of Segob, Jesús Murillo Karam, stressed that investigations targeted no one in particular, the political message was clear.

When he was still Minister of the Interior and not yet in the running for the PRI candidature to the presidency, Labastida had stated that the Arellano Félix brothers had put a price on his head in 1993. Jorge Carpizo, who was head of Segob at that time and had warned him, had suggested that he leave the country. He went as Ambassador to Portugal. He also stated that during his term of office as governor of Sinaloa, the Arellano brothers had made death threats against him⁽³¹⁾. On another occasion he said that during the same period his car had been shot at twice, once when his family was with him. He gave no names, however. Without giving the context, he added that criminals had killed his chief attorney, his chief adjutant and the head of Sinaloa's judicial police⁽³²⁾. The chief attorney was no longer in office when he was murdered in Mexico City. The chief adjutant died in a shoot-out with the "Güero" Palma gang on the outskirts of Culiacán; he had learned, apparently by accident, that the trafficker was moving around the city with his escort. Legally, it was not his place to give chase to a delinquent whose offences came under federal law.

In addition to his general promises to combat crime and enforce the rule of law, Labastida indicated the names of individuals that he considered to be enemies or undesirable, and who

had been mentioned by United States police and intelligence authorities as connected with drug trafficking and money laundering. However, according to articles in the United States press⁽³³⁾, CIA reports had supposedly accused Labastida himself of connections with traffickers when he was governor of Sinaloa. And neither in his case nor in that of the Hank family did the United States government support the information from its agencies. Nor is any other governor known to have been attacked in the way that Labastida says he was. And it is even less heard of for traffickers' organizations to aim their violence at the political class, whether State party or opposition. And if the Arellanos' threats had been real, we would have found ourselves in the presence of a very curious phenomenon — the existence of traffickers with long weapons and short memories for revenge. Indeed, if was true that they had already tried it at least once, nothing would stop them from continuing. After all, these were individuals whom Amado Carillo himself, according to his lawyer Sergio Aguilar Hernández, called "people who are already mentally damaged. They kill without mercy and for fun"⁽³⁴⁾. The Arellanos never responded to Labastida's claims with their version, as they did in the case of Cardinal Posadas' assassination, for which they have been accused and pursued since 1993. They said that this had been a "political assassination"⁽³⁵⁾.

During Amado Carillo's leadership and after his death there was talk of his organization's links with the police, with members of the army and with politicians. This also applied to García Abrego, and especially to his political connections with Raúl Salinas, brother of the then president. The Arellanos have been linked with the Hank family. The first two organizations weakened and lost their influence when their leaders died or were captured. There was strong pressure from the United States government and their political backers had already weakened. As for the Arellanos, despite various police and military operations to capture them, they always managed to escape. The constant factor is the permanent nature of the Hanks' political strength. However, there are new factors, and these include the United States Federal Reserve⁽³⁶⁾ investigations into the strategies that the Hanks used to buy the Laredo National Bank. There is also a report by the National Drug Intelligence Center (NDIC), created in 1993 under the Department of Justice, which stresses that the Hanks are a "threat" to the United States government because of their rela-

tions with the Arellano⁽³⁷⁾. Such investigations could in the not too distant future lessen their power and, as a result, shorten the longevity and impunity of the Arellanos.

In November 1998, President Zedillo tabled a bill to create the Federal Preventive Police (PFP). This project envisaged the dismantling of the highway police, the police under the Federal Attorney General and the migration police. A new force would be created and would number ten thousand within two years. Jesús Murillo Karam, deputy minister for public security in Segob, stated that the new police force, under the authority of Segob, i.e. of its Minister Francisco Labastida, did not intend to remove the Federal Judicial Police (PFJ) from the Office of the Attorney General of the Republic (PGR). He said that the PFP would have preventive tasks at federal level and the PFJ would be responsible for carrying out investigations⁽³⁸⁾. The Senate approved the initiative in December of the same year with the support of the PRI and the PAN. The PRD voted against it because it considered that it could lead to a totalitarian and repressive state⁽³⁹⁾. The law was passed at the beginning of 1999⁽⁴⁰⁾. The PRD representative Victorio Montalvo Rojas, President of the Public Safety Commission of the House of Representatives, said that the PFP was more dangerous than the DFS because the new police force was the first created by Congress as a "political super-force" with intelligence and political information activities. It would be a kind of Mexican-style FBI. Deputy Minister Murillo denied that this was the purpose. For Rafael Ruiz Harrel, an expert on crime and public safety, this was the creation of a kind of National Police Force, based on the French and Colombian models. The problem, he said, was that the project would be difficult to carry out in Mexico because, with its federal system, states and towns were autonomous and penal codes differed⁽⁴¹⁾. Shortly afterwards the Segob authorities announced that members of the National Security Investigations Centre (Cisen) had joined the PFP⁽⁴²⁾. Rear Admiral Wilfrido Robledo Madrid, formerly head of Technical and Protection Services and with experience in intelligence and operations, was first appointed assistant commissioner of the PFP; three months later he became head of the new police force⁽⁴³⁾. And Jorge Tello Peón, formerly Director of Cisen, was appointed to the deputy minister's office for security in Segob⁽⁴⁴⁾. Immediately afterwards, the Ministry of National Defence (Sedena) and the Segob signed an agreement to transfer, for an unspecified period, 4,899 members of the Military Police's Third

Brigade to the ranks of the PFP⁽⁴⁵⁾. PRD and PAN legislators immediately criticized this step. They accused the federal executive of having cheated Congress, since there was no question in the bill of army participation⁽⁴⁶⁾. The PFP Regulations were published on 26 April 2000⁽⁴⁷⁾. One of its functions is to carry out intelligence work to prevent drug trafficking. Apparently the military personnel will not be relieved until 2015, according to estimations by the head of the PFP⁽⁴⁸⁾.

If the candidate Labastida were to win the presidential elections, keep his promises to fight crime and did not crossed off his list the enemies and undesirables that he had already named, then there would possibly be a scenario similar to that of preceding PRI presidencies. Powerful traffickers and politicians or their close relatives would be imprisoned in order to gain legitimacy, reinforce the new president's authority, revive hopes of justice and comply with requests from the United States. If Fox, the opposition candidate, were to win, there could be a repetition on the national scale of what had been observed in PAN-governed states. This might involve the gradual disintegration of mediations between the political power and drug trafficking, which would result in greater autonomy for the police, the army and traffickers in respect to the new political power.

The year 2000

On 2 July 2000, Vicente Fox, the PAN candidate, won the presidential election. The oldest State party in the world was removed by vote. Described below are some of the first measures proposed in the area of security and justice by the new president and his transition team. Drug trafficking was not to be considered a national security issue, but a public security issue. The antidrug combat would be withdrawn from the army. The PGR would be dismantled and in its place the Fiscalía General de la Nación (Attorney General of the Nation) and Secretaría de Seguridad y Servicios a la Justice (Ministry of Safety and Services to Justice) would be created. Police forces and intelligence institutions would be concentrated in this ministry and the Ministry of the Interior would be relieved of the police institutions under its authority⁽⁴⁹⁾. It should be recalled that to consider drug trafficking as a threat to national security was an official order. The National Security Decision Directive signed by President Reagan in 1986

(37) See Dolia Estévez, *La familia Hank, bajo la lupa del FBI y la DEA* ("The Hank family under the scrutiny of the FBI and the DEA"), *El Financiero*, 31/5/99.

(38) See *El Universal*, 18/11/98.

(39) See Alejandro Torres Rogelio, *Aprueba el Senado integrar la Policía Federal Preventiva; en contra, el PRD*, *El Universal*, 12/12/98.

(40) *Diario Oficial*, 4/1/99.

(41) See José Reveles, *Una superpolicía esta naciendo*, *El Financiero*, 17/1/99.

(42) See Alonso Urrutia, *Agentes del Cisen se integrarán a la Policía Federal Preventiva*, *La Jornada*, 1/4/99.

(43) See *Excélsior*, 5/7/99.

(44) See Alberto Rocha, *Excélsior*, 6/7/99.

(45) See Jesús Aranda, *La Sedena apoyará a la Policía Federal Preventiva*, *La Jornada*, 8/7/99; *Reforma*, 9/7/99.

(46) See Wilbert Torre, *Exige la oposición policía sin militares*, *Reforma*, 10/7/99.

(47) *Diario Oficial*, 26/4/2000.

(48) See Hugo Martínez McNaught, "Quedará lista la PFP in 15 years.-Robledo", *Reforma*, 19/11/99.

(49) See Jorge Alejandro Medellín, *El narco es solo un problema policiaco*, *El Universal*, 25 July 2000; Daniel Lizárraga, *Buscan unificar policía y limpiarla de corruptos*, *Reforma*, 25 July 2000; Pablo César Carillo, *Detallan propuesta foxista en seguridad*, *Reforma*, 31 July 2000; *Reuters*, "Fox to Pull Mexican Military Out of Drug Fight", 31 July 2000; *The Associated Press*, "Fox Wants to Overhaul Mexico's Cops", 31 July 2000; Mayra Nidia Aguirre, *Planea Fox un FBI y dismilitarizar policía*, *El Universal*, 1 August 2000; Jesús Aranda, *Fox, por desmilitarizar lo cuerpos policiacos*, dicen Reyes y Molina, *La Jornada*, 1 August 2000.

authorized the Defence Department to involve itself in a broad range of antidrug activities, especially on the Mexico-United States border. President de la Madrid was the first to adopt Reagan's argument as his own.

The discourse of the transition team made a break with the arguments defended by the United States and the three governments preceding that of President Elect Vicente Fox. The latter was also opposed to the annual unilateral certification programme. He also intended to transform and reorganize the security institutions; these had historically been faithful to the President, to the State party and to their own internal power groups, but not to the country. They had been more party-dominated and mafialike than institutional. The aims were to improve the quality of existing institutions for security and justice, ensure their independence from the ruling executive, ensure the institutionalism of their staff, prevent centrifugal forces and the feudalization of power. Another aim was to obtain that the United States government respect Mexico's sovereignty in defining its own view of antidrug policy.

The position concerning the withdrawal of the army from the antidrug battle as announced by the representatives of the transition team of Vicente Fox, President Elect, changed during a private meeting⁽⁵⁰⁾ with Barry McCaffrey at the United States Embassy in Mexico on 8 August 2000. This was during a journey that the antidrug "Tsar" had made to attend a meeting of the High-Level Contact Group (GCAN) created by the governments of both countries in 1996. When he arrived in Mexico he said that the withdrawal of the army was for the Mexicans to decide⁽⁵¹⁾. The transition team later assured him that the military would not be withdrawn in the short term from the antidrug battle⁽⁵²⁾. McCaffrey had pointed out the necessity for the Mexican armed forces in the antidrug battle. McCaffrey also declared that the changes in justice and security suggested by Fox and his team would take about 15 years to produce concrete results, according to experience in the United States⁽⁵³⁾. Months before, the head of the Federal Preventive Police (PFP), Rear Admiral Wilfrido Robledo, had asserted that military presence in the institution would continue for at least 15 years. The change in the position of the representatives of the new president demonstrated in just a few days the limits of the Mexican government's antidrug policy. The policy to militarize antidrug action and the main security institu-

tions, which is similar to the pattern that the United States has backed in other Latin American countries, won the day.

President Fox later appointed a military man, General Macedo de la Concha, ex-attorney general of military justice, at the head of the PGR. Upon taking office the general declared⁽⁵⁴⁾ that he was not going to militarize the PGR, that he would only have military staff who would support his work, and that the most important posts would go to civilians and lawyers. Two months later, there were already 14 generals⁽⁵⁵⁾ attached to the PGR. Among these, General Carlos Fernando was appointed head of CENDRO and General Carlos Demetrio Gaytán, coordinator of FEADS operations. In addition, lieutenant colonels, colonels, captains and admirals were appointed to other posts. Through its spokesperson⁽⁵⁶⁾, the president's office denied that the PGR was being militarized. It pointed out that there had only been replacements of those who had already been there under the former administration, "and the majority in operational areas". What is certain is that the militarization of the antidrug campaign and the security apparatus is continuing and accelerating⁽⁵⁷⁾.

Concluding remarks

There are inherent difficulties in analysing a field that involves unlawful, criminal and clandestine activities. It is nevertheless possible to find meaningful traces in a society — sometimes deeply imprinted and sometimes hardly noticeable — that enable us to identify the main social agents intervening in the field and their privileged relations with agents in other fields. Contrary to immediate, common sense perceptions, this is how historical research reveals that several external and domestic factors were instrumental in forming the field of illegal drug trafficking in Mexico. The United States government must be mentioned among these factors, with its prohibitionist policies and its domestic demand. Other factors include the prohibition laws in Mexico, Mexico's ability to supply its neighbour's needs and the particular characteristics of Mexico's political field that enabled the drug trade to develop under its protection and domination. This last aspect constitutes the fundamental difference with other national situations, with which mechanical comparisons have been attempted under the influence of police, political and press labelling.

(50) Abel Barajas, *Piden continuidad en próximos gobiernos*, *Reforma*, 8 August 2000.

(51) Georgina Saldierna, Carolina Gómez and Ciro Pérez, *McCaffrey apoya el pedido del presidente electo*, *La Jornada*, 8 August 2000.

(52) Carlos Benavides, *Claroscuros en la cooperación antinarcóticos*, *El Financiero*, 20 August 2000.

(53) Daniel Lizárraga, *Duda McCaffrey de algunas reformas*, *Reforma*, 8 August 2000.

(54) Esperanza Barajas and Abel Barajas, *Descarta Macedo militarizar a la PGR*, *Reforma*, 10 December 2000.

(55) Abel Barajas, *Militariza la PGR Fiscalía antinarco. Controlan oficiales radares, retenes y aeronaves*, *Reforma*, 7 February 2001; Abel Barajas, *Llegan más militares a PGR. Suman 14 generales los adscritos a la dependencia*, *Reforma*, 8 February 2001.

(56) Mayolo López, *Niega presidencia militarización en PGR* ("Presidency denies militarization in PGR"), *Reforma*, 7 February 2001.

(57) Luis Alegre and Abel Barajas, *Monopolizan militares el combate antinarco*, *Reforma*, 18 March 2001.

The post-revolutionary Mexican State was characterized by an executive power that dominated legislative and judicial authorities, a political power monopolized by the State party, a national territory controlled by the army and the acute patrimonialism of the political elite. These created the initial opportunities that prevented the drug trafficking field from emerging outside the power structures. On the contrary, the field came into being as a subordinate part of that same structure. It became yet another of the businesses available to people in the privileged positions of political authority accessible to the "revolutionary family". As a result — unlike gangsters in the United States — the principal individuals mentioned in connection with drug trafficking in its early stages in Mexico were not from the criminal classes. They were governors and therefore social agents of the political field — not of the traditionally criminal field. And when the names of Mexican traffickers who were considered important appeared, neither they nor their organizations had a weight that could in any way compare with the weight of political power.

The country was developing, the economy had diversified and new institutions were being created to deal with an increasingly complex public administration. The United States had reorganized its policy towards the West, and demand for forbidden drugs in the country was constant and rising. The make-up of the political elite governing Mexico was changing, and there had been qualitative changes both domestically and in relations with other countries. The above provided the background to the structural changes between the field of drug trafficking and that of politics. The form of relationship under which governors and their innermost circle had protected and controlled traffickers changed in its most visible aspects. Institutional mediations were created in its place, which would take care of such tasks in exchange for a share in the business, loyalty and the law of silence. There is no evidence that ethical inclinations differed from those revealed in earlier decades; the political elite and State party were more powerful; there was no real opposition party and the drug business was more profitable than in earlier times. There is no reason to believe, therefore, that the mediations were created to destroy an increasingly productive gold mine. Nor is there any reason to believe that the political elite — in a sudden rush of philanthropy — decided to leave the business entirely in the hands of subordinates, asking nothing in exchange. Before the brokerage system began to operate in its full dimension and

complexity, it had first to ensure the social credibility of its explicit function, which required the political containment of traffickers and their continued acceptance of subordination. On this depended a degree of freedom of action in exchange for the punctual payment of quotas demanded. It was during this period that the system of direct brokerage through the governor came to a dramatic end, when was publicly exposed for the first time by members of the same governing elite, intent on settling political differences. The President of the Republic himself had to intervene to resolve the conflict of interests and the use of the drug issue as a political weapon between factions of the same State party.

For decades the United States government followed an ostrich-like policy. It preferred to ignore publicly — although not in official documents — the levels of corruption and collusion between the political field and the drug field in Mexico and the mediation of coercive bodies involved in the antidrug combat. It did this in exchange for efficient cooperation from the coercive bodies against political organizations with communist or leftwing sympathies. All this came to an end when one of their antidrug agents was brutally murdered by Mexican trafficking organizations, in collusion with police and presumably high-level politicians. This was the beginning of the end of the Federal Security Department, which was one of the pillars of institutional mediation between the drug trafficking and political fields. The President's decision to dismantle this body did not do away with intervention system; it merely amputated one of its most important parts, leaving its limbs free to continue their activities in other key institutions of the system. The immediate effect of this self-induced blow was a severe breakdown of the general mediation mechanism and a dislocation of tasks that were also connected with political intelligence. The system was not immediately replaced with one that was different, better, or at least equally effective. Meanwhile, the political opposition began to win key positions that brought them into power in various states of the federation, and battles inside the State party became so fierce that there were actual political assassinations of prominent members. Changes in leadership, the loss of key positions and a diminished capacity for efficient political control created opportunities for greater autonomy on the part of both coercive mediating bodies and traffickers' organizations. One of the most visible results was the more frequent use of violence

inside these fields and between them. Some used violence so as to simultaneously maintain their legitimate mediating institutional position and comply with the law, and others to shake off the historical subordination and do business without intermediaries.

In recent years, the transformations and increasingly violent upheavals in the old, PRI-dominated Mexican power structure have been exposing some of the mechanisms for brokerage and control that have operated since the beginning of the relation between the fields of drug trafficking and politics. It is as if the roof of the structure were wearing away and allowing us to look inside. As we observe a major part of the support system that has enabled it to function so efficiently, the secrets of its construction are revealed. Although this is nothing new; we have known about the collusion between police and traffickers for many years. And, as in the early decades of the trade, news of governors being accused of protecting traffickers is increasingly frequent. Even families of ex-presidents have been implicated. If we look at this as an isolated present-day phenomenon, it does appear that the traffickers have "infiltrated" the political world. If we look at it from the historical perspective, however, we can see the end of a regime and of a historical, structurally subordinating relationship, and an increased probability that the drug trafficking field will achieve relative independence from the political field.

Now that the ex-opposition party is in office, its new government team will have to take this situation on board and ensure the institutionalism of the armed forces and of the new military-dominated police structure. This will be all the more essential since the demand for drugs is not on the decline, and the United States government does not appear to wish to discard its militarization strategy for combating drugs in the short term. Tensions between the new government and the United States over drugs will surely continue, since the Mexican army does not have a magic wand to control demand in the other country. The armed forces obviously run the risk of having increasing levels of corruption among their ranks and, if worst comes to worst, of serving as the hub for the joining of powerful interests connected with drug trafficking. This would shift the centre of gravity of such interests from the field of the old political structure to the armed forces and to other security institutions in which the military

serve. In any case, an upward spiral of violence is guaranteed, since the very logic of the repressive antidrug policy inspired by the United States implies endless war, and is in itself a dead-end street.

DECENTRALISATION, CORRUPTION AND CRIMINALISATION: CHINA SEEN FROM A COMPARATIVE PERSPECTIVE

Guilhem Fabre

(1) Cf. Susan Shirk, "Playing to the provinces: Deng Xiaoping's political strategy of economic reform", *Studies in comparative communism*, vol.23, 1990. On decentralization from a comparative perspective, cf. James Manor, *The political economics of decentralization*, World Bank, 1999.

(2) These views are developed by Sachs, J. and Woo, W.T. "Structural factors in the economic reforms of China, Eastern Europe and the former Soviet Union", *Economic Policy* (18), 1994 p.102-145; Minxin Pei, "Micro foundations of state-socialism and patterns of economic transformation", *Communist and post-communist studies*, vol.29, n° 2, p.131-145; Jean Oi and Andrew Walder, *Zouping in transition: the process of reform in rural north China*, Harvard Contemporary China Series, 1999; Yves Citoleux, "La longue marche de la transition chinoise", *Revue d'études comparatives Est-Ouest*, 1999, vol.30, n° 2-3, p.303-323.

(3) Quoted in Thomas Khun, *La structure des révolutions scientifiques*, Paris, Champs Flammarion, p.40.

(4) Cf. For this definition and a bibliography of articles on corruption in China, see Melanie Manion, "Issues in corruption control in post-Mao China", *Issues and Studies* 34, n° 9, Sept.98, p.2-4.

(5) Cf. *Business Week*, 6/12/1999, p.22.

According to most analyses, the decentralisation process has been used to form a base for both political and economic power since the era of reforms began in China. Deng Xiaoping played to the provinces to build political support for his economic reforms opposed by powerful sections of the central bureaucracy⁽¹⁾.

The institutional transition which entails both the progressive withdrawal of central planning and the decentralisation of the allocation of resources for state monopolies at local, regional or sectoral level has now been accepted as the main factor of China's economic dynamism. Flexibility, both locally and regionally in China, has certainly been influenced not only by the country's inheritance of a very incomplete urbanisation and a state-socialist economy, but also by the prevailing *local state* corporatism, combining state intervention with market-oriented growth⁽²⁾. However, alongside these positive, dynamic aspects of decentralisation there are increased inequalities, corruption, crime and insecurity at local level, all of them tendencies seriously affecting everyday life and the perceptions of both rural and urban Chinese.

As Francis Bacon remarked "Truth emerges more easily from mistakes than from confusion"⁽³⁾. The problem with corruption is its complexity, since it is related to social reality, societal images and political usage, and has led to a good many conflicting interpretations and assessments, tending to distort rather than clarify the issue. Let us first simplify by defining corruption as the abuse of public office for personal gain in ways that violate formal rules⁽⁴⁾. The criminal economy differs from corruption in that it is necessarily based on the existence of networks and on the use of the threat of violence. Both are, of course, intertwined because the criminal economy can only develop in a context of systemic corruption and the exercise or threat of violence tends to be the last resort, whenever corruption does not work. The second marked interaction between corruption and crime occurs in the economic sphere: money laundering. It is virtually impossible to determine the proceeds from tax evasion, corruption and organised or non-organised crime, because the money laundering techniques for each are similar. Nonetheless money laundering exerts a significant influence in industrialised countries, but the issue has been mostly neglected by economists on the grounds that it cannot be accurately measured.

The 1990s: New opportunities for corruption against a background of impunity

The enduring nature of corruption and its spread in the 1990s may be linked to the two main factors of its development, defined by us as opportunity and impunity. On one hand, it is clear that the dynamics of a transition to the market economy, combined with regionalisation and globalisation processes, offered far more opportunities for corruption than were seen in the 1980s. Foreign trade has quadrupled and annual foreign investment has increased tenfold on average since the 1980s, while "many investors have been operating in a legal grey zone"⁽⁵⁾. The adoption of a "socialist market economy" stimulated the rise of the private sector, the gradual commercialization of the public health and education sectors, and the transformation of local and sectoral bureaucracies into managements, all with state encouragement. With the implementation of privatisation policies in a monopolistic environment, the whole transition process may be viewed as it was described in the former Soviet Union by Yuri

Affanassiev, namely as the gradual transformation of the nomenklatura's corporatist interests into capital, and as a conversion of that nomenklatura's decision-making power into a power of appropriating and swelling state assets⁽⁶⁾.

In other words, the scale of corruption tends not to be limited to *flows* (of goods, funds, foreign currency reserves, etc), as it was in the 1980s, but has been extended to *stocks* (not just industrial assets, as is often stated, but also to land and real estate assets, worth much more because they are influenced by comparison with international prices). While the liberalisation of prices has restricted *de facto* the dual pricing system applied to plan and market, the transfer of funds into the banking system has been a common practice, as has been pointed out by Wang Anpei. The differential between interest rates applied to formal banking loans and informal loans for the profitable activities of the non-state sector, especially in the "bubble economy", was so great that the state banks began to run a parallel banking business, lending people's deposits and pocketing the interest payments. Between 1993 and 1996, this misappropriation concerned 8-10 per cent of all banking loans and generated profits of between 240.3 and 347.3 billion Yuan (US\$28.9 to 41.8 billion)⁽⁷⁾. This practice certainly seems to have continued into 1999, as China's Auditor has revealed accounting abuses in the banking system involving the equivalent of US\$400 billion. Two of the four state banks overstated their assets by 200 billion Yuan and cooked the books to the tune of another US\$200 billion⁽⁸⁾. The overstatement of their assets could be put down to interventions in the overvalued stock market while the misappropriation is linked to the management of the parallel banking business.

The existence of such huge misappropriation of funds is, in other words, closely linked with the bubble economy, for most of these high interest loans were attracted by the high profit margins of the real estate and stock market businesses, at least until 1996. This is a clear illustration of spontaneous privatisation policies, which may be extended to the industrial sector, since the yearly depletion of state assets is estimated at around 2 per cent of their total value since 1993⁽⁹⁾. In this sense, the growing losses of the state sector, subsidized to the tune of 10 per cent of GDP, are not only due to overstaffing, irresponsible management and hefty social security contributions but also to growing corruption.

Nor is this problem limited to the state sector. 520,000 rural collective enterprises, one third of the total, have been sold, taken over, declared bankrupt or transformed into shareholding cooperative companies. But the Vice-Minister of Agriculture, Mr Qi Jingfa, has claimed that collective enterprises have been sold to individuals at prices far lower than their real values. "*While that is not wholly true, this has become the current trend*", according to the highly official *China Daily*⁽¹⁰⁾. In the same vein, the land and real estate markets are also the object of underhand deals generating a hidden income of 20 billion Yuan in 1992, which must have grown with the increased value of real estate assets and the huge number of new projects in the 1990s. In 1992, only 10 per cent of the land supply was ceded openly against money, while the rest was allocated freely by administrative means, and the central government raised only 1 per cent of the amount that it should have received for the cession of public land⁽¹¹⁾. The Chen Xitong affair is the best example of this uncontrolled situation that has increased the overall cost of construction by almost 40 per cent since the beginning of the 1990s⁽¹²⁾. The freezing of the real estate bubble, following the Asia crisis and the slowdown in growth and domestic demand, has revealed the extent of the speculation, partly expressed in the bad loans of the banking sector. Back in 1996, about a million flats and offices remained unsold, because they were overpriced⁽¹³⁾.

The stock markets are another example of the fragility of the bubble economy and its links with the underground economy. Non-existent at the beginning of the 1990s, stock market capitalization now accounts for US\$338 billion, over a third of GDP, with 40 million investors. But this spectacular growth, founded on a mechanical application of the American model without the corresponding regulatory framework, remains very fragile and is tainted with opacity. In 1995 a study published by the *China Financial Times* revealed that 87 per cent of the companies quoted in Shanghai and Shenzhen suffered negative returns on investments⁽¹⁴⁾. Three economists — Xiao Zuojie, Liu Hongru and Wu Jinglian — have warned that many local governments have floated poorly performing companies onto the stock market for the sole purpose of recapitalisation and, according to some estimates concerning the 100 or so companies listed in China, almost all are ailing state enterprises⁽¹⁵⁾. One financial analyst has said, "*Market regulators have contradictory functions. One is to supervise but the other is to raise money for the government*"⁽¹⁶⁾.

(6) Cf. Yuri Affanassiev quoted in Guilhem Fabre, "*La nouvelle nouvelle classe : réflexions sur la transition en Chine*", *Transitions*, Université Libre de Bruxelles, vol.35, n°2, 1994.

(7) Cf. Wang Anpei, *Jingji yanjiu*, 1998 n°7, p.63.

(8) Cf. *Financial Times*, 17/12/1999.

(9) Cf. Ricky Tung, "*The depletion of state assets in mainland China*", *Issues and Studies*, vol.32, n°1, p.3-4

(10) Cf. 15/06/1998, p.1.

(11) Cf. Wang Anpei, *Jingji yanjiu*, n° 2, 1995.

(12) Cf. Ting Gong, "*Forms and characteristics of China's corruption in the 1990s: change with continuity*", *Communist and post-communist studies*, 1997, vol.30, n° 3, p.280.

(13) Cf. Fan Gang, *Tendances de l'économie chinoise*, n° 1, 1997.

(14) Cf. Jean-François Huchet and Yan Xiangjun, "*Les entreprises d'Etat chinoises à la croisée des chemins*", *Tiers-Monde*, Paris, n° 147, juillet-septembre 1996, p.618.

(15) Cf. Xinhua, 6/03/1998 in SWB BBC Asia Pacific, 11/03/1998; *Business Week*, 8/11/1999, p.42.

(16) Cf. Fang Quan, deputy editor of *Securities Market Weekly*, quoted in *Business Week*, 8/11/1999.

According to David Wall "*Uncompetitive advantages usually determine who wins and who loses in China's futures markets (since) around three quarters of the participants are consistent losers and the remaining quarter are consistent winners*"⁽¹⁷⁾. China's stock market is in fact characterised by the strong intervention of large sums of illegal "hot" money from state units, which may represent half of the free-float, or some US\$35 billion, according to local brokers in Shanghai and Shenzhen. This "twilight capital", to use the expression of one foreign observer, from state enterprises, pension funds, insurance premiums and state bank loans to securities firms, is gathered for an "off-the-book punt in the stock market"⁽¹⁸⁾. Even though most gamblers lose money, their losses may be offset by state tax breaks. The markets can be viewed as a perverse form of taxation or a transfer of state assets into private profits⁽¹⁹⁾. Some analysts claims that if the government proposed to do away with these off-the-book transactions, which foster insider trading and lead to the overvaluation of the stock markets, given that Chinese shares are trading at an average price that is 45 times their income, there could be a devaluation wiping out half of the current capitalisation⁽²⁰⁾.

If the opportunities for corruption have grown considerably in the 1990s, what about impunity? From a general point of view, the question of impunity is related to the systemic dimension of corruption. As we have seen previously, transition may be viewed as a passage from the public to the private, not only in the economic sphere but also in the collective ethos, with the upgrading of individual enrichment as opposed to purely political power and the ideal of individual sacrifice for the sake of the collective that was promoted in the Maoist period. It is no longer a time for heroes mobilized in a life-and-death struggle, who "*neither need nor possess the capacity to master reality in rational terms*", in the words of Max Weber⁽²¹⁾, but an age dominated by the sphere of utility, favouring entrepreneurs but also crooks with a marked political background.

These considerations by no means rule out the problem of punishment but they at least put it into perspective. First of all, when we consider the sphere of utility, it is clear that the problem of corruption is a question of degree. As long as it does not affect growth, the generator of opportunities for newcomers to join the lucrative markets, its consequences in terms of budget deficits, the commercialisation of public services, the formation

of a bubble economy and social and spatial inequalities are more easily accepted. But as soon as high growth disappears and the pie becomes smaller, newcomers are discouraged by the networks of bureaucratic capitalism which tend to enrich, as they do in India, the "wardens" at the expense of both consumers and producers⁽²²⁾.

As a result, the problem of punishment is related to the social perception of and reaction towards corruption, regardless of the equally complex regulations issue. Some analysts take a highly regulatory view: property rights should be strictly defined prior to the liberalisation process, or otherwise economic players in China run the risk of "*becoming dependant on a private mafia, as they have in the former Soviet Union*"⁽²³⁾. This view tends to underestimate both the technical and political difficulties inherent in the construction of a rule of law in China. From a technical point of view, we must stress that it is a very recent process, still to be developed on a scale comparable with Europe's, and up against comparable reluctance. After all, despite a solid legal tradition, the European example shows that a plethora of laws and rules may be as inefficient as a process of over-centralisation. One judge ironically asked recently if Brussels really had to lay down the rules for woodpigeon shooting by French farmers in the Basque country, whereas far more important matters such as legal cooperation, especially over money laundering, were still regarded as taboo because they affected what remained of national sovereignty⁽²⁴⁾.

On the technical level, it is particularly laborious to identify and track down the important corruption cases since most of them were the product of financial manipulation by powerful, imaginative people before the existing laws were passed. This delinquency of over-adaptation, as opposed to *the delinquency of adaptation* of organised (or non-organised crime) and to *the delinquency of under-adaptation* of social drop-outs⁽²⁵⁾, is "creative" in the sense that its protagonists play with the national and international laws and regulations, such that most offences, if they are discovered, are not punished. For example in Europe, or in its dependencies, there are a good many tax havens. Some of them, such as the microstate of Liechtenstein, between Austria and Switzerland, launder money for international crime syndicates; it recycles the profits made by the Colombian and Mexican drug cartels and the Russian mafia⁽²⁶⁾.

(17) Cf. David Wall, "*Special economic zones in China*", quoted in Hilton Root, "*Corruption in China: has it become systemic?*" *Asian Survey*, vol. XXXVI, n° 8, August 1996, p. 746.

(18) Cf. Joe Studwell, "*China's A-bomb*", *China Economic Quarterly*, 1999.

(19) Cf. Hilton Root, *op.cit.*, p.747.

(20) Cf. Joe Studwell, *op.cit.* p.43.

(21) Cf. *Sociologie des religions*, Gallimard, 1996, p.353.

(22) I have borrowed this definition with regard to India from Hilton Root, *op.cit.* p.749.

(23) Cf. *idem*, p.750.

(24) Cf. Jean de Maillard, "*L'appel de Genève trois ans après*", in *Cahiers des hautes études pour la sécurité intérieure*, IHESI, n° 36, Paris, deuxième trimestre 1999.

(25) I have borrowed this useful categorization from Jean de Maillard, *Crimes et lois, op.cit.*, p.29.

(26) Cf. The special report by the German secret service printed in *Le Monde*, 26/02/2000.

In China, despite the media attention given to some cases to show how determined the authorities are to fight corruption, exemption from prosecution averages about 5 per cent for ordinary citizens and 43 per cent for cases involving state officials. Nor does prosecution necessarily mean punishment. These double standards in criminal justice, described by Melanie Manion, exert a major limit on corruption control⁽²⁷⁾. But, aside from these technical and social considerations, the problem of corruption remains clearly political. In all societies throughout history, no state or power has managed to survive by exercising the monopoly of violence and taxation without believing or at least pretending that it incorporated the ideal of public well-being⁽²⁸⁾. Corruption is precisely the negation of that ideal, as it opens the way to a crisis of legitimacy, a moral crisis that must be addressed at the risk of losing power, or put another way the monopoly of violence. But in a monopolistic regime such as the current one in China, General Secretary Jiang Zemin is confronted with a dilemma that is neatly summed up by a joke circulating in Peking: "fight corruption to save the country, or not to fight it to save the party"⁽²⁹⁾.

Interpretation of corruption and its political instrumentalisation

Corruption may therefore be preserved as a component of stabilisation in response to the desire for profiteering in the state-party apparatus, but it must be fought as a component of the destabilization of political legitimacy threatening the survival of the regime. Put another way, despite the current political rhetoric, the fight against corruption cannot but be limited and exemplary or the result could be collective suicide⁽³⁰⁾. Other analysts, combining the two main contributions to post-War American sociology, functionalism and culturalism, try to interpret the acceptability and even the legitimacy of corruption and crime at the local level. This vision, defended by Jean-Louis Rocca⁽³¹⁾, recognises the systemic nature of corruption in China, but underlines its functional character in order to overcome a segmented market and its redistributive function at the local, work-unit level, or through the traditional networks of relationships. It has become *de facto* a mode of legitimisation: "For officials corruption is the price they have to pay to gain respect for their power and to maintain neo-traditional relations". It is apparently essential for cadres to redistribute all or some of the gains of corruption to eliminate

potential denunciations by their subordinates or their clientele. A genuine fight against corruption would threaten economic growth based on informality, or on "the overlap between public and private, politics and economics, legal and illegal, legitimate and illegitimate". The way corruption is perceived by the common people or by the judicial system does not depend on the gravity of the deeds, but on the consequences of those acts on the living standards of the population or on political stability. Some kinds of behaviour may be "objectively illegal but morally legitimate". Thus nepotism may be opposed to the Maoist ideal of sacrificing the family to the public interest and clientelism as an up-to-date version of the older practice of political patronage. The fight against corruption is itself viewed in an instrumental manner, as the central authorities try to channel popular discontent with corruption into ways of eliminating rivals, as was the case of Chen Xitong.

In keeping with this vision, corruption is virtually analysed as a means of regulating the transition process, where power is supposed to "instrumentalise" corruption by "corrupting" everybody from the top to the bottom of the economic sphere of utility and to "instrumentalise" the fight against it, in order to settle scores between the leading factions. This functionalist and culturalist point of view is undoubtedly useful for an understanding of the acceptability of corruption. But it has to be considered along with the economic issues if the *dynamics* of the phenomenon are to be understood. That is not the case in this interpretation, which may be of heuristic value in terms of micro — and "mezzo" — economic development, especially in the case of criminalised sectors or localities, but certainly not at the macro-economic level, where it is not the fight against corruption but corruption itself that can affect economic growth.

Even if a certain degree of redistribution is vital for legitimising informal or downright illegal practices, it should not be forgotten that the benefits of corruption comply with the hierarchical pyramid, in other words that they are highly concentrated, as is shown by the concentration of private savings, while its costs are diluted throughout the whole of society. If we limit ourselves to the sphere of utility, it is clear that public opinion does not react as long as this dilution of costs seems slight in relation to the benefits of economic growth⁽³²⁾. Corruption is thus seen as the *inevitable price* to pay for the economic dynamism

(27) Cf. Melanie Manion, *op.cit.*

(28) Cf. The paper delivered by the anthropologist Christian Geffray (IRD) at the UNESCO/Most/Drug Seminar on Corruption and Crime, Paris, IHEAL, February 2000.

(29) Cf. Jorge Svartzman, AFP, 10/09/1997. There is another joke in the same vein: "If all the members of the Communist Party were executed for corruption, innocent people would be killed, but if only one in two were executed, some guilty people would escape justice", AFP, 12/09/1997.

(30) For an interesting presentation of this point of view, cf. He Wei, Wang Wanzhu, "Zhuanxin qi xun zujing fubai de lilun shuping" (Presentation of the theories of corruption and profiteering during the transition period), *Zhongguo shehui kexue jikan*, (Chinese Social Sciences Quarterly), 1999, Xijiao hao, n° 26, p.149.

(31) Cf. "La corruption en Chine : une production du politique", *Mondes en développement*, Paris, 1998, Tome 26. Cf. also "Corruption and its shadow: an anthropological view of corruption in China", *China Quarterly*, 1992, p.403-416.

(32) Cf. Yves Mény, in *La corruption internationale*, Colloque du Nouvel Observateur, Paris, Ed. Maisonneuve et Larose, 1999, p.73.

found in the transition process. But once the costs of corruption exceed the benefits, we may expect strong reactions. In a sense, the functionalist point of view, provided it is well articulated with a sound economic analysis, allows us to understand the acceptability of corruption: between "white" corruption, relating to the informal economy and universally accepted, and "black" corruption, involving the direct exchange of power for money (*quanqian jiaoyi*), universally condemned⁽³³⁾, there is a whole area of "grey" corruption involving the *indirect* exchange of power for money, favouring the bubble economy with the active participation of private households with no political power. The stock market is the main vehicle of this phenomenon, and if ever it plummets the constant winners of this great game will be brutally revealed.

The functionalist dimension is often inextricably linked to culturalist interpretations of corruption that tend to confine China to the local dimension, seen as the most practical level of reality in the country. Although the transition process has allowed for a restructuring of new forms of traditional domination, taking shape in the work unit and at local level, through old-boy networks and clientelism, we cannot reduce the Chinese tradition to this dimension alone, or otherwise there would be no party-state. Like all societies in history, China has founded the monopoly of violence and taxation on the collective belief, or a pretension to incarnate the ideal of the public good which, in the Confucian tradition, takes the figure of the upright official or the virtuous emperor embodying the public interest (*gong*), as opposed to private interests (*si*). Like every great tradition, the Chinese one is conflictual, opposing official and unofficial or, more accurately for the subject concerning us, local and central. It is precisely this conflictual nature that has enabled it to survive for centuries, avoiding the pitfalls of fossilising centralisation or localist dismemberment. The reformist version of this dynamic is neatly reflected in the expression "*yi fang jiu luan, yi shou jiu si*" (meaning, liberalization opens the way to disorder and recentralization to death).

This dialectic, which also reveals the everlasting conflict between ideal and reality, does not mean that the fight against corruption is not instrumentalised by leading factions in order to settle scores. But this instrumentalisation is necessarily more limited by the Leninist atavism of the party-state (except in periods of in-

tense political rivalry), whereas in Russia corruption has become one of the main issues of political rivalry by "*transforming a potentially destabilising situation into a source of political legitimacy*" and even by justifying the military intervention in Chechnya by the "*emblematic construction of an enemy within, namely the Chechen bandits or mafiosi*"⁽³⁴⁾. Here, as has been demonstrated by Gilles Favarel-Garrigues, the political exploitation of a real problem relating to the inevitable lack of precision of standards for defining the borderline between licit and illicit economic activities during the transition process has clearly opened the way to a very popular mafia conspiracy theory, not dissimilar to other imaginary references such as the Masonic or Jewish lobbies. This rhetoric allows all the potential excesses of recentralisation or an authoritarian regime to be justified.

The political instrumentalisation and exploitation of the corruption issue, however backward-looking and reactionary it might be, demonstrates precisely how central and symbolic an issue it is in terms of legitimacy and that power cannot avoid addressing it. In doing so, it necessarily challenges a good many of the vested interests created by decentralisation in the name of the greater national interest. To understand this point of view, we must offer a practical or rather a far-reaching definition of decentralisation: it is a devolution of economic powers not only to geographical areas (provinces, prefectures, municipalities and counties) but also to sectoral monopolies (such as import and export corporations), and also to some central institutions such as the army, the police, the military police and the judicial system. This situation prevailed throughout the 1990s until the summer of 1998, when the economic activities of the central state institutions were finally banned.

According to the analysis of Jacques Andrieux, who offers numerous examples of the corruption and crime process⁽³⁵⁾, the progressive communitarisation of the economy at the local, sectoral and institutional levels is responsible for the spread of the phenomenon. As identities and belonging to groups are the only criteria regulating social relations, just as family, religious, regionalist or clientelist networks define the borders between the social sphere of proximity and the anonymous and abstract sphere of citizenship, the "public good" is merely a disembodied, depersonalised object, "*an asset to be usurped by anybody, since it cannot be attributed to any discernable individual or legal*

(33) Cf. Yang Jisheng, "*Quanqian jiaoyi zhe zenmo yang hua gong wei si*", (How people exchanging power for money transform the public interest into a private one), *Jingji cankao bao*, 15/04/1997, p.1.

(34) Cf. Gilles Favarel-Garrigues, "*Le problème criminel en Russie*", *Mouvements*, n°6, novembre-décembre 1999; Cf. By the same author, "*Eléments pour une compréhension de l'évolution des délinquances économiques et financières en Russie*", *Les Cahiers de la sécurité intérieure*, IHESI, n° 36, 2^{ème} trimestre 1999; "*Privatisation et changement politique en Russie soviétique et post-soviétique*", in Béatrice Hibou, *La privatisation des Etats*, Editions Karthala, 1999.

(35) Cf. Jacques Andrieux, "*Chine: une économie communautarisée, un Etat décomposé*", *Revue Tiers-Monde*, Tome 37, n° 147, juillet-septembre 1996.

entity". New codes of proximity and reciprocity abolish the distinction between the public and private spheres, making up the modern state, and thus contribute to its delinquency. China is renewing its ties with its imperial history, from a time when the problem facing the state "was not one of extending its sovereignty over individuals, but of submitting organically linked communities to its power and making them coexist in one entity, China — which has become a nation only within the last century". In other words, the problem of the communist oligarchy is not to build a truly modern state but to maintain its capacity to regulate the process of corruption and crime led by the decentralised communities provided it is economically positive, with neither excessive laxness towards predation nor bureaucratic rigidity that might kill the golden goose.

This vision has the advantage that it clarifies the rationale behind the process of corruption and crime at the decentralised level while introducing a dynamic of regulation (and not necessarily of instrumentalisation) at the central level. By insisting on the strength of solidarity at the family, clan, work-unit or local levels, without stressing the automatic redistribution of the most of the clandestine profits, which is certainly not the case, it allows us to understand the legitimacy of corruption and even crime at local level, since the solidarity of proximity carried far more weight than the abstract notion of "citizenship", seen as a concrete subjection.

This model is however quite static at the central level. The communist oligarchy seems to be analysed as a monolithic entity, unable to adapt to new situations, while flexibility is reserved for the local level. In reality, the situation is far more blurred and conflictual. On the one hand, the process of the appropriation and even looting of public assets opens the way to fierce competition between different institutions and profiteers, and the problem of corruption, as we have seen in the Russian case, may be instrumentalised to an unprecedented level in the political competition between the various leading factions. On the other hand, the central state apparatus cannot be completely corrupt and criminalised, or else the monopoly of violence based on the belief in or pretence of incarnating the public good would be directly challenged by the local authorities linked with organised crime.

From corruption to crime: the patterns of drift resulting from de-centralisation

During 1992 the Pingyuan district of south-west Yunnan was attacked and controlled by mainly Muslim drug producers, drug traffickers and arms counterfeiters. But a 2000-strong armed police force was sent in to restore law and order, an operation ending in the surrender of the local godfather and the seizure of 896 kg of heroin and sizeable arms caches⁽³⁶⁾. Ethnic, religious or clan solidarity at local level is a *sine qua non* for the development of mafia groups. Central power generally sees it as being in its own interest to delegate authority to a local elite that implements a traditional form of domination. This elite derives its economic power from the monopoly of licit and illicit profiteering and its social legitimacy from the services and income that it returns to the community or group that it belongs to. In Sicily, for instance, the mafia was a means of social promotion and an arbiter of disputes, maintaining law and order, by ruling on crimes in the territories under its control⁽³⁷⁾.

The dialectic between central and local authorities is thus decisive in the structuring of "criminal legitimacy", insofar as central power unofficially devolves some of its sovereignty to traditional and generally clientelist elites which perform, alongside the official authorities, the tasks of keeping law and order. This pattern is often relevant in democratic societies, such as Brazil, in the case of the cocaine traffic in Amazonia⁽³⁸⁾, but it may reach systemic dimensions in some societies in South East Asia that are in the throes of democratisation. Carl A. Trocki demonstrated that the individuals who dominate or have dominated politics at local level in Burma, Thailand and the Philippines are all men of violence, murderers or hired killers, "gangsters of a special kind involved in drugs, prostitution, gambling or extortion"⁽³⁹⁾. In this state of affairs, as demonstrated by Christian Geffray, criminals may become statesmen. Corruption does not buy officials, who in the strict sense would become the slaves of criminal networks, but it buys a special favour: "They agree not to perform their duties while in office".

China seems a long way off a situation where criminals rise to power, but it seems nearer the opposite situation where power, especially that of coercion, gives access to the profits of crime. In

(36) Cf. Guilhem Fabre, *Les prospérités du crime : trafic de stupéfiants, blanchiment et crises financières dans l'après-guerre froide*, UNESCO/Ed de l'Aube, 1999, p.46.

(37) Cf. Jean de Maillard, *Crimes et lois*, op.cit., p.24-26.

(38) Cf. Field reports by Christian Geffray (IRD), UNESCO/Most/Drug research project, 1998.

(39) Cf. Carl A. Trocki, Editor, *Gangsters, Democracy and the State in South East Asia*, Cornell University, Ithaca, New York, 1998, p.10.

other words, criminals could not become representatives of the state, but representatives of the state could become criminals, just as they have in Mexico⁽⁴⁰⁾. In this case, as described by Geffray, criminal networks do not pay for officials not to carry out their duties, but representatives of the state *have the means to impose on criminal networks the price of their doing so*. Here we touch upon the delicate relationship between systemic corruption and crime, which must be put in its institutional context.

Against the general background of the ideological conversion of bureaucracy into nationalism, and its economic conversion into the appropriation and enhancement of public assets, decentralisation has not done away with monopolies but increased their numbers. Dressed as managers, the local authorities, the central authorities with a monopoly or even certain central institutions like the army, military police, state security services and judiciary aim to maximize those economic activities under their tutelage while limiting all forms of rivalry. The best illustration of the formation of the fragmented bureaucratic market that results from this dynamic, in the licit sphere, is the competition between the Shanghai-made Volkswagen Santana and the Wuhan-made Citroën-Fukang. In an open domestic market, this would take the form of competition in price, quality and after-sale services. But in China it takes the form of taxation: bringing non locally-made vehicles into the municipality incurs a licence fee of 80,000 Yuan (over US\$9,000) while Hubei residents with the bad idea of buying a Santana must pay not only a set of fees already abolished by the central authorities but also 70,000 Yuan (over US\$8,000) to the "fund aimed at extricating enterprises in dire straits from their predicament"⁽⁴¹⁾.

In other words, the Chinese transition process has so far borrowed from the market economy the notion of profit but little else, especially the complementary notion of competition. The fact that it actively limits competition suggests that there is a coercive administrative network (tax inspectors, customs officers, police, etc) that is willing to implement this policy to its own advantage. It simultaneously acts as regulator, warden and profiteer.

This pattern may also apply to the illicit or criminal economy. If we apply it to the profits of crime, following the same determining factors of its development as we did for corruption — namely, opportunity and impunity — the networks of coercion or the old

"dictatorship apparatus" are clearly in a win-or-win position. In terms of opportunities, according to the classification of underground profits made by He Qinglian, namely corruption profits and criminal profits, the main sources of criminal profits are smuggling including human smuggling (*toudu*), drug trafficking, prostitution (*mai ying*) and human trafficking (*goumai renkou*), gambling, and counterfeiting including counterfeit money and documents⁽⁴²⁾. To the traditional trilogy of criminal profits found elsewhere, for example in Japan and Thailand, namely prostitution, gambling and drug trafficking, China adds smuggling, human trafficking and counterfeiting. Although it is by definition difficult to assess the value of these underground profits, it seems clear that the criminal economy grew at an unprecedented scale in the 1990s, to the point of representing a significant part of the hidden economy.

The State Security Service estimates the turnover of China's domestic drug trafficking at 30 billion Yuan (or US\$3.6 billion)⁽⁴³⁾, but international traffic undoubtedly generates the same amount in profits. It is managed industrially by organized crime networks, to judge by the growing seizures, which amount on average to 600 kg of heroin and 4.3 tonnes of marijuana per deal⁽⁴⁴⁾. Over the past few years 80 per cent of the major drug trafficking cases have been linked to organized crime (*hei shehui*)⁽⁴⁵⁾. The same goes for prostitution: in 1996 the Chinese police arrested 420,000 prostitutes and their clients, one tenth of the true total according to police estimates⁽⁴⁶⁾, and they are very well placed to have a view on the subject since, in Guangdong in 1994, all state security bodies, be they armed police corps or their subordinate units, were ordered to "stop operating or possessing shares in various categories of recreational establishments, including saunas, massage parlours, and barbers' shops"⁽⁴⁷⁾. The disciplinary inspectorate of the Ministry of State Security took the same step at national level, since in some regions "certain entertainment clubs and casinos had prospered through their ties with local police", and their "umbrellas" for or back-door ties with certain convicts were hampering the anti-crime campaign⁽⁴⁸⁾.

This overall climate is extremely favourable to "collusion between policemen and bandits", or "cops and robbers" as is found on a large scale in Mexico where the bodyguards of big drug traffickers may sometimes be members of the police. In China, where police equipment and uniforms are on open sale, this takes the form of "fake policemen" ripping off ordinary citizens, as is re-

(40) On Mexico, cf. Jean Rivolet, *Drogue et pouvoirs: du Mexique aux paradis*, Paris, L'Harmattan, 1999; Andres Oppenheimer, *Bordering on chaos: guerrillas, stockbrokers, politicians and Mexico's road to prosperity*, Boston, Little Brown, 1996; Guilhem Fabre, *Les prospérités du crime*, op.cit. Chapter 5.

(41) Cf. Huang Tianxiang, *Zhongguo gaige bao*, (China's Reform Journal), Beijing, 23/02/1999 in *SWB/BBC/Asia Pacific*, 8/01/2000.

(42) Cf. He Qinglian, op.cit. p.323.

(43) Cf. *Renmin gong'an bao*, 24/05/1997, in China News Analysis, 15/09/1997.

(44) Cf. Guilhem Fabre, op.cit. p.43 and Xinhua, 16/09/98 in *SWB/BBC Asia Pacific*, 18/09/98; *China Daily*, 18/01/99, p.1.

(45) Cf. *Diwu ci gaofeng: dengdai Zhongguo de fazui wenti* (The fifth wave: contemporary China's crime problem), Beijing, Jingri Zhongguo chuban she, 1997, p.35.

(46) Cf. *Xinhua*, 15/09/1999.

(47) Cf. *Da gong bao*, 26/07/94 in *SWB/BBC/Asia Pacific*, 29/07/94.

(48) Cf. *China Daily*, 18/10/94.

peatedly denounced by the media. Surveys by Dalian City's state security departments have shown that one in every three people wearing the uniform of a police-officer was posing⁽⁴⁹⁾. This constant confusion between genuine and fake policemen can even raise doubts about mass murders, such as the one perpetrated in 1993 at Qiandao Lake, a tourist spot in Zhejiang, where twenty-four Taiwanese holiday-makers and their eight Chinese crew were robbed, murdered and set on fire. China produced three freelance brigands who were supposedly solely responsible for the atrocity, but Taiwanese intelligence officials claimed that the party had been robbed by a rogue army unit armed with flame-throwers⁽⁵⁰⁾.

This situation could be explained by the perverse effects of decentralization in the management of law and order; since 1995 municipalities and autonomous regions directly under provincial jurisdiction have been responsible for 70 to 85 per cent of local state security and armed militia funding, but there is also the matter of recruitment⁽⁵¹⁾. Following an investigation, the Guangdong State Security department found that over 20 per cent of new recruits had been previously involved in gang warfare, theft or acts of hooliganism, and that a majority of formerly unemployed young people had joined the force without going through the normal examination process⁽⁵²⁾. In response, since 1997 the "policing of police" to reduce the problem of lawlessness and to improve the police's reputation has been implemented by the Ministry⁽⁵³⁾ and even led to the resignation of the State Security Minister, Mr Tao Siju. But it has failed to halt the tendencies repeatedly denounced by the Chinese press. According to *Nanfang Ribao*, for instance, "certain brothels where women are forced into prostitution are located only a short distance from police stations. A busy fake medicine market operating without a trading licence lies just across the street from the offices of local industry and commerce department. A factory using modern equipment to manufacture fake cigarettes stands next to a municipal government building. Rampant smuggling and sales of contraband goods take place openly right in front of law enforcement bureaus. Similar examples can be found everywhere"⁽⁵⁴⁾.

As China's State Security Director has put it bluntly: "Too many criminal cases are embarrassing. Moreover, it is too risky to create truthful files of criminal cases"⁽⁵⁵⁾. These risks are not to be taken lightly according to the representatives of public prosecutors' of-

fices in various provinces and cities across the country; they agreed that the General Bureau against Embezzlement and Bribery and the Bailiff Unit under the Supreme People's Prosecutor should provide their officials with bullet-proof vests⁽⁵⁶⁾. This reveals the nexus of the relationship between corruption and crime. The criminal economy provides private citizens with various illegal services. It needs corruption to evade punishment and create its legitimacy but, at the same time, it needs violence or the threat of violence to reduce rivalry in the illicit market that it controls or to suppress the threat of punishment. In this way corruption, or the redistribution of criminal profits, the "promise of a material reward" in Christian Geffray's words, is the alternative to violence or the "threat of harm" as the indispensable means both of its development and its local "legitimacy".

Can peaceful crime be the next stage?

When the structure of criminal profits is strictly regulated by the representatives of the State at all levels enjoying the monopoly of violence, the problem of the use of violence to suppress rivalry in the criminal markets is already settled, as we have seen in the legal sphere, and the degree of crime may even progress against a background of peaceful social relations provided, that is, that economic stability is not threatened. In China this is not at all the case in the traditional trilogy of criminal activities — drug trafficking, gambling and the sex industry in a broad sense — but clearly is the case of smuggling and, by extension, counterfeiting.

Smuggling, after all, is by no means limited to China, but China did develop it to a considerable extent in the 1990s. Internationally, smuggling may be viewed as the result of the tension between the growing opportunities of trade profits and the limitations of national regulations. Smuggling is not a criminal activity in the sense that it does not harm individuals, but it may be linked to criminal networks when human beings, drugs, arms or counterfeit goods are involved. These criminal networks tend to rely on the threat or exercise of violence whenever corruption proves ineffective. In this sense, smuggling lies both in the grey area of the underground economy, when fake documents are used or when customs officials are involved, and in the criminal economy, when human beings or illicit goods are smuggled.

(49) Cf. *Da gong bao*, 4/02/96.

(50) Cf. *Far Eastern Economic Review*, 9/06/1994, p.23.

(51) Cf. Directive of the Political Bureau "On adjusting, expanding and reinforcing state security and the armed militia", *Zhengming*, March 1995, p. 18-19.

(52) Cf. *Zhengming*, 1/01/94 p. 26-27 in *SWB/BBC/Asia Pacific*, 2/02/94.

(53) Cf. *Xinhua*, 10/7/1997 in *SWB/BBC/Asia Pacific*, 10/07/1997.

(54) Cf. 15/11/1998 in *SWB/BBC/Asia Pacific*, 18/11/1998.

(55) Cf. *Renmin gong'an banyue kan*, 25/01/1999 p.1 in *SWB/BBC/Asia Pacific*, 2/04/1999.

(56) Cf. *Zhongguo xinwen she* 23/02/96 in *SWB/BBC/Asia Pacific*, 28/02/1996.

It is precisely this dual character that allowed it to burgeon in the 1990 and to involve, directly or indirectly, multinationals. In Canada, for instance, cigarette smuggling became a business with a value estimated at US\$3.5 billion per annum, after the country's authorities doubled tobacco taxes in 1991 in an effort to discourage smoking. The Canadian Government estimates that 40 per cent of all tobacco products sold in Canada were smuggled back from the United States in 1993, after being officially exported there. So far the RJ Reynolds group has been the only tobacco group formally accused, but others, like Philip Morris, have been under investigation. Widespread smuggling and the resulting losses of tax revenues eventually forced Ottawa to lower tobacco taxes in early 1994, halving the price in central Canada⁽⁵⁷⁾. With regard to indirect forms of involvement by multinational corporations, we may quote the example of Albania. Out of a total of 500,000 cars on the roads, 60 per cent are Mercedes, and about nine in every ten have been stolen in Western Europe, a fact acknowledged by the head of the State Statistical Office. Mercedes Benz opened a showroom in Tirana, the Albanian capital, but only 30 new (as opposed to stolen) models have been sold. "If I turned away stolen vehicles", said the dealer, "I would be turning away 90 per cent of my business"⁽⁵⁸⁾.

To come back to the Chinese case, customs there estimate their annual losses due to smuggling at US\$15 billion, or over 10 per cent of imports⁽⁵⁹⁾. According to a more recent report by the Central Disciplinary Commission to the Political Bureau, between 1991 and 1998 there were 4,200 cases of smuggling amounting to US\$130 billion, around the same as the previous annual estimate. Chinese diplomatic and trade missions abroad are apparently responsible for 1,300 cases, worth US\$60 billion. Smuggling concerns not only cars, but also oil products, machinery, chemicals, steel and electricals. In the five years from 1994 to 1998, the Foreign Ministry apparently imported 75,300 vehicles tax-free, equivalent to customs duties worth 19 billion Yuan (US\$2.3 billion). The main cases of smuggling concern the localities of Beihai in Guangxi, Shantou and Zhanjiang in Guangdong, Qingdao in Shandong and Xiamen in Fujian⁽⁶⁰⁾.

These data refer to only to those cases that have been discovered but do not reflect the overall trends. As Nirmal K. Chandra has said, there is a huge discrepancy between Chinese and Hong Kong sources on the trade between them. Hong Kong

figures exceed those obtained from the mainland by a staggering \$441 billion. The gap was as high as \$85 billion per annum in the period 1994-1997. During those four years, Hong Kong exports exceeded China's imports by 700 per cent. Aside from very low levels of imports involving processing, which is hardly plausible, or the large scale under-invoicing of both imports and exports by foreign enterprises in China, this discrepancy is due to "widespread smuggling from Hong Kong to evade taxes. The required foreign exchange may be obtained through exports that are unrecorded by Beijing but that do appear in the Hong Kong statistics"⁽⁶¹⁾.

These links show that the practice of smuggling is inextricably linked to FDI (foreign direct investment) operations in China. Apart from FDI, as shown by Ting Gong⁽⁶²⁾, the decentralisation process, which has forced local companies to become self-sufficient, reduce costs and raise profits, has sometimes led struggling companies to resort to the smuggling of consumer and producer goods. Since China has been using tariff rebates to stimulate exports, and the certificates for tariff rebates give exporters access to duty and tax-free imports, it is a common strategy for them to fake the certificates. In some coastal areas this practice may affect up to a quarter of all documents. The industrialisation of smuggling has created the famous "grey channels" of distribution that distort competition to their benefit. It is very difficult for foreign or local operators in China to ignore them and to stand aside, since their competitors are only paying 5 per cent duty while they are charged 30 per cent⁽⁶³⁾.

Before the Asia crisis, these channels, funded mostly by the under-invoicing of exports, used to reinvest their capital outflows in China in the shape of "fake foreign investments", so as to benefit from the tax exemptions and lower customs duties normally reserved for joint-ventures. But since 1997 the grey channels have been increasingly used for smuggling South-East Asian, Korean and Japanese goods into China, the competitiveness of which has been boosted by the devaluation of those countries' currencies. According to official sources, in 1997 more than 100,000 automobiles and motorbikes were smuggled into China, or around a quarter of the total sales of the foreign joint-ventures car industry. The extent of smuggling affected entire sectors of the economy such as the car industry — whose prices fell by 20 per cent, the electronics industry and the oil industry. Smuggling

(57) Cf. *Financial Times*, 6/01/2000.

(58) Cf. Harry Maurer, "The Benz is hot in a bandit economy", *Business Week*, 25/10/1999, p. 4.

(59) Cf. "Guanyu chengzhen jumin geren shouru chaju de fenxi he jianyi", (Analysis and advice on the individual income differentiation among urban residents), *Jingji yanjiu*, 1997, n°8, p.7.

(60) Cf. Zhengming, January 2000, p.15-16.

(61) Cf. Nirmal K. Chandra, "FDI and the domestic economy: neo-liberalism in China", *The Economic and Political Weekly*, New Delhi, November 6-12, 1999, p.3205; *IMF Directorate of Trade Statistics Yearbook*, 1998, p.159 and 162.

(62) Cf. Ting Gong, "Forms and characteristics of China's corruption in the 90s: change with continuity", *Communist and Post Communist Economies*, vol. 30, 1997, n°3, p.283-284.

(63) Cf. *Far Eastern Economic Review*, 5/12/96, p.63.

exacerbated the deflationist tendencies because of a lack of demand and growing inequalities, and gave certain foreign companies using grey channels a competitive edge.

This macro-economic impact of the smuggling networks, based on new opportunities and lasting impunity, gives us some insight into the reasons for the crackdown on business activities among the armed forces, the armed police and the judiciary launched in the summer of 1998, followed by the arrest of China's Vice-Minister of State Security, Li Jingzhou, who had been in charge of border security, and by the setting up of a 6,000-strong anti-smuggling task-force, dependant on the central government⁽⁶⁴⁾. Widespread smuggling and the on-going campaign against it, involving people at the highest level, is the best illustration of the links between decentralisation, corruption and crime. While the functionalist and culturalist interpretations of the phenomenon are certainly useful for an understanding of its import and acceptability there is no doubt that they fail to address its political and ethical dimensions, which are also part and parcel of Chinese culture and tradition.

These dimensions may account for the current recentralisation process, essentially devolving economic powers to the central state apparatus as represented by the army, the state security service, customs and the judiciary. Indeed, this new onslaught against corruption and crime differs from the previous ones in that it entails a recentralisation, an assertion of centralised state sovereignty over the key bodies supposed to represent its authority in conjunction with the state-party system. Since China's current system offers no opportunities for criminals to become state representatives, in the way that the system does in Brazil, Thailand and India⁽⁶⁵⁾, for example, but offers instead opportunities for state representatives to become criminals, as they do in Mexico, it is not surprising that this campaign targets people at the highest level. It does not mean that it will be conducted entirely for the reasons of stability and state survival as we have noted. Whatever the issues behind this dubious fight, the question of corruption and crime, whether or not it is politically instrumentalised, will remain central to Chinese society and political debate. That may even be true in a scenario of political transition to a new presidential democratic regime such as the one in Taiwan or Mexico, where these eternal problems have become key political issues.

(64) Cf. Guilhem Fabre, "China in the East Asian crisis", Economic and Political Weekly, New Delhi, 6/11/99.

(65) Cf. N.K Singh, *The politics of crime and corruption: a former Central Bureau of Investigation official speaks*, New Delhi, Harpers Collins India, 1999, 286 p.

SOCIAL, ECONOMIC AND POLITICAL IMPACTS OF DRUG TRAFFICKING IN THE STATE OF RONDÔNIA, IN THE BRAZILIAN AMAZON

Christian Geffray

The Brazilian press long treated drug trafficking in a rather unbalanced way. It focused almost exclusively on small retail drug distribution (particularly in Rio de Janeiro), while only rarely examining the question of the *Brazilian* organisation of the wholesale trade in drugs before they reach small city dealers. This silence and inconsistency on the part of the media and politicians as regards the problem persisted from the beginning of major trafficking in Brazil in the 1980s until the setting up of a new parliamentary commission of inquiry into drug trafficking in 1998. That attitude was fairly understandable in States like Rondônia, where certain leading newspapers may have been under the influence of local traffickers, and where the drug trade provided a living, directly or indirectly, for a great many people. It was more puzzling at Federal level, where the media were roused out of their indifference, and then only intermittently, by a few sensational court cases, which were not seriously followed up by the newspapers and had no political repercussions. My sociological investigations were the first to be carried out on the subject in the region of the border with Bolivia, more than 15 years after the beginning of the "cocaine cycle" in Brazilian Amazonia⁽¹⁾.

Up until the 1960s, the dense forests of Rondônia were inhabited by a few Amerindian groups and *caboclos*, who lived alongside rivers, and whose employers (rubber merchants) lived in towns in the north and west of the State, which could be reached by river or by air. First Porto Velho, the capital, then Guajara Mirim were opened up in the 1970s by the construction of a highway, the BR 364, which attracted hundreds of thousands of colonists into the area; the region then became the scene of a classic American population settlement, which, despite its rivalries and land disputes, gave the most resourceful and courageous colonists, as well as less scrupulous adventurers who had come to try their luck on the "frontier", an opportunity for extraordinary social and financial advancement.

It was only from the 1980s on that income from cocaine trafficking began to play a key role in the way regional society developed. The first Brazilians to get significantly involved in international trafficking did so at the end of the 1970s, after the Bolivian trafficker Roberto Suarez had set up his laboratories in Beni, the Amazonian Bolivian State that borders on Rondônia, under General Hugo Banzer's administration. The Bolivians then naturally turned to their Brazilian neighbours for supplies of the chemical products that their laboratories needed to make cocaine (ether, acetone, kerosene, etc.). All the leading "historic" Brazilian traffickers in the region began their activities at that time by fraudulently exporting those chemicals to Bolivia, which were paid for in cocaine that the Brazilians then re-exported for their own benefit. The Amazonian north of Brazil and the Mato Grosso in the south, bordering on Paraguay, through which some of Bolivia's cocaine output travelled, thus became transit routes for Brazilian and Bolivian traffickers, as well as for Colombians who were seeking to diversify their routes.

Local and national cocaine use remained marginal at that time. The cocaine that was available in Rondônia was chiefly destined for export, and the effects of the trafficking were limited to specific border regions, in Guajara Mirim and Costa Marquês, in the capital Porto Velho, and along the border rivers Guaporé, Mamoré and Madeira, whose banks had gradually been abandoned by the population. Some rubber tappers were left to their own devices by their former employers, who had gone over to drug trafficking, while others received gifts from the traffickers in return for their silence and complicity. They soon left the river to try their luck in towns or, in their turn, as traffickers. Of all the Brazilians who introduced drug trafficking into the region and paved the way for later generations, two men played a particularly important role: Nereu Machado de Lima in Guajara Mirim (who was tried and sentenced) and Marcilon Braga de Carvalho in Porto Velho (who was tried and acquitted).

Machado de Lima, who came from a very poor family of migrants, managed within a few years to become the patron of a large and very ostentatious populist movement in Guajara Mirim. He fell foul of the discreet strategies — which were secret but distinctly more effective and durable than his own — of traffickers who were the heirs of the local old merchant oligarchy. His local little "empire" often hit the regional and Federal headlines, but

(1) Research was initially carried out within the framework of an IRD-CNPq agreement with the Museu P.E. Goeldi de Belém, which was supported by the MOST-UNESCO programme from 1997 on. I carried out investigations in the Mato Grosso in October and November 1995, and in Rondônia from April to August 1996 and in July 1997. The investigations were supported at Federal level by the Federal Public Prosecutor's Office (*Procuradoria Geral da República*), the Federal Police and the Federal Narcotics Council.

disintegrated after his death in 1986. Marcilon Braga left a much more lasting criminal heritage in the State. Himself a pilot, and owner of a flying taxi company in Porto Velho, he could draw on a fleet of aircraft and on business contacts from one end to the other of the secret trading network, from suppliers of chemicals in Sao Paulo (Shell, Rhôdia-Rhône Poulenc) to Bolivian producers in San Ramon, Magdalena, Riberalta, Trinidad and Santa Ana (including Roberto Suarez) and Colombians in Leticia and Medellin (including Pablo Emilio Escobar), who supplied the cocaine Braga exported for his own benefit to the United States via Venezuela and the Caribbean.

Unlike Machado de Lima, Braga was on the best of terms with many high-ranking members of the State administration and of Porto Velho's town council: his main trafficking partner was the Governor's pilot; a Federal deputy (Isaac Newton, who was tried and sentenced) helped him to prospect the precursor market in Sao Paulo and the user market in Europe, to invest his capital and to organise the transit of his drugs through Central America, etc. His relations with the elites were so excellent that, when he was charged in 1985 (following a Federal police operation, *Operação Excentric*), members of the State assembly signed a *pronunciamento* protesting publicly against police violence and collectively vouched for the trafficker's honourable character. Braga's trial ended with his being acquitted in 1987. He further stepped up his activities until his accidental death in 1989. In all, he did more than anyone else to make trafficking a fact of life in Rondônia. He pioneered the routes and networks of national and international secret contacts that the following generation exploited and diversified.

Braga refrained from seeking political office in the State, but, as we shall see, some of those who succeeded him in his line of business were more forthcoming. Some major traffickers set out to get elected at the end of the 1980s, and that new strategy coincided with an abrupt change in cocaine trading in the region and in Brazil as a whole. The present chapter covers events that occurred in the wake of three simultaneous processes towards the mid-1980s: a) the gold rush of Rio Madeira; b) the appearance of a commercial outlet for Bolivian base paste and cocaine in Brazil itself — in other words, the emergence of a national market; c) the demonetisation of access to cocaine from Bolivian producers.

Garimpo (gold-seeking), the growth of the Brazilian domestic market, and barter.

Garimpo reached its peak on the Rio Mamoré towards the middle of the decade and ended officially in 1991, following a Federal decision which had to be enforced with the help of river police. When it was at its height, there were believed to be 6,000 balsas (rafts equipped with pumps to suck up the alluvial deposits on the bed of the river and process them on the surface) spaced out along some 400km of river between Vila Murteira, near Guajara Mirim, and Porto Velho. For six years, between 10,000 and 20,000 people camped on river banks, which were otherwise generally uninhabited; 5,000 - 6,000 of them worked on the Rio Mamoré, a few hundred metres from the opposite bank of the river, where Bolivian cocaine-refining laboratories were located. In other words, thousands of often penniless Brazilian gold prospectors, isolated in the forest and abandoned by society, and hundreds of Bolivian cocaine producers and dealers faced each other on either side of the river.

It was notorious that the divers using their pumps on the river bed were subjected to very severe physical and mental constraints, and that they used to smoke the base paste (with tobacco or *maconha*) as a way of relieving the tension of working under water for several hours under totally inadequate safety conditions ("On some days, I would see up to three dead bodies float past Porto Velho on the current," said a *garimpeiro* trade union official). The *garimpeiro* population used a lot of cocaine, and had a very simple way of getting hold of it: they would cross the river, since Bolivian distributors had fitted out "*bocas de fuma*" on the river bank, with access at night via canals that were sometimes marked out with beacons. But the market was also organised on the spot, on placers, with cocaine supplied by many small dealers from the region or, in some cases, *garimpeiros* themselves, who got their supplies from Guajara Mirim, Riberalta and various other Bolivian towns on the left bank of the Rio Mamoré.

That marked the beginning of the mass use of cocaine base paste in the State. The *garimpeiros* accounted for several thousand users, both regular and occasional, many of whom continued smoking once they had decided to leave the *garimpo* and settle in Porto Velho or some other town. They then played a far from

negligible role in the setting up of the first networks that supplied the urban population of the region. Cocaine use began to interest the poorer strata of the population, and some of the most deprived inhabitants of working-class areas quickly saw that small-scale urban dealing was a way they could make money. The figure of the urban trafficker began to take shape in Porto Velho at that time. Other former *garimpeiros* managed to invest their earnings and also to go over into legal and respectable professions that played a strategic role in the operation of this new local market. Many of them became taxi drivers, for example: with the vehicle they used for their work, they could traffic on their own behalf or on behalf of someone else; but they could also be content merely to provide a kind of covert public relations service. Taxi drivers often managed to make themselves indispensable in the tricky process of establishing contact between illegal sellers and buyers. In this way they supported small and medium-sized local trafficking by pointing local buyers in the right direction, but they could equally well guide buyers from other States in Brazil. And lastly they could sell their services as transporters⁽²⁾.

But in between the fledgling local market in the towns of Rondônia and the international market that was still inaccessible to most *garimpeiros*, there was also a third market: the *national market*. Some *garimpeiros* had not waited for gold prospecting to be banned before realising that the cocaine trade was much more lucrative, and physically less dangerous, than the extraction of gold specks from the river bed. A new population of small and medium-sized traffickers from those areas helped at that time to set up a multitude of small networks conveying cocaine throughout the country and supplying the domestic market that was in the process of formation.

In addition to these phenomena, it is important to take into account the amount of Brazilian-extracted gold that was smuggled out of the country by "true *garimpeiros*" (as they liked to call themselves). While it was profitable to sell one's gold to Brazilian traffickers, it was, quite logically, even more profitable to exchange directly one's gold for the cocaine on offer on the other bank of the river, as long as one knew of a "*canal*". Entering, and even setting up, such a "*canal*" was hardly a problem, since the *garimpeiros* maintained their contact with Brazilian traffickers who bought their gold and with Bolivian sellers on the other side of the river. And in any case contacts of

that kind were easy to establish among *garimpeiros*, a profession noted for its solidarity. These "true *garimpeiros*" were probably reluctant to take on the competition of big local traffickers on their own ground, the international market, but there was free access to the domestic Brazilian market. So they focused on that market, and helped it to take shape and to expand. One may assume that the *garimpo* had become *one of the centres of the growth of cocaine trafficking at local and national level*, before it even disappeared. It was certainly not the cause of that growth, but it contributed to it by speeding up the formation and diversification of the networks supplying local and national cocaine users. Soon, every stratum of the population was involved in both trafficking and use.

Lastly, it is worth noting that, in addition to drug use and trafficking, the *garimpo* fulfilled yet another role in the structure of the cocaine trade at State level. Most traffickers of any importance would buy a *balsa* (or several), which they did not bother to put into serious use. They would buy *balsas* near their production plant from "true *garimpeiros*" at a higher price than that practised by traders or buyers duly licensed by the State. This suited the "true *garimpeiros*", while the traffickers would quite legally sell the gold they had just bought with their narcocapital, declaring it to be the product of their own *balsas*. Such practices were very common, and in the cases with which I am familiar all major traffickers at that time owned at least one *balsa*, which they used to legalise part of their illegal income.

Bolivian sellers managed to adapt themselves to this change in the structure of the Brazilian market. They may even have anticipated and encouraged it. They took gold from the *garimpeiros* in exchange for their cocaine, but they would also agree to barter any kind of stolen goods as long as they could sell them at a profit on the Bolivian market. Yayo Rodriguez, for example, one of the client-cum-suppliers of Braga de Carvalho in San Ramon, became a leading receiver of stolen goods at that time. It was said that "*his fazenda looked increasingly like a huge car park*"; he put vehicles there that had been stolen in Brazil and passed on to him in exchange for drugs. Thefts of cars and lorries began to become increasingly common on the BR 364 and in all the towns. But, as we shall see later on, there were also thefts of aircraft and cattle; and cassiterite, rice and coffee, among other things, were smuggled out of the country.

(2) Teams of taxi drivers, in radio communication with each other, and often organised by former gold prospectors, used to ply the road between Guajara Mirim and Porto Velho from the end of the 1980s on. They provided a major road link for cocaine between the Bolivian border and the State capital. One of the teams was based in Guajara Mirim, but others came from Porto Velho. A Guajara Mirim town councillor was involved in one such case (as owner of the drugs).

The generation of major traffickers who came on the scene towards the middle of the decade were sustained by the emergence of a mass market within Brazil, and they too adjusted without too many scruples to changes in the conditions of access to cocaine. Several of them, among the more powerful, maintained links with teams of thieves and receivers, as a way of acquiring the goods they needed to exchange in Bolivia (in some cases, they directly recruited the thieves so they could control them). In Cacoal, for example, the Rabelo brothers were among the first people to plan and organise the theft of vehicles destined to be exchanged in Bolivia. As far back as 1987, Abdiel Rabelo organised thefts on the BR 364 and throughout the region⁽³⁾, and called upon the services of various representatives of the regional vehicle market and garages owners, who took charge of stolen vehicles, changed their registration plates, restored them, removed the serial numbers on their engines and on vehicles etc. Cars, lorries, vans and *caretas* (the tractor units of trailer trucks) were then sent on to a warehouse in Rolim de Moura, where they waited to be delivered to Bolivia via Costa Marquès.

But the Rabelos were not the only people operating in the State. At that time, groups of thieves were reported in all the towns along the BR 364, from Ji Parana and Vilhena to Jarù and Ariquemès. The dynamics of the simultaneous increase in thefts in all the towns soon resulted in each of these groups threatening drivers in neighbouring towns, rather than those in the town where they had their base and their networks of known and respected receivers/disguisers⁽⁴⁾. Rabelo's thieves plagued Vilhena, Ji Parana and Ariquemès, for example, rather than Cacoal, while those based in Ji Parana came and cleaned up in Cacoal. These practices took on such proportions in the towns on the BR 364 that accomplices needed to be found in the administration, and in particular in the Ciretrans, municipal departments in charge of regularising vehicles (registration, issuing of legal papers, tax discs). It was not merely a question of buying the neutrality and silence of officials. Staff needed to be active accomplices of the traffickers/thieves and put the Ciretrans into operational service so they could legally forge the identity of the stolen vehicles (vehicles with legal papers, even if they were forged, could be bartered at a much higher price in Bolivia than the rest). During the second half of the 1980s and afterwards, control of municipal Ciretrans seems to have become an important strategic challenge for traffickers: "*The Ciretrans of Ji Parana, Presidente Medici*

and Cacoal are well known in the State for being factories that regularise (esquentar) the papers of stolen vehicles", a Federal policeman wrote in 1991⁽⁵⁾.

The economic and social effects of money laundering

The cocaine market centred on a number of illegal activities to which it offered a profitable outlet through the exchange of stolen goods (vehicles, aircraft, farm machinery, electronic equipment, cattle etc.) or goods illegally smuggled out of the country, whether farmed (rice, cereals, coffee) or mined (gold, cassiterite). The *garimpeiros*'s legal but untaxed output (gold), and the illegal output of certain logging companies (mahogany) could also be sold profitably in this way. In the latter case, traffickers who took over a legally registered *madeira* company (or madeiros who became traffickers) used part of their income from drugs to buy precious wood illegally extracted by their colleagues, known as "picapau", who felled, cut up and secretly transported the timber at night into no-go Indian Areas. They then sold the timber through their company, thus carrying out a money laundering operation similar, in principle, to that resulting from the purchase of *balsas* on the *garimpo*.

All these practices enabled drug money to be laundered by boosting income from a wide range of illegal activities, from theft and tax evasion to smuggling and the plundering of Federal coffers. Some such practices made it possible to regularise simultaneously the sources of cocaine trafficking income and that arising from other illegal activities. The connection between the cocaine trade and other criminal activities was a strong one. It greatly stimulated all the sectors of illegal activity which it enhanced, but its effect on the legal economy remained limited when dirty money was not directly invested in it. On the other hand, when traffickers moved into the legal economy the effects could be far-reaching, since their exceptional financial clout enabled them to undermine the competition and conquer otherwise inaccessible markets. They could force competitors who could not keep pace with prices that were artificially bolstered by drug money to withdraw from the market, or else maintain their position by entering the illegal

(3) See above-mentioned report on groups of thieves in Mato Grosso.

(4) Interview with the civilian police in Cacoal, August 1996.

(5) The Ciretran in Rolim de Moura is also often mentioned (interview, Porto Velho).

economy in turn or joining the clientele of rival traffickers. It should be noted that businesses might find themselves in difficulty irrespective of the injection of illegal capital into their sector of activity, and resort to the services of traffickers to invest their money in one or several purchases of cocaine, merely in order to earn interest from their advance (which could be almost 100%) once the transaction was over, without getting directly involved at any time. They could thus put their cash flow back on a sound footing and, once again artificially, sustain their market position. Such virtually risk-free practices were common in all the towns along the BR 364. They also involved members of the middle classes in Porto Velho, who saw them as a way of getting out of temporary financial difficulties, or of making some easy money. It was not unknown for these practices to modify the structure of the population making up the financial elite and to give more power to businessmen with access to drug money. They could also undermine and even marginalise and gradually eliminate company bosses who abided by the law in their sector, by ruining them or causing them to withdraw from the market — or else to get involved directly or indirectly in trafficking. There is evidence of this phenomenon in several very localised sectors of activity (I have described its effects elsewhere, in civil engineering and the pottery trade in Guajara Mirim (note. *Activity Report N° 5*). But here I shall examine one much more important and sensitive case at State level: coffee production in Rondônia.

In 1983, the Rabelo brothers' Machina Rio Doce was still only a modest coffee warehouse. Jabes Rabelo travelled throughout the parts of the region that had been settled and bought up coffee harvests. He had known the colonists' milieu well for many years (he had been an INCRA official), and he set about using part of his dirty money to buy harvests *for a higher price than that usually practised by his competitors*. What made life even more difficult for them was the fact that he could afford to sell his coffee for less than the normal price in other States, as can be seen from a remark made in confidence by an independent *cerealista* in Cacoal: "*Cerealistas use coffee to launder drug money*," the trader said. "*And it's easy to prove that from the firm's accounts and the market prices: the companies owned by a Federal deputy, Jabes Rabelo, have been buying coffee at above the normal rate since 1984, and selling it to companies outside the State at less than the market price, thus discouraging all competition*"⁽⁶⁾.

This business operation was hardly profitable, and probably made a loss during the first few years. But Jabes Rabelo had the financial resources to support that loss, and it was probably not difficult for him, in the circumstances, to conquer the market and oust his competitors within a few years. In any case, by 1991 Machina Rio Doce had become the main *cerealista* company in Cacoal. Some independent traders still complained about unfair competition from Jabes Rabelo⁽⁷⁾. But others had already been ruined, or bought up by him in the name of a third party. Many seemed simply to sell to Rabelo himself the coffee they bought from settlement areas for a good price (imposed by competition from Rabelo), with the result that increasing amounts of coffee produced in the State of Rondônia were gradually bought up by Rabelo, directly or indirectly.

It was "*from Cacoal that the great majority of tax declarations concerning the buying and selling of coffee in the State now emanate*"⁽⁸⁾. The municipality was not a big producer of coffee compared with other neighbouring municipalities, which produced more. There are several complementary explanations for this phenomenon: a) the increase in the trading area of companies belonging to Jabes Rabelo himself, or of those in Cacoal which he had bought up through front companies; b) the increase in the trading area of independent Cacoal *cerealistas*, who stepped up their activities on the market in the wake of Machina Rio Doce, thanks to their access to the illegal cocaine market (and the possible buying up of *cerealista* companies through a front company; c) the selling on to Cacoal *cerealistas*, and to the largest of them in particular, Jabes Rabelo, of coffee harvests bought by traders in other municipalities in their own trading areas. These might be companies taken over by Rabelo outside Cacoal, through local front companies, but they might also be independent *cerealistas* who bought coffee for a good price in their area, thanks to profit margins made possible by the repurchase price offered by Rabelo in Cacoal, who then re-exported the coffee to other States.

On the one hand, Rabelo's companies, his front companies and other *cerealista* traffickers in Cacoal extended their area of operations both within and outside the municipality in which they were established. On the other, *cerealistas* in other towns along the BR 364, well beyond the region of Cacoal, such as Ji Parana, Jarù etc., could survive the prices imposed on the mar-

(6) Porto Velho Federal Police archives, trial of A. Rabelo. Testimony taken down by the Federal Police commissioner in charge of investigations following the arrest of Abdiel in 1991.

(7) The above testimony was taken down at that time. It is possible that in order to meet competition from the trafficker some *cerealistas* themselves got involved in trafficking so as to build up a slush fund like his, independently or not of the Rabelos's illegal system. The involvement in trafficking of several Cacoal *cerealistas* was in any case attested to by my interviews in Cacoal, as well as by police archives.

(8) Interview with an official from SEPLAN (Secretaria de Estado do Planejamento e Coordenação Geral), Porto Velho, 1995.

ket by the Rabelos only by selling back coffee to them, or to their official or unofficial representatives in Cacoal or in their towns: the Rabelos now stepped between them and the national market. In any case, the process was inevitable: if Jabes Rabelo was already the biggest *cerealista* in his town in 1991, four years later Cacoal had also become *the municipality buying and exporting the largest amount of coffee in this federate State*⁽⁹⁾. The elites in Cacoal felt it would be appropriate to bestow an official honour on the man who had become "the biggest buyer in a town that had become the biggest buyer of coffee". Jabes Rabelo was accordingly elevated to the title of Citizen of Honour of Cacoal⁽¹⁰⁾: the municipal council could, it is true, be proud of the fact that one of its citizens was *the State's biggest buyer and exporter of coffee*.

Questions about the "coffee miracle"

Rondônia's civil servants, engineers and specialised technicians could not in theory have been unaware of the economic phenomenon whose driving force until today has been Cacoal and Jabes Rabelo in Cacoal. The more perspicacious people questioned during my investigations speculated about the nature of the "coffee miracle" in Rondônia, which the Rondônian authorities liked to promote in the rest of Brazil (proudly and probably in good faith, in the case of many of them).

An experienced official with SEPLAN had noted certain anomalies. He observed for example that Rondônia produced the same type of coffee (robusta) as was grown under much more profitable conditions on the big plantations of Esperito Santo. He noted that the latter plantations were located only a few kilometres from large export ports, and had direct and rapid access to the cities of southern Central Brazil. Now the lorries which bought Rondônia's coffee output had to drive along tens of thousands of kilometres of colonists' tracks in very poor condition (none of them was asphalted), while wasting a considerable amount of time in different places loading up the few sacks that each of the thousands of small settlers had managed to fill.

According to the same official, the costs of transport and fuel entailed by buying coffee in Rondônia should alone have accounted for "50% of the product's export price" (not to speak of

the cost of transporting the coffee to coastal ports). The interviewee reckoned that Rondônia's small production could not have been competitive, in theory, compared with the large plantations of Espirito Santo unless the settlers of Rondônia were very poorly paid for their work⁽¹¹⁾.

The trouble is — and this time it was a manager with Conab in Porto Velho who expressed surprise — that "*Rondônia coffee producers are not underpaid*". "*We cannot tell you anything about the coffee of Rondônia*", he said initially, "*as we don't have any data that can be used for your research. Our organisation's job is to intervene on behalf of the State in regions where producers are not adequately paid by traders. Now it so happens that we have never had to intervene on the coffee market; prices are always satisfactory, and the colonists haven't complained. We have no data on coffee*"⁽¹²⁾. During their interviews with me, the two officials from Seplan and Conab drew no compromising conclusion from their observations. They expressed their "surprise" and hinted at something which neither of them agreed to say openly, and which was subsequently confirmed throughout my investigations: *the success of coffee production in Rondônia results from the fact that the trader who dominates the whole market in the State, Jabes Rabelo, supports the purchase price obtained by producers, and that this subsidy is itself funded by dirty money from cocaine trafficking*.

Coffee production in Rondônia (in other words "the Rondônia miracle") was and remains today subsidised by cocaine money. By investing his dirty money in rural trade (the legal activity with which he was most familiar), Rabelo embarked on a process that irresistibly encouraged him to take control of a market which this time involved hundreds of companies and, beyond that, tens of thousands of small producers. He took his intervention to its logical conclusion, and completely changed the structure of the market itself at State level by concentrating it in his own hands (directly or through third parties). That process had the effect of seriously harming the interests of his competitors, who were in danger of disappearing or of losing their commercial independence, with the result that Rabelo was probably forced, in order to safeguard his position, to take preventive action against possible political or legal reactions on the part of trading circles. He had to build up a network of alliances in order to establish, preserve or consolidate the balance of power in which he was engaged *within the elites*.

(9) Interview with an official from SEPLAN (Secretaria de Estado do Planejamento e Coordenação Geral), Porto Velho, 1995.

(10) Rabelo was informed he was about to receive this honour shortly before I visited Cacoal, four years after the Federal Legislative Assembly had quashed his mandate. The deputy's mandate was quashed not because of his involvement in drug trafficking, but because he had supplied his chauffeur with a fraudulent official pass to the Federal Congress, and because his employee may have used it to evade police checks.

(11) Interview with an official from SEPLAN, Porto Velho, 1995.

(12) Interview with an official from Conab, Porto Velho, 1995.

It was already becoming clear why *electoral mandates and honorary titles were valuable and indeed indispensable to the Rabelo brothers* (whereas they were of no interest to others, and could even get in the way of their strategies, as was the case with the Braga de Carvalhos for example, when the use of their illegal earnings did not cause strong economic and social tensions). This "need for political commitment" was probably a burden to all traffickers whose legal activity became a focus for the investment of their dirty money, when the legal sector in which they operated was affected by it, and when tensions emerged within the elites (another case in point is that of Ernandes Amorim, a major trafficker in Ariquemès, a *garimpo* magnate, a prefect of his town, and now a senator).

In any case, it may be supposed that the *political* conversion of Rabelo's power was made all the easier because the form his investment took on the coffee market — higher and guaranteed prices for producers — enabled him to build up simultaneously very broad and solid grassroots support which could easily be mobilised and used when an election was in the offing. "Rabelo is greatly liked by the settlers". Thanks to coffee, Jabes Rabelo became the *de facto* benefactor of thousands of people in rural areas. And they were right, from their point of view, to believe what Rabelo said when he prided himself on their support in his public speeches, and when he affirmed his determination to protect coffee producers, or to warn them against the rapaciousness of his competitors among the elites. Rabelo had little difficulty in completing the constitution of his "electoral herd" (*corral eleitoral*) by using traditional populist techniques: he was certain of a triumphant victory when he began, every year at Christmas and at Easter, to send out lorries full of toys, chocolate eggs and various other gifts and sweetmeats which were handed out to the children of the poor, and when he provided drinks for charity fêtes free of charge. The political rise of Jabes Rabelo was jeopardised by the arrest of his brother in São Paulo in 1991 in possession of 540 kilos of cocaine that was about to be exported. But his following among the population and his financial power were in no way affected.

(13) Porto Velho Federal Police archives, trial of A. Rabelo.

The trafficking organisation: legal fiction and clientelist fact

The Federal Police commissioner who led investigations into Jabes Rabelo's entourage, following his brother's arrest, noted the determination of all those he questioned to conceal the names of company shareholders. In this respect, he noticed a strange atmosphere⁽¹³⁾:

"The position of some people in the Rabelos's companies is curious: at Maxbram, Olivar Barbosa is listed as owner, but he does not run it. Instead of him and Nascimento, it's Rosemar who is manager, although he is not registered anywhere, not even as an ordinary employee. Conversely, Rosemar is registered as joint owner of Transpress Ltda, but the man who runs Transpress is "Tiao", who is a loader at Maxbram and a manager of Transpress. When Tiao was told he was going to have to give evidence to the police, he went off to lunch and never returned."

The commissioner's sarcasm was evident once it had been revealed that there was a clear discrepancy between the legal farce of company statutes and business names on the one hand, and the actual hierarchy on the other, which made it possible for criminal activity to take place. I cannot dwell on the musical chairs that took place among the shareholders and employees of all these companies during the years 1984-1991 (among whom there was at least one member of the Rabelo family). But I can, on the other hand, analyse more precisely the significance and effects of this functional discrepancy.

At a legal level, there existed a set of declared contracts and statutes involving persons and companies that made it possible to allay the suspicion not only of representatives of the law and the State, but of anyone active outside the sphere of illegal trafficking who might want to use their services in accordance with the company's legal name or to contact them for some reason or other. It was that first level of activity, one usually known as that of the "fronts", that the commissioner first had to deal with at the beginning of his investigations. He then noted that the contractual and hierarchical links that had been officially put down on paper were meaningless: his interlocutors, who were caught unawares by the arrest of their boss, were ill prepared to don suits and describe the roles that had been al-

lotted to them by virtue of their legal posts, always supposing that they could still remember them — indeed, the most modest of them had never been told what their role was.

The general terms "front" or "laundering" are however inadequate to describe the Rabelos's illicit organisation. The Castanhal *fazenda* and Machina Rio Doce, for example, fulfilled very different functions within the system set up by the Rabelos, even if both of them could be described by police and journalists as "front" or "laundering" companies.

What they probably had in common was their ability to conceal illegal operations behind a legal mask and to convert illegally acquired wealth into wealth that was legal and declarable to the State. But one can differentiate more precisely between the actual functions of these various companies, according to their operational influence, or not, on actual trafficking, and the nature of the money laundering operations they permitted. There is therefore a distinction to be made between:

a. *Front investments without any legal profitability or money laundering function, but possessing operational functions:* It was the case with the Alta Floresta d'Oeste *fazenda*, for example, which served solely as an air stopover and warehouse for strictly trafficking operations. There was no cultivation or growing of any kind. The money invested in it served solely to maintain the airstrip, build makeshift huts and pay the peoes guards. A comparable status was typical of the transport companies that had no staff or fleet of lorries: they simply served to receive freight from third parties and, using lorries and drivers also hired from third parties, to transport and camouflage cocaine consignments. The possibility of legally declaring the income that arose from such operations was only a marginal, if not fortuitous, consideration within the whole system. Such companies were obliged to keep an extremely low profile: it was out of the question for Transpress, for example, to advertise itself. Its legal profitability on the market was probably of no interest to Rabelo, whose first reaction, when the Federal Police swooped, was to get the company logo removed from the front of the building.

b. *Front investments possessing an occasional money laundering function and possibly legal profitability, but without any operational function:* This was the case with all property invest-

ment which could increase in value on the legal market, such as apartments in São Paulo, on the coast or elsewhere, as well as vehicles, jewels and luxury furniture, etc. *The money laundering consisted in this case simply of acquiring with illegal funds a legal deed of ownership* capable of rising in value on the market. These were straightforward investments and did not make it possible to launder dirty money on a continuous basis, unlike the following investments.

c. *Front investments possessing a continuous money laundering function, but without any legal profitability or operational function:* This was the case for example with the balsas on the garimpo, which could result in an outright loss on the legal market if no gold was extracted on the balsa. On the other hand, such investments enabled *dirty money to be laundered continuously*, according to the system described above. Some logging companies bought by traffickers from outside the profession could perform a similar function by unofficially buying illegally extracted precious timber and declaring its sale as part of the buyer's own production, as we have just seen⁽¹⁴⁾.

d. *Front investments possessing a continuous money laundering function, and possibly legal profitability, but without any operational function:* These investments combined the two previous types of dirty money investments. It was the case with the Estoril Palace Hotel and the Ramadas Hotel, for example, which in themselves constituted a *dirty money investment capable of generating clean money*, such as property that could be sold at a profit on the market, but also as companies that were remunerated for their services (unlike villas or luxury vehicles). In this respect, hotels had the advantage of making possible *the continuous laundering of extra dirty money*, by declaring for example a certain percentage of rooms occupied in a tax year which had in fact never been occupied⁽¹⁵⁾.

e. *Front investments possibly possessing legal profitability, a continuous money laundering function and an operational function:* Such investments combined all the advantages of all the previous types mentioned. This was naturally the case with funds invested in the purchase of coffee in settlers' areas and in the running of the Rabelos's cerealista companies: after the first few years, when prices were slashed, competitors eliminated and the market captured, funds invested in coffee purchases, staff salaries and mar-

(14) It is true that such investments were also of an operational nature, by enabling cocaine to be hidden among timber and transported. *The balsas*, when purchased by traffickers from Guajara Mirim or Porto Velho, could also be used as transit warehouses when cocaine was being transported by river.

(15) Abdiel Rabelo's wife was in charge of running Estoril, but I do not know if she in fact falsified the accounts.

keting infrastructure began to become *profitable on the legal market* (albeit with a lower-than-average profit margin), while at the same time making it possible to invest and *launder dirty money continuously* (through companies' tax declarations, including coffee bought by others without any declaration and sold on to the Rabelos, who then declared it as coffee they had bought themselves). Such investments were simultaneously of a direct operational nature, by enabling *the transport of cocaine camouflaged* in coffee consignments exported out of the State.

This functional classification of investments of illegal funds in the Rabelos's system is of purely informational value⁽¹⁶⁾. Let us keep in mind simply that investments of the last kind, *which combined all the functions of legal profitability, continuous money laundering and trafficking operationality were also those which guaranteed both the greatest amount of power and the best protected company name*. This was true of the Rabelos's *cerealistas*, as indeed it was of the Braga de Carvalhos' airlines, the garimpo of Erandes Amorim and the madeireiro companies of many traffickers on the BR 364, etc.

That is why the names of the shareholders in any of the companies did not mean much, except that they had agreed to lend or sell their name, in return for a remuneration that did not necessarily consist of dividends on the profits of the company concerned, always supposing it was able to make any. They tended rather to be given gifts, cars or cash in return for their name and their silence, and did not themselves describe such transactions in business terms. They preferred the standard rhetoric of clientelism: they were "friends", and it was because they were friends and supportive of each other that one of them might offer his name and be lent a car in return. No written contract was worth anything compared with one's word and a commitment of loyalty, which was the only tangible law, unwritten but binding, since its transgression could carry a risk of being killed.

The police commissioner could feign surprise at the fact that the man legally in charge of a Rabelo company seemed subordinate to a man who on paper was registered as his employee, and that the same man who "gave orders" in the company was a subordinate in another company where on paper he seemed to be registered as the owner: the commissioner simply noted that the actual clientelist hierarchy in the Rabelo group had no connec-

tion with the allocation of responsibilities in the legal, but perfectly fanciful, organisation chart of his little "empire".

In the political domain

When traffickers decide to make a bid for electoral office in the apparatus of State, they may have met other traffickers on the political scene who had embarked on rival clientelist manoeuvres locally or regionally. They then competed with each other at the polls, though their sparring could not be interpreted as being a political expression or extension of rivalries connected with their common illegal activities: *there existed no traffickers' "Party" as such*, even though, as we shall see, a large proportion of them rallied for a time to the PTB in Rondônia. Conversely, *no political party could guarantee that it did not have traffickers in its ranks, either as members of its support committees or as electoral fund providers*.

A straightforward but implacable process had taken hold of the State's electoral activity many years earlier, comparable in its principle with the process described in the economic field: so-called "millionaire" campaigns financed by traffickers disrupted the candidates' election budgets to the benefit of those who enjoyed largesse from the traffickers, or who were themselves traffickers. Drug money invested in certain campaigns thus had the effect of artificially increasing the amount of finance that *everyone* needed for their election campaign, with the result that those who did not want to withdraw from the political battle were forced, at best, to turn a blind eye to the origin of certain funds made available to support their own campaigns.

The history of links between drug trafficking and politics in Rondônia culminated spectacularly in October 1990 with the murder of Olavo Pires, a senator and trafficker. His murder marked regional political history, and it is worth lingering on because it reflects a strategic divergence and a distinct geographical opposition between two clientelist networks in which traffickers were involved, between the northwest and the southeast of the State.

The northwest region corresponds to the historical axis of drug trafficking, which runs from the Bolivian laboratories of

(16) Other subclassifications could be made, involving other combinations, as in the case of the Castanhal *fazenda* and its herd of cattle (a source of continuous money laundering thanks to the cattle, and operational as a cocaine transit warehouse), or in the case of aircraft (a source of occasional money laundering for Rabelo, but of continuous money laundering for the Bragas, for whom the aircraft were a legal work tool, and operational in both cases), etc.

(17) Francisco Pereira Torres, known as "*Chico Torres*" or "*Odorico de Amazonia*", was a former *garimpeiro* who owned rubber buying firms in Rondônia and Acre, and hotels and much other property in Porto Velho and Guajara Mirim. The same was true of Irandé de Castro, owner of the Aquarius Selva Hotel (long a favourite meeting place of traffickers in the capital) and of a great many buildings in Porto Velho. Antonio da Silva, known as "*Toninho da Silvaca*", came from Ceara in 1978-1979. A former taxi driver, he owned in 1988 the largest private fleet of cars, much property and the car hire firm Silvaca.

(18) It is true that other unscrupulous figures also entered the Santana government, such as Olimpio Miranda, another PMDB Federal deputy and a police commissioner, who became Secretary of State for Security in 1987. *Witness O.2*. Miranda was promoted to the government through the intervention of José Vianna (and not Pires), a Federal deputy, whose son-in-law was shortly afterwards arrested in possession of 15 kilos of cocaine, and was opportunely bailed out thanks to the direct intervention of the Secretary of State for Security, who prevented the Civil Police in Ji Parana from taking any initiative ("*It would be the worst possible disaster for Rondônia*"). *Witness O.1*. During his three years' service at the head of the Ciretran in Ji Parana, Miranda is thought to have fraudulently legalised the papers of 300 vehicles, which were then made available to his party for the election campaign.

Beni to the capital, Porto Velho, via Guajara Mirim and the *garimpo* route. Transit is easy and converges on the capital, which is the seat of the State administration and the scene of major capital flows and investments. It so happens that geographical features made it possible for traffickers already established in the region, between Guajara Mirim and Porto Velho, to enjoy direct access to institutions and senior officials in the State administration in Porto Velho, while carrying out their activities along the most important and accessible route of illegal cocaine trafficking. Also to be mentioned are the towns closest to Porto Velho on the BR 364, from Ariquemes to Ji Parana, although traffickers operating in those last-mentioned towns could depend for their supplies on the region of Costa Marquês as much as on Guajara Mirim (Ji Parana marks the southernmost limit of that zone). The focal point of the region was the capital, its infrastructure and its international airport, with the result that those who controlled it long enjoyed a dominant strategic position in the State, from both an infrastructure and a political point of view.

The leading historical traffickers of Porto Velho were known to everybody⁽¹⁷⁾, but they were all careful not to bring the political community into disrepute. Such influential figures as Marcilon Braga de Carvalho never showed any desire to expose themselves on the front line of politics. The low profile kept by such traffickers, who had good connections with the social, political and financial elites in the State capital, and the relative distance they kept from the trials and tribulations of public life were very different from the behaviour of their colleagues operating in the vast forest and settlement zones of the southeast of the State (such as Jabes Rabelo).

The southeast region was the stronghold of Jabes Rabelo and his political mentor, the senator and trafficker Olavo Pires, who had a political enclave in the south of the region, on the drug trafficking route that led from the Bolivian laboratories on the tributaries of the Guaporé to Cacoal and Vilhena via Costa Marquês and Pimenteiras. This region, which is remote from the capital, consists of vast tracts of forest and recent settlements; it has no major administrative or trading centre (except for the towns along the BR 364 themselves), and transit is not easy. The traffickers of Vilhena, Cacoal, Pimenta Bueno etc. were in a marginal situation compared with their colleagues in the northwest. The most im-

portant of them could probably pride themselves on directly or indirectly enjoying local power in the municipalities and having direct or indirect access to legislative representation at State or Federal level, but the central apparatus of the Federal State of Rondônia, which was centred in the capital, was for a long time beyond their control. It was this strategic imbalance, according to a senior officer in the military police, which caused networks based in the southeast to start their drive to "conquer the capital" at the beginning of the 1980s, and which eventually resulted in the assassination of the senator.

When he was elected senator in 1987, Pires still belonged to the PMDB, the former party that opposed the military dictatorship. In that party, he rubbed shoulders with governor Geronimo Santana and forced him to appoint a trafficker friend of his to the post of Secretary of State for the Interior and Justice⁽¹⁸⁾. The strategic decision taken by Pires at the time was to leave the PMDB and "*switch parties in order to bid for the State government*" by bringing together the main traffickers among his political clientele into a single political party, the PTB. His decision to bring in traffickers who had personally mobilised in favour of the senator gave them a public conspicuousness to which the other great State traffickers had hitherto rarely exposed themselves, and at the end of the 1980s and beginning of the 1990s the "*bancada*" of the PTB in Congress quickly acquired a disastrous reputation that embarrassed all representatives of the State of Rondônia affiliated to other parties, whatever the nature of the links some of them may have had with trafficking.

My information on Pires's specific trafficking activity is patchy, as the senator rarely brushed with the law, apart from the seizure of 42 kilos of cocaine in the 1980s that were in the possession of one of the pilots working in his department. The senator was cleared in this case (and he got his plane back), as he was at a later date, when police identified traces of cocaine in the boot of his car. Operating as he did between Cacoal and Vilhena, Pires knew Audemir Braga de Carvalho well at the beginning of the 1980s, and probably also knew the network of Colombians led by Camillo R. Gonzales, who had established themselves near Vilhena (they all gravitated around Braga de Carvalho in Porto Velho, with whom it seems that Pires did not get on at all well). Pires, who was a Federal deputy at the time, probably already knew the Rabelo family, since they also saw a

(19) The move — or the mere fact of having planned to carry it out — reveals an astonishing belief on the part of these outlaw nouveaux riches that their activity was subject to impunity, if not actually "legitimate" in their eyes. It shows how extremely commonplace drug trafficking had become in the highest echelons of social life and the State of Rondônia. These men repeatedly indicated their intention to take advantage of their political status in the State to neutralise the Federal Police. Pires also pledged that if he became governor he would "deactivate the CONTREC" in Rondônia.

(20) This rumour, along with others, was made public by the Brazilian edition of the magazine *Playboy*, which in 1991, just after the arrest of Abdiel Rabelo, published one of the few in-depth reports on large-scale drug trafficking in Rondônia at the time (*Playboy*, October 1991, p. 150). I do not know whether the rumour was false or partly true. The quantity of cocaine mentioned seems very exaggerated.

lot of the Braga de Carvalhos during their early years as drug traffickers. Later, the senator's name was mentioned in connection with the misappropriation of precious wood, which suggests he used the widespread practice of exchanging precious wood illegally extracted by *picapau* for cocaine, and may have used consignments of timber to ferry drugs out of the State.

Pires redistributed part of his income *throughout the State*, through a charity bearing his name, and with the sole aim of establishing, consolidating or extending his electoral support, in other words for directly political reasons designed to earn him a mandate at State level. The Olavo Pires Foundation was probably used for money laundering (since illegal funds were used for its operation and legalised in its capacity as a charity), but money laundering was probably not in itself the company's main objective. The senator also misappropriated medical products issued by the Union as part of its health service and redistributed them free of charge at his Foundation's counters and in his own name: the legalisation of dirty money was of secondary importance compared with the requirements of clientelism.

Among the public figures who worked alongside Pires, in addition to Rabelo, who became a Federal deputy, and a number of other men from the southeast, there were also representatives of trafficking families in Porto Velho, who have even today continued to enjoy considerable wealth and political and social influence. M.C., for example, sold carpets, records and religious images when he arrived in the capital, but by 1990 he had already become the owner of the State's biggest daily newspaper (with a circulation of about 20,000 copies) and of technical facilities (for printing and type-setting) that were "worthy of the First World". M.C. allowed Pires to express himself in the columns of the State's most influential paper, as well as on the waves of his radio station. This gave him access to the elites of the capital that was all the more productive because the latter themselves had an interest in maintaining good relations with M.C.'s paper. His brother had been arrested once in Brasília in possession of a few kilos of cocaine, and owned a plane (Baron) which at the time operated continuously on routes linking Costa Marquês, Pimenteiras and Cerejeiras with Corumba, Presidente Prudente and São Paulo — in other words the very drug trafficking routes along the "southeast" axis making up Pires's and Rabelo's clientelist and electoral enclave. M.C. was also Pires's "compadre" as

much as his friend, and it was with his brother that in June 1988 they prepared a joint initiative to persuade the Justice Ministry and the Presidency of the Republic in Brasília simply to withdraw the Regional Secretariat of the Federal Police from Rondônia (at a time when M.C.'s involvement in Pires's trafficking activities had been established by the Federal Police)⁽¹⁹⁾.

Another Federal deputy and ally of Pires had one of the largest fortunes in Rondônia. His family also owned a newspaper. He became a senator in the second half of the 1990s despite the fact that his links with cocaine trafficking had often been the subject of a sensational rumour: it was claimed that he ensured "the supplies of Congress members in Brasília" who liked cocaine, at a rate of "about 15 kilos a month, which were sold the day after deputies and senators were paid"⁽²⁰⁾. A third Federal deputy and ally of Pires was a doctor, N.M., who owned a chain of motels in Porto Velho. But his mandate was later quashed for reasons that had nothing to do with trafficking (in 1995 he is believed to have arranged the murder of someone who was threatening to denounce his laboratories; his brother, C.M., also became a Federal deputy. Lastly OS, who later became a senator alongside C.C. and Ernandes Amorim (both of them traffickers or ex-traffickers), owned *fazendas*, much property and a communications group based in Cacoal and Pimenta Bueno. O.S., a very influential and much feared man, was not always credited by people I spoke to with any direct involvement in cocaine trafficking, but no one was in any doubt as to his eminent status as a "godfather" of the traffickers in the region ("*apadrinha eles*"). Etc.

Senator Pires was able then to exert a direct influence on the southeast region of Rondônia (the quadrilateral formed by Costa Marquês, Pimenteiras, Vilhena and Cacoal), with strategic ramifications in the capital which gave him control of powerful communications facilities at State level, and a considerable lever of influence at the very heart of the Porto Velho elites. Lastly, he could rely on dozens of local elected representatives who backed him and his programme — whether or not they knew what they were doing — in all the towns along the BR 364 and the pioneers' routes between Cacoal and Vilhena, Cerejeira, Colorado d'Oeste, Costa Marquês, Pimenteiras, etc. Pires's network would have won the election of 1990 if the senator, who was well placed after the first round, had not been machine-gunned a few days before the second round, leaving his place to the new governor, Oswaldo Pianna.

All the magistrates and police who investigated the murder (they were not, it is true, given the time they needed to complete their inquiry) suspected that friends of the newly elected governor had ordered Pires's assassination. As for what concerns us here, it should above all be remembered that Pianna's entourage may have included just as many traffickers, and among the most powerful, as Pires's, and that their murderous, politically motivated behaviour at the 1991 elections cannot be interpreted as an attempt by a group backing a traditional oligarchic project (officially illegal, but accepted as customary) to block a rival project inspired by the illegal interests of trafficking. The political plan of Pianna's supporters was not executed on behalf of the legal elites so as to prevent the State from being taken over by illegal elites, since both of them associated with traffickers. And in any case, if the confrontation directly or indirectly involved two distinct groups of traffickers, there is nothing to suggest that their divergences arose from rivalries within the illegal activity itself. The antagonistic stance of some traffickers on the political stage did not prevent them from working together on occasion within the strict framework of their illegal business activities. Their political antagonism did not necessarily allow them to flout the basic rules of their outlaw community, or to infringe the censorship that banned any public mention or revelation of illegal activity by any of them, even if they were opponents. The argument that there existed a criminal complicity with drug trafficking was absent from the election campaign, since wealthy traffickers formed part of the organisation chart of each of the two groups of political supporters. Their antagonism seems rather to have arisen from two differing conceptions of the strategy that needed to be followed as regards their relationship, as traffickers, with legal society and more particularly with the political community. On this issue, it would seem that the viewpoints held respectively by the traffickers of the southeast axis and by those in the northwest and in the capital were contradictory.

Pires was a notorious trafficker whose behaviour was often ostentatious, brutal and inappropriate, and many of his supporters behaved like him: they embodied the fraction of the pioneering elite that had suddenly emerged in the State at the beginning of the 1980s thanks to cocaine trading: *nouveaux riches* "barons" of the "cocaine cycle", they were disconcertingly uncouth and naive in their behaviour. Their daring strategy was to rely on powerful political, financial and media networks, and to

bring together figures whose area of activity and populist electoral grassroots were located in a rather out-of-the-way, relatively marginalised part of the State: *for them, the State was a prize worth bidding for*. But in the eyes of the middle classes and of the legal, financial and administrative elites, they were stuck with an outlaw image that offended a large proportion of the people they came into contact with, who may have suffered from or felt threatened by the circulation of dirty money to which they did not have access, or been sincerely shocked and frightened at the idea of seeing prominent traffickers elected to the highest office in *their* State. In this respect, Pianna and his entourage were seen as a more presentable alternative. And in any case their plan was not to *conquer* the State but to *maintain* control of it. Their theatre of operations and electoral grassroots tended to be located in the northwest region around the capital, where most of them, even if they had not originated in the apparatus of State, maintained close and long-standing links with its members. And all they asked for was to return to the administration or perpetuate their valuable links there. Traffickers among their supporters acted *discreetly*, and while they expected the new governor and his entourage to be loyal to their interests, they did not plan to expose themselves personally on the political stage like Pires or Rabelo, let alone band together ostentatiously within a single political party so as to turn it into a power-winning instrument. In short, Pires was not a respectable man, and it was common knowledge that he was a crook (his election might have prompted a reaction on the part of the Federal authorities), whereas everyone could pretend to be unaware of the fact that Pianna's entourage *also* included some leading traffickers, always supposing that he was not one himself⁽²¹⁾. The rivalry between Pires and Pianna's entourage was not between one group of supporters that respected the law and another that was criminal, but two sets of supporters that included outlaws and pursued contradictory strategies when it came to combining illegal activity with public life.

Pires's murder, Abdiel Rabelo's arrest and the quashing of Jabes Rabelo's term of office forced the other major traffickers in the southeast to keep a low profile and to wait for a time in the political wings⁽²²⁾. But for several years now, the successors of the murdered senator's supporters, traffickers on the Pimentearas-Cerejeira-Colorado d'Oeste-Vilhena axis, have seized back the initiative. The D. brothers, fazendeiros who live in the region of

(21) The magistrate who demanded the resources he needed to complete his investigations into Pires's murder was told by one of Pires's colleagues in the senate: "*We did all we could do for Senator Olavo Pires: we held a mass for him*". Many people felt relieved when he was murdered.

(22) Jabes Rabelo continued to move in local high society circles during the 1990s (when he became president of the Country Club, among other things), while continuing his business as a coffee merchant (which resulted in his being elected Honorary Citizen of the town of Cacoal).

Colorado d'Oeste and have a secret route running through their land, recently set out to win over politicians in a manner reminiscent of that used by the late trafficker. They organised a free health service (in particular dental care) for the poorest sections of the population, with similar results: they gained massive support. When I was carrying out my investigations (in 1997), one of the brothers was preparing to get himself elected to the prefecture of Vilhena, outside the electoral enclave of his family in Colorado, but at the transit point of cocaine travelling from Pimenteiras⁽²³⁾. Another brother was preparing his election as Federal deputy, while a third was elected State deputy on a list affiliated to the governor's political alliance. The governor revealed the scale of his ambitions at the Porto Velho Legislative Assembly and the resources on which he could draw in order to satisfy them: he managed to get himself elected President of the State Legislative Assembly by his colleagues after having bought the votes of more than a dozen deputies, a move that cost him something in the region of \$2m in all (expressed in reals)⁽²⁴⁾. The D. brothers, sometimes referred to as the "Kings of the Southern Cone", were understandably seen as heading one of the main "up-and-coming" drug trafficking networks in the State. They had in fact "come up" from the southeast, after a period when the successors of Pires's supporters had had to stay more or less out of politics.

Conclusion: a society ruled by drug trafficking

I do not have information that would make it possible to measure the economic effects of illegal trading in the federal state of Rondônia. However, the information at my disposal does, it seems to me, amply demonstrate *that no investigations into Rondônia's economic activity can reflect the truth of the situation over the past 15 years unless it recognises the scale of illegal capital generated by cocaine and the ways in which it accumulates and circulates*. Unfortunately, the studies on which national and international institutions and organisations have based their intervention in Rondônia since the beginning of the "cocaine cycle" complied fully with the local rules of censorship that forbid its mere existence to be mentioned. Under these circumstances, it is understandable that civil servants and researchers have been forced to note the existence of incomprehensible "miracles" (such as the

notorious "coffee miracle" in Rondônia) in areas where the injection of illegal capital into the legal economy has had its most massive impact.

But the majority of businessmen in Rondônia are of course not traffickers, even if, in some sectors of economic life, they all have to accept that traffickers exist and operate on their markets. Similarly, not all elected representatives are either traffickers or men of straw. On the other hand, it would seem undeniable that *no public figure can hope to get elected in Rondônia against the interests and without the explicit or implicit consent of traffickers*: the minimum condition, in the outlaws' eyes, is that the candidate for any office must provide some implicit guarantee of his or her determination not to mobilise the authorities against their activities. It is in fact the whole population that finds itself, consciously or unconsciously, subject to that censorship, or self-censorship. I shall conclude this study with a discussion of that mechanism.

If one takes the inhabitants of Cacoal, for example, one realises that dozens of them knew something *precise* about the criminal activities of their Federal deputy, without ever knowing quite the whole story. These people were neither blind nor stupid: each of them possessed fragments of reliable and direct information about the Rabelos's trafficking branch of activity with which they came into contact through personal experience. And they also possessed a vaguer type of information, conveyed by rumour, about the rest of the group's illegal activities. Lastly, each of these people had a family, friends and contacts to whom they would reveal parts or all of their knowledge, and who were likely to pass it on to their own circle. In other words, there were thousands of people who possessed a few disparate but rather precise pieces of information, as well as other information which reached them after being distorted by rumour, and which would confirm or complete their speculation in the course of private conversations — without them always being able themselves to distinguish between fact and fiction when their sources were too remote.

In other words, none of the inhabitants of Cacoal in fact had the slightest doubt as to the *existence* of illegal activities organised by Jabes Rabelo. They could speculate about the scale and precise nature of the illegal operations and about the actual

(23) The former vice-prefect of Vilhena owned a transport company and a cement works. He too was credited with trafficking activities (*Witness O.2*).

(24) There was talk in Porto Velho of 13-15 deputies having agreed to sell their vote for 100,000-140,000 reals each (*Witness O.1., Witness 2., Document O.1.*).

amounts of money involved. And as there were several groups of traffickers in Cacoal, as in other towns, they could also speculate about the degree of independence the groups enjoyed vis-à-vis each other, about the names of the "testa de ferro" and those of the actual owners (this was a particularly popular guessing game in people's conversations), the reasons for the latest murder and the identity of the people behind it, etc. Such information was the subject of public conjecture for a time (almost everything gets out in the end). But irrespective of the unconnected details of the latest example of criminal activity, no one doubted or disputed the simplest hard facts that Jabes and Abdiel Rabelo were cocaine traffickers (they got cars stolen in their region and had them sent to Bolivia), or that they had political ambitions (they were capable of killing or arranging the murder of those who betrayed or threatened them). Abandoned corpses and people who disappeared mysteriously periodically reminded the incautious or the thoughtless of what they could and could not do.

The Rabelos's illegal activities were perceived by some as all the more powerful and worrying because they were implicitly denied, and because public opinion itself encouraged that denial. All information connected with trafficking was passed on only within the framework of private relations, to trustworthy people and sometimes under the seal of secrecy. There was in fact no real secret at all, since the same information sometimes spread like wildfire throughout the network of private relations, while always being described as "secret" information... But *everyone knew the absolute limit beyond which it was impossible to go, that of public life.*

Some people might indeed be in the dark about the latest example of criminal activity in Cacoal, as they themselves preferred not to know about it: they would discourage conversations about it or change the subject, perhaps assuming in a confused way that they would be protected by their ignorance (unless of course it was simply that such knowledge worried them). But other people would revel in talking about the shady activities of their deputy, or wax indignant about them, in private conversations where the aim was to seem to be better informed than anyone else. But those same people knew when to keep their mouth shut, or when to dodge the issue in front of strangers: they would say nothing, or say that they knew nothing, just as long as they remained unconvinced that their knowledge would remain in a

strictly private sphere. In other words, just as long as they might wonder whether the person they were talking to had himself agreed to the self-censorship which they had imposed on themselves, and which meant that information could not be released into the public domain.

Some found the consequences of this situation rather comical, and claimed that "the police were the last to know" (as I was often told when people discovered what the subject of my investigations was). This widespread and provocative assertion was an exaggeration, but it reflected the same phenomenon: one could not tell a policeman or magistrate anything *in their capacity as a policeman or magistrate*. Most civil police, local people well integrated into local life, were certainly no less aware of the situation than their neighbours, friends or family, but if they knew something *they owed their knowledge to the fact that they may have been told about it in private, on the understanding that they would make no use of it in their capacity as officers of the law*, in other words on the understanding that they would apply the same rules of self-censorship to themselves as all their fellow citizens did, and that the policeman as a private individual would not go and say anything to the public servant he theoretically became the moment he put on his uniform.

Magistrates, local policemen, elected representatives and journalists might well discover all the facts at the same time as everyone else, in this respect, provided their informers were certain that the people they had spoken to would not use such secrets in their judicial, police, political or media capacity. That did not at all mean that such officials were therefore involved in an open case of corruption: all they were doing was applying to themselves the requirements of self-censorship that applied to everyone, without even sometimes fully realising the strange phenomenon of mental dissociation that then affected their discourse: a case in point is the universally respected desembargador who had deserved well of the magistracy of Guajara Mirim and Porto Velho, and whose main concern was to persuade me that Guajara Mirim was "a good town" even though he knew more or less exactly how serious the crimes were that were committed in his border town. Another civil servant who had worked for years with local branches of the World Bank was clearly concerned that his State should preserve its honorable image: for ten

years he had witnessed Rondônia's "coffee miracle" without being able to come up with a satisfactory explanation for it, since he had forbidden himself, unconsciously and in perfectly good faith, to entertain the possibility that the "miracle" concerned might have been the result of cocaine money investment.

Individual knowledge of major drug trafficking in the region and in the State was, then, both fragmented and extensive. But it did not prevent anyone from going along with a *public denial* that is today just as radical and vigorous as it ever was: *officially, when I carried out investigations from 1995 to 1997, major drug trafficking still did not exist in the State of Rondônia*. In this sense, it becomes clear that while there was definitely widespread connivance it cannot for all that be interpreted as a manifestation of complicity or even of collective spinelessness: people were genuinely afraid (even though barely consciously), because transgression of censorship — public denunciation — undoubtedly carried with it, after "warnings" and a procedure that differed from case to case, a risk of being murdered. It is understandable that local people reacted strongly to allegations in southern newspapers which collectively branded them as "accomplices". The self-censorship that those people collectively imposed on themselves, well beyond the circle of traffickers and those directly or indirectly in hock to them, cannot be regarded as "complicity". Nor did it fundamentally arise from secondary advantages that some of them derived from the existence of an illegal activity. In the last account, it was part of an open or internalised logic of *terror*. In that sense, the people of Rondônia lived in a society ruled by drug trafficking.

HISTORY OF TWO CITIES IN BETWEEN: DRUG TRAFFICKING: GUAJARA MIRIM AND COSTA MARQUES

Christian Geffray

Before the opening of the BR 429 highway

In the 1970s and up to the beginning of the 1980s, Costa Marques was a modest river port that could be reached by boat or by plane. Cocaine trading boomed there towards the mid-1980s with the opening of the BR 429 highway, which encouraged a tide of migrants to pour into Costa Marques. The highway was not asphalted, but it did connect Costa Marques with the BR 364 (asphalted), which in turn connected Rondônia to the rest of Brazil's road network. The BR 429 highway facilitated the distribution via Brazil of cocaine refined in laboratories set up opposite Costa Marques, on the left (Bolivian) bank of the Guaporé river, or on the banks of the Machupo river in Bolivia (San Ramon, San Joaquim, Magdalena).

The cocaine trade was however already well established in the region by the beginning of the 1980s. Bolivian laboratories had been set up on the banks of rivers in the Beni basin, some of which feed the Brazilian Mamoré and Madeira rivers, into which the *Guaporé* flows. At that time, in similar fashion to the phenomenon I observed in Mato Grosso (*ref.*), trafficking chiefly involved groups of people who secretly exported the ether, acetone, sulphuric acid and potassium permanganate that were needed for cocaine refinement in Bolivia. The smuggling of these precursors, which were often paid for with cocaine, was responsible in both Rondônia and Mato Grosso for the formation of the most powerful, spectacular and long-lasting trafficking networks in the State.

(1) An elevation of the river bank forming a mound that could be up to 8m in height. The departure of the *seringueiros* was speeded up on the right bank, in Brazil, by the creation of Indian Areas. The official territorialisation of the Indians resulted in the expulsion of people living by the river, most of whom settled in towns.

But independently of these powerful groups, and before the highway had even been completed, trafficking had an immediate impact on the local economy and social life: by the first half of the 1980s, it had caused the riverside settlers and the original river economy to dwindle or disappear gradually. The traffickers, who had installed laboratories and airstrips a few kilometres from the left bank (the Bolivian side) of the river, bought the silence or complicity of people living by the river by offering them the staple commodities they needed (sugar, oil, coffee, tobacco, gunpowder, ammunition for hunting, etc.). The *seringalista* bosses or *marreteiros* who usually exchanged such goods for the output of their clients/dependents could not compete with the traffickers' "gifts". It may be assumed, moreover, that a certain number of people living by the river, who were in regular contact with Bolivian traffickers, were able to participate directly in the trafficking, which was far more lucrative than tapping rubber or gathering Brazil nuts. As the *seringalista* traders' profit margins had already been squeezed, the river trade soon collapsed and the rubber tappers gradually abandoned their *colocações*. Between Guajara Mirim and Costa Marques, the river banks are today virtually deserted. Most sites which were once inhabited have now been abandoned. All that is left are clearings and a few ramshackle huts on top of the *barrancos*⁽¹⁾. In addition, a certain proportion of the trading elites or local *seringalistas*, possibly hard hit by unfair "competition" from the traffickers (in the distribution of staple commodities to the riverside population), went over into trafficking at that time.

It is well known that several old trading families or "traditional" *seringalistas* (they were often one and the same thing) had partly gone over into illegal trading and today own a considerable empire of property and business enterprises — in many cases in Guajara Mirim, rather than in Costa Marques. Guajara Mirim, which is located downstream, was historically responsible for the founding of Costa Marques, and there are close economic and family ties between the two border towns.

The opening of the BR 429 highway

As a result of the opening of the BR 429 highway, which provided access for migrants and above all a direct link to the laboratories on the opposite side of the river in Bolivia, cocaine trad-

ing took on considerable proportions and the local economy was thoroughly disrupted. Bolivian army officers posted at Orquilla, on the Machupo river, took their cut on consignments of cocaine travelling from San Ramon or San Joaquim, before the boats entered the Guaporé river, opposite the Brazilian army base at Forte Principe da Beira⁽²⁾. The authorities in charge of legal repression seemed powerless to do anything at that time — when they were not themselves involved in trafficking:

- Trafficking had a huge impact on Costa Marques, given that police commissioners were themselves involved in it... A commissioner there, I think he already died...he was arrested and thrown out of the police force. He had set up a system of cocaine receiving in Costa Marques, and he made everything easy for everyone. Everyone... Anyone who wanted to set himself up as a trafficker at the beginning of the 1980s and up until 1986-1987 could do so without any problems. There was no repression. (...) That's the way it was: the trafficker would come from Bolivia with cocaine which he sold for cash in Costa Marques. The money came from buyers who had come from other Brazilian States along the BR 364. They were the mules of the big traffickers, and they came with money to buy cocaine in Costa Marques. The Bolivians who brought their cocaine and sold it spent all their money on goods here in Costa Marques. They spent the whole lot here. They laundered their money and went back to Bolivia.

A woman storekeeper in Costa Marques gives evidence:

- (...) We didn't even have time to unload our goods in the harbour... It was incredible. I experienced that. (...) In fact, people came from Brazil to buy the product [cocaine] and brought dollars with them, because at the time the Bolivians insisted on it being paid for in dollars. It had to be dollars. Those who wanted [cocaine] and who only had cruzeiros tried to buy dollars here, so they could then buy the product. By the way, there's a detail I should mention: when you saw someone desperate to get hold of dollars, you knew that was why. And even as regards (legal) trading, dollars were eventually accepted as a normal currency here... People accepted dollars, people bought dollars, and everyone must have known the exchange rate at any given time because lots of payments were made in that way: in dollars. Well, what with all that, to give you some idea, there were days when we had to make five or six trips to the harbour, to fetch a lot of

goods: 20 cases, 30 cases... The store was constantly full, right up to the ceiling, and that wasn't even enough to satisfy the demand for goods. That meant there were a lot of people who came from San Ramon and San Joaquim (Bolivian river towns). There were not many people from Magdalena, most of them came from San Ramon and San Joaquim. You should have seen them... It was hard managing to keep enough stock to meet demand.

- Did the demand come from Bolivia?

- That's right.

- But weren't there Brazilians here too, in Costa Marques, who sold cocaine to other Brazilians who had come from elsewhere?

- No. It happened this way: the Bolivians brought the product [cocaine], and those who were interested looked out for them.

- Were the vendors Bolivians?

- That's it, until now.

- So it was above all Bolivians, too, who paid for goods here in dollars?

- They bought stuff from our stores, precisely because they didn't want to go home with their pockets stuffed with dollars. They bought goods, and they themselves generally had a store or something like that back home. They bought oil, sugar and wheat, that's what sold best.

- And they took all that back to Bolivia...

- They took it to sell back home. That's how we people began to enjoy a certain prosperity...

A civil policeman added:

- So the retailer who sold his goods, he made money, didn't he? But the source of all that money was cocaine. Big retailers set up in business here intending to launder that money. Because the retailer himself knew very well that the money he got from selling his goods came from cocaine, didn't he? He knew, but of course he said to himself: "I've got nothing to do with that, I sell my goods and I want the money", didn't he? But nowadays the people who set up and worked in that line of business at the time, in the 1980s, are no longer making a go of it...

They are indeed no longer making a go of it, because there is no more money in circulation in Costa Marques. Two of the three banks of the golden age have now closed down. All that is left is the BERON, the state-owned bank. There are no more big stores, big companies or gleaming store signs: the "Copacabana

(2) At that time there were reports of a middleman operating between a certain "Pelé", a reserve officer at Forte Principe de Beira, and a Bolivian supplier. I do not know if the officer was the same as the one in Guajara Mirim whose remarkable wealth I shall mention later on. Also worth noting is the case of a leading Costa Marques retailer, who was suspected of concealing cocaine among goods transported to his company by lorry: he is believed to have been involved in smuggling four tractors that were bartered for cocaine in Bolivia, an operation covered and facilitated at the border by the Costa Marques civil police's commissioner.

of Rondônia" has had its day. The town is now inhabited by civil servants, and a few small basic stores have survived that cater for the poor and ordinary people you find in border towns in Amazonia, whose numbers have been swollen by Bolivian immigrants since 1993. The influence of the cocaine market on the economy of Costa Marquês has changed in nature since the big Bolivian merchants pulled out, but it has not disappeared for all that. At the end of the 1980s, retailers were already reacting, trying to convince the Bolivians to come back and spend money in their stores. Under pressure from retailers, the prefect himself stepped into the fray.

- When money began to disappear from Costa Marques, no one could understand why... The banks left because there was no more money. Only the BERON stayed. In a desperate move, the prefect built a road leading from Forte Principe da Beira to San Ramon. A road was opened up, and a lot of people supported the project, which created an outlet for Costa Marques goods: the idea was to make it easier for cars to come from San Ramon, so people would come back and make more purchases in Costa Marques... So Bolivians who wanted to buy things, for example, would no longer have any travel problems when the river [Machupo] was low and it was difficult to get here and all that... So we built a road so the Bolivians could drive their cars to the point opposite the Fort, make their purchases, cross back over the river, put the stuff they had bought in Costa Marques in their cars and drive back to San Ramon. But it was a desperate attempt to bring back the Bolivians...

The plan was ambiguous, because in the end it meant encouraging people to bring their narco-dollars to Costa Marquês, and therefore to launder their cocaine money, so as to help local stores to thrive. The national press mentioned the plan in July 1991. It was a failure: the road was driven through a marshy area, it was flooded and impassable during the rainy season, and the Bolivians did not go back and do their shopping in Costa Marquês. On the other hand, as that period coincided with an increase in the number of stolen vehicles bartered, it is possible that the road was used for that purpose during the dry season. Originally built to allow an "honest laundering" of dirty Bolivian money, the road was used much more, in the end, for the transit of cars, lorries, motorcycles and tractors stolen in Brazil and taken to Costa Marques before being exchanged for cocaine in San

Ramon or San Joaquim. And it is likely that in return it was still being used for the transport of cocaine consignments. This ambiguity encouraged a probably unfounded rumour that from the start the road was built to facilitate cocaine trafficking itself and the disposal of stolen vehicles (hence the name often given to the road: "*transcoca*"). The retailers of Costa Marques who were behind the project were in good faith when they angrily denounced this interpretation.

- Some people supported the project in the hope of facilitating the transport of cocaine and stolen vehicles to Bolivia. But others supported it with good intentions, to bring more money here. But it didn't work at all, with the result that everyone has closed down their stores now. Those who still have a store in Costa Marquês are now very few in number, and not many of them are honest...

Testimony and analysis of a retailer

The decline in the retail trade at the end of the 1980s was abrupt, and caused many stores to go under. Maria H., the storekeeper whose testimony I have already referred to, ran a prosperous business in Costa Marquês until about 1989, when things began to go downhill and her company was ruined, like many others, in the 1990s. Perhaps she belonged to the town's elites who in good faith encouraged the building of the "*transcoca*" in order to re-establish a trade outlet.

- I was a retailer here. I arrived in about 1988 — at the time my father had a large store here. He came when business here was at its most feverish, when lots of people came through here and everything sold like hot cakes. It was when they built that road there, the BR 429 highway (from Costa Marquês to the BR 364). When the road opened, people began to arrive and settle here, and at the same time the stuff from over there (cocaine)⁽³⁾ began to arrive too. At the time there was already some around, as people talked about there being big laboratories here on the river banks.

(...) I know that before we came here there was very intensive buying and selling of cattle, lots of people came here from the BR 364⁽⁴⁾ to buy Bolivian cattle. But when one thinks about it today, one realises that Bolivian cattle was no good at all compared with ours, here in Brazil, which were already selected, disinfected and

(3) Throughout the interview, Maria H. avoided using the word "cocaine" or "drug". She preferred to talk about "the product" or used periphrases.

(4) The towns located on or near the federal road: Cacoal, Ji Parana, Pimenta Bueno, Rolim de Moura, Alvorado d'Oeste etc.

put out to grass. They were nothing but "*pé dura*". But there was a scramble to buy those cattle. And afterwards, much later, I discovered that all the cows had been stuffed with OB. (...) It's an absorbent that women put in their private parts. (...) So all the cows came with an OB, according to what I was told, with cocaine inside.

The cows, once their load had been removed, were taken back to Bolivia, where they picked up a new consignment. That is at least what someone suggested to me a few weeks later in Ji Parana, one of the destinations of Bolivian cattle. Maria H. remembers the prosperity and decline of big local retailers:

- (...) By the time my father died in 1990, trade had already dried up. I found it difficult to sell as there was no longer anyone to sell to. Take rice. I used to sell about three, four, five and even six tonnes. It was husked rice, as we had a rice machine here. And then there came a time — I had already begun to treat the rice and had 200, 300 or 500 sacks in storage — when it suddenly became impossible to sell it. There were no Bolivians to buy it. One day during that period, there was a *fête* at San Joaquim for the patron saint of the town, on about July 21... They had invited the Chamber of Commerce from here, the trade association. So I went along. I arrived there and started talking with various people. Then I suddenly realised what was going on. I realised why I wasn't selling any rice: they were exchanging untreated rice for cocaine. I remember that because, at that time, I too drank a little, you know... I kicked up a bit of a fuss there... I challenged the most important people in the town, and I asked them what they had in their brains. Why were they exchanging their product [cocaine], which, according to what everyone says, is the best in the world, the purest and all that, for rice, when they know nothing about rice... They knew nothing about rice, and I told them they were being misled... But I was defending my livelihood, sir! Because obviously if they no longer exchanged their cocaine for rice, I would have been able to sell them my rice!

- But who was going to sell them rice?

- The people on the BR 364. They came from Bom Principe, Sao Miguel, Alvorada. People came from all along the BR 364 to exchange rice.

- Did they go directly to San Joaquim?

- They started here in Costa Marques. They would come in lorries and go off with the rice. I saw four or five warehouses full of

unhusked rice there, in San Joaquim. So I told the Bolivians that it couldn't work — their buildings were made of mud bricks, you know, and it was very damp and cold in there. When I saw all that rice stored there, I said to them: "*Do you realise you won't even be able to preserve this rice?*" And I pointed out a thousand problems to them, by showing them that their rice was going to go off if they did that kind of business, and all that. I said they had been misled, and that they should go and exchange their cocaine for whatever they wanted, but not for rice! I guaranteed to supply them if they stopped doing their business with rice. But while I was talking, there was one of them looking to the left and another to the right... No, it's true, I showed them that the rice was really going to go off there, there was rice which had been there for three months and was beginning to rot. It was their storage method, their way of keeping everything locked up in a confined space, you know, with all that dampness — because the buildings out there are very damp. But even after our conversation, they no longer bought my rice, they didn't want any more of it. It was at that time that (cocaine) was increasingly bartered for motorbikes, cars, motors, tractors, jewelry, cattle...

- But this time the cattle went in the other direction...

- Yes, this time they did. They went from here to there.

- To be exchanged for drugs...

- That's right.

- It was at that time that stores began to close, wasn't it?

- That's right, when cocaine could only be obtained through barter, or exchanged for lorries and cars... Even today, a car turns up here one night, and by next morning it's gone. Sometimes you don't even see it at all.

River traffic: secret landing-stages and bartered vehicles

So the economic life of Costa Marques had been no more than ticking over since the end of the 1980s. True, many traffickers may have come through or resided in the town, but retailers could no longer get their hands on their narco-dollars. Several large fazendas in the neighbourhood had airstrips that were used for the export of precursors or the import of cocaine, but this was simply a case of pure transit connected with major export trafficking, which never had any notable effect on the economic life of the town. The moment when things were thrown

(5) Smuggled goods that were exchanged for cocaine also included, as we shall see in subsequent reports, coffee, gold and cassiterite.

(6) After putting in at the river bank, I met a few *peoes* who were clearing a hectare of forest not far away. They were working for a Guajara Mirim retailer who was notorious for being involved in trafficking, but my guides were unaware of the fact that he had bought this piece of land in the area, which required a two-day journey by *voadeira* from his residence in Guajara Mirim. There was little doubt in their minds that the retailer was planning to build a landing-stage for loading stolen vehicles.

(7) The UMOPARs are part of the Bolivian armed forces. They specialise in the repression of drug trafficking and are trained and advised by officials belonging to the US Drug Enforcement Agency. They are known as "leopardos" in Brazil because of their camouflage dress (and because the word sounds nice), and sometimes as "piranhas".

into disarray for the retail trade coincided, according to what all the people I interviewed said, with the change in the conditions under which cocaine was obtained — in other words, when people stopped buying it for cash and exchanged it instead for stolen goods (vehicles, etc.) or smuggled-out goods (rice harvests)⁽⁵⁾. During that period, the local police concentrated most of their activities, when they had the resources and the will to take action, on river traffic. It involved intercepting stolen vehicles (or precursors), which were illegally brought into the region before being sent across the river to Bolivia.

Between Guajara Mirim and Costa Marques (about 220km of navigable water), several rivers flow from Bolivia into the Mamoré and Guaporé rivers from the left, from which it took three or four hours by motorboat to reach the sites where cocaine was refined: on the Mamoré towards Trinidad, and on the Machupo and Baures towards San Ramon and San Joaquin. Some laboratories once used to be very close to the banks of the Guaporé: opposite the mouth of the Cautario river, for example, or on "René"'s *fazenda*, only four kilometres downstream from Forte Principe da Beira, and a few hundred metres from the river bank. That *fazenda* had airstrips and, it is believed, a small "private army" of bodyguards who kept the estate under surveillance thanks to the presence of watchtowers (which could not be seen from the river). Those sites have now in theory been abandoned following increased Bolivian repression over the past three years.

On the right bank of the river, on the Brazilian side, the secret "harbours" or landing-stages via which vehicles stolen in Brazil are sent on their way to be bartered in Bolivia are currently in operation. There are several of them near Guajara Mirim (on the banks of the Mamoré and Pacass Novo rivers), but most of them are to be found in the vicinity of Costa Marquès: a little downstream from Forte Principe da Beira, and, further upstream, in a continuous succession until a point only a few hundred metres from the town's official harbour. Those landing-stages are concentrated along a 20km stretch of river bank, both upstream and downstream from Costa Marquès. They are near settlers' roads, tracks and paths opened up in the district when the BR 429 highway was built and a wave of colonists poured in. Most of the landing-stages can be reached from the BR 429 highway without it being necessary to go through the centre of Costa Marquès, and

by using instead the criss-cross network of settlers' tracks. Some of the landing-stages are located right opposite the tributary of the Machupo, barely 100m from Forte Principe da Beira, where a Brazilian army detachment is stationed. The soldiers observe the traffickers' movements without intervening, because, according to army rules, control of river traffic is the exclusive responsibility of the police.

Some of these landing-stages can be spotted from the river. It is possible to make out on tree trunks traces of the ropes that allow a vehicle to be sent across, while being kept under control, on a "*chata*". "*Chatas*" are simple wooden barges as wide as a lorry, on the gunwhales of which horizontal planks are fastened that correspond to the average distance between vehicles' wheels, and capable of bearing a lorry's weight. The car, van or tractor is let down the embankment, guided and held back by ropes, before being put on to the planks of the barge. The barge is sometimes driven by a simple outboard motor at the stern (with a long horizontal axle that can be raised). The operation takes only a few minutes if all goes well. The *chata* crosses the river and enters the Machupa, up which it travels as far as San Ramon or San Joaquin.

During the dry season, when navigation on the river is problematic, but when the "*transcoca*" on the other hand becomes practicable, vehicles might be landed on the other side of the Machupo a few kilometres downstream, before being driven by road to the same Bolivian towns. Other landing-stages are barely identifiable when seen from the river: they are too narrow, the undergrowth is too thick and the slope of the embankment too steep for lorries or even cars to be loaded: they are used for motorbikes and 200 litre cans of precursors⁽⁶⁾.

Bolivian immigration

Several hundred Bolivians immigrated into the region of Costa Marques when repression was stepped up in Bolivia and the UMOPARs began to destroy secret airstrips, discover laboratories and control the main river towns from about 1992-93 on. The UMOPARs⁽⁷⁾ were well equipped with, among other things, powerful motorboats which they used to patrol the rivers (the Brazilian police feared them, and their relations with the Brazilian authorities were often conflictual). According to the police, it is

these immigrant Bolivians who are responsible for most of the present transit of cocaine through Costa Marquès:

- (...) When we were working in Costa Marques in 1988 and 1989, there weren't yet any Bolivians who had settled here. At the time, they were mules who came through to go and make their purchases in Bolivia. Now, after there had been a serious crack-down in Bolivia, the Bolivians withdrew to the Costa Marquès area, as they knew there was no repression here.

- So they arrived not so long ago?

- Not long ago. Some of them settled here less than two years ago...

- Did they come from San Ramon?

- San Ramon. They had already been arrested, and many of them were wanted by the Bolivian police. The people who have settled in Costa Marquès are fugitives from Bolivia. They have made Costa Marquès, on the Brazilian side, their base because there is a law that prevents them from being deported: they take advantage of that and use the municipality as a drug trafficking base. They've hardly been here for two years, but all the traffickers know each other. They may be working for various networks, but as they have settled here in Costa Marques they help each other and avoid clashing with each other. If a friend goes to see Pula and says, for example: "Tell me, I need 20 kilos, or 30 kilos," and Pula doesn't have them, then he will go to someone else and find enough to sell. Because it is merchandise, they borrow, give back and pay, "sell me that" ... That's how they are organised here to make money: they can't clash with each other within the municipality, otherwise they would attract attention. They want to keep the lowest possible profile here.

- But now that it is no longer easy to go via Orquilla, on the Machupo, what do the traffickers do?

- When they take a *voadeira*, towards San Ramon or San Joaquim, or when they come back to Costa Marquès with cocaine, they have to go via Orquilla, in front of the naval base of the Bolivian police there, of the "piranhas". So 500-600 metres before the landing-stage — the river twists and turns a lot — they moor their boat. Two or three of them go ashore with the cocaine and take a land route. Then the *voadeira* passes the base, they get checked by the "piranhas", the leopards, and as there is nothing in the boat, they continue on their journey. A little farther on, they pick up the others, who have come by a land route with the cocaine.

- And then they travel down to Costa Marques...

- Or else they come down the Guaporé to take the Cautàrio river... Because by entering the Cautàrio they can go up as far as the BR 429: there's a by-road [a settlers' road] which joins the 33km point on the BR 429, and from there they can continue by car towards Cacoal, Alvorada... What makes things much easier for them is the fact that on this road which goes towards Ji Parana, there are lots of by-roads they know well, and they move from one district to another without taking the official BR.

- Are there no checkpoints?

- No checkpoints.

- And didn't you say that these Bolivians buy lots of apartment blocks and land here?

- Yes. They really are buying, they're in the process of taking control of Costa Marquès: they're buying everything round here, buildings, fazendas, houses. They're taking the lot. In fact they want something: they want to set up a base here so they can stay for good. For example, Pula (...) already has his villa, completely surrounded by walls there, as you have seen. All that's missing are sentry boxes and watchtowers. Now a guy who has invested like that in Costa Marques hasn't done so for no reason: it means he really wants to settle permanently.

- But apart from the houses?

- They buy fazendas complete with cattle and tractors. They buy everything. When the money dried up, the Brazilians all felt obliged to do something else, to set up a different way of life. So people have been selling their land, so they can start again with another way of life. They are forced to do that. But not the Bolivians. They buy everything, when everyone knows they have no activity, no work, in Costa Marquès. No store or anything. But they know what they're doing. If they remained here as humble and poor people, one day or other they would be bound to be kicked out of here. But now, when you've got rich people who have already settled down, it's hard to get at them. It's harder to get at a person like that, even if he is living round here illegally, if he has money... That's already a more difficult problem...

The role of Costa Marques and its history in cocaine trading seems to be rather straightforward:

1. From the start, geographically located between Bolivian sellers and buyers from the rest of Brazil and abroad, the

town initially benefited from the fact that Bolivian sellers came to spend their narco-revenues in the stores of Costa Marques (1985-1990).

2. But most of the capital was not invested in Costa Marques, and when Bolivian sellers began to exchange their cocaine for vehicles and other valuables stolen in Brazil, or for goods illegally exported, the town's retail and financial activity was abruptly ruined.

3. The "*transcoca*" changed nothing: Costa Marques once again became a simple transit point where buyers from the interior of Brazil had a chance to meet representatives of their Bolivian suppliers, who had in many cases themselves come from Bolivia (1990-1994). The retailers and more generally all those who had benefited from the manna of Bolivian narco-dollars had to think about either moving into a different kind of activity or leaving.

4. Then there came the UMOPARs' crackdown in Bolivia, which triggered a wave of Bolivian immigration (several hundred people moved into the small town), a significant proportion of whom were involved in cocaine trafficking (1994-1996).

At the time of my investigations, however, the use that the migrant Bolivians made of their income injected hardly any new life into the formerly big wholesale business: the biggest traffickers bought property from Brazilians who had abandoned the idea of moving into a new type of activity on the spot, and they tended to invest the rest of their capital in Bolivia. Most buyers still came from towns along the BR, and re-exported their cocaine to the south, the coast or the international market. The capital of these big buyers was partly invested in their own towns along the BR 364, Ji Parana, Cacoal, Ariquemès and Vilhena, or elsewhere in the urban centres of the south, but in any case not in Costa Marquès... As for Brazilian traffickers living in Costa Marquès, they operated more modestly, since they worked only on the commercial segment linking the border with towns along the BR 364. They had hardly any direct access to the lucrative markets of the coast and southern Brazil: their powerful clients on the BR stood between them and Sao Paulo, Rio de Janeiro, Bahia, etc.

Not far from Costa Marques, representatives of the big networks that had been set up more than ten years previously in the

region, who came from the BR 364 and other States in Brazil, nevertheless continued operating. They were able to use secret airstrips on fazendas like Campo Verde, a few hundred metres upstream from Costa Marques, Ilha das Flores, on the edge of the municipality of Alta Floresta, guarded by well-armed *capangas*, Vale do Rio Mequens, Monte Cristo and others again near the San Francisco river, etc. They all had airstrips and belonged to important figures (rumour had it that they were big businessmen and sometimes public figures) who used their estates for the transit or storage of cocaine imported from Bolivia. One assumes that they are currently following the general trend in the region, which is to import base paste and refine it on their own ground. However that may be, these big traffickers operate without necessarily maintaining any significant links with the inhabitants of Costa Marques.

Guajara Mirim

The effects of cocaine trading on the economy of Guajara Mirim have a number of points in common with what happened in Costa Marques. Here too, over the same period, there was a flurry of business activity resulting from the fact that neighbouring Bolivian traffickers and their clientele spent their illegal income in Brazilian stores. That peak of activity was followed by a slump of similar proportions when cash transactions were superseded by barter... But the history of Guajara Mirim also presents important characteristics of its own. Guajara Mirim⁽⁸⁾ is larger and has a more powerful elite than Costa Marques (indeed, Costa Marquès's elite was often made up of local representatives of leading Guajara Mirim retailers), and investments of narco-dollars, particularly in property, were much larger — even though, as in Costa Marques, the logic of trafficking tended to reduce the town to its simple function as a transit corridor. The veritable "explosion" of cocaine money at regional level took place farther down, on the BR 364, and in particular, as regards Guajara Mirim, in Porte Velho. Unlike Costa Marquès, and right from the beginning of the growth in illegal trading during the first half of the 1980s, Guajara Mirim saw the rise of a family of traffickers who, while not controlling all the town's cocaine supplies, nevertheless deeply influenced the structure of local legal and illegal economic activity, by building up a clientele in every social class (trade, industry and de-

(8) Guajara Mirim, which is located on the right bank of the Guaporé river in Brazil, stands opposite its Bolivian twin town, Guayaramerim, on the left bank on the other side of the border. It takes only a few minutes to cross the river by *voadeira*, and there has always been a flourishing trade between the two towns.

prived milieux). Guajara Mirim was the first case I came across since starting my investigations in Mato Grosso of a blatant power strategy based on a clientelist redistribution of revenues from illegal trading, and on the implementation of brutal and autocratic forms of social control. I am referring to Nereu Machado de Lima and his closest relatives.

1980-1986: Nereu Machado de Lima

The Machado de Lima family arrived in Guajara Mirim in the 1970s. Dom Gérard Verdier, bishop of Guajara Mirim, remembers coming across them when they arrived in southern Rondônia as poverty-stricken migrants from Parana on a boat that put ashore on one of the banks of the Guaporé, upstream from Costa Marques. The family, who were very Catholic, settled in the port of Guajara Mirim, where they lived modestly until the end of the 1970s. Nereu, the most important of the three Machado sons that were to become traffickers, worked in the harbour of Guajara Mirim, where he helped to manoeuvre the barge that ferried people across the river.

Five or six years later, the family owned not only the barge itself, but a local navigation company (the *voadeiras* that served to transport passengers to Guayaramerim, in Bolivia, a sand-dredging company (Mineração Paranaense), which enjoyed a local monopoly in civil construction, a shipbuilding company (Estaleiro Guaycurus), a river navigation company (Navegação Colombo Ind. Com. Ltda) which carried freight between Porto Velho and Manaus, a supermarket in Guajara Mirim, fazendas in the district complete with cattle and airstrips, about 2,000 hectares of building land in the town, several fazendas around Guajara Mirim, but also at Vilhena and abroad (one in Colombia, the other in Paraguay, each with an airstrip), a large villa in Guajara Mirim and another even more luxurious villa in Manaus, a petrol station, various properties in the region and in Manaus, four aircraft, including a twin-engined plane, and even a mid-river island ("Nereu Island") halfway between Brazil and Bolivia, between Guajara Mirim and Guayaramerim, where Nereu Machado de Lima brought in some guards and a few head of cattle, etc.

People still remember how Nereu's mother, who had once been destitute, drove around in a luxury car at the beginning of

the 1980s. She had difficulty in driving and hired a chauffeur after her first accident. But I have not counted the number of cars... All this property was bought through third parties, usually members of the family: it was one of Nereu's uncles who bought the petrol station from the prefect, Isaac Benesby; his sister bought the Do Mali supermarket, etc. This list of riches, which has been summarily put together here on the basis of various pieces of evidence (interviews and judicial and police documents), is not exhaustive: on top of capital possibly invested on the financial market, mention would also have to be made of the mass of wealth — which is difficult to quantify — offered in the form of various gifts aimed at maintaining or enlarging the Machado de Limas' clientele. For example, they gave a car to a military policeman. They also offered to donate money to the diocese so the cathedral's stained-glass windows could be restored (the offer was firmly turned down by Dom Gérard Verdier). On top of classic clientelist strategies designed to win over the public — or moral — authorities and thus coopt or neutralise them, mention should lastly be made of the charity received by the poorest sections of the population: at that time, it was said that everyone knew that if they visited Nereu's father at his office in Guajara Mirim harbour they would be listened to attentively and possibly receive help to find a job or get out of a financial, family or professional difficulty. "Nereu always helps those in need," a taxi-driver told a journalist⁽⁹⁾, "he gives jobs — and good jobs at that — to those who are looking for work." Money was paid into charities, and at least one school in Guajara Mirim even today still bears the name of the charitable trafficker.

The image left by Machado de Lima in Guajara Mirim is full of contrasts, combining as is usual in such circumstances a kind of fascination tinged with fear of a man who, as everyone knew, was quick to murder, or to arrange the murder of, those who got in the way of his projects. When he died in 1986, his family contacted the bishop by radio while he was on a tour of the river. The bishop put his foot down and refused to allow the cathedral to be used for his funeral: "Nereu did nothing during his life to deserve a cathedral funeral," he said. A huge crowd nevertheless attended his funeral, as "he had given a lot of money to a lot of people".

(9) *Fatos*, December 2, 1985.

The formation of Nereu's network

Civil police in Guajara Mirim tell the story:

- At the time when trafficking got under way in Guajara Mirim, at the beginning of the 1980s, when Nereu started to be talked about, there were even federal police who were accomplices of the traffickers.

- Were they small traffickers?

- There were mules, people who carry... But as for the people involved in heavy trafficking (*pesada*) as such, it was Nereu who created the system. And he left behind a kind of "octopus" with a lot of "tentacles". And when he died, other people who had worked with him created other octopuses and hired other people to work with them...

- But Nereu was originally from a poor background, wasn't he?

- Nereu was a poor guy. He worked on the barge that ferried cars to Bolivia, and he was a navvy (*atractador*) on the barge. He had nothing.

- (another policeman) But after that he ended up buying the barge. (...) I know he spent some time in jail at the beginning, but then he escaped. Indeed, he even killed the guy who escaped with him. They escaped on a small boat (Santo Antonio is an island on the Madeira river, upstream from Porto Velho), and he killed the guy. They say that the boat was unsafe for two people, as it could capsize, and that that's why Nereu knocked out the guy, who fell into the water. The fellow who escaped with him was found dead.

- And did Nereu go to Bolivia?

- No, he went to Porto Velho. People there helped him to hide, to find a place where he wouldn't have any problems, until a means could be found to enable him to escape.

- Did he then flee to Bolivia?

- Yes he did. That's when he went to Bolivia. He then began to work with "*avises*" (mules). He was in charge of heavy trafficking, and other people worked with him...

- (another policeman) Nereu began those activities when he was working on the barge. Major trafficking has its support networks, you know. Today in Guajara, there are people who use the official airport, and those who use *voadeiras*, the pilots of *voadeiras*, and there are also those who use the barge. As Nereu worked on the barge at the time, he already knew some networks, and I think that from that moment on he already had a

channel. When he had raised enough capital to launch his business, he went ahead. After having been a prisoner, he went to Bolivia where he already had contacts, and he trafficked quite naturally.

- But did he work on a large scale?

- He had his fazendas, which had airstrips on which planes could land. And planes came down to the region of Guajara, where there were several fazenda airstrips that belonged to him. At Iata, over there behind us, there was one at about kilometre 14. There was an airstrip there. And right opposite Mr Brito's house there was also an airstrip.

- (another policeman) At Lucindo's *seringal* too, there was an airstrip, near the Pacass Nova. That *seringal* had an airstrip which helped the trafficking... Later on, during the period when Nereu was a wanted man in Brazil, he spent a long time hidden there. And he had his own men, an armed group.

- The armed group was to protect...

- To protect the airstrips. No one could get anywhere near those things. For example, at that time, the federal police knew about them. When they saw a plane land there, near the fazenda of kilometre 14, they could see it very well. But no one went out there, it was guarded by men on patrol and sentries. And it would all happen very quickly, because they didn't hang around: the plane arrived, they unloaded and loaded what was needed and off it went. What could we do?

There is no lack of information on how the Machado de Lima family built up their clientelist system in Brazil. On the other hand, it was much harder, in Guajara Mirim and elsewhere, to obtain reliable and corroborative information about what happened at an earlier stage of the selling process, in Bolivia. A Bolivian newspaper, *El Deber* (September 22, 1991) gives some information about the initial formation of Nereu Machado de Lima's network, and emphasises the decisive role played by Bolivian army officers in the setting up of what the journalist calls the "Mamoré Cartel":

" (...) Lieutenant Galdos was part of the group, and bought an estate in the neighbourhood of Puerto Villaruel, officially to extract timber from it. In fact, he recovered a large proportion of the drugs and later sold it to the Chaves family in Trinidad, with the capital of Oswaldo Justiniano and Alberto Letelier. Those officers had a quarrel with the men who were buying the drugs for the Chaves.

At that time, officers Letelier and Justiniano contacted Nereu Machado (*sic*) de Lima (a Brazilian pistoleiro)(...). With the money from those transactions, Machado (*sic*) de Lima began to expand his activities and became a direct buyer. Together with Alcides Guardia, he bought drugs from officers who took it in military tankers to Letelier's estate, or to the estates of Humberto Riveira, David Callau and others (...).

The "Mamoré Cartel" had mixed fortunes (*rumo*). Most of its members pulled out of the business, often because of disputes between civilians and army officers. Soon, the only people remaining were Justiniano, the officer ostensibly in charge of the group, who worked with Nereu's brother, Sanclair Machado de Lima, after Nereu's death. Sanclair, under the cover of several companies in Brazil, remained in direct contact with Justiniano, officially about the building of boats for the army (probably on behalf of the Estaleira Guycurus shipyards, which were owned by the Machado de Lima family in Guajara Mirim).

Many other Bolivian army officers were mentioned in the article. The main point is simply that Nereu seems to have indeed been the henchman of Bolivian traffickers at the beginning of his exile. He was probably an impressive bodyguard, as he was soon contacted by trafficking army officers who wanted to set up a new network through which they could sell their cocaine abroad, and thus break free from the constraints imposed by the Chaves family. When judicial investigation documents (Federal Police in Porto Velho) are cross-checked with interviews, it seems likely that Nereu Machado de Lima then worked in close association with Alcides Guardia, a Bolivian trafficker in Guayaramerim, who owned not only six aircraft (including a DC3), but refining laboratories near the towns of Montelivano and Apolo in Bolivia, and who was in close contact with a Colombian, Carlos Medrazza, a resident of Montecristo, in the Brazilian State of Amazonas, where a fazenda was used as a transit point for the export of cocaine to Colombia (he also used the fazenda of the Brazilian Paulo Matarazzo, in São Paulo, as a transit point for international export via southern Brazil, as well as a Brazilian fazenda near Vilhena, for his exports to Rio de Janeiro; the pilot Rubens, a close friend of Nereu, did much of the transporting himself and on occasion flew back with ether and acetone that had been loaded at Cutaba etc.). In 1987, one of Alcides Guardia's planes went missing in the forest when it was about to pick up a consignment of

base paste from "Roberto Suarez's son". The diversity and mobility of these networks of major local trafficking could corroborate the claim, frequently heard locally, that on occasion Nereu negotiated directly with the most conspicuous, if not the biggest, of the Bolivian capos, Roberto Suarez (the man who publicly suggested to Ronald Reagan that he (Suarez) should pay off Bolivia's foreign debt).

Populist traffickers and respectable traffickers

Nereu Machado de Lima was far from being the only Brazilian trafficker in Guajara Mirim to have had business dealings with the above-mentioned persons. The innovation he made lay rather in the fact that, with the help of his access to major illegal trading (via wholesale suppliers and buyers), he introduced new practices into the local cocaine economy. At the beginning of the 1980s, in addition to mules and occasional small traffickers, the big traffickers of Guajara Mirim carried out their transactions discreetly. As everywhere else, many of them had originally gone into the business through the illegal export of precursors, ether and acetone (which was not the case with Nereu); some of them restricted themselves to that area of activity, which was highly profitable in itself, without exposing themselves to the risk of importing cocaine. Others, such as Isaac Newton, a former deputy of Rondônia State and a member of a local elite trading family, brought back cocaine (Newton's job was to buy chemical products in the industrial regions of central and southern Brazil on behalf of Marcilon Braga de Carvalho, but he also got caught with 140 kilos of cocaine when he was making a delivery in São Paulo). And yet the increasing wealth of local traffickers, when they came from local trading elites, took place in a rather unobtrusive and respectable atmosphere, and did not involve any unseemly local investment or ostentatious populist hand-outs. Nereu, who came from a poorer background, disrupted the peaceful machinery of local illegal money-making:

- *Under his control* (or under the control of members of his family who had stayed in Guajara Mirim), he opened up the wholesale drug market to a large number of people who had previously had little access to it.

- Within a few years he had built up a traditional clientelist system, not only by neutralising the authorities through a mixture of charm, corruption, cooptation and intimidation⁽¹⁰⁾, but by investing some of his drug money in spectacular local property investments and making lavish paternalistic hand-outs with no strings attached, which guaranteed that the more deprived sections of the population would listen to and support him.

A prominent retailer, who may himself have been a trafficker, confided anonymously in the journalist from *Fatos*:

"Nereu made a blunder when he bought up everything that he could lay his hands on, as it drew attention to him. If he had acted like the others, by investing the money elsewhere, he could be making more money than he's now making."

A taxi driver confirmed this:

"Nereu? He didn't know how to play like a man (*fazer a jogada dos homens*). The big, powerful guys always did everything they could not to draw attention to the town. That's why they weren't interested in bringing progress here. Guajara Mirim has no night life and it's not (*à toa*), nor even a (*meretrício*) area. Don't draw attention to the place: that was the rule. Nereu broke the rule. He brought progress, opened stores, and boosted the river trade with Guayaramerim with his shipping company. He became a really big guy."

The Machado de Lima family's meteoric rise did not fail to raise eyebrows among the elites who had to face unfair competition from the Machados not only on the legal market, but also within the local community of traffickers. The two circles in fact partly overlapped each other, and it may be wondered what prompted a retailer like Aristeu Batista dos Santos to get involved in a violent public dispute with Nereu's father in 1985: Batista owned a supermarket and a shipping company in Guajara Mirim, so he was a direct competitor of the Machado de Lima family — but over a period of 15 years the same Batista had also been unable to shake off a strong and persistent rumour that accused him of being a big drug trafficker himself. It was none other than Batista, at exactly the same time (*December 10, 1985*), who paid off his *seringueiros* in the upper Guaporé in dollars. He was accompanied by Carlos Batista dos Santos, who said that he was going to expel his *seringueiros* from Guajara Mirim for fear that

they might denounce him, and that he had other far more lucrative business in Santa Ana, San Joaquim, Magdalena and Santa Cruz "where the money came from" (written evidence).

The dispute between Aristeu Batista dos Santos and the Machado de Lima family was probably motivated by the desire of a well-established trafficker to remind Nereu of "the rule" of discretion practised by respectable traffickers. The public exchange between the two traffickers is worth quoting here:

- (Nereu's father) "It's Aristeu Batista dos Santos, owner of the Guarajus supermarket and of the Nossa Senhora Aparecida shipping company, who has been firing insults at my family. He came here at the same time as we did. He went into shipping at the same time as we did. I think he can't bear to see our family expand so much. That's why he thought up this story of cocaine. But cocaine has nothing to do with it. I don't even know what all this cocaine business is about. It's (*dor de cotovelo mesmo*).

- (Aristeu) "I'm not jealous of the Machado de Limas. I pity them. One son in jail and the other on the run... How could I be jealous of people like that? We had a dispute with them some time ago, but it wasn't because I invented anything about their life, as I don't need to invent. The authorities know very well what goes on here in Guajara Mirim"⁽¹¹⁾.

Able as he was to rely on unlimited quantities of illegal goods, and to have guaranteed and diversified outlets in Brazil as well as on the international market, Nereu Machado de Lima encouraged a large number of people who had up to then been excluded from the illegal market to enter it by employing them as well-paid middlemen or transporters. The Machado de Lima family then formed a social, financial and, de facto, political force in Guajara Mirim that was extremely embarrassing not only for the elites and the legal authorities, who rejected or feared it, but also for the community of ordinary traffickers, who had a different project. A Bolivian officer gave his view on this to the journalist on *Fatos (idem)*:

"Here the axiom that "every *cocaineiro* is a retailer" — which doesn't mean that every retailer is a *cocaineiro* — is true. You can be certain that all the powerful people here (in Guayaramerim in Bolivia) are part of the mafia. Nereu is just a *laranja*, a guy who is

(10) Sanclair Hachado de Lima was arrested by the federal police of Porto Velho in November 1985. "Shortly after his arrest", the property developer Vitachi told the newspaper *Fatos* (December 2, 1985), "when Sanclair was being held at the federal police station here in Guajara Mirim, Peres became infuriated and telephoned the federal police commissioner demanding his brother's release. That same day, several capangas could be seen loitering in the vicinity of the federal police station, all of them very well armed. It got to the point where the commissioner had to ask for help from the military police, as their lives were in danger."

(11) *Fatos*, December 2, 1985. The journalist seemed unaware, or at least he does not mention the fact, that Aristeu Batista dos Santos was himself a trafficker.

used as a bait, or a guinea pig. The big guys in Guajara (Guajara Mirim in Brazil) are afraid he might be a second Tomaso Buscetta. They're afraid that if he's caught by the police he might spill the beans and shop everyone. That's why they want to get him before the police and the law courts do."

The present mayor of Guajara Mirim, a very powerful man whose family has not, as far as I know, been suspected of any significant involvement in illegal trading, explains how he strove to resist the Machado de Limas' clientelist charm offensive:

- (15) Nereu's family had a monopoly in sand. All the sand that was extracted for building was theirs, and it's still theirs. So when you needed to buy some sand, for example, they would offer you terms of payment. It's true they were the only company that dredged up sand from the river — I'm just giving you an example, of course — so we had to offer to... No, I tried to pay for it in cash. I made a principle of not getting into debt or being hock to people like that: I would buy and pay straight away, on the nail. That said, I was unhappy about those facilities... because we knew they were in that line of business, of course (in cocaine trafficking). What a fortune they had. You should have seen the lorries they had. But you were in hock. It was no good saying you weren't going to buy from this or that person, otherwise you ended up getting involved anyway, because they had a monopoly.

But the power of the Machado de Limas was mostly invested in the person of Nereu Machado de Lima, who was determined to mastermind and control the market in which he had got so many people involved, from Guajara Mirim and elsewhere. He prevented people from getting a foothold in the market by imposing himself as the sole supplier of his own trafficking clientele, and he also blocked the other end of the market by maintaining exclusive control of his international outlets. When Nereu died, the whole clientelist system he had built up in Guajara Mirim began to fall apart, excepting his close relatives. Policemen remember:

- When Nereu died, many people were disorientated. They began to clash with each other, to separate from each other... There were those people in Guajara who ran the shipyards, for example. Today, they're still in Guajara but destitute (*lascado da vida*), they've got nothing left. Those people worked with Nereu at the time, and it's easy to see from what happened afterwards

that in the end it was just money laundering, you see. The moment drug trafficking stopped, everything stopped, and everyone was ruined.

- (another policeman) In Nereu's time, these people bought fazendas, they bought all sorts of things in all sorts of places. After his death, they sold all those fazendas to pay their bills.

- With Nereu, for example, they had money. It poured in all the time from drug trafficking, it kept on pouring in without stopping. They bought all sorts of things. When he died and drug trafficking stopped for them, they had to start selling. They sold off their heritage. They sold the fazendas...and I don't know what...

- (another policeman) Houses, cars, planes — the Machado de Lima family had four aircraft.

- In the end, the Machado de Limas have remained here with the shipping company, the sand-dredging business for building, they can manage with that. Otherwise, the rest has all been sold by them. But there's the supermarket too...

Meanwhile, as was mentioned by the policemen, the other members of the family, who had never been more than the privileged "first customers" of the Nereu system and owners of an inheritance made out in their name (nothing was in the name of Nereu himself), sold everything they could and today, as honorable citizens of Guajara Mirim, they are comfortably well off (as well as enjoying income from the companies they still run). The rest of the "secondary" clientele was abandoned. Many employees lost their jobs in the many firms, stores and fazendas that had been mere front companies, or whose acquisition had been dictated by the particular requirements of trafficking (fazendas with airstrips, transit bases and so on). Many of those in hock to the Machado de Limas, who had managed to set up a small business with money the latter had lent them, and whose firm remained shaky and dependent on an illegal source of wealth, were ruined or had to sell up. Lastly, of course, the whole population of middlemen who had become integrated into trafficking itself became "disorientated", as the police put it: they had lost the man who pointed them in the right direction, the only man who had the resources and the credit to do so. One would probably also need to include, among the "disorientated", the representatives of the legal authorities and elites, who compromised themselves with Nereu's clientele, those who had banked on the stability, viability and durability of his project.

Cocaine sources became less reliable for Nereu's middlemen. The structure of the rank and file of traffickers began to falter, and internal disputes broke out within that population because of rivalries that had emerged when attempts were made to rebuild networks and to operate them for the benefit of some but not others. Some traffickers disbanded, while others, either out of inexperience or because they had been denounced by colleagues, were arrested by the police. It may also be supposed that clientelist pressure (charm offensives or death threats) eased up on institutions at that time. Nereu's clientelist edifice collapsed like a house of cards after his death. But the fact remains that at that time Nereu durably opened up the illegal market for "a whole generation" of new traffickers, some of whom subsequently managed, after breaking free from the Machado de Limas, to reorganise and exploit for themselves, profitably and discreetly, the segment of illegal networks into which Nereu Machado de Lima had originally introduced them.

The low-profile big traffickers

Whereas Nereu, a big-hearted but violent and, on occasion, murderous trafficker, regularly hit the regional and national headlines, but at the same time remained extremely popular with a section of the destitute local population, the respectable trafficking elite continued discreetly to thrive. It may be assumed that their reaction to his death was one of relief. Unfortunately, and inevitably, there is much less information about the other great fortunes that were amassed at that time in cocaine trading. The press mentioned the cocaine trade virtually only in its crime reporting pages, in connection with petty urban trafficking, the arrest of mules or bloody shootouts between rival groups, but it almost never referred to large-scale regional trafficking. And with good reason, since the people involved were often influential figures who had support in the regional media (when they did not own them themselves).

Considerable fortunes were built up at the time of Nereu Machado de Lima thanks to the existence of cocaine trading, but here again, as in the case of Costa Marquès, it is important to distinguish between the different ways wealth was accumulated. There were:

- Retailers/drug traffickers proper, whatever the scale of their activity.

- Simple smugglers of precursors, ether, acetone etc., who were remunerated in dollars, without importing or exporting cocaine.

- Big retailers who restricted themselves to exchanging their legal goods for the revenues of Bolivian drug traffickers, according to the model described in connection with Costa Marquès. Naturally the latter did not regard themselves, nor were they regarded by anyone, as law-breakers.

Among those in the first category, in addition to Aristeu Batista dos Santos, who owned a supermarket and a shipping company in 1985, mention could be made of Messias, a former army corporal posted at Forte Príncipe da Beira, then at Costa Marquès, who began to amass his fortune at the same time.

- He was an army corporal, but had got rich as an owner of property. He had an incredible number of buildings in Guajara. When he separated from his first wife, he gave her a pile (*monte*) of buildings. He had to share them with his wife, and now he still owns a pile of buildings. He had a furniture and electrical goods store. He bought and paid in cash, he didn't owe anyone anything, he had no obligations, nothing.

- Is he the man you said owned 30% of the buildings in the centre of Guajara Mirim?

- That right, it was him. As far as one can tell, he is now thought to have given up trafficking. He earned a lot of money at the time when cocaine was a seven-headed Hydra (*bicha de sete cabeças*). No one knew what it was, we just knew it came from trafficking. So at that time he went into trafficking, then he pulled out of it.

- (another policeman) The army people carried out an investigation and said to him: "Look, your wealth isn't compatible with what you earn. Take your wages and leave, or else we'll throw you out." So he resigned and left the barracks, under pressure from the army itself. Of course from his point of view, he didn't care a shit about his job. He had the money.

According to a Porte Velho public prosecutor (*uromotor*) who used to work in Guajara Mirim, ex-corporal Messias now owns 83 buildings in the centre of town (office blocks and houses), including the Jamaica Hotel, the finest hotel in town, buildings housing several big banks, an import company and property investments carried out in Aracajú, his native town in Sergipe.

(12) These names were freely mentioned in all the interviews, with both civilians and representatives of judicial and police institutions. They also feature in many legal documents. Oscar Milao and Maximiliano, who arrived on the market at a later date, are currently helping to train this "new generation" of traffickers, which clearly includes many young men of good family, whose "names they have blackened". A Guajara Mirim policeman admitted: "The oldest families in Guajara do not get involved. It is true that some of them now have children who have become traffickers, but this new generation already has a different attitude. They go and get involved, and blacken the names of the traditional families. Some of them are drug addicts, other traffickers, but they're in there, and even traditional families have been blackened because of that."

(13) When doing my investigations in Guajara Mirim, I myself stayed at a hotel owned by a trafficker.

People I spoke to in Guajara Mirim were prepared to be very forthcoming about the Machado de Limas. They also felt no embarrassment about talking about Messias, about the owner of the Casa dos Redes, once a humble hammock vendor and now owner of a luxurious 15-room "palace" in Guajara Mirim, about Oscar Milao, who used to sell onions and now eats off gold crockery, or about Maximiliano, who refines his cocaine in Brazil and is currently preparing to buy fazendas in the region for cash as well as planning to build a luxury hotel in Guajara Mirim... People were not embarrassed to broach such subjects because the rise of such traffickers, who are very active today, was all the more blatant and ostentatious because they had started out with nothing⁽¹²⁾. But no one talks with the same freedom about the fortunes of the old families, those who were already in a position of power when the illegal market got going, and who earned considerable fortunes by investing discreetly in it, fortunes which they invested elsewhere without seeming to turn their backs on their previous behaviour in a way that might have shocked people locally. People are naturally all the more reluctant to talk about such fortunes because many of their owners have remained influential in every sphere of local social, financial and institutional life.

The Nagibs are one such family. They arrived in Guajara Mirim in the 1930s. Nagib personally owns a timber company, another company that sells building equipment, as well as a large button-manufacturing factory in São Paulo, and some 60 buildings in Guajara Mirim (unlike Messias, Nagib had the reputation of being a very slow payer). Rumour has it that he built a 10-storey block in Beirut, Lebanon, where he had kept in contact with his family of origin... Nagib (like the other big families doing business on the river, such as the Badres and the Benesbys) had a sales representative in Costa Marquês at the time when Messias was trafficking. The Meléms are not recent settlers either. Owners of the import company, Tunari, they also operate in Bolivia and own some 40 buildings in Guajara Mirim. No one doubts the origin of the finance that enabled them to build up such a considerable local property portfolio.

It is worth noting that if one takes into consideration only these three individuals, Messias, Melém and Nagib, without taking into account local properties owned by other traffickers (the Machado de Limas, Aristeu Batista dos Santos and many other names mentioned in the course of the investigations), more than

180 apartment blocks, buildings and villas in Guajara Mirim are probably owned by traffickers or former traffickers. Guajara Mirim is not a large town, and its centre, which consists of permanent structures and is the centre of trading activities, is not very extensive. As these buildings are among the most presentable in the town, it is understandable that civil servants who get posted there find it hard to rent accommodation other than that belonging to a trafficker. According to the public prosecutor (promotor) in Porto Velho, who gave me these figures, this is often the case with magistrates and prosecutors who are posted there temporarily⁽¹³⁾.

Precursors

Illegal activity is not restricted to cocaine trafficking. Most of the major traffickers started out in the business by exporting chemical precursors such as ether, acetone, ammoniac, potassium permanganate, etc. Their networks regularly combined the import of cocaine with the supply of precursors. But precursors bought in Brazil were smuggled into Bolivia and sold to Bolivian manufacturers at well above the market price: the police reckon that capital invested in the purchase of such products had increased fivefold by the time they were sold on. That already amounted to a considerable revenue in itself, which explains why the market was able to constitute on its own an area of activity and capital accumulation independent from the import of the finished product, and sometimes even unconnected with the cocaine networks proper. Certain inhabitants of border towns like Guajara Mirim did not look the other way when such lucrative opportunities turned up. There were cocaine production ingredients which were not classified among the banned precursors, which were available on the Brazilian market and more difficult to come by in Bolivia, and which, perfectly legally, made certain retailers in Guajara Mirim very happy: one example is the toilet paper that was used as a filter during the manufacture of the powder. It was said jokingly that during the peak years, from 1985-1990, Guajara Mirim sold enough toilet paper to meet Bolivia's entire demand... The Bolivians would come in *voadeiras* to the harbour, and set off back towards Beni or Mamoré with cubic metres of toilet paper that had been sold to them at the highest possible price. The retailers, whether they ran small general stores or owned supermarkets, had of course

no reason to turn their noses up at this legal little windfall. Paulo Gudim, a local storekeeper, apparently distinguished himself in this activity.

Legal retailers or users of chemical products, that is to say, concretely, pharmacists, garages selling batteries and all retailers where it was legal to stock sulphuric acid or ether, were subjected to the same temptation. In Guajara Mirim, people mention Paulo de Baterias, who, as his nickname suggests, ran a battery store and secretly sold sulphuric acid to Bolivian traffickers. Pharmacists who knew their wholesalers well had little difficulty in buying more than they were allowed to, and in secretly storing their surplus until such time as they sold it to representatives of Bolivian laboratories. The most spectacular case (there were others that never came to light) concerned the Fialho family in 1991, who had long been established in the town. *"But in this case it is the children, not the parents, who say it's nothing to do with them; it's the children, already another generation, who blacken their elders' name"*, a policeman said.

However that may be, it should be remembered that the smuggling of precursors could itself constitute an area of capital accumulation independent of the cocaine trade proper. Groups were able to buy produce in the industrial urban centres of southern and central Brazil and sell them directly on to the Bolivians, as long as they had contacts on the other side of the border (which was particularly easy for the inhabitants of Guajara Mirim). Others supplied precursors to border middlemen, who in turn sold them on to Bolivians without asking to be paid for their services in cocaine. A policeman insisted on this point, and mentioned his suspicions that officials in the Federal Tax Office probably acted as accomplices when large quantities of chemical products were transported by road:

- For example, they transport ether and acetone in a goods vehicle coming from São Paulo or other major centres in Brazil on its way to Bolivia. Now the lorries are sealed by Federal Tax officials, and no one can open them up unless they have very strong suspicions. The lorries travel with seals on them and go to Bolivia with consignments of rice, cigarettes, export products... But no one here, not even our inspector, can touch a Tax Office seal. The lorries can only be opened over there in Bolivia. It has happened very often here in Guajara, and it still happens today: a sealed

lorry arrives at a checkpoint, for example, but we can't check anything as we don't know what it is. We check the tax docket, and they are cigarettes... But people sometimes say that there's ether, acetone and acid, in consignments of cigarettes.

- It is said that the smuggling of such products increases their value fivefold. You just drive out of São Paulo and on to Bolivia, and you've earned five times what you put in. So there logically must be some form of connivance with the Federal Tax office that carries out the check, with the people who inspect the consignment and affix the seals. And no one sees anything...

- (another policeman) A lorry turns up for example, one of those lorries that carry cigarettes for export. The cigarettes leave Brazil to go to Bolivia. The lorries arrive at a roadblock, and you can see that the lorry's axis is very low. It's very close to the ground. You can see from the weight that it cannot be carrying a consignment of cigarettes. But you only have a suspicion, there's nothing to warrant taking the Federal Tax Office seals off.

- So you can't under any circumstances open the lorry. If you do, you're committing a crime. If you open it up and find something nice, you're covered (*amparado*), but if you do that without being tipped off or without a good solid reason to open it up, then you're in trouble (*ferrado*).

- That means there must be accomplices...

- As far as we can analyse it... When the staff at the Federal Tax Office seal a vehicle like that, they must know what's inside it. They look at the lorry...

- Do they inspect it?

- That's their job, their duty. If they don't, they're guilty of negligence. They must check and inspect before putting on seals.

- And the seals are affixed there, in Sao Paulo?

- Yes, in São Paulo (...).

The rise and fall of a trade

All the illegal forms of capital accumulation mentioned so far — from Nereu Machado de Lima's misplaced clientelism to the smuggling of precursors and the discreet accumulation of respectable traffickers, whether or not they belonged to old local elites — were features of the 1980s. Such practices naturally facilitated the injection of illegal cash into the local economy, but they were not alone in affecting the situation in Guajara Mirim.

Trade in the town thrived extraordinarily at the time, as it then did in Costa Marquès, as we have seen. The shrewder major traffickers in Guajara perhaps avoided investing too ostentatiously in the town. But Bolivian traffickers from Guayaramerim, Ribeiralta etc. came en masse to spend their narco-dollars in Guajara Mirim, just as those from San Ramon and San Joaquim did in Costa Marquès, 200km upstream. Isaac Benesby, the present mayor of Guajara Mirim, remembers:

- The prosperous period lasted until 1990, I think. The Bolivians bought whatever they could find in Guajara Mirim. They bought beans, rice, television sets, everyone that came from the south or was produced here. Retailers sold huge amounts of goods to the Bolivians.

- Were there a lot of dollars here?

- A lot.

- Where did the dollars come from?

- No one knew where they came from... The Bolivians came here, and they brought money with them; it wasn't the Brazilians who were the gangsters in this particular case. The origin of the money, the laboratories, they were all over there in Bolivia. Look, during that period, which ran from 1980 and earlier till about 1990, the wealth that circulated in Guajara Mirim came here precisely because there was that freedom in Bolivia; ... They sent the (cocaine) through here, or elsewhere, directly to Colombia, and they had a lot of money. They had money to buy up stocks, enormous quantities of sugar, wheat flour, oil, everything, in Guajara. Including manufactured products, as they say — refrigerators, furniture, all that was sold in huge quantities in Bolivia, whole lorry loads of oil, toilet paper, barbed wire. Why? Because the wealth [narco-revenues] was on the other side (...). (...) Then came the phase when vehicles came through here, when Brazilian mules arrived, who carried the base paste. They would go and negotiate in Bolivia, but they didn't take money there, they took stolen vehicles. That's what is still going on even today, a large number of stolen vehicles come through Guajara Mirim — but it's still at a reasonable level, there are lots of places where they can cross the border. So trade began to decline, both in Guajara Mirim and in Costa Marquès. There was a slump, because the Bolivians no longer bought anything, in about 1990, there was almost nothing left. As for the few retailers there were here, and who had come with the intention of selling, of opening their stores to sell to the Bolivians, but who hadn't got a long-stand-

ing marketing structure, they closed down and left. Because at that time a lot of people came here to open stores solely intending to sell to the Bolivians.

What with the narco-revenues of Guajara Mirim's Brazilian traffickers and those of neighbouring Bolivians who came to spend huge amounts of money in the stores of the same town, which were in a position to sell at high prices, Guajara Mirim must have been awash with a quite extraordinary volume of wealth in the 1980s, compared with the money supply required by the small town's legal economic activity alone. The Brazilian retailers' room for manoeuvre in selling goods at high prices to Bolivian traffickers did not result purely from the fact that the latter were exceptionally affluent. The Brazilians retailers' advantage also resided in the fact that their colleagues in Guayaramerim, in Bolivia, were commercially isolated. The sale of manufactured goods by Brazilian storekeepers to Bolivians at a high price was a practice almost as old as the foundation of the two twin towns — and existed well before cocaine trading appeared. The strategic advantage that Brazilian retailers enjoyed over their Bolivian counterparts disappeared when Guayaramerim was in turn linked up to its own national road network via a practicable road at the end of the 1980s. Guayaramerim broke free from its commercial dependence on Guajara Mirim at a time when barter was beginning to replace cash transactions on the cocaine market. The commercial decline of cocaine may have been accentuated by that phenomenon.

But before the decline, unusual commercial practices appeared on the Guajara Mirim market. As we have just seen, the town contained a mixture of Bolivian and Brazilian traffickers, settlers and descendants of traditional families, some of whom had millions of dollars to spend. These people faced retailers who, one imagines, must have been delighted to be able to sell, on a daily basis and at a very good price, tonnes of rice and beans, hundreds of electric household appliances, tonnes of materials and machines for the building industry, dozens of cars and so on. But, as we have also seen, there were in addition a number of traffickers who themselves bought up businesses, so as to throw people off the scent and legitimise the source of their exceptional income, without worrying about carefully running their new activity or even about making money. Such operators, as long as they did not sell rubbish, could sell at any price they wished and thus un-

dercut the markets in sectors in which they had chosen to legalise their drug earnings... One also has to take into consideration the hyperinflation that was then raging in both Brazil and Bolivia, speculation and trafficking on the dollar exchange rate, the corruption of some local State representatives, and lastly the gold rush that peaked between 1986 and 1990 near Guajara Mirim. Under the effects of the drug economy, commercial and financial procedures were subject to spectacular distortions at the time.

Opposite the harbour of Guajara Mirim stands the imposing Federal Tax building, as it did throughout the period under consideration. Today its officials supervise the disembarkation of *voadeiras* bringing passengers from Bolivia and check the quotas of goods bought by *sacoleiros* and other Brazilian buyers who have come to take advantage of the free zone recently created in Guajara Mirim. What surprises the outside observer is that, at the centre of one of the main zones of cocaine transit between Bolivia and Brazil, in the heart of a town where most property is probably owned by operational traffickers, former traffickers or their heirs (not to speak of business capital and companies connected with public building works), the only manifest activity of the Federal Tax Office, despite the fact that everyone seems to know who is who, apparently concentrates on checking those who have gone shopping in the duty-free area and telling them they have bought one electric toy, doll or camera film more than the official purchase quota allows.

It looks very much as though even the most notorious traffickers, after investing considerable sums in the economy of Guajara Mirim, and before passing on their wealth to their descendants, had never been bothered by the Federal Tax Office. I was not able to investigate this facet of the problem directly. Always supposing that certain officials cared about assuming their local responsibilities, one can only imagine the level of pressure, offers of bribes and explicit or implicit threats that must have weighed down on any of them who wanted to impose the law. The pressure would certainly be commensurate with the extraordinary scandal that any rigorous financial investigations would have been bound to cause. Many magistrates are aware of the gravity of the problem and feel that Federal Tax officials are not in a position to assume their local responsibilities without putting their career or life at risk, unless they are able to act

within the framework of a federal initiative that would guarantee them the concerted support of the Federal Police, the public prosecutor's office and the financial institutions concerned⁽¹⁴⁾.

(14) There have been established cases of corruption. Worth mentioning is the implication of a Federal Tax official in the murder of a lorry-driver: the stolen lorry, which should have taken the barge from Guajara, was going to be exchanged for cocaine in Bolivia. Such cases do not make it possible to pass judgment on the circumstances under which the Federal Tax Office, or indeed any other institution, intervenes in such cases.

THE DRUG TRADE, THE BLACK ECONOMY AND SOCIETY IN WESTERN AMAZONIA IN BRAZIL

Roberto Araújo

Introduction

Stretching from the sources of the River Javari in the north-west to the banks of the Abunã in the south-east, the federate state of Acre (whose capital is Rio Branco) is situated in the westernmost part of Brazil between Bolivia and Peru. Following a massive flight from the land since the 1970s, the population has been distributed among the urban centres along these routes with a massive concentration in the southern regions of the state, near Rio Branco. The effects of urban growth resulting from rural exodus are manifest everywhere⁽¹⁾, but two major regional concentrations can be identified in the state: a densely populated area in the south, served by recent road links and so better integrated with the national economy, like the Acre valley; and a less densely populated area in the north which, because of its relative isolation, is more dependent on the old river routes used for the rubber trade.

These population movements, consisting mainly of former *seringueiros*, are a result of the decline in rubber extraction and, more generally, of an agricultural sector that has not been replaced by any industrial growth. At the same time, since the 1980s the service sector has prospered to a degree that would be difficult to ascribe to the relative growth of that sector alone. While some employers have been unable to maintain their forest estates and businesses in the towns, others have shown a remarkable capacity for investment. They have diversified their activities and found themselves at the head of large groups of companies which enable them to control the major supply networks.

(1) IBGE estimates (1996) a total population of 483,593, 47.3% of whom live in Rio Branco alone. 11.7% (56,705 inhabitants) of the population of Acre live in the second largest town, Cruzeiro do Sul, followed by Tarauacá with 4.8% (23,715) and Sena Madureira with 4.8% (23,330).

One businessman has become the virtual master of a town of some twenty thousand inhabitants on the banks of the Tarauacá in just over ten years. He owns an air taxi company (three aircraft), a drinks distribution business, a river transport company (barges), a coffee roasting factory, a network of filling stations, cattle farms, the main warehouses in the town and, besides being already the owner of a bar, he has just acquired further plots of land in the town, the better to launch himself in the catering business.

As in the neighbouring state of Rondônia, trade in Acre has benefited from income from the cocaine trade — initially, in the towns near the border with Bolivia, like Brasília and Plácido de Castro, which were the first to benefit from the largesse of Bolivians prepared to waste the gains obtained across the border through illegal exports. Many Brazilian businesspeople, however, took a further step by becoming involved in illegal operations themselves.

Smuggling of precursors was not the initial stage in local businesspeople's gradual involvement in illegality, as it was in Rondônia. Distribution problems resulting from territorial isolation probably explain the lack of laboratories in Acre. But those difficulties also make the state attractive for transporting freebase from Peru to Colombian laboratories (four years ago, Peru was still the largest producer of freebase, but it has never been renowned for its production of cocaine chlorohydrate). From the early 1980s onwards, pump attendants in small airports subject to little control by the authorities were given orders from their bosses to fill up planes whose passengers would pay cash, in dollars, and not to ask too many questions. With the complicity of their owners, private landing strips on old rubber plantations soon became so many staging-posts for illegal journeys. By the end of the decade, the cocaine trade was even attracting people with cash who, while not directly involved, became associated with it to finance possible illegal operations organized by acquaintances: members of the professions, senior civil servants, etc.

In widely varying forms according to investors' degree of involvement and the source of the capital invested, revenue from cocaine became an alternative source of income in Acre, given the crisis in the rubber industry. The development of the illegal economy seems to have accompanied general population movements, as the effects of the trade (accumulation of capital, rev-

enue going into consumption or investment on the spot) now extend far more widely in the cities where people who have left border regions are concentrated.

Acre has not, however, experienced the growth associated with recent colonisation which initially led to a general strengthening of the position of small farms and agriculture-related production in Rondônia and eastern Amazonia. The purchase of coffee harvests in Rondônia may be partly financed by illegal revenue (laundering) and thus be a social redistribution mechanism for the profits of the cocaine trade, as C. Geffray shows elsewhere in this issue. These redistributive effects are not felt to the same extent in Acre, especially in the southern regions of the state, where direct involvement in petty dealing in towns is, in the eyes of a large section of the population, the only way of improving their living conditions. As the local consumption of freebase gradually increases (mela smoked with tobacco), clashes between dealers bent on taking over and maintaining sales outlets is resulting in an exceptional increase in the number of murders in the capital.

Local Cocaine Market and Violence of Para-Police Groups

A reputation as a killer may be seen in some life histories as a means of helping street dealers to establish themselves, since it demonstrates one's aptitude for defending one's territory against rivals and is a guarantee of reliability as a receiver of the goods to be sold. But this is never established simply as a result of conflict among petty dealers over the sharing-out of the market. In fact, the role of police in the urban distribution of drugs is a striking aspect of the social and political implications of the cocaine trade in the state.

The action of "uniformed death squads"⁽²⁾ is symptomatic of this. It has resulted in a succession of murders in petty criminal circles in the suburbs of Rio Branco, attributed to the police. In 1987, a daily newspaper in the capital mentioned the elimination of four crooks, identified only by their nicknames, who, since the previous day, had:

"been added to the list of people executed by the police or killed on the orders of one or other police officer. The succession of bandits

who have been murdered or have disappeared seems to prove the existence of a 'death squad' in the capital's police stations, with the implicit or even open support of various police officers. Our sources in the police say there is a "black list" of names of criminals condemned to die, referred to as so-and-so or so-and-so, etc., a total of more than thirty probable victims of the extermination groups (sic). ... Despite emphatic denials by the Secretary for Security and the Chief Superintendent, the increasing number of complaints of torture and summary executions shows that negotiations are under way behind the scenes among the police, who have taken it upon themselves to tackle the root of the evil". (A Gazeta do Acre, 29/11/1987).

The executioners do not make any real attempt to protect themselves through anonymity. Their strategy is not to eliminate offenders, trying to conceal the existence of their police "extermination group". On the contrary: until recently they were quite open about what they were doing, enjoying the protection of people highly placed in the judicial and police apparatus. The "key man" of the "death squads" in Acre is Hildebrando Pascoal, who was for a long time commander of the Military Police and who then became a deputy, first in the State Assembly, then in the National Congress (Federal). He comes from a modest family, but one with strong roots in the Acre valley and, like most of his brothers, made a career in the police. He is reputed to have a violent temperament and has been in trouble with the law since 1983, when he narrowly escaped being found guilty of murder. In a judgement handed down in October of that year, the judge, while not prepared to find H. Pascoal guilty "without further evidence", made a point of mentioning the particularly difficult circumstances of the police investigation:

"The judicial investigation had enormous difficulties conducting the police investigations, firstly because of lack of resources, but also because of the great influence wielded locally by the families of the accused... Every effort was made to conceal the truth from us. Witnesses were produced who had no knowledge of the facts and lied shamelessly in their statements because they had been instructed not to tell the truth. Others chose to say nothing for fear of reprisals".

The "great social influence" of the accused is based on family networks deeply rooted in the police force. From trial to trial, one

(2) In the late 1960s, the responsibility for state police forces was taken over by the military regime. The military dictatorship mobilised them against certain radical leftist organisations in a crackdown which soon made every political opponent a potential victim. Special commandos, known to use torture, physically eliminated prisoners with complete impunity. This was widely denounced and was the subject of a number of studies of the dictatorships in Brazil and Latin America. It had serious implications which were already visible at the time of the "democratic transition", but whose extent was probably as yet barely realised. No longer having the task of combating the regime's opponents, which no longer served any purpose, some sections of the military police immediately embarked upon a "war against crime", using the same extra-legal methods regarded as essential for the accomplishment of their mission.

notes these sorts of "exchanges of friendly services" among prominent people, such as when a Secretary for Security came in person to request the surrender of H. Pascoal during a private visit to the suspect's family, without concerning himself about the political consequences of the gesture. Such exchanges reveal the cronyism in the law enforcement sphere which guarantees the impunity of certain individuals.

"Those people, said one witness, all went to school together. They've known one another since they were tiny. ... So one day the judge comes to see a certain Military Police officer to complain that his house has been burgled. The next day — surprise, surprise! — the burglar is found dead and the stolen goods are returned (to the owner). That's how it works."

The police perform other services, such as intimidating debtors, for the authorities and prominent people, who are all the more inclined to ignore the "excesses" of their personal militia. In such a context, where the forces of law and order are to a great extent in thrall to the interests of certain individuals, the connections between urban crime, drug dealing and police exactions have become a constant in the life of Rio Branco. Giving evidence before a Parliamentary Committee on Drug Trafficking, a former employee of H. Pascoal said he had heard the deputy order the execution of a street dealer who had invaded the territory of one of his protégés. Furthermore:

"(According to the witness) several people involved in drug trafficking frequented Hildebrando's house. Two of the deputy's trusted dealers kept a check on the sales outlets, using a motorbike belonging to him. ... Corporal Paulino and Sergeant Alex seized drugs from dealers who invaded the areas controlled by Hildebrando who (according to the witness) sold the drugs and used the proceeds to finance his family's political campaigns" (O Estado de São Paulo, 30 June 1999).

Through its criminal contacts and informers, the group of police organized around H. Pascoal is thus able to control the cocaine market in the town. The deputy is also well-known for his influence in prisons: one word from him to the prison authorities is enough to speed up the release of a prisoner or change the conditions of his sentence. He boasts of the indulgence of his sister-in-law, a public prosecutor, with respect to certain law-suits

that were compromising for him. His networks include several Civil Police Commissioners who seize competitors' drugs and drag out investigations into murders committed by the group. This enables them to appropriate (wholly or in part, and with absolute impunity) revenues from illegal activities and to impose conditions for the conduct of those activities for their own convenience.

The family's financial prosperity is obvious: it is said that H. Pascoal always runs off with the best lots at cattle auctions. His wealth enables him to finance his political pretensions. Within the police itself, he lends money at exorbitant rates of interest which he deducts directly from police officers' salaries. He uses the debts to apply pressure to obtain his subordinates' political support. He is also alleged to have distributed money to some of the hordes of electors who crowd around candidates in the run-up to elections — one person with a medical prescription, another with three months of unpaid invoices — in the hope of balancing a meagre family budget. It is said that during his second election, outlets for the free distribution of sachets of freebase were set up for the town's drug addicts in order to secure their votes.

None of this is enough to explain Pascoal's resounding electoral successes: he is the deputy with the biggest electoral majority in both the State Assembly and the National Congress. Rather than attributing his success simply to his scattering largesse from his illegal activities during elections, the reasons are to be sought in his legitimacy in local society. He himself has never doubted the legitimacy of his practices, established secretly and without the knowledge of the law. Accused by the President of the Court of being responsible for the crimes committed by the death squads, he claimed to be a victim of persecution by individuals who wanted to harm him because of his role as protector of honest people from outlaws.

More than a year after his arrest and that of dozens of his accomplices, huge sections of public opinion in Rio Branco seem to agree with him. It is true that murders of criminals have declined since the downfall of the "death squads", but burglaries and hold-ups have increased significantly. The recrudescence of offences against property affects not only the middle classes and local businesspeople terrified by the new impunity of petty

thugs, but is also, even especially, affecting poor people, who now, for example, have to pay a toll (*pedagios*) at some street corners. It is chorused that "this never happened in Hildebrando's time".

Illegal Networks and Social Control in Northern Acre

The tendency of the press to talk about drug dealing and the cruelty of the "death squads" as if they were one and the same masks a very important fact that needs to be remembered: violence seems to have been stamped out in northern Acre, where the investment of illegal capital and mechanisms for distributing illegal revenue are greater. The medium-sized towns with populations of twenty to fifty thousand in the Juruá and Tarauacá valleys are still the fiefs of old *seringalista* bosses who have exploited new opportunities to enrich themselves. Many of today's large traders ran rubber plantations in the 1980s. Whatever the circumstances of their initial contacts with cocaine exporters, the importance of old forest paths for the transport of drugs is undeniable. Some routes — from Peru to Cruzeiro do Sul via Paran  dos Mouras or across the border hills towards the sources of the Javari — are regularly used thanks to the cooperation of the local people, who act as guides or temporary receivers of the goods.

Networks based on family connections, cronyism or previous contacts with small commercial suppliers in towns make it easy to smuggle small quantities of freebase to Cruzeiro do Sul. Sometimes this is done by Peruvian workers or peasants, who come on to the Brazilian side of the border to sell a few hundred grams received, it would seem, by way of a salary or remuneration. Having buried the goods in the neighbourhood, they are given lodging by a local person for the time it takes the local boss to do a deal with a buyer in town.

The recruitment of local people (as guides, boatmen, to build landing-strips, etc.) may also provide logistical back-up to larger-scale operations involving caravans of porters protected by armed guards carrying the drugs on foot for part of the journey, before they are taken by boat or air to Colombian laboratories. Scouts in the traffickers' pay inform them of the movements of the Federal Police assigned to border control.

In such a context, large traders have considerable advantages. Traditionally in charge of organising the transport of hevea and river freight, they not only possess the means of transport (barges, etc.), but also the commercial and even personal contacts which, on a larger scale, may prove useful for organising illegal transport. Cocaine routes are not, however, superimposed on rubber marketing networks, since there have been other changes which have resulted in the diversification of the trade and its agents. Petrol and timber networks, for example, are particularly representative of the metamorphoses that have occurred, since the market price of these products is higher than that of rubber. When they are exploited illegally (embezzlement of subsidies for transporting petrol by illegal sale at the place of purchase; timber felling in protected areas, etc.), their attractiveness as sources of income increases still further. In the latter case, networks may benefit from various practices (such as the corruption of civil servants, vetting of staff and procedures, etc.) that are also employed in the drug trade.

Links between some strategic networks (that vary from region to region) and the drug trade are, from this point of view, far from fortuitous. The most striking example in Cruzeiro do Sul is probably Orly Cantarelli, former mayor of the town and close to Senator Olavo Pires before this major Rond nia trafficker was killed. Cantarelli had his first brush with the law in the mid-1980s when he was accused of keeping workers on his estate in the Upper Juru  in semi-slavery, and illegally felling timber in indigenous reserves. Ten years later, when Cantarelli had become governor of the state, his personal secretary denounced the use of his river transport company for carrying cocaine in oil cans. The *ex officio* governor's purchase in the United States of a Boeing 727-200, illegally flown into Brazil with a cargo of undeclared electronic equipment on board through a sham company in Rio de Janeiro, also intensified suspicion about the nature of his relations with certain people in the entourage of a pilot and notorious trafficker arrested in 1994 for bringing 7.2 tons of cocaine into the state of Tocantins. Finally, the governor was in the regional news for embezzling public funds and for the nepotism characteristic of his management. The Cantarelli family's businesses have experienced unprecedented prosperity. They obtain large contracts to transport diesel for generators in the main towns of Purus and Tarauac  and to build roads.

(3) H. Pascoal's involvement in the drug trade is not confined to extortion. His properties are used for loading and unloading drugs. His brother's name appears in a 1996 Federal Police investigation. Sete Bandeira Pascoal was mentioned as travelling to Colombia in the company of Peruvian drug barons. A landing-strip belonging to him was sometimes used by pilots working for these people. Supplying logistical support and providing cover for illegal operations, Pascoal was probably also able to provide local supplies at certain periods. The Drug Trafficking CPI also brought out his association with inter-state criminal networks, in the same capacity as eminent persons in the Nordeste region, including a brother of PC Farias, treasurer of ex-President Collor de Melo in the state of Alagoas. Be that as it may, Pascoal does not seem to be a player on the national or international trafficking scenes.

(4) This strategy seems to have been successful since, at a time when many political personalities and businesspeople in the state were put in the hot seat about their illegal revenues by a Parliamentary Committee charged with investigating the drug trade at federal level, his name was removed from the Committee's report. In the ranks of the opposition itself, this omission is attributed to the fact that he lent his support to the present governor.

The contracts are worth millions of dollars, and the question arises of the traffickers' being able to access state funds and use them as they wish. This would be a different matter from the mere corruption of civil servants and, as in the case of H. Pascoal, of making some dealers and petty thieves pay a ransom for their impunity and dealing ruthlessly with those who were reluctant to do so. It would entail adding the embezzled sums to the fortune of illegal revenue⁽³⁾.

The major traffickers are primarily businesspeople and their companies provide work for hundreds of employees. The smooth running of their businesses results in the creation of indirect employment and provides a living for a host of subcontractors in the building industry and in the hotel and restaurant trades. As they hold government posts, they can also facilitate the recruitment of civil servants. In these isolated towns less affected by demographic pressures than the capital, relative social peace thus seems to reign. The control exercised over the population renders violent, sustained repression unnecessary as the population is subjugated in other ways. On the whole, the inhabitants who buy goods in their employers' shops and on whom they also depend for their pay, are a captive political clientele shared among a handful of influential people.

In this context, recourse to murder is quite exceptional. Rivalries between bosses may take the form of the anodyne appearance of competition around an invitation to tender; for example, one rich businessman put in a bid to transport diesel for public generators, but was deprived of the fortune by the Cantarelli family's company. The same man lent his support to a candidate for the state government from the leftist opposition, who was ultimately victorious. His aim was not to improve his chances in future invitations to tender, now conducted within the regulations (even though in this case the candidate's reputation for honesty was not in question), but rather an opposition victory that would further weaken his rival Cantarelli, at the time already weighed down by various criminal charges, by taking the opportunity to strengthen his own network of associates and extend their influence to key posts in the administration⁽⁴⁾.

It is not a case here of "undercover deals" that take place as secondary events on the margins of a political system set up to administer the community. On the contrary, the politically signif-

icant confrontations and alliances criss-cross institutions, but are devised for the purposes of cronyist realignments in illegal networks. The action of para-police groups is a more spectacular facet of the illegal economies in western Amazonia than the domination of the major employers, but it is only an indication of a fragile social contract which, when it is broken, is immediately replaced by violent, illegal forms of social control.

VIOLENCE RELATED TO ILLEGAL DRUGS, EASY MONEY AND JUSTICE IN BRAZIL: 1980-1995.

Alba Zaluar

Introduction

This chapter discusses the present view on crime and violence in several Brazilian cities, and more specifically in Rio de Janeiro which is considered by the national and international press as the most violent city in the country. This perception is primarily due to Brazil's important role in transnational drug traffic, and to the apparent mounting poverty and inequality in some urban areas. There is a widespread argument in the press and in academic literature that drug trafficking flourishes in shantytowns because of poverty and exclusion. But the argument, which points to different mechanisms, does not articulate them in a convincing way. This chapter will discuss the common sense ideas putting them in an interactional perspective. The aim is, therefore, to understand the connection between poverty and drug traffic, specifying the different economic, social and institutional devices and changes that have an effect on it. It is based on primary data from several fieldwork research projects as well as data obtained from official sources (the Ministry of Health, the Police and the Judiciary). The latter data was obtained after a recent three-year research which compared the flux of lawsuits concerning drug-related crimes in the system of Justice in two Brazilian cities: Rio de Janeiro and Campinas. Data from another on-going research project compares styles of drug use and trafficking in three different districts (Copacabana, Madureira and Tijuca) of Rio de Janeiro, one in the richest zone of the city, another in a predominantly middle-class area and the last one in a predominantly poor section.

As elsewhere in Brazil, the astonishing pace with which violent crime has increased in the last years and the youngsters' participation in it (*Paixão*, 1982; *Campos*, 1988; *Caldeira*, 1992; *Adorno et al.* 1995) are among the most intriguing features of violence in Brazil since the beginning of the eighties. In the present chapter, I start by claiming that one cannot understand the tremendous increase in the rates of violent crimes, especially homicide, without linking it to drug trafficking. This assertion is supported by fieldwork research that I undertook during the eighties in a poor housing zone in Rio de Janeiro, as well as statistical data from other studies in Brazil (*Soares*, 1994; *Adorno, op.cit.*) and other South American countries (*Daza and Moreno*, 1995; *Zaluar*, 1994b).

The first part of this chapter presents the theoretical framework within which I work. The second part concerns the historical background of the economic, social and political changes that compound the scenario in which violence and drug traffic thrive. In the third part of the chapter I present data from the ethnographical fieldwork done in the housing zone, as well as the most recent data from on-going research in three different districts of Rio de Janeiro. In the fourth part I discuss the findings one can gather from statistical data concerning violent deaths and homicides. The fifth part presents data from research just completed on the Justice system that shows new evidence concerning the relationship between poverty and crime.

Theoretical framework

Violent criminality in Brazilian cities from the eighties onwards cannot be reduced to the question of poverty, a problem that has always been present in Brazilian society over the centuries. Neither can the great rural-urban migration flow that marked the country in previous decades be presented as the cause, for it occurred before the sudden growth of violent crimes.

In contemporary sociology one is not searching for explanations either of the sequence of cause-effect links or of structural characteristics that make people mere puppets of economic or social facts. There is another paradigm, which we could call the interactional model, in which a set of actions unleashes a chain of crosscutting effects that form "configurations" (*Elias*, 1993) or

(1) Mafiosi contracts damage third parties and, although they may avoid conflicts, are based on the participants instrumental interests (*Habermas, 1991*). The relationships of personal loyalty and reciprocity are neither the outcome of a personal free act, but are forced upon mainly by the threat or use of physical violence or even by terror (*Caillé, 1996*). Demonstrations of the chief's generosity and magnanimity exist, but are dependent on the whims and caprices of his personal power, leaving little space for the subject of argumentation and demand to appear. The mixture of fear, respect and affection that surround him does not nullify the despotic trait of his power.

(2) The concept of the network is used in two main ways in studies concerning drug traffic nowadays. Firstly, it is anchored in the concepts of territoriality and hierarchy with which Geography has envisaged international, national and regional metropolises as well as other cities in order to study the flux of information and products that pass from one to the others through knots and strategic points of interconnections from which some of them hierarchically exert over the others. Secondly, closer to the anthropological conception of a social network, it is used to study and understand the illegal activities that have the character of a continuous business that flows by interpersonal relationships based on secrecy and trust always under proof, in other words, on knowledge and vigilance people have of each other as well as taken for granted arrangements and rules between them. In this second meaning, it applies notably to the lower levels of the drug traffic that have an intricate and decentralised web hardly controlled, contrary to what happens with the wholesalers and financiers of the traffic, who tend to create centralisation and hierarchy in *Cartels e Mafia (UNDCP, 1997)*.

(3) The concept of organised crime is entangled with the concept of Mafia and has been the object of an unfinished debate which started during the last century: the former referring to its organised or disorganised character, and the latter pointing to its condition of crime, work or enterprise. In any case, there is no doubt that one is dealing with a set of activities spread in networks that have components of economic endeavour, that is, it needs repetitive activities, (though without the discipline, regularity and rights of regular work), a goal of which is profit (easier and higher the better seen at the wholesalers and intermediaries network), using variable methods and currencies for exchanges typical of secret or underground relationships.

"constellations" (*T. Adorno, 1973*). Their internal tensions and disparities remain present so that the final arrangement is not an internally harmonious system. These constantly renewed arrangements are more akin to a nexus of meanings which make up social phenomena, that is, complex and intertwined processes of facts and senses; things and representations that are thought, created and lived by agents. The interactional model considers social practices and behaviours in interconnection so that causality flows between them and one can speak of complexity. This concept is nowadays increasingly part of the idiom of those who think the new global processes of cultural diffusion, be it of new consumer styles, or of behaviour patterns, including the manifestation of violence in cities in which the effects of globalisation are present.

There have been intense debates over the character of post-war society — be it called post modern, post industrial, high modernity, etc. — that went beyond the mere discussion about the proper terms used to denote it. However, there has been also a certain agreement that this society has been subjected to an accelerated process of social, economic, political and cultural transformations, the central points of which would be social fragmentation and the increasing importance granted to leisure and consumption activities as means of ascertaining and defining new social identities. On the plane of social control, such transformations mean that conventional moral restraint, which up to a certain point exists without the Law, has weakened and has not been replaced by new post-conventional ethics based on personal freedom as well as mutuality, respect for the rights of others, or the use of dialogue to arrive at an understanding (*Habermas, 1991*). This ethics surpasses the one existing in civil law or in the conception of interpersonal contracts that bind private domains and exists also to a certain extent in organised crime⁽¹⁾. The new ideas on the compromises each one must make with others in public space (*Ricœur, 1990*) have not been absorbed in social practices. As a result, gambling, drug use and pleasure-seeking are the main objectives of life for many sectors of the population, especially the younger ones. This makes the businesses that exploit their illegal consumption highly profitable.

Since inequality remains at the social, economic and institutional level, these new globalising forms of economic activities configure a perverse social and economic integration for

those who focus on exclusion. The question yet to be properly discussed is how the effects of poverty and accelerated urbanisation or immigration are linked with institutional mechanisms and the presence of networks⁽²⁾ and fluxes of a more or less organised crime⁽³⁾ (*Schiray, 1994*). Although poverty and accelerated urbanisation are clearly connected results and causes of exclusion, organized crime crosses all social classes, has bonds with organised legal business and does not survive without institutional support from state agencies delegated to defend the law. The related themes of violence, criminality and insecurity will not be properly understood if not connected with such dimensions.

Today, the scene of violence in the world cannot exclude the local impact of transnational organised crime or, if one may say so, globalised crime that has sui generis economical, political and cultural characteristics. In it, those who are in strategic positions in the large network of transnational connections may profit quickly and easily as a result of a combination of no or few institutional limits, using violent ways of conflict adjustments⁽⁴⁾. This may be considered as the illegal sector of the production and distribution of goods and services that is part of what is called "mass consumption of style"⁽⁵⁾.

Among the illegal drugs, cocaine is today associated everywhere with a style that puts great value in money, power, violence and consumption of "trademark goods". Because of the very high prices of the drug, which is more expensive than gold in several places⁽⁶⁾, its trade has become a source of enormous and rapid profits, as well as greater violence. In this case, the profits are not engendered by productivity or greater exploration of labour, but by the illegality of the enterprise itself (*Salama, 1993*). The demand that guarantees high profits, is created by changes in lifestyle associated with individual consumption, which is characterised by style consumption (including the use of illegal drugs) and which is more expensive than post-war family consumption due to the secure and comfortable domestic patterns of middle class families. Such changes in consumer habits have been accompanied by new conceptions of work and suffering. Furthermore, these changes, which have been credited as one of the effects of the globalisation process, are said to have favoured or gone with the impressive verified increase in certain crimes "against property" — thefts and mugging — as well as "against

life" — aggressions and homicides (*UNDCP*, 1997). However, the local and micro mechanism by which this has come about is yet to be properly studied.

Historical background

At the beginning of this century, during the first republican period, there had been a noticeable spur of criminality. The most common offences and crimes were disorders, vagrancy, thefts, robberies. "Crimes of blood" — private vengeance committed between people known to each other — were much less frequent. Similar patterns existed in European countries (*Fatela*, 1989). After a period of relative tranquillity following the Second World War, there was an enormous increase in violent crimes, especially kidnapping, robbery and homicide. In many European countries, this started during the sixties (*Lagrange*, 1995), but in Brazil, it started at the beginning of the eighties, with violations multiplied several times in several cities, mainly Rio de Janeiro, São Paulo and Recife. This rapid growth in homicides particularly affected young men 15-29 years old and shifted from crimes of blood to crimes in public places between people who were neither intimate, nor even known to each other. This is exactly the same pattern found in disputes over the division and defence of territories and the payoff of traffickers and robbers. This is the same crime pattern as the one that developed during the violent competition between gangs in the ghettos of Los Angeles, Chicago and New York which started at the beginning of the 20th century.

From the fifties onwards, big metropolitan regions and many middle-sized cities appeared as a result of the speedy urbanisation of older towns, notably in the Southeast Region, the most populated and richest Brazilian region, where are located the two biggest metropolises of the country: Rio de Janeiro and São Paulo. However, starting in the eighties, the migratory movements changed direction. Prior to that time, migrations took place from the Northeast towards the Southeast, or, within the Southeast, from small towns to cities such as Rio de Janeiro and São Paulo. The main migratory flow in the eighties has been from the South, originating especially in the federate state of Paraná, towards the Centre-West and North of the country (*Martine*, 1994). During the nineties, São Paulo and Rio de Janeiro have grown very little, whereas some middle-sized cities have continued to display noticeable population growth.

During the eighties, the country had progressively recovered democratic practices. This followed a period of economic development during the military regime (1964-1984), when increased wealth had never been distributed. Instead of economic growth, there had been a scenario of economic, moral and political crisis supported by rapid inflation. Brazil had a varied and modern economy, but its political and juridical traditions and institutions had not evolved. Not only did it have one of the worst income distributions in the world, but there were also great inequalities in terms of access to Justice or distributive justice. The latter manifests itself when people are systematically excluded from services, benefits and guarantees which are considered as social rights of citizenship ensured by the State. It is seen when people do not have human or civil rights, that is, those rights that are contained in national constitutions or in the Universal Declaration of Human Rights. It also appears when people do not or can not criticize the laws or the workings of Justice.

During the eighties, there was a new rise of criminality rates in most Brazilian states and big cities, mainly in the metropolitan regions such as São Paulo, Rio de Janeiro, Salvador, Recife, Porto Alegre, and Brasília.

Political violence — even though not altogether absent from the recent and less recent past when it assumed forms of collective violence — cannot explain the recent spur of interpersonal and private violence. In spite of the oscillation between centralisation and decentralisation and several disruptions of the Rule of law, parliamentary power had been institutionalised in Brazil since the Empire. Even though there had been setbacks, Brazilian parliamentary liberal tradition, established through the strength that local oligarchies have always had in the country, revealed itself stronger than expected with help from supporters of authoritarianism and the military regime. The locus of violence has been the subject of a lively debate concerning the ideas about the "Brazilian Cordial Man"⁽⁷⁾. There are no records of glorious revolutions similar to the French or the American ones, nor of civil wars between Catholics and Protestants, Christians and Jews, Muslims and Jews. Although it is true that slavery led to centuries of deep interpersonal violence, the explosive episodes of racial, religious and political hatred were either transitory or localised and never divided the country. Nevertheless,

(4) All over the world, the existence of laws that prohibit and the strong moral censorship that is imposed on such activities, compels practices and organisation forms that are both underground and violent in their means of negotiation (threats, intimidation, blackmail, extortion) or in the conflict resolution (aggressions, murders, terrorism) to react accordingly in either their commercial or private disputes.

(5) Style is a concept used for substituting culture and subculture which have theoretical consequences and presuppositions which are inapplicable in such times of very rapid changes and uses of social identities and practices. Used first to designate what was called "youth culture", style then became the most suitable term to characterise the swift and transitory novelties in fashion of music, clothing, art, language and other juvenile behaviour that could no longer be exclusively interpreted on the holistic perspective of religion or of class culture, although not entirely disconnected with them.

(6) In New York the same pattern is found in the traffic of heroine in that, from the sixties onwards, trafficking was established in the black and Puerto Rican neighbourhoods, and the pattern continues in the more recent traffic of cocaine and crack (*Sullivan*, 1992).

(7) Sergio Buarque de Holanda, *Raízes do Brasil*.

it is also a fact that violence was given a real, though limited, place in the collective imagination of Brazilian society, as happened in Portugal (*Fatela*, 1989).

Thus, there has never existed in Brazil anything similar to the phenomenon "la violencia" which devastated the Colombian political parties during the fifties. Nor has there been the enduring urban and rural guerrillas that formed the peculiar pattern of violence in Colombia. Unlike what happened in other countries, the Congress of Brazil did not close down during the military period. The government continued to use corruption along with clientelism as strategies to control the politicians who still had some power of decision. This later resulted in some strongly anti-clientele and anti-State attitudes amongst members of social movements attached to opposition parties. It facilitated the emergence of networks and circuits of money laundering for organized crime, even during the period of re-democratisation. Finally, since there have been no or few reforms within the justice system, and especially no changes in police practices with regard to the poor, one might say that the effects of the military regime are still present in the functioning of these institutions.

Inflation, which ravished the country until 1994, is not an exclusively economic phenomenon; psychological and moral factors are also involved. It has therefore had perverse effects on the attitudes and values of the population, especially in the wages and salaries sector where people gained nothing from it. High inflation erodes mutual trust without which there is no stable social relationship between economic agents. Furthermore, inflation had been considered a form of "stealing" the salaried, and had depreciated governmental credibility, fostering an authority and governance crisis in the country. Psychologically, it had also been used as a justification — "everybody is stealing" — for thefts, robberies and muggings and all the instrumental games that people increasingly engaged in. Finally, high inflation had facilitated the work of networks and circuits of organized crime inside the country in so far as it had helped create the mirages of "easy money". Those who had started practising increasingly more daring economic crimes were helped by the growing difficulties in records and social control over public budgets and bills. This background has, therefore, facilitated corruption and money laundering, activities that are very important for establishing criminal connections.

Even when inflation was controlled by the Plano Real, which stabilised the currency in the country, the magical and volatile new financial international arrangements still existed, including the transnational systems of money laundering for governmental corruption and organized crime linked to the drug traffic. Financial crimes, including those related to trafficking and money laundering inside the country, are still little-known and uncontrolled. This is one of the main reasons why one cannot explain the present wave of violence as being simply an effect of the geological layers of customary violence in Brazil — which, in fact, has diminished since the Second World War.

A certain category of these crimes was committed primarily by poor youngsters. In order to understand this, one should first analyse how poverty affects the young. Research has shown in many countries that, nowadays, a greater proportion of the poor belong to the "female" and "child" categories. Data from the Brazilian Institute of Geography and Statistics — IBGE — indicates that, in 1989, 50.5% of Brazilian children and adolescents belonged to families with per capita income of less than half the minimum wages (around US\$50) and 27.4 % belonged to families with less than a quarter of the minimum wage. Of the latter, 56% belonged to families headed by women. More than 40% of the families headed by women were below the poverty line, whereas approximately 30% of nuclear families were in the same situation (Ribeiro e Saboia, 1993). The growth in the proportion of families headed by women with children under 10 years in the poorest layers of the population is pointed out by numerous studies (Ribeiro da Silva, 1987; Henriques and Valle e Silva, 1989; Rizzini, 1993; Barros e Mendonça, 1993). According to the 1991 census, families headed by women with children corresponded to 16% of the total number of families in the country, but, within the lowest income group, the same type of family represented 30% of the total. Whereas below-poverty-line families headed by women accounted for 26.27% of the total number of families, amongst the 1% richest such families represented only 3.4% of the total.

It is also a fact that, in order to compensate for the wage losses provoked by inflation as well as to respond to the new consumption demands for domestic equipment and clothing, poor families have put children and adolescents on the work market in order to bring in more income. Several studies also point to the

increase in this category of work in urban areas during the eighties and to a bigger rate of unemployment amongst youths. Nevertheless, the majority of these youngsters and children — many of whom work informally in the streets — never join criminal groups, despite their vulnerable position. Only a small number become involved with gangs of traffickers or robbers. Basic needs or the wish to help their families are not sufficient reasons to explain why some join these gangs and others do not, though the need to earn money remains a factor. In reality, few poor people opt for a criminal career. In one fieldwork research done in a poor neighbourhood of Rio de Janeiro, I estimated that around 1% of the total population (380 people out of a population of approximately 120 000) belonged to trafficker gangs, and approximately 1200 people were involved in thefts and muggings (Zaluar, 1994).

Finally, the existence of a new form of informal/illegal market is another element that helps explain what is going on in Brazilian cities. Informal markets have always existed in Brazilian cities, and have been an important source of income for the poor with little qualification for work or little schooling. These informal markets have developed personal networks and complicated rules for the occupation of the main streets in the major urban centres of the country. Yet, for the past decades, they have been joined by street vendors who goods which have been stolen from trucks, residences and pedestrians, or which have been smuggled in from other countries. Informal trade, which traditionally has been a way out of unemployment and an alternative for subaltern work, has thus become tied to organized crime. This becomes even clearer when one discovers its connections with gold selling shops, car repair shops, wrecked cars lots, antique dealers, etc., some of which have become collecting points for stolen goods. It has been discovered recently that even some legal truck transport businesses are part of the network for truck robbery. However, there has been little systematic investigation of these networks so far, although policemen have sometimes repressed harshly the last in the line: those who sell on the streets.

Most of the projects to reduce inequalities that were implemented during the eighties have been unsuccessful. To understand this, one must take a close look at the political ideology that guided them. The idea of poverty in Brazil, for instance, cannot be understood without considering the political culture

background. Most discourses, including the social policy discourse, have linked deprivation predominantly to *material* lack (as if inequality was simply a matter of food) without analysing the absence of a coherent idea of citizenship, which implies integrated social, political and civil rights. Inequality, therefore, has been interpreted only in terms of material differences, without linkages to juridical and political differences. This is a double simplification: confusing poverty or social inequality with *absolute deprivation* in its most concrete and evident symptom — hunger —; and reducing citizenship to social rights. In the former, the simplification ignores deep changes in the consumption patterns of workers' families, that explain the *relative deprivation* vis-à-vis other social groups and categories, as well as the intra-family and inter-generation conflicts in a consumer society.

Although urban society in Brazil today is highly individualistic, a romantic conception of the community is still central to the political culture that constitutes the ideological setting for most attempts to tackle the problems of poor youth. Emergency programmes that provided insufficient training for work and gave jobs to unqualified youngsters in a complex work market only reproduced the problems that led those children and adolescents to the streets. At the same time, the changing social image and definition of the street due to organized crime and increasing violent crimes has augmented the pressure for "keeping the children off the streets", the main reason for popular support of such programmes. At the same time, the social image attached to those youngsters reinforces their new social identity, which is increasingly linked to marginal activities and violence. This calls for a change in school pedagogy and in technical teaching of this sector of Brazilian urban population, as well as for institutional reforms in order to integrate the several dimensions of citizenship for the poor.

Profit, the Etho of Virility and Warfare in Drug Dealing

Some research on drug use has been done among the Brazilian school population. It has revealed that the drugs most consumed are not the illegal ones. On the contrary, the most popular are inhalants or solvents ("loló" or "lança-perfume", glues, enamel, gas, acetone), all of them openly sold in shops. In the

(8) In this matter, there is today a hierarchy between shantytowns in Rio, some of them functioning as distribution centres for retail, while others as simple costumers and small dealers trading points. In the first ones, the exceedingly well armed crews dominate the local population with extremely ruthless rules of security. In the second ones, the situation of insecurity varies, depending also on the relationship between drug crews and local military policemen, or the neighbourhood and the Police. Because of this, the Favelado Federation of the Dwellers' Association estimates that around 20% of "favelados" have left their respective shantytowns.

(9) Some anthropologists, such as Sahlins (1987) and Dumézil (apud Sahlins), have suggested a relationship between power external to society, which takes on the signs of virility, and the violation of the people, which takes the sign of femininity. Hawaiian chiefs came from the sea and were considered foreign gods; they symbolically received native women during the enthronement rituals. Dumézil, taking the rape of Sabine women in Roman historical formation differentiates between a virile, youthful and violent power prevailing in the beginning of domination (*celeritas*) and a mature power based on the peaceful and procreative character of a well-established people (*gravitas*). The paradoxes and problems of legitimacy and force are present in the rape of women by a violent because virile power.

(10) The gang responsible for most rapes was the one called "caixa-baixa" (lower-cases), a band of thieves that entered into war with the most powerful gang in the neighbourhood because of the high cuts taken on the valuable stolen goods the "lower cases" brought back to sell. After Zé Pequeno's murder, the lower-cases took over the hustle after a fierce struggle and were nearly all killed off in subsequent battle with the Red Commando (Comando Vermelho, an organised crime ring). Because of their disrespectful behaviour, the lower cases were held in low esteem by the community. The Red Commando has a policy of seeking support from the local population and therefore combats local thieves who mess up their business. It also follows the strict rule of capital punishment for betrayers or for those who kill because of personal revenge. Death is the punishment for men, women, "minors" who squeal or kill for personal motives, but not for rapists.

same way — but to a lesser degree — anti-anxiety medicine (tranquillisers and sleeping pills) and amphetamines (or the famous "bolinhas" — small balls) are consumed. These are found nowadays on the black market since, starting in 1963, the Health Ministry has progressively controlled them. Nevertheless, they can also be bought legally as appetite moderators. Marijuana is only in fourth position, and if one includes alcohol and tobacco, it comes in sixth place. Cocaine appears in seventh place (*Carlini, 1989 apud Bucher, 1992*), although there are some signs that its consumption is increasing. These figures, if correct, indicate that drug use does not necessarily provoke violent struggles between traffickers and users, since this does not happen with the other equally dangerous but legally obtained drugs.

In Brazil, nevertheless, illicit drugs have continued to spread rapidly, especially among young people, creating centres of bloody conflict in poor neighbourhoods. Repressive policies have resulted in corruption within repressive institutions, fear, prejudice against the poor in general and a tendency to demonise drug users. They have had a particularly bitter effect on the daily life of the poor. Relations between neighbours, families, drug users and non-users, armed bandits and unarmed working people, and relations within neighbourhood organisations, have been deeply affected.

Illegal drug traffic had never been a social problem in Brazil until the late seventies. Then, cocaine started to be negotiated on a large scale in the country, following the new routes chosen by the Colombian cartels and the Italian-American Mafia. Cocaine cargoes were sent to Europe and to the USA by these routes. Rio de Janeiro and São Paulo, as well as other cities and towns, became new consumer markets for drugs. From the beginning of the eighties, especially from 1983, there was a clear market strategy oriented towards changing the habits of drug consumers in those cities. Formerly the illicit drug market concerned almost exclusively marijuana, which was an underground and dropout drug and never had great economic importance nor received rigid repressive policy. Then cocaine started to be offered at good value.

As elsewhere, cocaine was not altogether new in Brazil since it used to be sold openly in drugstores and pharmacies for medical and social uses. Nowadays, it is linked to a new culture of money, power, violence and consumerism. As elsewhere, its trade became

an enormous source of quick profit and violence. In 1984, as the consumers told the fieldwork team, "it snowed" in Rio de Janeiro, a tropical city. The traffic itself changed. It was no longer done on the familiar basis of the selling group, and the face-to-face relationship with the "man of the truck" who brought marijuana from the producing regions within the country. In its place came a complex, diversified and very well armed organisation in which all commercial and personal conflicts were settled with guns. A virile cult of guns and of violent exhibitions of power is now the main aspect of the organisation culture. Drug traffic and its repression, the history of which is recent in Brazil, created the conditions that enticed many lower income youths to involve themselves in a localised, but very deadly, war. In it, adolescents and even children have been dying in increasingly greater proportions due to the use of firearms (*Zaluar, 1994*).

Today, the drug trade has become synonymous of warfare at the end of the traffic network. In order to keep control of a cocaine outlet, a "front man" must be constantly vigilant. He must make sure his competitors are not taking too big a slice of the action by selling more or better goods or acquiring more arms. He has to deal with his supplier who is no longer just a person coming around in a truck. There are several new networks that connect Brazilian states (São Paulo, Mato Grosso, Rondonia etc) and others that connect Brazil with producing countries (Bolivia, Peru, Colombia)⁽⁹⁾. The front man must deal with the local military policemen, who commonly receive part of the profits, or else he gets ripped off, his spot is taken, or he is simply wiped out by policemen or by competitors from both inside and outside his gang, inside and outside prison (*Coelho, 1989*).

While the law of the streets used to condemn rape totally and prescribed exemplary punishment of transgressors, today sexual liberation has become so intertwined with disregard for other people's rights that rape, like death, has become banal⁽⁹⁾. Only habitual rapists are identified and sometimes thrown out of the neighbourhood or lynched⁽¹⁰⁾. The predominant idea today is that gang members no longer have "respect" for their poor neighbours, an attitude that used to prevail in the underworld, although attempts have been made to politicise them and maintain a respectable facade for traffickers in the shantytowns of Rio de Janeiro.

Nevertheless, the criminals themselves are the ones who are likely to cite seductive women as the motive of feuding among men: "It was a woman who led me into the life of crime". Many of them speak of the enemies they have made because of women. Local gangs waged violent fights over women during or after dances organised by youngsters during which they listened to new styles of music advocating violent confrontation with the "system" (funk, hip hop, etc.). The story of the war between Zé Pequeno and Manoel Galinha is well known. Manoel Galinha was a handsome working man with a beautiful girlfriend, who was coveted by Zé Pequeno, a gang leader who expanded his drug business at the point of a gun. He wanted to "have it all", to take over all the drug outlets in the neighbourhood. He also wanted Manoel's woman. Short and ugly, he was unsuccessful in winning her heart and took vengeance, humiliating Manoel in front of her by shooting him in the buttocks and slapping her around. Manoel decided to organise his own gang and take revenge. A war started then that lasted for several years, involving other gangs even after the main protagonists were killed. Hundreds of young people died in the process (*Zaluar*, 1985 and 1992)⁽¹¹⁾.

While women would appear to be the main bone of contention, they are actually just one element. The key issue is in fact the meaning of the relations between men. The same kind of struggle is waged over weapons, dope, and stolen goods. As one disillusioned young "vapor"⁽¹²⁾ said in an interview:

"Dealing dope is a business of getting even. Pushers have always got an eye on other men's goods, even their women. They'll kill just to get another man's woman."

Dope hustling is cited by disillusioned pushers as a place of distrust and animosity, where there is no respect except for the other man's gun. It is also a sexually charged, virile world. All the men carry guns; to carry a gun is to "walk mated" or to "have your iron in your belt". To show off your weapon, or "to pull your stick out", is a common characteristic of such urban outlaws, and one which can often prove fatal. Instead of the verb to rob, they say "to mount" their victims, an expression used both for mugging people on the streets and for breaking and entering houses. To kill somebody is to "lay them down". The prime audiences for such displays are apparently the women they are trying to impress with their power and the money in their pockets. Despite the fact that men with guns are the first to be grabbed in police

raids, the young outlaws never tire of bragging that the "chicks" go for men who carry guns, because they feel more protected. Women confirm this version:

".... So a guy goes and puts a gun in his belt, thinks he's really cool, picks up a whole bunch of women, makes a baby in one of them, and dies overnight. Sometimes the older guys get women involved in this who have nothing to do with the scene, and they think it's all going to be cool, like it's going to be like that famous guy with all kinds of women, with gold necklaces, and they're going to have it easy, go to a nice motel in a fancy car and all that... Most women like outlaws... because of the guns, they figure if anybody messes with them, they're going to get it... I think a guy like this thinks, like, he's got an iron in his belt, he's got a gold chain and a Champion watch and he thinks tomorrow he's going to have a calculator and I don't know what else, and that he's fine. And then, one nice day, he goes out to rob for his lady, and he gets it."

In this game of seduction, it's important to flaunt fancy clothes and other outward symbols of wealth: a gold chain, car, expenses at motels, etc. That's what shows you have money in your pocket that you can spend any time you want, since "women don't like to rough it". Young men say they go into crime to show off for women and conquer them. However, under this emblem of the femme fatale, womanhood is reduced to a prop for a young man's prestige in the neighbourhood: to go to a dance surrounded by women, with money in your pocket, to make everyone greet you, admire you, envy you. Even here, femininity is just one more factor in the competition between men. Neither will they submit to anything or anyone: "*they think they can get away with anything*". Here may be the crux of the matter: exacerbated male pride and a thirst for unbridled power in a historical context of moral and institutional crisis, with no restraints on the highly lucrative, expanding market for illicit drugs, sought by consumers as part of a pleasurable life.

It should not be forgotten that this style of drug dealing makes extraordinary profits possible, even though it is not as organised as the transnational drug traffic and sometimes is actually disorganised due to all the gangs and individuals who are striving for power and position in the trade. Even if not co-ordinated entirely like a Mafia hierarchy, the drug trade in Rio has a very efficient horizontal arrangement by which a shantytown that runs out of drugs or guns immediately gets them from the allied shanty-

(11) Many women died in this war from stray bullets or bullets on target. There were young women, girls, even pregnant women killed, often after being tortured because they were suspected of informing or treason, while for others there was no apparent motive. A total of 722 young people were killed in the course of 15 years of warfare in this neighbourhood.
(12) This term denotes the man responsible for the drug distribution to the sellers. He is the one who takes care of the selling place (*boca-de-fumo*) and administrates its personnel. In the hierarchy, he is second to the manager who is the financial administrator and keeps the book.

towns: either in the Comando Vermelho (Red Command) networks, or in the Terceiro Comando (Third Command) network, the two best-known organisations for drug and gun traffic. These networks or Commands conciliate the features of a geographically defined network, which includes central or diffusion points, from which other linkages are established on the basis of horizontal reciprocity. This has both positive and negative aspects. For, even though guns and drugs are quickly lent to allies, the violent reciprocity of private vengeance becomes imperative in the absence of a juridical form of conflict resolution. Because of such exchanges, adolescents die not only in wars for the control of trading points, but also for any motives that menace the status or pride of youngsters trying to assert their virility — the "Sujeito Homem" (Subject Man), as they say (*Alvito*, 1996; *Lins*, 1997).

According to the interviews, with the sale of only 200 grams of cocaine, dealers can cover the price of one kilo sold by the "matuto" or intermediary who left it on consignment. They can make a profit of 500%, partly through mixing cocaine with cheaper substances. Half of the profit goes to the "man in the front" or "trafficker", 30% to the "manager", who does the accounts, and various percentages to the "vapor", who remains at the trading point and distributes the small amounts of cocaine ("papelotes") to the "aviões", the very young dealers who finally take the dope to the customers. The latter are those most commonly arrested and prosecuted. Most of the time they just receive "cargas" to sell, for which they become entirely responsible. They may sell them after "malhá-las", that is after increasing their weight with cheap substances in order to raise profits; they may consume most of them, which makes them prone to be killed by the trafficker. The death penalty is the sentence for those who repeatedly do not pay him or who excessively crumble the merchandise.

For young men or boys, the main source of pride lies in the fact that they are part of the gang, use guns, join in robbing and looting, become famous for this, and, if they have the proper "disposition", may someday ascend in the hierarchy of crime (*Zaluar*, 1994; *Lins*, 1997). Thus, the strategies for recruiting youngsters — calculated according to how many permanent dealers (from 10 to 30) the trading point needs — are based as much on the prospect of earning "easy money", as on the youth's fascination for power and fame.

Money in the drug business is highly concentrated at the top. Organised crime thrives in cartels at its highest levels based on the death penalty for those who disobey orders or denounce their superior. Small dealers in Brazilian shantytowns, despite their military apparatus, in fact help those higher up in the hierarchy (that is, those who produce and trade tons of the illicit drugs) to concentrate income and accumulate capital. Lawyers, corrupt policemen, traders of stolen goods and so on should also be included in the list of those making a lot of money. Very few of the poor youths manage to establish themselves in the business, for they die very young or go to prison. But they all contribute to the enormous enrichment of those who remain on the dark side of crime, who are never recorded in the official data. Little yet is known about them in Brazil: who they are, how they live, how they make contacts in the underworld of crime, how they climb the social ladder.

Data on violent crimes during the past few years suggests a link between the spread of drug use, mainly amongst youngsters (*Carlini*, 1993), the increase in violent crime rates⁽¹³⁾ and the repressive policies aimed almost exclusively against the poor and in which police corruption thrives. The social and economic context of inflation, recession and increased poverty only makes matters worse. This partly explains the political apathy that apparently seized the population in Rio de Janeiro's poor neighbourhoods. From the end of the seventies onwards, gun possession has created, for those youngsters involved in the drug traffic war, a military power that has shaken the foundations of all authority. Local politicians, businessmen and policemen became the focus of aggressive behaviour. Schoolteachers as well as local leaders lost their authority vis-à-vis the youths who had the power of money and guns (*Guimarães*, 1992; *Paiva*, 1992; *Zaluar*, 1985, 1988, 1993, 1994). Today, more and more students carry guns to school and children sometimes cannot go to class because of gunfire or rivalries between the neighbouring schools. Even the experienced and politically concerned adults who have worked in the countless neighbourhood organisations, such as schools of samba, dwellers' associations, soccer teams (*Zaluar*, 1985), are almost powerless.

(13) The definition of violent crime is not a uniform one in all the statistics available in Brazil. The legal definition includes homicide, attempted homicide, robbery, armed robbery, harmful bodily injury, rape and attempted rape. In the data furnished by the police, homicides as a result of traffic accidents are not included ("homicídios culposos"), only intentional homicide ("homicídios dolosos"). Data available from the Ministry of Health include all deaths by external causes and then separate them into various categories - homicide, deaths caused by accidents and other violent occurrences — which are not used in uniform manner in the nation as a whole.

Statistics on Violent Deaths

The data on the increase in violent crime in the eighties are irrefutable, but we will focus on the violent crime that is mostly linked to the drug gangs warfare: homicide. Generally, the young ("minor") violator's participation in violent crimes is clear. It tripled in just a few years, from 1882 to 1985 (Campos, 1988). Most of the agents of this violence were young males; they were also the main victims. In 1980, according to the data of the Ministry of Health, 59 per 100,000 men between 15 and 19 years old died of gun injuries in the state of Rio de Janeiro; in 1990, 190 died the same way; in 1995, 184. The rates for men between 20 and 24 are: 111 per 100 000 in 1980; 260 in 1990; and 276 youngsters in 1995. During this year, in the city of Rio de Janeiro, 6 399 people were victims of deaths by external causes (113 per 100 000,) of which 45% were homicides. In the metropolitan region, 17 684 deaths by external causes were registered (33 per 100 000) of which 55% were homicides. As a point of comparison, deaths from nutritional deficiencies affected 382 per 100 000 persons in the same year.

Official data from the State Secretaries of Justice, based on police reports, indicates that, in the metropolitan region of São Paulo, the proportion of intentional homicides grew tremendously during the eighties. In 1981, the homicide rate was 21 per 100 000 inhabitants (Caldeira, 1992), whereas, from 1990 to 1994, it was estimated at 42.91 murders per 100 000 inhabitants (*apud Adorno et al.*, 1995). This means that the richest Brazilian city followed the pattern found in other cities of the American continent (Zaluar et al., 1995). Of these deaths, 47.21 % mainly concerned young males between 15 and 24 years of age. Although violent death rates have increased all over the country, the most common victims are not children but adolescent and young males from the metropolises and richest regions of the country. During 1991, official statistics indicated that 12.5 men had died per each woman between 20 and 39 years old in the metropolitan region of Rio de Janeiro. In some of the poorer municipalities of this region, the rate had reached the amazing figure of 15 men per woman.

In the metropolitan region of Rio de Janeiro, the homicide rate tripled during the last decade, rising from 23 deaths per 100 000 inhabitants in 1982 to 63.03 in 1990, a period in which the population of the city had stabilised (growth of 1.13 %). However, this impressive increase happened mainly in the peripheral and

poor municipalities of the metropolitan region of Rio de Janeiro, doubtless because police investigation is particularly difficult there. A careful study of police inquiries and judicial cases during 1991 in Rio de Janeiro showed that 57 % of the homicides that year were linked to drug traffic (Soares et al., 1994). This is just one more indication suggesting that the growth in the homicide rate has been somewhat linked to the greater entry of guns and drugs in the country, since both began at the same time. One of the main routes of cocaine in Brazil passes through Rondônia, Mato Grosso do Sul and São Paulo, states in which the violent death rates and the incidence of HIV virus through intravenous use of drugs, reached the highest levels in the country, doubling during the decade (Bastos, 1995). But impunity certainly is also a factor in the increase of the mortality rate amongst the small traffickers since homicides do not receive the same attention and investigation from policemen as crimes related to illegal drugs, at least as far as the poor are concerned.

In the São Paulo region, the percentage of violent crimes among the total number of crimes registered increased 50 percent in four years (Brant, 1989). In 1981, the homicide rate in this city amounted to 25 deaths per 100 000 (Caldeira, 1992), but a recent study reveals that between 1990 and 1994 the average homicide rate was 42.91 deaths per 100 000 (*apud Adorno et al.*, 1995). In only one year (between 1982 and 1983) the rate of growth was 53.8% for all homicides (Adorno, 1992). In the municipality of São Paulo, in a ten-year period the increase was 90.4%: from 3 516 in 1984 to 6 697 in 1994. These murders hit mainly young males (47.21%) between 15 and 24 years (*ibidem*). These figures are even more impressive if one adds the deaths caused by policemen. At the beginning of the 1980s, there were approximately 300 deaths per year in the city due to encounters with the military police. At the end of the decade, there were 585 deaths per year and in 1991 alone, there were 1 140 deaths. Those figures were not included in the homicide rates. The number of deaths among the police force also increased over the years. Even though they include death off duty and in other work places, the figures are quite clear: 26 military policemen died in 1982 and 78 died in 1991 (Caldeira, 1992).

There are other sources of data, such as the research done by the Brazilian Centre for Childhood and Adolescence (CBIA) throughout the country. This research established that Brazilian

youths from 15 to 18 years old die more from murders than from any other motive. In the age bracket of 5 to 11 year-olds, traffic accidents are the first cause of death. From that age on, homicides provoked by firearms lead the statistics with 39% of the total deaths, followed by traffic accidents (26%), other types of arms (12%), and drowning (11%). Of the 39% of homicides that were provoked by firearms, 78% of those killed were youths who were 15 to 18 years old, 10% were 12 to 14 years old, 8% were 5 to 11 years old, 4% were 0 to 4 years old. Therefore, adolescents over 14 years of age are being systematically killed, probably by other adolescents of the same age. Corrupted policemen who form what one could call "extortion groups" rather than "extermination groups", also kill some of them, but not the majority. The former name is more appropriate since it became clear after recent massacres that policemen demanding their share of the traffic and robbery money executed the youths.

One could say that the age pyramid in Brazil is similar nowadays to that of a country at war, with the lack of young men creating an unbalance between the sexes. But there is no ground for the statement that this war, as expressed in the rate of violent crimes, is a class war as some leftists think. Nor is it a millenarian redress of wrongs in which the poor are avenging their oppression by the rich. Homicide rates are higher in the poor periphery of the metropolitan regions and shantytowns of Rio de Janeiro and São Paulo. In other words, the main victims of violent crimes are the young poor themselves. This is because of the chain of personal vengeance, especially bitter between drug dealer's gangs, and because of their lack of political and economic resources, which would guarantee them access to security and justice. In São Paulo there is also evidence that rates of violent crime are highest in the peripheral areas and outlying municipalities (Caldeira, 1992). Consequently, poor families are deprived of those who would be the main breadwinners. The injured and disabled become a burden that increases costs in the tight family budget. Public hospitals had almost one million in-patients during 1988 who were victims of accidents and violent crimes, increasing costs and the traditional lack of resources of which the system suffers (Zaluar et al., 1994). In this context, it is difficult to affirm that drug traffic is implementing income distribution or "helping Third World countries".

The relatively large participation of young males as agents and victims of violence in Brazil is an international tendency, especially on the American continent (including the USA). Because these deaths follow the same patterns as elsewhere on the continent, it is most probable that they are due to the fact that drugs and arms enter the country easily. It should also be noted that repressive policies toward illegal drug trade and use, as well as violent police practices in Brazil have added important elements to the high mortality rates and profits of those at strategic points of the underground business network.

The available data from Medellín (Colombia) shows that the proportion of 15-19 year-olds and 20-24 year-olds who die is very high relative to the national totals. Also, 78% of the deaths registered in Medellín among youngsters between 15 and 24 years old are due to violence (*Presidencia de la Republica*, 1991). Brazilian cities, however, have not attained the same records. In Colombia, where violence reached world records during the fifties and sixties, the homicide rates are in general much greater than in Brazil. Guerrilla warfare, paramilitary groups, paid political assassinations are part of Colombian political traditions and have long been part of the population's daily life. Even so, there was a tremendous increase in the last decade, when drug traffic and dirty war prospered. Today the homicide rates are three times higher than they were ten years ago (Presidencia de la Republica, 1991; Daza & Moreno, 1993). In 1991, they had the following impressive figures: 435 per 100 000 inhabitants in Medellín, 389 in Itagüí, 339 in Apartadó, 319 in Cartago, and 91 in Cali. The urban average was 92 homicides per 100 000 inhabitants (Daza & Moreno, 1993).

The justice system: impunity for homicides and sentences for drug-related crimes

The very inefficient and unjust functioning of the justice system in Brazil has played an important role in the crisis of morality and the weakening of the ethos of work, and allowed criminals to become entrenched in the country. An incredibly high percentage of homicides are not properly investigated and their authors never identified. A study of the Criminal Justice System in São Paulo (*apud Adorno*, 1990) has found greater percentages

of conviction among those accused of robbery, theft and drug traffic than among those accused of homicide and assault. Another study done in 1991 revealed that only 1.38% of the homicides committed against children and adolescents up to 17 years old were effectively investigated, with the victims and the suspects identified, and transformed into police inquiries and judicial cases which resulted in sentences (Mesquita, 1996). In Rio de Janeiro, another study shows that 92% of the homicide judicial cases were returned to the police because they were poorly investigated; in other words, only 8% of the murders registered by the police under the form of an inquiry were in fact judged (Soares, 1993).

Youths receive, in their respective neighbourhoods and cities, the instruments of their power and pleasure from outsiders. This is increased by institutional working and the influence of values that rush them into the pursuit of sensations and money. Beyond any nexus of objective causality, even those which take place at the symbolic plane, some of these youths — but not all of them, even if submitted to the same conditions — "delegate to the world of the powers who seduce them to criminality" (Katz, 1988). In this internal arrangement, they act as authors of their actions. The limits to this space of freedom are set by the rapid changes, effects of many previous actions, in the family organisation and sexual relationships as well as in the acceptance of values related to the consumption of "style". All of them provoked what one could call either a diffuse social anomie or lack and confusion of social maps. Equally important are the rooting of organised crime in some institutions achieved through strategies of corruption, the unequal functioning of the justice system due to the organisational practices created and maintained by those working in it, besides the obsolete Penal Code that resulted from public policies adopted by Republican governments. Working together, all of them created "*islands of impunity*", an expression conceived by Dahrendorf (1987) to refer to other countries.

One of the threads of this complex texture concerns, therefore, the Justice flux⁽¹⁴⁾, the infra-structure of which is notably inefficient, due to the small number of judges per inhabitant in the cities or the amount of lawsuits in each "*vara*" of justice, as well as the small number of jurisdictions in each town. Consequently the flux is slow and full of obstacles, encouraging the use of bribes to

administrative officers. This delays decisions and discourages the parties involved, especially the poorest, from exerting their constitutional rights. Convicts at the end of their sentence are the main victims and the most radical critics of this system, but the precarious state of the judiciary is also the cause for constant complaint on the part of lawyers and parties in the judicial cases. However, one cannot make generalisations on the functioning of the system, since slowing the decision of criminal cases can be one of the strategies of defence.

The biggest hindrance to the accomplishment of justice is found elsewhere. The impositions on the penal proceedings often hinder the judiciary and the public defence, either because of social discrimination against the accused with certain social characteristics or without family support, or because the accusation law is not sufficiently precise. This is the case of crimes related to drugs. Indeed the accusation law in one of the two articles of the Penal Code that deal with such crimes depends on the accepted ideas of the jurisdictional agents. In these crimes, the police investigators in the proceedings make decisions based on social factors about the choice of an article of the Code — use of drugs (article 16) or traffic (article 12) — since the language in which they are written is not precise and opens many possibilities of interpretation. This could happen at the moment of the supposedly criminal act, which becomes the Act of Prison in Flagrant (A.P.F.), or during the interaction with other actors who participate in the judicial process: judges, advocates, prosecutors, public defenders. Thus, the preconceptions, the tacit truths of a police station routine, the interpersonal conflicts and the moral fiber of the person who is accused appear as fundamental components of the judicial cases, and will be presented as "facts" during the trial.

Here resides the illusion of "easy money" that charms so many poor teenagers. The youngster who chooses the criminal career in fact enriches other people — who often are never caught and punished — but not himself. Those who become very wealthy are receivers of stolen goods, wholesale traffickers, smugglers of guns, corrupt policemen and finally criminal lawyers who charge up to US\$10 000 to defend those accused of illegal drug use, and up to US\$20 000 to defend those accused of trafficking.

(14) Flux refers to the routes followed by several records involving criminal accusations to people inside the System of Justice, which starts with the Bulletin or Record of Occurrence (B.O. or R.O.), passes by the police inquiry that may or may not become a judicial denounce, that in its turn may or may not provoke the opening of a lawsuit, that will end either being judged or filed.

(15) This research started in 1991 and focussed only on the articles 12 and 16 of the Brazilian Penal Code, the first of which refers to illegal drug traffic, and the second to use and possession of such drugs. The research team did it first at the rich municipality of Campinas, state of São Paulo, which had 907 995 inhabitants in 1996, attended by only four criminal courts. In 1994 it began at the municipality of Rio de Janeiro, the second biggest Brazilian city, that had around six million dwellers, and 38 courts. In both cities, a list was made of all the inquiries and lawsuits which had their results registered in the "Livros de Tombo" of these courts between the years 1980 and 1991. The researchers looked for some of the defendants' attributes such as age, gender, profession, occupation. Later on, they had interviews with lawyers, prosecutors, judges, public attorneys and prisoners. In Rio de Janeiro, nine of the courts could not be investigated, but the deeper study of 364 lawsuits, concerning crimes related to illegal drugs during 1991, made possible to add items referring to the defendant's colour and condition of defence to the material proofs that were registered in the A.P.F.

(16) Following article 200 of the Brazilian Penal Code, the confession during the police inquiry "*will be divisible and retractable, without harm to the judge's free conviction, founded on the examination of the proof in its totality*".

(17) Recently (16/4/1995), the newspaper *Folha de S. Paulo* presented a research which confirmed that the feminine participation in offences grew from 10% in 1993 to 30% in 1995. This growth could be explained because prostitution became less well-paid due to the panic induced by AIDS and because there was a strategy of traffickers to involve women in the networks of the illegal drug trade since they were less suspicious. The lawsuits examined involved women who were the head of a family, with several children from different fathers, who sold dope, as they told the researchers "*because they needed to*" and not "*for ambition*", "*like men did*".

According to the Law 6368, the use and commerce of certain substances, such as marijuana and cocaine, are considered a crime. This has given enormous power to the police. Policemen are the ones who supply the proof which, according to the interviews of several actors in the judicial cases (registered by the research done between 1991 and 1997⁽¹⁵⁾), needs to be reaffirmed during the process as the main element for conviction. This material proof is the drug found in the possession of the defendant, and must necessarily be obtained in the act. Policemen perform the initial movements: the record of an A.P.F. and a B.O. that may result in a police inquiry, which in turn may be transformed into a charge and a lawsuit. During this flux, policemen prepare the written registers of the proofs that may be decisive in ascertaining who will be indicted for use or for traffic. Under article 16 of Law 6368, the penalty is six months to two years in prison that may be commuted to community work. Under article 12 of the same law, a "*heinous*" crime carries a penalty of three to fifteen years in prison. In order to show efficiency or to prove that they are not part of a scheme of corruption, policemen arrest mere users or small dealers (*aviões*). The amount of drugs seized is not the discriminating factor, for the researchers found cases classified as "possession and use" involving 1 860 kilos of marijuana, and cases classified as "traffic" involving only two grams.

The interviews with prosecutors and judges showed that there are many preconceived images associated with traffickers. Some people said explicitly: "*one can tell a dealer by sight*", or "*one knows who is a trafficker and who is not*". Others argued rationally that the quantity is not everything, since the stock may be at the end or at the beginning either for the user or the dealer. Therefore, they valued material proof other than the drugs: lists of names of possible customers or guns, which were found with the defendants. But, of course, one of the most important elements in the proceedings is the defendant's confession, which is first made in the presence of the Police Commissioner and which may be repeated later in the presence of a judge⁽¹⁶⁾.

According to the due process of law that prevails in Brazil, all the available evidence in the cases, even when solicited by judges — who have all the power to do so — or by prosecutors and lawyers, is provided by the police. This includes the A.P.F. and all other technical proofs. The first evidence usually includes the amount of drug the policeman said he found and his registered

description of the apprehension after a personal search. During the inquiry and later, during the lawsuit, his testimony as to the conditions and the situation that generated the A.P.F. will also be heard and included in the proceedings. The defendant gives his testimony after the policeman. It is not unusual that, as a strategy recommended by his lawyer, he plead guilty of use in order to get a lesser penalty. If the lawyer is sufficiently able and knows policemen well enough, this confession is reinforced by the technical expert who provides a toxicological exam which confirms the defendant's dependency to the toxic substance. In this case, the defendant's culpability is erased. Consequently, the judiciary in most cases legitimises the discriminatory functioning of justice whereby poor users and small dealers, who are more closely watched by policemen according to the organisational practices still prevalent in the Brazilian Military Police and Civil Police stations, are qualified as criminals. Needless to say, they are usually people who do not have enough money or the right connections to obtain good lawyers. Their destination is the penitentiary, whenever they are condemned to privation of liberty. Meanwhile, money launders, medium and retail distributors of guns and illegal drugs are seldom condemned.

In the city of Campinas, State of São Paulo, the cases at criminal varas increased many times during the decade, be the charge use or traffic of illicit drugs. In 1991 there were four times more people charged than in 1981; this may be accounted for by an increase in use or as an effect of increased police surveillance. The figures for charges of use were systematically higher than the charges of traffic during those years, but the lawsuits against users increased much more at the end of the eighties. At the end of the ten years, there were twice as many people charged with illicit use as with trafficking.

In relation to gender, data revealed that men accused of using illicit drugs accounted for almost the double of those accused of trafficking at the end of the eighties. On the other hand, women, globally less numerous, were doubly accused of trafficking⁽¹⁷⁾. In Rio de Janeiro, due to better data-collection and registering, during the mid-eighties there was a spectacular growth in the number of lawsuits on illicit drug use, which increased twofold between 1981 and 1986 (from 573 to 1099). In 1986 a repressive policy towards drug trafficking began. But in 1991, during the populist government of Leonel Brizola, the number of

lawsuits fell to an even smaller figure (386). Trials related to traffic remained stable during the decade: from 640 lawsuits in 1981, to 603 in 1986, and 502 in 1991. In other words, excepting the year of 1991, lawsuits for use were always more numerous than those related to trafficking. Women had also been, except in 1986, prosecuted twice as often for trafficking, but their relative participation in this crime showed only a small growth during the decade (25%: from 46 lawsuits to 60). As regards to the crime of use committed by women, the increase during the decade had its peak in 1986 (76 lawsuits), when it tripled in relation to 1981 (25 lawsuits), and ended in 1991 with 46 actions.

The proportion of convictions also increased during the eighties in the city of Campinas. In 1981, 41% of those charged with trafficking were sentenced to prison; 58% of those charged with using illicit drugs met the same fate, although with much smaller penalties. In 1986, 69% of the alleged traffickers were convicted; 49% of the alleged users followed them to the same penal institutions. In 1991, 85% of traffickers and 62% of users were sent to prison. Therefore, less people were acquitted of the accusation of trafficking in all these years — in 1981, 33% were acquitted, whereas 7.8% were in 1991. The total number of those arrested and sent to prison represented an enormous increase: from 80 people in 1981 to 400 in 1991 (Ribeiro, 1994). The tremendous increase in lawsuits and condemnations occurred in a city that grew at an annual rate of 2.23% during the eighties, going from 664 559 inhabitants in 1980 to 846 084 in 1991 (Zaluar, 1995b).

In Rio de Janeiro, a city that grew even less (1.13%), condemnations followed a quite different flux, which also proves the importance of the judges' and other actors' subjectivity in the proceedings. In 1981, 15% of the men and 20% of the women were punished for using drugs, whereas in 1991 37% of men and 25% of the women were. This fact reveals a bigger proportional growth in sentencing for men than for women. As for trafficking, convictions revealed that judges were more lenient with women at the beginning of the decade, when only 32% of the indicted women were sentenced to prison whereas 47% of the men were. In 1991, condemnations for trafficking had grown to 58% for women and 62% for men. (Nevertheless, this growth was significantly smaller than the one registered in Campinas). Furthermore 54% of those accused for trafficking and 84% of those indicted

for use were acquitted or had their lawsuits filed in 1981, whereas respectively 38% and 63% in 1991 received no penalty whatsoever. In other words, the proportion of those condemned also grew during the decade, especially in the cases judged as crimes of traffic.

The age of the accused also varied. In 1981, 71% of those denounced for using illicit drugs were less than 25 years old; in 1986, 68%; in 1991, 47%. In 1981, 52% of them were acquitted, whereas in 1986, only 24% had that luck, and in 1991, only 10%. Trafficking was the charge for older men: only 25% of them were less than 25 years old in 1981 and 17% in 1991; 41% were between 26 and 30 years old. Among the women, the youngest and those not married (50% were between 18 and 25 years old, 3% more than 40 years old and 74.3% were single) tended to be more indicted for trafficking, whereas only 34.6% between 18 and 25 years old and 25.7% who were more than 40 years old were accused for use of drugs. Thus, in the case of women, there was a tendency to be lenient starting with the inquiry phase, not only because they were women but also because of family responsibilities. Nevertheless, in a predominantly white population, in which only 18.3% is classified officially as black or miscegenational, 50% of the accused were white and 50% were black or *mestizos*.

Although it is a fact — recognised by the judges, prosecutors, lawyers and public defenders interviewed by the research team — that users and traffickers come from all social classes, the indicted, whose professional qualification had been registered, on the whole had low paying occupations. In fact, 70% of them were bricklayers, low servicemen, drivers, domestic servants, cleaning women, manicures and prostitutes. The only exceptions to this were a few students and some rare professionals accused of using illicit drugs in 1986 and 1991. Yet, not all poor men and women have had the same destiny in these lawsuits. Those who worked for bigger and more powerful traffickers could have lawyers who would instruct their deposition and negotiate with others also implicated in the affair in order to decide who would "assume" the drug found in the A.P.F.

Despite the enormous repressive effort and the increased expenses, one cannot say that violence and crime have diminished in Campinas or Rio de Janeiro. On the contrary, in Campinas there

was an amazing increase during the eighties in most crimes that are usually connected with drugs: theft tripled in four years; robbery had a 50% increase and the city acquired the reputation in the media of being a violent city. With its spectacular growth in the rate of homicides at the end of the last decade and during the nineties – almost reaching that of Rio de Janeiro –, it became perceived as a place in which children and adolescents were killed as much as in the big metropolises of Rio de Janeiro and São Paulo.

The interviews with judges, prosecutors, lawyers, public defenders and prisoners show the mechanisms that make the repressive effort useless or very inefficient. Drug users would not give the name of the dealers from whom they had bought the drug, dealers and small traffickers would not reveal the names of their furnishing associates. They know that if they talk, they will be killed, even inside a prison. The dealers who are "inserted within the context" (*inseridos no contexto*), that is, those who belong to a gang, have their lawyers paid by the trafficker who furnished them with the drug. They only say what has been previously agreed with the lawyer, who instructs the deposition (although this is not legal). The independent dealer, who does not have a stable association with a trafficker and, therefore, does not receive assistance from a private lawyer, does not denounce any of them for fear of being killed. He belongs to the category of those most often condemned because they depend on the few over-worked public defenders.

Depending on the Penal Code article, different elements affect a sentence: under article 16 (use of illicit drug) it is possible to pay bail and respond to the lawsuit while in liberty, whereas under article 12 (traffic of illicit drug) this is impossible. The former also has a shorter timespan for the conclusion of the case. Thus, it is not a surprise that during inquiry defendants confess to drug use and that the defence uses this as a strategy to obtain a minimum penalty for the defendant. According to prosecutors, the period of legal preventive imprisonment (limited to a maximum of three months) is insufficient for a thorough investigation which would include the examination of the defendant's bank accounts and telephone calls. From their point of view, this makes it easy to manipulate the proceedings in the case of trafficking, since there is usually little and inconclusive material proof.

This is how judges in Campinas explain that there are more acquittals of traffickers than of users. A confession of use implies the user's conviction. Traffickers, on the other hand, never confess to trafficking, even when found with sizeable quantities of drugs; the doubt remains because the material proofs are seldom clear about whether the amount reveals trafficking or consumption. Nevertheless, in the cities of Campinas and Rio de Janeiro, prosecutors and magistrates were often caught between the defendant's words and the policeman's report because material proofs often do not exist. In a few cases there is proof, such as telephone numbers and lists of quantities, which could refer to clients, guns or material for packing small amounts of drug. When material proofs are lacking and doubts remain, magistrates affirm that they had to stick to the policeman's report, since "*the words of a shantytown dweller could not deserve the same respect*". Thus, the credibility of the defence's argument and the strength of the defendant's confession are not the same for all. The poorer the defendant, the less believable his words are; this also applies to his witnesses when they are neighbours or colleagues. The poor defendants are thus doubly hindered: their testimonies do not convince the judge and they cannot hire a private lawyer to better impress the judge. The comparison between the criminal courts of Rio de Janeiro and Campinas indicated the permanence of tensions and incoherence in the judges' practices. Equally, defendants confessed not because confession would be the "*queen's*" proof, since it would confirm the judge's moral certainty, but because it denoted penitence or understanding of wrongdoings and the will to repair them, as has been suggested by Kant de Lima (1989). In other words, they confessed in order to obtain lighter sentences.

During the symbolic construction of the inquiry and the lawsuit, the defendant passes through different stages in which his moral person is being "*built*". Because the theme of drugs has strong moral and emotional overtones, this construction is also directed by the lawyer who calls witnesses to attest to the defendant's moral integrity. But the discourses (in Campinas) in fact transform the drug into a devilish thing. For a morally reliable person could not be involved with such a diabolic substance. On the other hand, in Rio de Janeiro, preconceived ideas about *favelas* and the stigma of being the site of trading points for illegal drugs, make it much more arduous to defend someone who lives there. This is true even when a person is caught with very small

amounts of drug and accused of trafficking. However, in both cities, if the defence convinces the judge that the accused is a working man, or someone who has sufficient schooling and moral reliability, then he may be pardoned. According to some judges, this would only happen if there is doubt about the material proof, which in fact is most often the case. Nevertheless, they admit that when defining the time to be spent in prison the kind of drug and the amount apprehended are not as important as the defendant's reputation. As one judge said in Rio de Janeiro: *"First I seek to know where the accused lives and what he does for a living"*. For others, the most important element are the circumstances in which he was arrested as told by the policeman who detained him.

Despite the efforts implemented by the Public Attorney and others who freely attend poor defendants, there is not yet an egalitarian justice in Brazil. Crucial differences still exist between those who can pay for private lawyers and those who can only count on a overworked public attorney in the Criminal Justice system. Data from the research done in 1991 in the city of Rio de Janeiro indicate that this is one of the main factors concerning the results of traffic cases. Condemnation, acquittal or classifying vary according to whether the defence is done by a private lawyer or by a public attorney. The statistics relative to the lawsuits reveal that amongst those denounced for trafficking, 57% of those who had a private lawyer (106 cases) were convicted, whereas 68% of those who were assisted by a public defender (85 cases) got a prison sentence as well. This percentile difference was even bigger for black and mestizo defendants: 55.56% of 63 cases defended by lawyers for 78.85% of 52 cases defended by natives. For whites, the proportion was not so great: 60.47% of 43 cases defended by lawyers as against 51.5% of 33 cases defended by natives. As far as the use of drugs was concerned, 29.5% of those defended by lawyers were condemned and 41.86% of those assisted by public attorneys. However, under this article of the Penal Code there were no big inconsistencies when the defendant's colour is correlated with the lawsuit outcome. Amongst blacks and mestizos, 46% of those assisted by public attorneys were sent to prison and 6% had their actions filed, whereas 50% of those defended by lawyers had the same outcome. Amongst whites, 37.5% of those defended by natives were condemned and 39% had their lawsuits filed, whereas 69% of those assisted by lawyers were acquitted and 3.7% had their cases filed.

These discrepancies relative to the condition of defence should be combined with other recorded differences between the defendants, such as gender and colour of skin, which revealed more clemency towards specific groups: women and people officially classified as whites. Such discriminations are found in crimes that are considered more serious and consequently have heavier penalties. Among those accused of use, 65% were classified as whites, whereas 35% were blacks and mestizos; amongst those accused of traffic, 60% were classified as blacks and mestizos, whereas 40% were whites. As far as condemnations for use were concerned, whites were 6% more numerous than blacks and mestizos (56% for 44% respectively); as far as sentences of traffic were concerned, blacks and mestizos had a higher percentage than the whites by 26% (63% for 37%). Amongst those pardoned, the variations were 56% of whites, 44% of blacks and mestizos tried for using drugs; 55% of blacks and mestizos and 45% of whites tried for trafficking, explained by the fact that 20% more blacks and mestizos were sued for trafficking.

In the work methods of the Brazilian Criminal Justice, constitutionally based on equality, one finds substantive modes of arguing that are engendered after the justification of demands for justice and its evaluation. In these arguments, notions of honour, trust and reputation — nonmaterial and non-market goods that are not controlled by the State — are invoked during judicial disputes. These, in turn, rely on the previous arrangement (or instruction) that the private lawyer has had with his client, as well as on the images associated with gender and colour. Thus, the gulf between the letter of the law and judicial practice calls for a public discussion on evaluating the criteria and rules of such practices and written codes.

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DRUG TRAFFICKING, CRIMINAL ORGANISATIONS, MONEY LAUNDERING AND PUBLIC POLICY ON DRUG CONTROL

Michel Schiray

The most important original feature of the work undertaken as part of the MOST project on drugs has been the in-depth field research conducted in the various participating countries. Whereas the press and other media, cinema and television included, have long made much of the world of drug trafficking, scientists and university researchers have neglected this field where institutional support and academic legitimacy are apparently lacking and the subject itself is not only murky but dangerous to boot. In this issue, we have presented the findings of a number of local and regional studies. Many questions arise from this research, carried out in a number of countries and based on the assiduous gathering of fresh empirical data, for this is a new departure, scientifically speaking, as far as this field is concerned. The present contribution seeks to introduce these questions, albeit in a preliminary way, under a series of major headings.

Research, the Media and Public Specialised Institutions: an Issue of Information at the International Level

Along with other major branches of economic crime, the drug trade has for some while now ranked fairly high among the priorities of international organisations, intra and intergovernmental discussions, and public specialist agencies. However, the facts about drug trade are based on work by journalists (some of them outstanding, much of them deplorable), communicated by the media or by rumour, in the worst of conditions. Official institutions are still extremely niggardly and touchy about sharing in-

formation on this aspect of the general drug question. Few serious studies on these subjects going beyond superficiality have been attempted anywhere in the world and few resources have been provided whereas the task requires them to be identified and in a sufficient number. Even such knowledge as that held by specialised departments, albeit by no means negligible, has remained within their walls and is narrowly applied to operational purposes of prevention or else used for making purely political advantage.

There are places, however, that have been more thoroughly investigated, and understood in greater depth. Colombia, Bolivia and Peru are a case studies, they have experienced the full flood of the drugs trade and every part of society, from peasant producers to international dealers, has been involved; they have also produced researchers whose work is among the very best, and some of whom have paid with their lives. Thailand, Myanmar and Pakistan, have also for a number of years been producing research, some of it quite outstanding in international terms. The same cannot be said of Africa, where Nigeria, South Africa and Morocco (the main source of European cannabis), to name but three, have failed to muster any significant research on this matter. In Europe, Italy, a country known to be affected by these criminal activities, has successfully fostered a remarkable process of research ancillary to — indeed blazing the way for — the campaign by some judges against organised crime and the Mafia. Efforts in other European countries, also in the Netherlands, remained modest until just recently, even though that country is regarded as the main crossroads for all illegal drug trade policies in Europe and is known to be at the forefront of research and social policies concerning drug addiction. The United States are the longest standing and still the most productive source of research on the subject, and indeed on economic crime in general (including money laundering), with bodies for fact-finding and analysis in a class of their own, enjoying means of investigation and a statistical apparatus unparalleled anywhere in the world. That country is, moreover, endeavouring to have its own information and data-gathering systems accepted by other countries (just as in earlier decades it worked to have drug-related legal instruments, both national and international, accepted). But it also supports in-depth research on the nature of the problem, largely of high quality. This research covers every continent, including Europe. However, lavish quantities do not always amount to a clear vision and, though there is much to be learned from these

studies, we still lack the tools, the overviews, and the new, powerful insights needed if we are to make real progress in properly assessing the phenomenon and achieving the far-reaching reflection demanded by these problems as a whole. In other words, we must take a step beyond over-technical, over-segmented approaches that, at the end, are driven by ideology.

Geographical Levels and the Diversity of Drug Trafficking Issues

The geographical level under consideration is a determining factor for identifying the problems, and evaluating the consequences of the drug trade for economies and societies. The working and research methods will also be quite different.

At the local level, and especially in large conurbations, the most strongly felt consequences are connected with drug use and drug abuse. Here, the personal and socio-medical aspects loom large in the foreground but drug use and abuse are also, of course, a public safety issue, not only because of the characteristic behaviour of drug abusers but also because of the petty crime very often associated with drug use and procurement. Drug trafficking, on the other hand, can produce truly violent situations, including murder, depending on the way local distribution is organised. Rio de Janeiro is an example of this, but an extreme one that is not representative of the situation in all large cities. When local trade is better organised (in the sense that it is controlled more by dealers and preventive institutions) it certainly develops in a more salubrious way, and extreme open violence, with its high social cost, is avoided. As Molly Charles shows in chapter 1, this seems to be the case of Mumbai (Bombay).

Also at local level, in every large city throughout the world there arises the question of the economic fallout from this trade. It is a branch of economic activity that is becoming increasingly attractive for some young people facing exclusion, unemployment, or, more generally, world-class models of success and consumerism. This is confirmed, today, in most urban surroundings. In any large city, in disadvantaged neighbourhoods where the State is markedly absent, drug dealers manage to convert the influence of their money into naked power, sometimes armed, with which they dominate social and community life. This is what hap-

pens in the typical examples of some shanty towns, or "*favelas*", of Rio de Janeiro. But that moneyed influence may also have a direct impact on local institutions and enterprises. The true extent of this is still one of the least well documented subjects but all the cities studied in Brazil, in India, and even in China, show a great deal of corruption in their police and court machinery and elsewhere, and the existence of companies, real or fictitious, that are a front for drug-trafficking operations or the recycling of the proceeds. The case of the Mumbai film industry is an especially good illustration of this, with its particularly close financial links to the city's criminal underworld. In extreme cases, in certain regions where government institutions have very little capacity for surveillance or intervention, we may find above-board economic activity and drug-trafficking operations closely intertwined, and those engaged in illicit commerce in positions of dominance over the economic and even the political life of the locality; there are reports of this from various Amazonian states of Brazil.

At the national, regional and international levels, the questions appear to be more vague, harder to pin down, and in some ways more complex, though doubtless ultimately more crucial. The four countries on which the studies presented here concentrate (along with the countries of southern Africa) are all large States where the drugs trade poses serious problems but which are not really specialised in drug production like their neighbours (coca derivatives in the Andean countries; opium derivatives in the Golden Triangle and Golden Crescent, respectively). These countries have considerably diversified economies but drug products are still relatively marginal in terms of the overall economy. This is less true however if all criminal economic activities are taken into consideration, since some of those are connected with drug trafficking activities, as we shall see.

At the national level, in all the countries studied, the organisations or, more properly, the big operators carrying out large-scale drug trade movements have yet to be clearly identified. There have, indeed, been some impressive police seizures — as many as three tonnes of cocaine, for instance, in Brazil, a seizure that may have led to the undoing of one particular network, organised from Rio de Janeiro, sourcing in Bolivia for final destinations in the United States and in Europe, with operators established in Amazonia and companies to front some of the trading operations in a number of Brazilian states. But these are most often ad hoc organisations, even though their members may be

more permanently committed to developing these activities, while constantly changing partners. Probably they are numerous and are set up a new for each operation, usually making them very hard to identify. Some cases, such as those illustrated here from São Paulo, also reveal the existence of well-identified long-term international criminal organisations establishing themselves in various countries, in association with local partners, a phenomenon also found in India and in China. In Mumbai, for instance, many criminal groups and their bosses are reasonably well known: not only are they deeply rooted in the local economy and, sometimes, supported by politicians, but they have also managed to build up an international circle of contacts, extending not only to organisations in producer countries (in particular Afghanistan and Pakistan), but also to other regions of the world where they maintain networks for distribution overseas.

The Drug Trade and Criminal Activities: Diversity of Organisational Forms

The drug trade, above a certain scale of transactions, is very largely organised nowadays by criminal groups or networks as a rule engaged in many other forms of activity. They may specialise for a while, but each specialised activity tends over time to become associated with the others in a comprehensive range of illicit or criminal activities: drug trafficking is one earner among many, though a particularly lucrative one in recent decades, as the consumption of these products has risen. These associations differ from situation to situation, and from one world region to another. On the borders of Brazil, India, China and Mexico, and also in southern Africa, the drug trade is generally linked with the smuggling of gold, rare minerals, precious stones, arms, or more banal products. In Brazilian Amazonia, this linkage even takes the form of bartering cocaine for stolen goods including cars, trucks and aircraft. In large urban centres, for instance in Brazil or in India, drug (and, often, arms) dealing, armed robberies (of banks, armoured cars or individuals), car theft, dealing in stolen goods, kidnapping and extortion rackets may all be mounted by one and the same group, in turn or according to season, concentrating on one speciality or another as opportunities present themselves. We also frequently find an association with promoters of forbidden and clandestine sports or gambling (traditional or more modern),

as shown in the example of the city of São Paulo, and others. Sometimes, also, drug trafficking is associated with other activities which are quite legal: as one example from Amazonia shows, in poorly policed territories where the boundaries between the licit and the illicit are fluid in the extreme, such distinctions have virtually lost all meaning, the same groups may act both as major players in the above-board local economy and as major drug traders. We also find, at all stages of the major drug-trading chains, genuine and quite legally constituted enterprises — alongside front companies — which provide cover, as well as the actual logistics, for the transport and distribution of these products. This is even more in evidence in the case of the next phase of drug trafficking as of other criminal activities: the recycling of the profits, and the money laundering carried out through financial institutions and within the "official" economy.

However, criminal organisations come in a great variety of forms. In Mumbai, as we shall see, many have historically grown up on the basis of different ethnic groups from the hinterland, with chiefs and a kind of hierarchy, although there has to be some degree of flexibility in the way they actually function. Between these groups there are understandings — as there must be — for sharing out territories and activities, but competition, sometimes violent, remains the rule. In Rio de Janeiro, four "horizontal" organisations are said to contend — occasionally, as we know, with extreme violence — for control of the points of supply to the local dealers in the favelas. Nonetheless these forms of organisation can mostly be regarded as networks for mutual assistance and criminal association, often ad hoc, among small, locally based groups: there is nothing to indicate any structured character to these organisations, no sign of stable hierarchies or long-established leaders capable of imposing their control on these activities, despite the periodic and repeated reappearance of the same names. Likewise, in Guangzhou, China, a variety of small organisations struggle for the local market or the through traffic to the rest of the country or even abroad. Some of them are directly linked with the major criminal organisations operating from Hong Kong; others are based on ethnic minorities; and some have a clan type of organisation, on what is essentially a family basis: these are more or less specialised, among themselves. Each of these three examples constitutes a particular, original model of organisation in major cities.

The example given in this part of the Report from São Paulo introduces another dimension. Alongside a fairly traditional organisation comprising small groups that share out the city's market and territory, whether for retail distribution or bulk sourcing, large international organisations move in and operate in the city, using it as an intermediate depot for supplying their international trade but also, most strikingly, for developing new illegal activities funded by the profits from this traffic. They move in and penetrate these cities in conjunction with local organisations with the means of influencing government circles, up to the highest at state and even federal level. This is obviously an extremely important example, which it is not easy to duplicate: it touches on those parts of the drug trade's organisation that are the hardest to identify, even for the police and judiciary — and, of course, harder still for academic researchers. These high-level dealing situations tend not to be a matter of stable or visible organisations like those operating in city neighbourhoods. They may indeed involve large organisations; but these are mostly one-off operations, based on constantly shifting networks that are accordingly hard to get to know and to locate. The flexibility, suppleness and swiftness of these associations are all factors that these ventures depend on for success. The preferred way of setting up and operating these ad hoc organisations gives them a precarious, provisional, short-lived and contingent character, but they rely on networks of more stable — often, very long-lasting — relationships. Getting to know and understand how such networks function, especially as they involve public servants, requires deep and prolonged study only possible for agencies truly specialised in gathering, updating and managing information. In fact these more stable networks represent the foundation or breeding ground of what we might call criminal ventures, usually short-lived themselves in terms of their actual operations.

Economic and Social Consequences of the Drug Trade

The economic effects of the drug trade, linked as it often is to other criminal activities, may be assessed in a number of ways. The example of Colombia, without doubt the most thoroughly studied in the world, shows how large a part of this sector can play in the national economy of a large country, affecting not only employment, incomes, investments (both productive and otherwise), commerce, economic property, financial flows and

the external balance of payments, but also the rules, standards, regulations and laws which govern the functioning of that economy. The examples here from Brazilian Amazonia show how, in situations where there is little supervision by government institutions, the presence, withdrawal or re-routing of this trade can enable whole medium-sized towns to develop or cause them to falter. In such places the redistribution of the profits involved may also sustain large sections of a region's economy or firms belonging to the officially recognised economy. Together with the proceeds of other criminal activities, they swell the funds in these regions' financial and banking systems in an utterly disproportionate way, as compared with official endowments. In Guangzhou and Shenzhen, in the Chinese region of Guangdong, farmers and fishermen have committed themselves to this trade, selling off part of their inheritance. They form part of the migrant and transitory urban populations who have used their ancient economic and social bases to engage in illegal activities and grow rich from them. In the great metropolitan conurbations, drug money can make a considerable difference to neighbourhoods, indeed to whole city districts. While we must be careful not to exaggerate the real scale of the wealth that the trade has distributed in Rio de Janeiro, it cannot be denied that redistribution is taking place, above all in the favelas, and that a great many small enterprises and properties have been acquired from this income source: the inventories of goods owned by some of the largest dealers known provides evidence of this. In Mumbai, the examples quoted here show still more clearly the links between criminal organisations and dealers and the real estate business, commerce and manufacturing (and especially film studios). These criminal organisations and dealers also operate in the development of traditional, unofficial, banking systems that mirror the official ones and are also linked with the trade in gold and precious stones. The researcher sees even more clearly here than in Rio de Janeiro that these links between "white collar" criminal activity and the organised crime are opening up far larger areas for its expansion. In Rio de Janeiro, as in São Paulo, it really does seem very difficult to identify the top levels of the trade's organisation, including those parts of the trade involving foreign transactions, certainly the most profitable parts. This demonstrates the researcher's main difficulty in this area and is connected with the obstacles encountered by police and court investigators when they address certain business and political circles in their society, not excepting their central State institutions. The very recent Brazilian Parliamentary

Commission of Inquiry (CPI) into the narcotics trade, conducted at federal level, is most revealing in this connection: over 800 individuals were declared suspect at the conclusion of this inquiry, which lasted almost two years. In a large number of cases the people involved were what could definitely be classified as "white collar", including a number of members of the Federal Legislature and a larger number of elected State officials. The list, however, of those from the country's two great urban centres, Rio de Janeiro and São Paulo, seems extremely short, and no finger was pointed at any truly significant business or political figures. We should observe that in these two cities the main court cases, in terms of traffic quantities, have been instituted from outside, via Interpol or the specialist agencies of other countries. One of the biggest cases in the country did indeed concern an operator based in Rio de Janeiro, but the criminal investigation was conducted in Amazonia and certain other states, and concentrated on the organisation's local agents in those regions. The main operator, in Rio de Janeiro, was in fact questioned in New York; the CPI inquiry left aside anything which might implicate the Rio de Janeiro organisation. One cannot help noticing a certain paralysis of the national institutions when it comes to taking action at the level of the country's central authorities. This is obviously an enthralling subject for a researcher to investigate, and one that would be very useful in terms of understanding and state intervention.

It therefore remains difficult to assess the economic impact of the organisation and deals at the top level of the trade. It is worth pointing out the considerable discrepancy between the information gathered directly by police, judicial or parliamentary investigations (and, naturally, by researchers) and some of the figures issued by official, specialist financial institutions — in Brazil for instance, these have given the press indications of quite colossal amounts — which we shall not reproduce here, and which are in all probability quite out of proportion — for the real situation of drug money laundering handled by banking and financial institutions, essentially in Rio de Janeiro and São Paulo. Undoubtedly, the analysis of this discrepancy needs to be one of the cardinal points for a researcher seeking to re-establish a modicum of concordance between the microeconomic data emerging from preventive checks and the results of macroeconomic exercises required for international data-collecting. If that concordance is not achieved, the wildest assertions will pass uncontested, leaving us subject to every imaginable form of "news" manipulation — po-

litically or ideologically inspired, and all too typical of pronouncements on these obscure matters. A number of the articles here are quite insistent on that score. Yet it is clear that nowadays these matters strike at the very core of our economies and societies.

Of all the social consequences of the drug trade, the attendant violence and the threat to public safety in certain areas are certainly the two paid the closest and most concentrated attention by the government authorities and the public. They are particularly acute in large cities but the situation varies from place to place. In Rio de Janeiro it is still thought, as the chapter here says, that drug trafficking is behind the majority of homicides (the city's homicide rate is one of the highest in the country). That would appear not to be the case in São Paulo: although that city has reached a similar high level of violence, the connection with drugs seems to apply to a much smaller proportion of it. In Rio de Janeiro, the favelas, thought to shelter the main supply sources of products for the local market, are generally considered to be highly dangerous places owing to the presence of the dealers. In São Paulo, on the other hand, the "scenes" which concentrate on distributing the town's material are not regarded as places of danger, even though the trafficking does disturb the life of the neighbourhoods. In Mumbai's internal distribution, even though criminal groups also make use of force in precise circumstances and at restricted places and times, observers do not report a high level of general violence; nor do they in Guangzhou, despite the existence there of major criminal groups whose internal organisation is regarded as "militarized". None of these cities is reported to have a single structured organisation controlling the trade's operations, able to keep violence down (or, where needed, to increase it) in the carrying on of the trade, even though this might be predicted from a logical development of the market and its profits. In these situations, all of which seem to be competitive, the differences in the level of violence seem instead to be a sign of a certain capacity among the various active criminal groups for mutual understanding and sharing out territory and activities; they also arise from differences in the ways — lawful or unlawful — in which official repressive institutions intervene. These are matters we need to know more about and to understand better. However, the extreme violence and insecurity linked with the drug trade may bear more diffusely but still more heavily on the regions of transit, away from the major centres. This is shown by some extreme examples in Brazilian Amazonia,

where not only is the State unable to ensure proper public order, but also some of its own representatives themselves control, or are connected with, criminal organisations for their own profit, and even use their legal monopoly of violence for their own ends.

Other evident and particularly serious aspects are confirmed by a number of these inquiries, and backed up by details: they concern the attractiveness of drug-trafficking operations, alongside other criminal activities, to disadvantaged population groups who have great difficulty entering the labour market, even the informal one. In Rio de Janeiro, Mumbai and Guangzhou, but also in smaller cities and towns in the interior, it is especially the young people from poor neighbourhoods, without access to school and apprenticeship systems, or dispossessed migrants from the interior, who associate most directly with criminal elements, for want of access to any proper legal place in the economy. The attraction is frequently reinforced by the increasingly rapid spread of global models of consumption and certain lifestyles to which these activities are believed to open the door. But beyond these highly typical situations, what these studies emphatically confirm is that venturing into criminal activity is something that may also be done by people from all sectors of the population, from the middle classes right up to the top of the social scale, at each level breaking down the barriers between legality and illegality, throughout society. While this phenomenon may not really be new, with the new opportunities of markets and profit it represents a central rift in the handling of economic and social development, on an international scale and as such deserves in-depth consideration.

Research Questions in the Field of Public Control Policies

The experience gained in research with police or court institutions engaged in combating trafficking and criminal activities clearly shows the limitations of control policies when they are too strictly based on the most obvious, conventional form of prevention. Such institutions, too narrowly preoccupied with operational matters, find it hard to understand the organisation of these activities as a whole. Police intervention, and that of the courts, is on a case-by-case basis, whereas the pattern of development of criminal organisations and networks is dynamic and continuous,

sometimes over long periods. Institutional intervention also concentrates on the most visible parts (in certain designated areas, especially) or those that are most readily controlled (at border posts, for instance), whereas the major parts of these activities' organisation and profit are, of course, the most hidden ones. Police institutions are compartmentalised, often indeed competing with each other, making it harder to pool knowledge gained in the field. Still more serious, the all too frequently arbitrary practices of preventive institutions, their corruption and even, at times, the direct involvement of some of their representatives in criminal activities, may of course give reason to doubt the information that can be gathered from such sources on the real situation of these activities. This only adds to the importance and value of research efforts that impartially bring together and reconstruct all the individual items of information from varied sources and different times, and try to establish a coherent, connected account of the way these activities are actually organised.

Still more than that, what these studies show, in their analysis of the economic and social aspects of the drug trade, is that control policies cannot be confined to isolated preventive operations, but could be part of a wider system of intervention also addressing all the most glaringly pressing questions, such as on the one hand the development of disadvantaged neighbourhoods and regions, support for full access to the economy by the weakest population groups — such as certain young or migrant people and, on the other hand, a more enlightened control of financial movements in the banking and tax systems, and the activities of some companies. Together, these two sets of questions offer a great range, and this shows how diffuse a phenomenon economic crime really is and how, far from standing "on its own", it tends to permeate the whole of society. That is what the present issue sets out to illustrate.

THE BOMBAY UNDERWORLD: A DESCRIPTIVE ACCOUNT AND ITS ROLE IN DRUG TRADE

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Introduction

This chapter presents a descriptive account of the Bombay (now, *Mumbai*) underworld. As an exploratory study, it provides only a broad picture of the growth of the Bombay underworld, referred to, from this point, as Organised Crime Groups or OCG. It touches upon the major landmarks that determined its structure, activities, nexuses at the institutional level that supported its growth, and operations. It also provides insights into the lives of the gangsters. Primary data were collected through interviews with key informants; secondary data were culled from 250 court judgments under the Narcotic Drugs and Psychotropic Substances Act (NDPS Act), newspaper clippings over a period of 15 years, and magazine articles.

This chapter proposes that the underworld in Bombay emerged as a result of various government policies, unmet needs of citizens due to various system failures in governance, as well as other socioeconomic changes in the city, inside and outside the country. It also tentatively suggests that there is a gray zone in our economy where crime and legitimate enterprise merge. Thus the underworld is a self-sustaining phenomenon and cannot be wished away. It may change its product line, substitute one group for another, but operate, it will.

We analyse organised crime groups (OCGs) to determine whether they are bureaucratic, feudal or any other, in structure. From our findings we can say that Bombay's OCGs have moved

from a feudal to a bureaucratic and to a fluid structure. We also look into the reasons why people enter the world of crime, though we do not provide any conclusive answer to this question.

Thus we find in this preliminary study that it is desirable for policy makers to examine whether each of their major economic policies promote or control the emergence and survival of non-state actors including OCGs. Likewise, it is clear that academic institutions have to systematically study OCGs and provide relevant and up to date information to policy makers.

The Context

The Drug problem has been the focus of different international bodies and deliberations since 1912. The Single Convention in 1961 principally codified the international monitoring of the cultivation of cannabis, poppy and coca and the prohibition of the non-medicinal use of these substances and their derivatives. The year 1971 saw the Convention on Psychotropic substances. On the whole, the effort was to reduce the supply of and demand for narcotics drugs and psychotropic substances. Intelligence officers, enforcement personnel, doctors and ex-addicts have worked closely in this field. A call was made at the Vienna Convention in 1988 to social scientists to get involved in this issue by launching multi-disciplinary studies to understand the various dimensions of this problem. Efforts were also made to introduce laws to confiscate money earned by drug trafficking. The UN held a special general assembly in 1998 to develop parameters to prevent the money-laundering activities of drug traffickers.

Till recently, only street level peddlers and addicts have been incarcerated under various drug laws. Our current focus is understanding organised crime groups which are the backbone of the trafficking problem. This research is part of the UNESCO-MOST programme on drug trafficking and its connection with socio-economic transformations.

There is hardly any social science research on organised crime in India. The limited number of studies available are historic in nature (cf. *Das*, 1994). We seek to understand the social phenomenon of OCGs in India to bring about change in the

methods used in dealing with it. We indicate that socio-economic transformations are happening, and will continue to happen; the State, as an agent, has some role in making things happen although it can not control everything. One of them is the emergence of OCGs including their dealings in drugs.

This chapter points out that several government policies intended to promote industries, to prevent the drain on foreign exchange etc., have had the unintended consequence of promoting OCGs in Bombay. Moreover, the ineffectiveness of some of the institutions of governance, and the neglect of certain sectors, have contributed to the growth and strength of OCGs. Hence academic institutions have to systematically study OCGs to provide inputs to policy makers who should examine the potential influence of each economic policy they introduce in promoting or controlling non-state actors and OCGs.

This chapter seeks to present some answers to the following questions:

- . Why is it important to study OCGs in India?
- . Under what circumstances OCGs emerge, evolve and prosper?
- . What is the structure and functioning of OCGs?
- . Why do people enter the world of crime?

This chapter is a result of a larger study on socio-economic transformations in selected parts of India since the Indian independence. It describes their linkages to organised crime groups (OCGs), the creation of a parallel economy, and drug trafficking. In the second part we provide reasons for the study of OCGs in India by social scientists by showing that OCGs are powerful entities with vast economic power, and that they have attained sustainability. The third section presents the growth of OCGs in Bombay while the fourth focuses on the structure and functioning of OCGs. Finally, using primary data, the fifth section examines the world of actors in OCGs.

Theoretical Framework

We began our data collection without any preconceived deductive scheme. Our findings evolved through the process of research. Insights gained in the initial and subsequent phases

were used to sharpen, or venture into, new areas of inquiry. Thus, we referred to existing research results only at the stage of writing the report, citing them in different parts of the paper along with our data⁽¹⁾.

Crime

Popular perception of crime often varies from that of the establishment's. As early as in 1842 Karl Marx drew our attention to how civil law or liberal legislations infringe upon the customary rights of the poor "based on hybrid intermediate forms of property" without creating an alternative framework. He elucidates his thesis with the example of the dissolution of monasteries. To quote Marx, "The monasteries were abolished. Their property was secularized, and it was right to do so. But the accidental support, which the poor found in the monasteries, was not replaced by any other private source of income. ... the monasteries received some compensation, but the poor who lived by the monasteries were not compensated" (Das. 1994). Similar situation impinged on tribal populations in the wake of the Forest Act. Despite innumerable revolts, rebellions and other mass movements of tribal populations, more and more of the rights of indigenous peoples are being taken away in the name of "development" activities but there is hardly any debate on whether this kind of denuding of traditional rights is a crime or not. In the definition of the establishment, the protests of tribal people were and are crimes; from the perception of tribal people, these are efforts to protect their rights.

At particular historical junctures crime becomes politics — it can be a prologue to a conscious and articulate resistance by the dispossessed (Das. 1994). The struggles, protests and violent actions of the people in Kashmir, Manipur, Nagaland and other places reflect a scenario where crime becomes politics. What is crime for the establishment is a symbol of struggle for political and civil rights by a whole set of "nationalities" or races.

But large scale crimes are committed by conformists rather than challengers of the establishment. This we find to be true in Bombay (Das, 1994, p. 2877). What is defined as a heinous crime at a particular point in time and place is a function of many factors. Crime and its definitions are indications of the changing

relations between the citizen and the State especially in the realm of regulating social behaviour.

The colonial state separated the criminal from the rest of society and punished, reformed and controlled him through police action and imprisonment. This they did by making a set of neat legal categories of criminals such as "goondas", "dacoits", "criminal tribes", etc. The Bengal Government's Goonda Act of 1926 made it mandatory for the police to maintain files on convicted or suspected deviants of a broad spectrum ranging from thieves, gamblers, pickpockets, smugglers, toughs and cocaine dealers to political activists. The purpose of the Act was to forcefully drive them out of Calcutta. This is to create an image of the man as brought up outside the sphere of normal society — to ostracize them. In the process, *the goonda is defined as someone not only expendable and undesirable but also outside the worthy citizen-community whom the police is to protect*. The same image still survives (Das, 1994). This is the kind of effort being made now against organised criminal groups (OCGs).

Organised Crime

The Interpol defines an OCG as "*a drug enterprise or group of people engaged in a continuing illegal activity which has as its primary purpose the generation of profits irrespective of national boundaries*" (Internet: *OC Home Page*, 1998).

In the last two decades, some of the OCGs have been targeted in a similar manner in Bombay. The people who defrauded the investors of over a billion USD (Harshad Mehta scam; Ketan Parekh scam) or those involved in major corruption cases (A senior politician who was involved in a major scandal, the present Chief Minister of Tamilnadu who has been convicted on two corruption charges) are not treated in the same way as Varadarajan, Chota Rajan, Haji Mastan or Dawood Ibrahim who are (were) heads of OCGs. Not much explanation is given when numerous 'encounter killings' are carried out by the police — all that they have to claim is that the people killed were members of one or the other OCG. The Terrorist and Disruptive Activities (Prevention) Act — details are given below — was not repealed despite numerous protests by right thinking people but was repealed when a leading film star, a

son of a highly respected Member of Parliament was arrested under it. Currently, strong protests have been made against the Maharashtra Control of Organised Crime Act (MCOCA) because a major diamond trader has been arrested under it along with a film producer. Let us take the so called non-performing assets (NPAs) of nationalised banks in India. These are mostly monies taken as loans from banks by the industry and business tycoons. They do not repay these loans and the banks report them as NPAs. The amount of money involved is phenomenal: over 15,000 millions USD. How could this happen without the collusion and corruption among the directors of these banks and at lower levels? There is a political tolerance towards this kind of fraud of such proportions. This level of corruption among the society's elites certainly makes the society vulnerable to OCGs.

The use of violence, coercion and physical threat is *the* trait that determines what is acceptable and what is not. The activities of business and industrial captains are kept out of the purview of criminal law. That is one of the main reasons why the Money Laundering (Prevention) Bill has been stalled and sent to a select committee of Parliamentarians for review.

The Locale of the Study

Bombay evolved as an important place for trade and commerce during the British regime in India because of its location and the frequent attacks on Surat (then an important port), by the Marathas. The period 1735-1813 saw the modernisation of the Bombay Shipyard and the restructuring of its dockyard to support growing maritime activities with Persia, the Arabian Gulf, Africa and China (Dwivedi, S. *et al.*, 1995).

The Calcutta and Bombay ports exported opium. Opium was a major commodity for trade between India and China, undertaken especially to restore the trade balance of the British Empire. In 1785, the East India Company was buying and selling fifteen million pounds weight of China tea per year. Britain had to pay for her tea with silver and gold. It sent to the East (between 1710 and 1759) a sum of 26,833,614 Sterling Pounds in silver and gold, and only 9,248,306 Sterling Pounds in goods. It is this trade imbalance that led to the opium trade. To meet

the Chinese strong demand for opium, the British enforced opium cultivation in its provinces in India (*Beeching*, 1975, *Charles* 1998). In the year 1884, around 5,670 tons of opium was exported to China (*Fabre, G.*, 1998). In this trade, not only the East India Company but also their Indian trade associates made a huge profit. Kosambi (1994) cites the example of the *Parsee* community as one of the groups that prospered through opium trade. Farooqui (1998) has done a detailed study on the role opium trade had played in the formation of capital in Western India. His list of 123 indigenous opium merchants/firms based in Bombay, 116 firms based in Gujarat/Rajasthan and operating independently of the British between 1803-1830 is a useful starting point for further research. Since smuggling as an economic enterprise began almost two centuries ago in Bombay, it is not surprising that Bombay continues to be a paradise for smugglers.

Vulnerability of Bombay

Bombay is vulnerable to crime for many reasons. There is a marked weakening of the bonds of kinship as a result of the practical disappearance of extended families. The decline of the social significance of the family; the undermining of the traditional basis of social solidarity and the erosion of traditional methods of social control, together contribute to alienation and crime in this city.

City of Contrasts

Gamini Salgado (in *Das*, 1994) makes a link between London's social structure and the rise of Elizabethan underworld. London then was a place of vivid contrast. London offered far greater opportunity for beggary and fraud than the rest of England. The chances of arrest were very low. For the London underworld appears to have had its own security and intelligence network which were more than a match for the rudimentary and quasi amateur police force which was all the city could boast (cf. *Das*, 1994). *Das* found that a similar contrast in Calcutta facilitated the emergence of the underworld in that city in the 1920s. Calcutta had sharp class and racial divides: the white locality was juxtaposed with the native area and the stately mansions of Marwaris and Bengalis stood against unhealthy slums. Seventy per cent of the population

were migrants from up country; they earned their livelihoods as labourers, carters, and coolies, constituting a permanent volatile social group. These aspects of Calcutta's social map contributed in varying degrees to the creation of the city's goonda world. Bombay too has a similar situation — skyscrapers stand side by side with sprawling slums where the poor live.

Limited Space

Bovenkerk (1992) in Anuradha, 1999(a), focused on the illegal functions of OCGs. They fulfill society's need for illegal goods and services and provide a temporary solution to the problems overlooked by the political administration. Two centuries ago, Bombay was seven islands which have been connected to be what it is today. Thus space is limited. The government passed several laws on the housing sector which gave rise to OCGs. *The Rent Control Act is a welfare measure to the middle and other salaried classes and a protection against rapacious landlords. However, without a clause for periodic fair revision of rents and maintenance costs, and the tardy progress of lawsuits in India, it created a kind of system failure. This has not yet been addressed. OCGs effectively, if unjustly most of the times, provided the solution. Persistent, prolonged failure of systems of governance makes the system vulnerable and makes way for non-state actors such as the OCGs.*

Almost all OCGs in Bombay have been sorting out tenant-landlord problems. Chota Rajan's group for instance undertook different activities to maintain his stronghold in underworld extortion, smuggling and drug trade. The protection money paid to his gang by builders has increased. One builder stated "*we can not do business in India, if we do not pay*" (Times of India, 1994 ; Balakrishnan, 1995; Balakrishnan, 1995 and Thevar, 1997). Karim Lala entered the world of real estate and construction industry; he provided muscle power to builders and landlords wanting speedy settlement of tenancy issues outside the court.

Why was there such a tolerance of OCG intervention in the real estate sector on the part of the administration? It could have been because of many reasons: may be there was much money to be made by its different segments; maybe, if the salaried classes spent only a small proportion of their incomes

on housing, they would constitute a large consumer market, they can purchase goods and services produced by the industry. But it is more probable that the legitimacy of laws governing the housing sector had lost legitimacy among the elite/propertied classes. But democratic processes do not permit the lawmakers to change these laws for the simple reason that tenants are a larger vote bank compared to property owners. Thus there appears to be a compromise: we will not change the law; we will look the other way, if you use your own methods to increase the value of your property by evicting tenants. *One can predict that until this dilemma is resolved, OCGs will flourish in all urban areas.* There is a judge who has been arrested in Mumbai on the charge of using an OCG to evict tenants from his property. This is an on-going case. It is symptomatic of the corrosion of the system.

Migration

Bombay's growth as a place of trade and commerce encouraged migration from within and outside the country since the colonial period. Bombay offered various avenues for employment: the docks, the railways, the port, the mills and business enterprises. With the partition of the country, Karachi port went to Pakistan. Large investments were therefore made to improve the Bombay port to make it the main port of entry and exit for India's trade with the West. Many of the OCGs in Bombay have had their core activities based in and around the port area.

What can we say about migration? The Constitution of India offers the right to free movement as a fundamental right. India is not China. Wherever massive investments are made as in Bombay, wherever economic opportunities open up as it did in Bombay, people with or without appropriate skills move in. Given the stark differentials in intra-state and inter-state levels of development, migration to many places which promise prosperity takes place. Besides, urbanisation is an inexorable process since the policy makers have neglected rural areas in all but the first five-year plans.

It must be noted that migration per se does not create OCGs. It is not our case that only migrants get into or form OCGs. The profile of different OCGs of Bombay would repudiate such notion. We can only state that if among the migrants any group gets left out of integration into the legal economy, they are like-

ly to indulge in criminal activities to survive and OCGs may emerge in the process. Demographic analysis and employment profiles of different communities, if done on a continuous basis, and if corrective measures are consciously taken to include such communities, crime prevention efforts will have a chance to succeed.

Restructuring

Industrial restructuring in Bombay in the mid 1970s had a profound impact on Bombay. Mehta (2000) conducted a rapid study of this economic process as part of our study. The findings are presented in a separate paper titled *"Criminalisation of Labour in Bombay"* which indicates some aspects of OCGs in Bombay. With the rapid move to globalise the Indian economy, liberalisation of imports and a *de facto* abrogation of many labour laws (enshrining rights of the working class won over several decades of struggles), there is bound to be a vast increase in crime and in the strength of OCGs.

Nationally, the manufacturing sector has stagnated. There has been only a minor rise — from 10.7% of the workforce in 1993-94 to 11.1% in 1999-2000 — in the manufacturing sector which was also concentrated in urban areas. The growing employment sectors are in construction and "trade, hotels and restaurants", the latter employing 41 million people as compared to 43 million in manufacturing (*Omvedt, 2001*). In Bombay, there has been a strong link between OCGs and the real estate sector. There are several indications showing that the bar and restaurant sector is also periodically subjected to extortion by OCGs in Bombay; shoot outs have occurred in them; some of these bars are or have been owned by OCGs either directly or by proxies. Members of OCGs often patronize them (*Britto, 1997*). Sleazy bars mushroom with police's blessings. There are links between law-enforcer and bar owners. Sleazy bars have mushroomed all over the city in the last ten years. Some of them remain open till 4 a.m. Some policemen are known to be regulars at some of the bars. Says a bar owner, *"policemen conduct occasional raids in a beer bar. But it is just eye-wash. They threaten bar owners and extort huge sums". "I was fed up of policemen regularly coming to my bar on a motorcycle. They always came in mufti and were pleased to carry back a wadful of notes with them"*, alleges Jamshed Irani, who owned a stake in the Mastana Beer Bar in Tardeo. *"Nobody can run a beer bar in*

Mumbai without being in league with the police, specially the constables on beat patrolling", he added. Mr.Irani also alleged that certain policemen have benami stakes in some of the bars. "The policemen have ill-gotten wealth, which they invest in beer bars". Police Commissioner M.N.Singh did not deny the possibility of his men being corrupt. "There could be a possibility of certain policemen being in league with bar owners... Such policemen will have some "mutual understanding" with bar owners so that it benefits both of them. However, you cannot single out policemen for corruption. There are several other departments or areas which are more corrupt", the police chief stated (The Time of India 30th March 2001).

Globalisation and Liberalisation

The process of liberalisation and globalisation began in the 1980s ; a period which saw the criminalisation of the labour force. To become competitive internationally and nationally, a large-scale process (of industrial reorganisation, closure of factories, etc.) was set in motion in Bombay. Transformation of the labour market included streamlined production in the manufacturing industry with the de-skilling of labour and the stress on the flexibility of the workforce. Another tactic is "out-sourcing" of labour to small firms or freelance personnel. Similar changes have affected the service sector as well, with computerisation; many firms are able to eliminate whole layers of white-collar workers creating insecurity even among those who earlier felt secure.

With trade liberalisation gaining momentum since 1991, practically thousands of goods have been put under the Open General License for imports. Hence the OCGs need to identify other commodities to profit from. Smuggling of computer hardware and software, pharmaceuticals, gems and precious stones, guns and trafficking in women and children and drugs are said to be of interest to OCGs of Bombay in the post-control-permit era.

Liberalisation and globalisation have profound social implications in places like Bombay. The market forces they unleash have transformed the spheres of production and consumption relentlessly. Economic policies are challenging notions of material certainty, uncontested values, and the resultant security.

Bombay today is a world of risk and uncertainty, of individual choice and pluralism and of a deep-seated precariousness, both economic and ontological. Suicide among professionals (doctors, chartered accountants, share brokers) is on the rise.

According to the strain theory of Robert Merton (1968) in "Firestone, 1997", Crime and vice constitute a "normal" response to a situation where the cultural emphasis upon pecuniary success has been absorbed, but where there is little access to conventional and legitimate means for becoming successful. Arlacchi too opines: "High unemployment rate, that targets the less favored population, the absence of government measures to counteract this, the gap between the disfavored and the consumer model, valorization of economic success and low possibilities to access resources through legal means, all these combine together to favor the development of a criminal labour force" (Arlacchi as cited in Fabre, 1998). Further discussion on this is in the section on why people enter the world of crime.

Today an unfair situation controls the race to achieve and be someone. We have a large number of spectators, who are denied real access to the race but are the viewers of the glittering prizes on offer. The fact that opportunities to the race are available with little relationship to talent and price makes it even more unequal. While the have-nots are scrounging, those at the top, the privileged, are seen as part of a "winner takes all" where prizes are doled out without thought of justification or merit. This scenario is a natural recipe for dissatisfaction (Young, 1999). The combination of relative deprivation and individualism is a potent cause for crime in a situation where no political solutions are possible. To deal with this perceptually, there is a move towards keeping the "out-group", who can be made "scapegoats".

The present period in Bombay can be seen as one where the trend is to exclude, as against the move towards inclusion earlier, through assimilation and incorporation. The rise of Shiv Sena party in Bombay was a direct outcome of the political mobilisation strategy of attacking south Indians, demanding jobs for sons of the soil and such exclusionist processes (Mehta, 2000). The rise of the Bharatiya Janata Party, comes hand in hand with their attempt, with the help of their supporters, to consolidate the Hindu vote bank as a block by creating a communal schism

excluding the Muslims and other minorities. Such a strategy of political mobilization is a function of perceived/real decline in economic opportunities and of competitive politics of democracy especially in the consolidation of "other backward classes" and their powerful entry into the corridors of power.

Impact of OCGs on Society

Why should anyone in India attempt to study the structure and functioning of OCGs? It is because of the impact they have on society in general and on the systems of governance. In this section, we make a preliminary statement based on secondary data on the subject. However, a full-fledged research is needed to present the details with reliable data. We present our reasons for the study of OCGs under the following headings:

- . Erosion of civil liberties
- . Perversion of democratic rights
- . Creation of unproductive employment
- . Inroads of OCGs into various systems of governance
- . Nexus with the Police
- . OCGs and sports
- . The marriage of the legal and the illegal
- . OCGs and the Film Industry
- . OCGs and the Gold market
- . Under invoicing/over invoicing
- . Hawala

Erosion of Civil Liberties

OCGs provide justifications for governments to pervert the rule of law and to erode the fundamental rights to liberty and privacy of citizens. OCGs give a set of rationale by which the government acquires enormous power eroding the rights of the civil society through the passage of draconian laws. This leads to massive abuse of power. The selective application of the "Terrorist and Disruptive Activities Act" is a case in point. The statistics below indicate that most of the cases were against Muslims and in Jammu and Kashmir. Mercifully this law was totally repealed.

Though TADA was repealed, the Government of Maharashtra passed another equally powerful Bill, (*Maharashtra Control of Organised Crime Bill*), in 1999.

Some of its provisions are:

- . Confession to a police officer of the rank of superintendent of police and recorded by him may serve as evidence. This clause was also provided in the TADA.
- . Authorizes telephone tapping. The grounds for allowing it are, broadly, "probable" cause for belief in the culpability of the individual and in the use of the facility for commission of crime. The order or approval must state the reasons and set out the details-person, location of communication facilities, type of communication to be intercepted, etc.
- . In case of any complaint of torture by the detainee, the person shall undergo a medical examination before a medical officer not lower in rank than that of an assistant civil surgeon.
- . Properties of the accused can be forfeited to the state on conviction if the court so orders. They can also be attached by its order pending the trial (*Noorani, 1999*).

Number of cases under the terrorist and disruptive activities (Prevention) Act

State	1988	1989	1990	1992	1993	1994	1995	1996
Arunachal Pradesh	8	2	5	1	2	2	-	-
Assam	133	1182	801	395	503	337	51	17
Bihar	0	0	0	5	2	-	32	-
Gujarat	97	44	9	-	0	-	-	-
Himachal	3	1	1	8	3	0	0	0
Jammu & Kashmir	36	252	1498	3164	2846	2627	1158	-
M.P.	na	na	na	na	na	na	na	na
Maharashtra	14	0	0	90	112	15	9	-
Manipur	42	50	51	38	51	99	21	-
Meghalaya	0	0	0	-	4	1	5	-
Mizoram	0	0	0	1	1	-	-	-
Nagaland	1	0	0	-	0	-	-	-
Punjab	319	141	26	6	4	3	-	-
Rajasthan	na	na	na	na	na	na	na	na
Tamil Nadu	0	0	0	2	2	1	-	2
Tripura	0	0	0	-	0	-	-	-
Uttar Pradesh	11	9	17	235	56	15	-	-
INDIA	763	1773	2498	4093	3743	3183	1304	56

Source: NCRB, Annual Reports, New Delhi: NCRB Na: not available

Perversion of the Rule of Law

Another set of facts which forewarns against the dangers to civil society is the extra-judicial killings by the police and other enforcement agencies (Encounter killings). One of the "high profile" police commissioners of Bombay initiated this process with the excuse that the criminals invariably hire powerful lawyers, find all kinds of loopholes in the law and get away scot-free. In order to curb crime, he suggested that the police may resort to "encounter killings" provided such a decision is taken at the top level! *Because the legal system is tardy and the government employs not so efficient lawyers, he felt it perfectly legitimate to use extra-legal methods. It must be noted that it is again another example of system failures that give birth to OCGs.* This is explained in subsequent sections. When human rights groups have pointed out that ordinary citizens also got killed in these so called "encounters", the stock reply of the establishment has been "an occasional human error" is inevitable.

While the police themselves bemoan that the OCGs have far more sophisticated arms and keep asking for a higher budgetary allocation, in almost all the encounters the press release reads as follows: *"Police sleuths... killed three sharp shooters of the... faction of the... gang in an encounter on...night. Acting on a tip-off... laid a trap. The police asked them to surrender but they (sharp shooters) fired at the police. The police retaliated... the gangsters were injured and were rushed to... hospital, but were declared dead on arrival".*

Between January and April, 2001, in Bombay alone there were such 24 encounter killings. Some of these may not have been encounters at all but sheer murders by the police. Imagine sharp shooters who have never missed a target in their careers miss a whole posse of police at point blank range! In different states, the police have been asking for more powers to the police to tackle the growing organised crime in the wake of sophisticated methods adopted by OCGs.

Fortunately, we have a few small civil rights groups monitoring these developments. In Karnataka in South India, they have urged the President of India to withhold the passing of a Bill to control organised crime because of some obnoxious provisions. The Allahabad High Court (Uttar Pradesh, in North India) recent-

ly stated that death punishment be given to policemen found guilty of committing murder in the name of encounter. *As this chapter would argue, the socio-economic reality that creates OCGs and the method to tackle them is to remove the factors which necessitate their emergence and not by brutalizing the state machinery.*

Creation of Unproductive Employment

The presence of OCGs in Bombay has created the need for private security agencies on an unprecedented scale. It is now a nearly 380 million USD business thanks to terrorists, gangsters, personal enemies and professional rivals of the rich and famous, crazed fans of the glitterati and lone maniacal stalkers. The business has grown in the past decade along with an increased feeling of insecurity among the citizens. There are nearly two lakh private security personnel in the city, roughly five times more than the Mumbai Police strength (*Guards of honour*. The Week 15th April 2001).

OCG and Sports

Dawood is a much sought-after man in Dubai's social circuit and would often be picked up by TV cameras while watching cricket at Sharjah. The Dawood's group has allegedly been involved in the cricket betting racket. Though his men affirm that Dawood is not personally involved, he does have many friends among Indian and Pakistani cricketers. They say that since Dawood took a keen interest in cricket and was part of the expatriate social circuit in Dubai, touring cricketers from the subcontinent would usually be introduced to him. Senior Indian players have enjoyed his hospitality and have even been photographed with him. Chotta Shakeel has even admitted in a press interview that he had sorted out problems between bookies (Hasnain Ghulam, *"At Home in Exile"*, *Outlook*, 20th November 2000). *The Asian Age* (24th April 2001) reported a statement made in Parliament that the central Bureau of Investigation (CBI) has found "clear signals" that the underworld mafia was taking interest in the cricket betting racket and could take over its control if not checked immediately.

Increasing Sophistication of the OCG

There are cases where the underworld masterminds abductions via satellite phones. The Babloo Srivastava gang had used sophisticated technology to lure a UAE businessman. Though top names in the underworld — Dawood Ibrahim, Abu Salem and Chota Rajan — use satellite phones regularly to keep in touch with their trusted lieutenants, this was the first known instance where the underworld used satellite phones for abduction. This, however, is not the first case of sleuths finding a satellite phone while investigating a criminal case. The Delhi Police had seized a similar INMARSAT mobile satellite phone used by Mumbai gangster Ashwin Naik, who was arrested in a murder and narcotics case two years ago (*The Indian Express* 26th March 2001).

The underworld's armoury has caused concern to the city police. Though over 1,500 firearms were seized from gangsters in the past five years, the underworld is still equipped with sophisticated firearms like AK-47 assault rifles and Glock pistols (*The Times of India* 17th March 2001).

Inroads of OCGs into various systems of governance:

. Nexus with Police/Professionals

The police arrested two constables in connection with the daring escape of Imran Sheikh just outside the court room. Imran Sheikh, a member of the Barain based Ali Budesh gang, opened fire when he was given a revolver by someone in the crowd and quickly escaped from the premises. Investigators suspect that the two policemen turned a blind eye when the weapon was passed on to him. Their suspicion was further confirmed because the duo did not open fire when the gangster escaped ("Two Policemen Held for Gangster's Escape", *The Indian Express* 2nd April 2001). Undergoing trial and accused for smuggling charas, Azadkhan Bashir Khan Pathan, a resident of Doda district of Jammu and Kashmir, fled from the court premises on Monday. Pathan pushed aside the escort comprising of two armed policemen and fled. Incidentally, this is the fifth instance in the current year of an accused person undergoing trial managing to escape in the presence of armed police. Pathan was arrested from Fatehgunj area early this year. He was carrying a 2-kg of charas consignment (*Under trial Escapes From Vadodara Court Premises, The Times of India*, 29th Nov.2000).

There have been several instances of OCG members using cell phones from within jails to conduct operations. OCGs appoint only the most trusted lieutenants as the *dubbawalas* (people who bring food to prisoners undergoing trials) for their members. They are said to be the conduit for bringing cell phones and messages to and from their bosses. Many of these *dubbawalas* over time have graduated to higher ranks either as sharp shooters or money managers in almost all the gangs. *There has to be a collusion with the police for this to happen.*

A large number of OCG members invariably get themselves into hospitals as soon as they are arrested on one pretext or another. Medical professionals have been accused of being hand in glove with the OCGs in providing health certificates which warrant hospitalization. Some have escaped from hospitals too. The doctor-criminal nexus came to light three years ago. However, the government remained unmoved even after this revelation, resulting in a petition in the Bombay high court. A bench delivered its judgement on the case (petition 5603 of 1999) on March 13, 2000, directing the health minister to hold a fresh, impartial inquiry within four months from April 1, 2000 by appointing appropriate authorities. The Minister gave the court an assurance that he would do so. A year has passed after the order and no action has been taken as yet against the persons allegedly involved in the nexus (*The Asian Age* 25th April 2001). Such sequence of events is ominous.

The Marriage of the Legal and the Illegal

OCGs are dealing in stolen property. This section offers interesting insights into the links between government policies, gangs, dockworkers and legitimate businessmen. Varadha Rajan and Haji Mastan were veteran OCG leaders. Data show that the dockworkers they recruited were instructed to steal from specific consignments. The workers knew where the consignments were on any given day. They would break the seal, remove the contents, neatly re-seal the container/box. Industrial items (ball bearings etc. which had high duties) were obtained by businessmen using the services of Varadha Rajan and Haji Mastan. They had multiple advantages: they could claim insurance, avoid paying duties and then sell the stolen goods in the black

market and make money. Obviously, a percentage of this is paid to the OCGs which carried out the theft...

This activity has become more difficult with the use of containers. However, a recent case points out that despite stealing at the port, people in charge do not follow strict rules. Since the government levies 105% tax on imported cars, it is highly profitable to steal new cars arriving at the port. A bunch of eight cars (valued at 0.5 million USD) were robbed. The modus operandi was simple. The robbers obtained fake identity cards by bribing someone in the Port Authority, drove in old cars, opened the containers, took out the new cars, changed the number plates with the new cars and drove out. It was found that these stolen cars had been sold to politicians and film personalities (Khomne Ranjit, *Probe Exposes mafia role in car thefts*, *Times of India*, 14, 06, 2001).

Hawala

Smuggling facilitated another trade, Hawala (money transaction through illegal channels). Hawala has existed for decades to save up money. Smuggling gave it a boost. Industrialists, businessmen, bureaucrats, smugglers and politicians require foreign currencies and hawala operators proved indispensable to them. Till the mid-1980s Indians traveling abroad were not permitted to carry above US\$400/. Even now the INR is not fully convertible and the demand among Indians for USD is very high. Few Indians can obtain permission to hold international credit cards. As long as these types of controls continue, hawala will flourish. The government has recently approved convertibility on capital account. Hopefully, this kind of measures will reduce the role of hawala operators.

Wealth of OCGs

The sheer wealth of OCGs is a matter of concern. Dawood operates, by remote control, an empire spread across Mumbai-Gujarat-Uttar Pradesh-Delhi-Dubai. The Indian agencies estimate his worth as about USD 0.5 billion. Insiders claim that he has invested billions of Pakistani rupees in real estate in Karachi and Islamabad. Apparently he controls the stock-market in that

country and, if business circles are to be believed, he even helped out Pakistan's Central Bank with a dollar loan to tide over a crisis. He also controls the parallel credit system, called hundi, in Pakistan and India. He still dominates the gold smuggling into India. Mumbai is no longer the main conduit for Dawood's drug trade, it is said. Dawood's financial liquidity is stupendous. Property developers in Islamabad were amazed when he paid over USD 5 million in cash in just a few days to acquire a huge plot in Islamabad (Hasnain Ghulam, *At Home in Exile*, *Outlook*, 20th November 2000). In this section we shall present three types of activities which are involved with OCGs: the film industry, gold smuggling and diamond trade. The Hindi film industry has a turn over of 1.5 billion USD annually. There are indications that OCGs have a powerful presence in it and in more than one way (details below). Gold smuggling has been the forte of the OCGs since independence and more so since 1963 after the passage of the Gold Control Act. The volumes of gold smuggled into our country (which holds a third of the world's gold ever mined) by the OCGs is mind boggling. Diamond trade is the second largest item in our exports. If what is being said of Bharat Shah (details below) is true, the entry of OCGs into this sector should make policy makers think.

OCGs and the Film Industry

Sometimes, the public has needs which are easily met by the underworld groups. Only recently the government has recognised film production as an industry despite the fact that India makes the highest number of films in the world, and that the Hindi film industry deals mostly in hard cash, most of which has always been black. In this sector, a small time producer hoping to make it big can never hope for a loan from any bank or financial institution. He then secure the help of the underworld groups through a mediator. The gangs give the money with the full confidence that they can recover the money under any circumstance through force and threat. On the same basis money is given to builders. Additionally, both these avenues are easy ways of laundering money. At present close relatives of the underworld have begun to produce movies, making money laundering much easier. For example the brother of Chota Rajan has produced a blockbuster Hindi movie. Recent shoot-outs and killings are only symptoms of the long-term link between the OCGs and

the film industry in Bombay. According to the police, 35 cinema artists had received threatening calls from the underworld this year, compared to 21 threatened last year. A top police official attributed the rise in threat calls to the spreading tentacles of the underworld in almost all areas of filmmaking. He said, "It sounds like a cliché now, but most of the directors were asked to drop actors and actresses in favour of somebody else, despite the talent the person dropped may have."

Here we shall merely give a summary of a case that is in progress in Bombay: The film "*Chori Chori Chupke Chupke*".

- . Its producer was picked up for connections with Mumbai's underworld. Its financial backer, wealthy diamond merchant Bharat Shah was also arrested. Both have been booked under the MCOCA. At the time of writing, the judge dealing with their case have denied bail five times.

- . But the film was a financial success. All the 325-odd prints of the USD 3.2 million film were sold out on the eve of its release netting a cool USD 4 million. Almost 100 per cent collection was made in the first week.

- . It was made in a record time of six months. That the artists gave their dates promptly is due to the pressure exerted by OCGs.

- . Another film, which was due to be released at the same time, was delayed, again due to the pressure exerted by OCGs, authorities claim.

- . The Mumbai Diamond Merchant Association (has 12,000 members apart from 7,500 diamond exporters) closed down to protest against the arrest of one of its members, Bharat Shah, one of the leading diamond exporters. His exports constitute around 80 per cent of all diamond exports. Shah is a brand name himself.

- . The net worth of Bharat Shah has been estimated at USD 250 million

- . The diamond lobby expressed the fear that if he is detained for long, the market could be affected. At a time when the long lull in the diamond market is ending, such news can damage the image of Indian markets abroad, some asserted. This is a classical way to put pressure on the judiciary and politicians to get him released.

- . Allegedly, Shah also has stakes in a television channel, a garment manufacturing company and the construction industry.

- . Enforcement Directorate claims to have a growing body of

evidence show that the businessman's diamond trading enterprises were being used to launder mafia money. In June 2000, customs officials at the Santa Cruz Electronics Export Promotion Zone in Mumbai had issued notices to both companies, demanding payment of duties of around 4 million USD in addition to penalties, and threatening to confiscate equipment. Officials found that 73,730 carats of diamonds, worth an estimated 6.5 million USD had disappeared without trace from BV Jewels' accounts. Inversely, they discovered USD 6.8 million worth of diamonds used in exported jewelry which were not listed in import documents.

- . Customs officials believe that Shah's companies had been smuggling raw diamonds and diamond jewelry in and out of the 'Export zone, fudging figures in order to maximise tax exemptions on the import of raw materials and machinery. While part of this financial misconduct may have been driven by pure greed, investigators suggest that the enterprise have enabled Mafia organisations to launder their proceeds from extortion.

- . Similarly, dollar revenues from film sales overseas and expenditures incurred on shooting movies in exotic locations abroad, were fudged in order to enable criminal cash to be turned legitimate. "*Money made from extortion*", says one Mumbai police officer, *is useless to the Mafia unless it can be put back to work. Enterprises like those that Shah was running, or Kadawala (details are given below) used to run, allow that to happen. The money is recycled, and put to work buying stocks, business or properties.*

- . Some of the reactions of the public are worth stating:

- "*He (Bharat Shah) is a clever businessman and most of his investments have been routed through channels, but money which have been routed cannot be traced back to him.*" — A diamond trader

- "*Everybody in the diamond market is aware of Shah's connections with the underworld. But he has a clean image in the diamond market. He is ready to help any trader in times of need.*" — A diamond trader.

- "*Every one knows that Dawood Ibrahim's mistress is a former actress. Why haven't the police tried to arrest her? Politicians suck blood, cricketers fix matches and doctors sell kidneys. So it is not surprising that film personalities use slush money.*"

- Asif Mulla — a consultant for Industrial Relations.

. Hanif Kadawala was the owner, along with Hingora, of the video firm Magnum, one of the largest players in the distribution of Hindi movies in West Asia, Europe and the United States. In addition, he had substantial interests in the property markets, and a string of other businesses. He was the producer of many hit films. Kadawala was standing trial for his role in the Mumbai serial bombings of March 1993. In that year, he had been instructed to hand over three "guitars" (AK-56 rifles) and some "tennis balls" (hand grenades) to a film star. He was said to have been in business with Dawood Ibrahim's brother Anis. On February 7, 2001, three men walked into his office and one of them shot him five times at point-blank range. All three men then walked down the staircase, and disappeared into the crowded streets.

OCGs and the Gold Market

We are devoting a separate section on gold smuggling for the following reasons:

- . The financial power of OCGs in India can be gauged by the volume of gold they have already smuggled into India.
- . Gold smuggling is a sector which has direct link with the legal sector of the jewelry market; and thus it is a point where organised crime and the powerful industry merge, in turn giving enormous clout to OCGs in the system.
- . Gold smuggling requires the connivance of Airlines, customs, and an array of government and other legal functionaries, thus contributing to the general criminalisation of society.
- . Gold smuggling is one of the largest mechanism for money laundering in India.

For these reasons, this activity exemplifies the impact OCGs have on Indian society which in turn calls for a proper understanding of their functioning and the creation of control mechanisms. It also again reinforces our view that policy makers have to create multi-disciplinary task forces to analyse the potential outcomes of any major economic decision which may help strengthen OCGs.

When many financial assets offer little hedge against inflation, gold is a useful asset. When the incentive to evade tax is

high, then the attraction to gold is high as well (*Vaidyanath 1999*). Gold is a very popular recourse among launderers since it is a universally accepted medium of exchange, making it a hedge in times of uncertainty, and with its price set daily, giving it a reasonably foreseeable value. Gold is a commodity traded on world markets, it offers anonymity, and it is easily liquifiable, making it possible for dealers to layer transactions in order to blur the audit trail. It also offers scope for double invoicing, false shipments and other fraudulent practices. Gold is the only raw material comparable to money.

India hardly produces any gold. The only important gold mine in Kolar has been contributing a minuscule production to the total annual consumption. But India annually accumulates one-third of the gold mined in the world and is ranked the second largest consumer of gold in the world. Practically the entire demand is met from imports and the recycling of previously accumulated stock and scrap (*Vaidyanath, 1999*). The gold stock of the country by the end of 1997 was 10,000 tons valued at current price on the world market at \$120 billion. This is nearly four times the country's exports and official foreign reserves in that year. This situation can have significant consequences in terms of the scale and functioning of the hawala market, the availability of foreign exchange for other uses and the health of the balance of payments. Hence factors relating to the demand for gold and the sources of finance for importing it merit closer study (*Vaidyanath, 1999*).

Around 150 nations either charge a high tariff on gold or ban its import altogether. Gold smugglers thrive in India, Pakistan, Indonesia, Thailand, Iran, France, Spain, Morocco, Italy, Brazil, Egypt and Turkey. Among the countries that allow their citizens to hold gold freely and do not prohibit its import are Switzerland, Canada, the United States, Lebanon and Singapore (*Green, 1977*). Indian policy with regard to gold has never been static since independence. Import of gold was restricted from 1947 and later the Gold Control Act was introduced in 1963 (*Malayala Manorama, 1998*). However, illegal gold supply continued to come into the country. In the 1950's around 80-90 tons reached India annually. The gold import, most of it illegal, kept increasing from 31 tons in 1941-50 to 80-90 tons per annum during the 1950s, to 150 tons per annum in the 1960 and early 1970's (*Vaidyanathan, S. 1999*). In 1991 the legal import of gold

was allowed after the Gold Control Act was abolished in 1990. Only to change again in 1999, when government imposed import duty of around USD 8 per 10 gm of gold. This has increased gold smuggling once again, in May DRI seized gold worth USD 80,000 (*Times of India*, 1999).

The world's two big producers are South Africa and the former Soviet Union, which mine 85 percent of all gold. South Africans and former Soviets sell all their gold as "gold delivery bars" each weighing 400 troy ounces and, with gold at \$160 troy once, costing \$64,000 a piece. Gold smuggled to France, Spain, Morocco or Turkey is in one-kilo bars (costing \$5000). To India and Pakistan, the gold supplied is in ten-tola bars or "biscuits" as they are called and costs \$600 each. In the case of Malaysia it is in 10-ounce bars. The type of gold purchased indicates the destination it will be sent to. All smugglers buy gold from two wholesale markets: London or Zurich. The London and Zurich markets are fully aware of the illegal destination of their reshaped bars. The Indian customs authorities and Revenue Intelligence service have tried for years to get the British to do something about the sale of gold to Dubai. But Indian authorities were told politely that such dealings were legal (*Green*, 1977). This is an area for organisations such as the FATF to deliberate upon.

Dubai is a free port. The smugglers operating out of Dubai are doing legitimate business there just as the Indian jewelers are doing legitimate business of selling ornaments. The illegal act starts when the gold crosses into the 12-mile limit of the Indian seas and ends when the metal is melted and made into jewelry by the gold dealers in India. Those acting in between are smugglers and criminals. Smugglers in gold have the advantage of not attracting international attention, for they only violate the customs regulations of the country for which the gold is destined.

In most parts of the world, it is price differential policies with regard to the import of the yellow metal that partly make smuggling of gold a viable proposition. But in India it does not appear to be a necessary condition. If the prices do not vary much, gold smuggling records drop for a while. But gold smuggling continues in spurts. While between 90-91 around 337 kgs of gold was seized, in 1995 it was reduced to 65 Kgs (*Economic Times*, 1995).

Gold smuggling is also prompted by the need to launder black money. In 1998 the difference in price between the London market and Bombay was only Rs. 316 for 10 gm. In spite of this, by August of that year, there had already been an unofficial import of 42 tons. This, if one were to consider the landing charges, commission to be paid for smugglers (30%) and other incentives, cannot be a viable business to operate in itself. The only other reason for it being sustained is its role in money laundering (*Venkatesh*, 1994, *Kottary*, 1988; *Economic Times*, 1996). It has been alleged that when there is election, political parties use gold as a means of bringing in their savings from abroad for election expenses.

The financial task force on money laundering in 1997 identified the gold market as a means for laundering money. Also the heroin route coincides with the gold routes. So is "Hawala" the alternative banking system, wide spread in South Asia and the Middle East, well connected with gold circuits. This system facilitates both currency exchange and the purchase and sale of gold (FATF, 1998).

Among the known personalities involved in gold smuggling in the 1980s are the Bhattia brothers. Abdul Yaqub Bhattia was running the international syndicate from Dubai, supplying both India and Sri Lanka. His syndicate and another syndicate from Singapore took care of 40% of India's requirements; Hong Kong provided the other 60%. Nepal is used as a conduit by Singapore and Hong Kong. Nepal permits the import of 10 kg of gold and 150 kg of silver. As the Nepalese purchasing power is limited, it is smuggled to India (*Venkatesh*, 1994). In India the entire operation is well managed, its network spreading through out the entire west coast. Dawood Ibrahim is an important partner of the Bhattia syndicate. Sub-agents receive the consignment and safely transfer it to their hideouts. The brother of Dawood, Mohammed Annees is said to be the person who loads the contraband from Dubai. In Goa a vessel was captured by the customs and the interrogation of the person under whom the vessel was registered revealed that the vessel was under total control of a close associate of Mohammed Annees in Gujarat. In 1994, Karim Bux Ghazi, a smuggler, was picked up by the Border Security Force (BSF). Upon arrest, he admitted that he is a close associate of Dawood and the Memon brothers (*Bhatia*, 1988; *Nandandhar*, 1988; *The Telegraph*, 1994; *Indian Express*, 1987).

According to media reports the links between smugglers, customs officials and airline crew have been important. It is not just the national airline that is involved; Gulf Air was penalised USD 250,000 for abetting gold smuggling. Another indirect support given to the gold smugglers is the insurance provided by six agencies in Dubai for transactions between the India-Pakistan borders. This helps to cover losses, which might occur due to custom seizures (*Bhardwaj, 1992; Sharma, 1996; Times of India, 1999 and Kaodar, 1999*).

In 1998, 46 tons of gold were smuggled into India. The black income generated by this, amounts to around 480 million USD. Thus, in this industry, legal merchants' business with OCGs in that year was to the tune of half a billion USD! At a nominal 10% as profit, OCGs in India made a profit in a single commodity in a single year around 48 millions USD. Most of the transaction at the retail level takes place without bill and thus contributes to the generation of black money.

Diamond

It must be stated at the outset that this is an extremely sensitive subject in India. The diamond traders are well organised, closely knit and powerful. So is their international counterpart, De Beers. When the United Nations Commission inquiring into the financial support gained by rebels in Sierra Leone by the sale of "tainted diamonds" visited India to hold a meeting with the Indian diamond traders, most of the papers did not report it. Those who did, carried the news only once in the inside page. Therefore, what is stated here should be taken as a working hypothesis for further research.

Mines in South Africa, Namibia, Sierra Leone, Zaire, Angola, Ghana, Botswana and the former Soviet Union meet the global demand for diamonds. The main player in the global market is De Beers, which owns mines in South Africa and Namibia. The De Beers Central Selling Organisation (CSO) markets over 80 percent of the world's new diamonds. The purpose of purchasing diamond from all sources is to control the world diamond market. There is a surplus in the market in comparison to the demand and hence monopolistic control will enable controlled supply (*Green, 1977 and Executive Intelligence Review, 1986*).

Diamonds have the advantage of having a value relative to size/weight and store value for future use. It also offers scope for laundering money. It can ensure no audit trail as the entire business is done behind closed doors. There are no receipts maintained at any time of the transaction at any level and the deal is sealed with a handshake (*Green, 1977*). According to Boston Bankers and former Soviet Commissars, diamond is used in trading for heroin.

Diamond and OCGs

It has been stated that diamonds are given as a form of payment to top film stars in Bollywood. The film industry in India has been important to money laundering and recently, important diamond dealers have been financing major productions. South Africa as already mentioned, is a major source for diamonds. The international community in a bid to force it to end apartheid placed economic sanctions on it for several years. India was one of the most articulate members against apartheid and agreed to enforce economic boycott of South Africa. But India has a large Indian community in Southern Africa and a flourishing diamond industry. How did the diamond trade continue with South Africa in all the years of economic boycott? It is apparent then that Indian traders must have used unofficial channels to bring in raw diamonds and to export it and also to handle the money for such transactions. It is our contention therefore that in the days of apartheid, diamond trade in India had to have the help of smugglers and hawala operators for running its normal business. It would appear that caught in a dilemma of furthering business on the one hand and upholding commitments made at the UN, the official machinery simply ignored the role played by the OCGs.

Under Invoicing/Over Invoicing

Just as corruption is a universal phenomenon which underpins all spheres of life in India, the trading and industrial community here indulges in under invoicing and over invoicing to avoid taxes, to stash money away in foreign accounts etc. Bhagirathi (2000) has computed the overall under Invoicing of exports and over Invoicing of Imports by using the partner coun-

try data comparison technique. India's exports to the country is compared with the country's imports from India and vice versa. Since export figures are given as free on board (f.o.b.) values, and that of imports as c.i.f. (cost, insurance and freight), 10% is added to the export cost. Analyzing the data for countries to which India's exports were more than USD 1000 million in 1997, she found large volumes of money involved in this type of practice.

Diamond trade offers flexibility to its traders and allows them to practice under invoicing of exports and over invoicing of imports. Under invoicing of exports helps sell foreign currency in black and avoid tax. At times, under invoicing of imports is done to evade import duties in case of precious gems and metal. As per data available, the main trade between India and Belgium are gems and semi precious stones. For the year 1996-97, pearls, precious and semi precious stones made up around 78.56% of Indian imports from Belgium. During the same period the export of gems and jewelry to Belgium was 62.34% of Indian exports.

Statistics given in the Table below provide some idea of the trade volume between Belgium and India. The figures given in bold numbers suggest there may have been some over/under invoicing in the years 1994-1996. Such large discrepancies cannot be explained by freight and insurance etc.

Trade between Belgium-Luxumburg and India

Millions of USD

Trade Direction	1991	1992	1993	1994	1995	1996	1997
Belgian Exports to India	1379	1411	1807	1812	2580	2462	2852
Indian Imports from Belgium	1395	1786	1923	1218	1583	1713	2617
Belgian Imports from India	665	631	800	940	1113	1206	1209
Indian Exports to Belgium	668	694	804	912	1109	1057	1088

Source: IMF, 1998, *Direction of Trade Statistics Year Book*, Washington: IMF, pp.126, 251.

According to a report, two leading firms owned by diamond merchants were arrested for duty evasion of around 4 million USD by the Customs operating under the Commerce Ministry. They were misusing the facility provided for import, by avoiding tax under the condition that goods imported would be exported back. According to an informant another advantage enjoyed by those dealing with gems and precious

stones, is that those well versed in assessing the worth of gems are limited. Hence there is always a threat that examination by the customs can be discouraged by later claiming that goods have been tampered with, with the consignee refusing to receive the consignment.

Growth of OCGs in Bombay

Social reality shapes and forms OCGs and their activities. As the situation around organised crime is dynamic, the structure that evolves is never static. So are their activities moulded by the demands of society, changing with government policies, technological advance, and political situations.

The Bombay underworld began to emerge in the 1920s. There was no organised crime then but rather small groups of thugs in various parts of the city. Their activities were restricted to their specific territories and involved in small time extortion. By and large, the *dada* (thug or the God Father) would lie on a cot holding court throughout the day. Even in the fifties this phenomenon continued, two known *dadas* in Bombay then were Borka and Sitaram. Occasionally politicians used them to whip up communal passions.

Das (1994) presents a scenario where people involved in communal riots subsequently established OCGs. He describes the communal riots of Bengal in 1946. Gopal Mukherjee raised a private army to protect Hindus during the riots. His group received liberal support from wealthy Hindus during the communal fury. Once the rioting subsided, this support was withdrawn and the very figures who had been hailed as saviours from Muslim brutalities were now looked upon with social contempt. Gopal Mukherjee and others began their OCG career. They continued their communal actions in 1950. Subsequently, some joined the Congress Party; some the Communists. There was also a Muslim from the riot days who subsequently became an OCG don. *One of the limitations of this chapter is that we have not examined the link between riots in Bombay and their role in the birth of OCGs.*

In Bombay, Among the OCGs that evolved and established themselves during the sixties to the late nineties are: Karim

Lala's group, Haji Mastan's group, Varadharajan's group, Dawood group, Amar Naik group, Arun Gawli group, Dholakia group, Chota Rajan group, Chota Shakeel group and Abu Salem group.

National policies regarding imports inadvertently facilitated smuggling. After the Indian independence, imports were highly restricted, the underworld took on smuggling of any goods that had a demand: gold, diamond, electronic goods, luxury item, arms etc. The mode of transport includes sea, air, and land routes. The sea route that started decades ago continues to play an important role. Transport of smuggled goods across the country, whether for local consumption or for transit to another country, is undertaken by land, sea and air routes (*see Annex II for some examples*).

Drug trade in India was facilitated by its geographical proximity to Pakistan, Afghanistan, Myanmar and Sri Lanka and the political disturbances that occurred in the region. As a result India evolved as an important transit route for drug trade. For example, Afghanistan became an important producer of opium with a cadre of expert drug dealers on account of the cold war politics and the consequent internal turmoil. People in Afghanistan live in an extreme climate and with hardly any means to a comfortable life. Under such circumstances some of them have decided that opium growing is a better option for them than the cultivation of other crops. This decision has been strengthened by the fact that cultivation of opium gives far higher returns than cultivation of any other crop in a given plot of land. Besides, unlike other crops, opium needs less care and irrigation. It has also been alleged that both United States and Pakistan have encouraged opium cultivation as a way of financing weapon purchase by Afghans when they fought against the former USSR (*Sarwar, 1992*). Recently, the Taliban has imposed a ban on poppy cultivation with their usual style of threats. The UNDCP has launched a major crop substitution programme there. However, there are hardly any example of crop substitution succeeding anywhere in the numerous highland development projects. At best, cultivation shifts to different areas.

Involvement of Organised Crime Groups in Drug Trade

Drug business, is an economically sound venture for OCGs because of the huge profit margin. Ten kilograms of opium from within the country can be processed to give one kilo of heroin. Only a few venture into the field because of the risks involved and tight competition. The trade is not for amateurs, a newcomer needs to know somebody already in the field. Otherwise he is arrested under NDPS Act or eliminated. Police informers on drug trade have close links with the underworld.

The story of Shyam Narain Mishra is an interesting illustration of entry and growth in the drug trade. After his studies Mishra got married to an opium cultivator's daughter. He soon learnt that diversion was part of the business and the huge price difference between opium in Uttar Pradesh and heroin in Bombay. He immediately recruited a retired employee of the Central Government to run opium factory at Ghazipur and with his chemical expertise, he set up a simple bathtub technology lab in Bombay. He identified people with chemical expertise looking out for a job. One of those employed became a police informer and the lab was destroyed. This was a blow to Mishra, as it is difficult to restart this part of the drug chain.

It is in the seventies that the involvement of organised groups in drug trade came into prominence. In Bombay, Karim Lala's group caught the attention of the media. He had begun to trade in cannabis products with the help of Jhuma Khan Charaswala. After the latter expired Karim Lala continued his drug trade with Khan's son Farukh. Later Karim Lala's nephew and brother joined the group.

Karim Lala's main activity was smuggling hashish into the country and exporting it to UK and other countries. As a Pathan he had easy access to Pathans in Pakistan and Afghanistan. The brand he sold then was called Bombay black. One of his henchmen later became a known international don in the drug trade. He was Iqbal Mirchi, according to enforcement officials. But attempts to get him extradited from England have failed for want of adequate evidence. Lala's group faced a setback after Haji Mastan withdrew from smuggling, which created a vacuum in the underworld. Around this period Varadha

Rajan's group was also dismantled through police action. Before retiring from the field, Karim Lala was harassed by court cases and he soon sought truce with Dawood. After him, it was Iqbal Mirchi who managed the drug scene along with other groups. Iqbal Mirchi unlike the others from the underworld kept a low profile and managed his business in a smooth manner. Though cases have been filed against him, nothing has come out of them.

The Drug Traders from the Eighties

The drug traffickers in the eighties were dealing with profits beyond the dreams of earlier smugglers or even the dealers of charas or cannabis. For the profit through heroin at a conservative estimate was put at 125 to 200 million USD. In 1983 the Gold seized was over one million USD, but in 1987 the quantity seized was 11.2 million USD. By the year 1988, the amount went beyond 42.5 million USD in nine months. This increase in gold seized cannot be explained by the profit margin in gold or the related hawala trade. The only explanation is that the gold smuggled in were on the funds from the outflow of heroin (*Kottary*, 1988). Heroin became a handy substitute for silver ingots, a metal that had been traditionally bartered for gold (*Bombay*, 1991).

Unlike in the sixties when a few gangs trafficked in products of cannabis, in the eighties when heroin and its impure form brown sugar entered the field, many groups took up the activity of drug trafficking along with smuggling in gold and hawala business. Some of those who are alleged to have made it big in Bombay were Iqbal Mirchi, Gurbux Bhiryani, Dawood Ibrahim, Kishore Bhatt, Bhavarlal Somani, Vinod Gulati, Narendra Bishnoi, Shashi Chadha and Kamal Chadha. Others who became known in Delhi were Sukhdev Sidhu, Surender Mehta, Dr. Gurdev Singh Sangha, Vinod Kumar Aneja, Jasbir Singh Sandhir, Jogender Malhotra and Yudishter Kumar. Out of these Bhavarlal, Vinod Gulati, Narendra Bishnoi, Gurbux Bhiryani, Sukhdev Singh Sidhu, Surender Mehta, Dr. Gurdev Singh Sangha, Jasbir Singh Sandhu, Joginder Malhotra and Yudhister Kumar were arrested (*Kottary* 1988).

Iqbal Mirchi

Iqbal Mirchi from Gujarat, began his career in a humble manner. He used to work as a taxi driver and did roadside sales of spices in his spare time. Slowly he began to take part in organised theft of goods from the docks. These were insured goods, often oil, chemicals, steel, ball bearings and auto spare parts. It is alleged that Iqbal Mirchi was able to establish himself in organised theft of insured property because he ensured the fall of Varadha Rajan, then King of the docks. Along with narcotics, he smuggled textiles and electronic goods. Contraband was landed in Surat. He initially took the help of Amirzada and Alamzeb, who were later killed. Later he shifted his activities to real estate and other business ventures, which helped him to launder money.

Iqbal Mirchi handled the Mandrax trade to South Africa and Canada, for the latter he took the help of a Canadian national, Willima Pitt. He had manufacturing units in Surat and Vapi. These units were run under the guise of medicine manufacturing factories. Later he increased his network by linking up with Dawood. His network soon spanned different parts of the country (Rajasthan, Surat, Ahmedabad, Kutch, Bombay and Alibagh) and other countries (Afghanistan, Pakistan, Dubai, Canada, Hong Kong, Kenya, Nigeria, Mozambique, South Africa and Australia).

Through his various trades he was able to build up assets worth 50 million USD, most of them in the form of real estate in Bombay and London. He also has hotels in Dubai and a rice mill in London. He lives in a select locality in London, where he is considered to be a businessman. A part of his assets, he claims, came legally from the government, the Indian government has paid him over Rs.1.60 crore over a period of six years for tipping off customs officials about contraband. Informers who tip off drug hauls are paid 20% commission. It is alleged that Mirchi through his close links in the customs ensured that drugs trafficked by his rival gangs were seized and at times also his own consignments.

A handful of seizures cannot harm an established drug trader. For the business profit is so huge that even if a part of the consignment reaches the destination, the venture can be profitable. Unlike gold, only a small quantity needs to be trafficked at a time.

At present Mirchi is a comfortably settled businessman, he never had any direct contact with illegal activities as he distanced himself from direct action. It is alleged that the arrest of Vicky Goswami, was manipulated by Mirchi. Another person who was arrested was Khalid Chappalwala, who was at the crucial juncture of taking over the hawala trade from his mentor Mirchi.

Mirchi has been successful in evading the hands of the law, despite his arrest in London. He managed to evade extradition to India. He even went ahead to apply for anticipatory bail to come to India, when the government froze his assets in Bombay. Mirchi has been accused of financing the serial bomb blast (*Abraham, 1995, Bombay, 1995; Murthy, 1995; Indian Express, 1996, Thevar, 1998 and Basu et al., 1999*).

Gurbux Bhiryani

Gurbux Bhiryani was the man responsible for initiating the Indo-Dutch connection racket in Canada. He had started his career unremarkably, migrating to UK as a penniless laborer. When arrested and put behind bars, he studied and earned an engineering degree and then a doctorate in laser technology. The degree was of no use to him after prison. No one was willing to give him a job because of his criminal background.

He decided to give his full attention to setting up a drug running organisation out of India into Canada, with the headquarters in The Hague since neither Netherlands nor India had an extradition treaty with Canada. He used the cover of Orient Exports in Delhi to traffic hashish. To facilitate business he had links with partners and workers across the globe. Some known personalities linked to him are Iqbal Mirchi, Kishore Bhatt, Vinod Gulati, Eric Hammer Quist, Shyam Mishra, Sunil Bhiryani (brother), Manu Dadlani (brother-in-law), Rajnath Kasi and Billa Puri (Brother-in-law). is contacts undertook money laundering, setting up of laboratories, managing bank accounts, being couriers for the trade and ensuring money flow.

Workers with different skills were employed in Gurbux Bhiryani's group. The contacts between workers were limited to one level below and one level above. This ensured that the groups were protected even if one of them were arrested and disclosed whatever they knew.

The expertise of a packer is important to the trade. It helps in evading unwanted attention. The skill needs to be perfected and changed when one method becomes too well known. In Gurbux's outfit this person was Narendra Bishnoi in Bombay. He specialised in packing heroin in chocolate slabs and in arranging couriers. Jasbir Singh Sadhu a second-generation gold-runner in Punjab with links in Pakistan was an important person in Gurbux's organisation, wanted for as many as 18 violations of the Arms Act. In addition to this he trafficked heroin and hashish to UK and US, but never had his own roster of couriers (*Kottary, 1988*).

The Gurbux Bhiryani group got caught trying to send heroin packed in chocolate bars and cheese packs. The consignment was to be taken in two parts; one belonged to Jasbir and the other to Gurbux. The group used Zeenie Ahmed who was the contact of Bishnoi and Manjula Desai was put in touch with Rajnibhai Patel a notorious Bombay cheat by Yogesh Pandey, a diamond dealer. Through Rajnibhai she got in touch with Gala. These two female couriers boarded the flight from Bombay-Delhi-New York. In order to ensure that their consignment was safe, a supervisor, H.S. Gala, was also on board (*Kottary, 1988*).

The role of corruption in facilitating the trade was seen in the case of Gurbux's group. All messages to him were transmitted through his contact, Kshma Abhyankar, a telephone operator in a public sector corporation of New Delhi. When confronted by the NCB, Bhiryani is reported to have mentioned the names of two union cabinet ministers. The other instances of links were when Bhiryani disappeared for days when he was shifted for medical care to a hospital from Tihar Jail. During his appearance in court instead of being kept in the court lock-up he was allowed to wander around freely near the lawyer's chambers.

On the Structure and Functioning of OCGs in Bombay

Das (1994) studied the structure of the Calcutta underworld with police records on four aspects:

- . Whether they were homogenous in that they had members with similar social and religious backgrounds.
- . Factors behind the process of their criminalisation
- . Their links with institutional politics
- . The type of crimes they committed.

Our main query for this section is whether OCGs of Bombay are feudal or bureaucratic or fluid in their structure and functioning. The crimes they commit have mostly been covered under the section titled: Impact of OCGs on Society. The links of OCGs with political parties is merely touched upon here. We are exploring the dimensions of criminalisation in the next section. The final sub-section of this chapter gives the details of the grassroots level structure of drug trade as an example to show that it is highly hierarchical and bureaucratic.

Theoretical Resume

The journey of our understanding of OCGs can be traced back to the early fifties when it was first defined. Donald Ray Cressey's work constitutes a landmark in the theorization on OCGs through his presentation of their bureaucratic model in 1967 and 1969. Subsequent researchers have questioned this highly structured bureaucratic model, one of the strong critics being Joseph Albimi in 1971. This criticism led to further research. Today we accept the existence of a decentralised structure for OCGs, as well.

Others have moved beyond looking for specific model for OCGs, there are indications that the structure of OCGs can be fluid. It may not be a bureaucratic model like a business corporation or government organisation — rationally structured to maximise profit/efficiency and accountability. It may also not have an exclusively feudal form, be organised by such actions and by cultural values that have nothing to do with modern bureaucratic virtues.

It can be a mixture of both, making it an open system that has a highly fluid structure that adapts to changes in immediate environment. The more homogenous and stable the environment, the more formalised and hierarchical structure will be adopted by the OCGs. Whereas in a diverse and rapidly changing environment, a less organised form will dominate. This is in essence the contingency theory, which stresses that there is no best way to organise. All organisations have fluid structures that adapt themselves to the changes in their environment (Lawrence, 1967 in Lombardo 1997).

Annelise Anderson (1974, in Lombardo, 1997) indicates that both bureaucratic model and patron-client models of organisational structure can exist at the same time. Her research found that traditional OCGs did have positions of boss, under boss, lieutenants and so on, but they were not as organised as portrayed in bureaucratic models. Their associates carried out many activities necessary for the success of the group and entered into patron client arrangement with its members.

The structure of OCGs in Bombay is diverse in nature; the intra-group relationships can be described as a combination of both the bureaucratic and patron-client models. There are, besides, individuals not directly linked to the gangs except on assignments. At times gangs interact with smaller groups who control specific territories and tasks.

In Bombay, as OCGs developed, each had specific territorial boundaries and specialisation. Small time criminals, depending on their business acumen and ruthlessness, were able to evolve as underworld dons. The structure of their organisations and their activities depended also on the level of competition. Among the various illegal activities of the gangs in Bombay were: trade in illicit liquor (till prohibition was in force), gold, electronic goods, drugs and arms. Running brothels, collection of protection money, extortion, eviction were equally their domains of operation.

It was during the eighties that the gangs became more organised and used technology to enhance communication and control. Certain gangs began to have strategic alliances outside the country to strengthen their position within India.

They grew on to provide illegal goods and services, providing temporary solutions to problems ignored by the political administration. This smooth arrangement of underworld business faced a major crisis with the "Bombay Blast"⁽²⁾ that shook the city.

Neither the structure nor functioning of the organised crime is static. It keeps changing depending on the social reality and environment that surrounds it. While Varadha Rajan and Karim Lala were able to maintain a closed organisation and make their writ run, this was not the case with organisations that came up subsequently.

Examples of Bombay OCGs

Karim Lala's near homogenous group easily enforced their own set of laws in their territories (Sunday, 1988; Bombay, 1989). Most of his group's key members were Pathans. His OCG was a closed organisation. The elimination of key members proved fatal to its survival. Samad Khan (his nephew), Amirzada, Alamzeb, brother Rahim Khan, Chandrashekhar Saphalika and Jaffar Siddiqui were killed in a gang rivalry. By 1986, entangled in fifteen cases, he slowly lost his support structure and faded away from the limelight of the underworld (*Indian Express*, 1985; *The Daily*, 1986; *Times of India*, 1986; *Sayani*, 1987; *Sunday*, 1988; *Shah*, 1988; *Thomas* 1991; *Indian Express*, 1994 and *Rattanani*, 1994).

Unlike the Karim Lala's group, the group of Haji Mastan (also a migrant from south India) could not have a closed group. Mastan's main business was gold and other smuggled goods. The activity occurred at different levels, in various locations depending on different types of people from distant places. Gold smuggling managed from Dubai or Singapore had its landing area and the gold dealers in India. Once the dhows reached Indian territorial waters, a group of workers (invariably from migrant populations) meet the dhows at sea to unload the gold. The goods are carried in vehicles to the final destination. There were different groups of workers, one to collect the goods to bring them to shore, another to collect the goods and place them in the vehicles. The people driving and managing the next level of activities are totally different.

The dealers in the Bazaar made payments to the *galadaris* directly. Haji Mastan, had to have links with different groups in different areas, interacting with diverse communities of workers. His group also avoided confrontation with ordinary citizen and believed that respect for other gang's territory was crucial for peaceful existence. Of course, this understanding between gangs was vital for his business to survive. Thus we see a contrast of two organisational forms in these two gangs due to (a) a composition of the group (b) necessity of multi-nodal operating units.

Unlike other groups Gawli had strong local support but totally lacked any international connection. He had a large workforce (around 800-1000), willing to try their luck starting small time and moving up the ladder. Gawli got into trouble when he decided to enter the political arena. This was unacceptable to the local party that supported his OCG till then. Without political support, Gawli's group could not sustain itself too long, since he could not compete with international players, like Dawood and Chota Rajan. Harassed by numerous cases he kept moving in and out of jail. Not that the jail was a deterrence to his work, for with his mobile phone he was able to continue organising his street tax. He, like other groups began to collect tax from professionals. With strong police action against extortionists and elimination of his members through encounter killings, his group's reach has shriveled but did not completely disappear.

Dawood could not afford to have a closed organisation; he needed all the support he could get to manage his organisation. After his feud with Karim Lala's group, he had to shift his base to Dubai; there was also a case against him. He was able to get his work organised in India through his network. This he could manage since he maintained a business like approach in his interaction with others. Hence, when there was a dispute between his lieutenant, Chota Rajan and his landing agent controlling the western suburb, he had to support his landing agents. This is probably what made Chota Rajan part ways with Dawood.

The Dawood group has its bases in Dubai, London, Singapore, Colombo and Kathmandu. At the national level they operate from Bangalore, Delhi, Indore, Uttar Pradesh, Hyderabad

and Ahmedabad. In Bombay Dawood has acquired around 54 structures, through both legal and *benami* (Proxy) transactions.

Activities undertaken by Dawood for maintaining his 1750 million USD monolithic smuggling cum trafficking empire include gold smuggling, drug trade, "*vasooli*" (collecting dues from business men), settling scores, procuring foreign exchange, "*supari*" (contract killing), securing college admissions. Many of the public from all walks of life approach him for justice, be it businessmen, industrialists or film personalities.

The work force running the show is grouped in the following categories:

- . Money managers,
- . Overseers of business transactions,
- . Messengers,
- . Fixers,
- . Go between politicians and the police.

One such person was Romesh Sharma, a front man for Dawood. The actual name of Romesh Sharma is Styanarian Mishra. A native of Phulpur in Uttar Pradesh he is known in the political circle since the time of Varadha Rajan. He used to entertain police and government personnel in hotels. The focus on Romesh came partly from his involvement in facilitating the Visa for Dawood's mother, soon after the Bombay bomb blast. It was found that Romesh had property worth 125 million USD, fixed deposits worth 175,000 USD, shares worth 250,000 USD, jewelry worth 125,000 USD and vehicles worth one million USD, without any accountable source. He had links with politicians and in 1996, he himself had contested the elections and floated a party, the Bharatiya Congress Party. He has interactions with members of various political parties including those from the Congress (I), the BJP and the Samajwadi party.

Chota Rajan, as Dawood's lieutenant, had naturally demonstrated his business skills after his split from Dawood after the bomb blast and the resultant public animosity against Dawood's group which was a blessing in disguise for Chota Rajan. He had a chance to disown his association with Dawood and gain the sympathy of people by claiming to be "patriotic".

To run an underworld business, purely on one's own religious association is impossible. To an extent, this maybe possible within the city, but certainly not at the international level, especially when one's counter parts are from Malaysia/Afghanistan/Pakistan or other parts of South Asia.

The irrelevance of religious affiliations can be seen from the fact that most gangs, after the eighties, have people from various religious backgrounds. The marriage of Chota Rajan was in fact organised by Dawood in Dubai, a Hindu wedding — the bride belonging to an upper caste Hindu community. Contrary to popular notions in India, Dawood's gang also has Hindu members. "*Despite the blasts, we have many Hindu boys working for us. Those who work for him in India get a handsome commission. Though Chota Rajan has left us, we still have many Hindus. Bhai has that personality that endears him to his men. Once you start working for him you can't abandon him*", says a close associate (*The Cohorts of Crime*). Das (1994) too found a similar situation in Calcutta OCGs. The social background of OCG members there varied; they came from different economic class, educational background, linguistic groups, religious communities and even nationalities. Within a particular gang, he found two Anglo-Indians and a Chinese with a foreign passport among the prominent goondas.

But almost all OCGs seem to have an element of feudalism. In OCGs, loyalty is a must and is well rewarded. In his vast network, Dawood retains loyalty with big money. "*Bhai only demands trust from you, the rest you can leave to him*", Ahmed, an employee of Dawood said in an interview. Ahmed's cover business is the plush shop he runs in Motan Das Market in the Old Town. There are hundreds of people like Ahmed spread across West Asia, India and Pakistan. They work for Dawood or Shakeel and earn a handsome living. "*You cannot imagine how much they pay you. An acquaintance of mine, whose family member died for Dawood, gets \$ 2,000 a month. It's for life*", says a Pakistani trader. While Dawood buys loyalty, and while his men claim that Bhai never abandons any of his men, he's reputed to be demanding and doesn't tolerate those who "lie or disobey". Such is the case of Aejaz Pathan. One of the key accused in the Mumbai blasts and a Dawood confidant, he along with several others joined the don in Karachi to begin a new life. As the story goes, Aejaz Pathan continued to smuggle drugs out of

Pakistan despite repeated warning from Dawood. One day Dawood came to know that Aejaz had begun dealing in RDX. So he rang up his Pakistani mentors who raided Aejaz's house and arrested him. It was only when Aejaz's wife personally pleaded with Dawood that he was released, but on condition that he would leave Karachi for Dubai and never come back (*Outlook...*).

Among the youth taken into the gang, some are willing to give their life for Dawood, as it is he who gives them food, shelter and clothing (*Sheela, Bhatt, 1988*). Such feelings occur more in those who have a longer interaction with him and have the minimum of other support structures. Both types of youth are useful for the group, for one cannot disclose anything because they know nothing and the other because the feeling of loyalty is intense, taking full responsibility for the crime is seen as an opportunity to repay the goodwill.

Dawood had to look at other options to run his trade, after the bomb blast. Most of his first generation supporters were either dead or behind bars. Looking for young recruits was not too difficult with many aspiring youth, within the city and outside, willing to take up assignments for a small price. Dawood's lieutenant Chota Shakeel handles that. Chota Rajan's group does the same. The task is facilitated by the social reality in neighboring states. Take the situation of Azamgrah, in Uttar Pradesh. This district has the distinction of producing many gangsters, such as Abu Salem, Muna Singh and Babloo Singh (*Gupta, 1998*). In Azamgrah there is an average of one murder every three days, with daylight shooting between rival organised groups being a routine affair. It has as many gangsters as it has MPs. Often the political criminals and criminal politicians lead small and big time gangs armed with AK-47s and G-35s.

The lure of a fast buck, unemployment and respect for violence make the youth highly vulnerable to join organised groups. As a result they come to Bombay for their specific assignment and leave the city by the next train on completion of their task. The underworld groups are happy as they have a fertile land for their manpower (*Joshi, 1997*).

Recruits in Bombay are trained to use sophisticated weapons in a casual manner. They are often trained in public

toilets at night to use weapons such as Tokareu and Mauser pistols. They are trained how to load and unload a pistol, to cork, point at the target and escape the scene of crime. They are given real bullets only for the main operation; as a result they often miss a shot even at short distance. For their work, they are paid a small amount, USD 25 to 50 per assignment. Those who watch the scene and do not shoot are given around USD 10 (*Times of India, 1999*). Thus it appears that at the grassroots level, the organisation has a large turnover and is fluid but at higher levels, Dawood's OCG is bureaucratic.

While Dawood has problems managing the show from a distance, the issues facing Arun Gawli group are of a different kind. His group emerged in a specific locality. Till the police dismantled his group, he was well settled in Dagdi Chawl. This area was well protected with 15 feet high wall, huge iron gates and electric wire. The entire population within Dagdi Chawl support Gawli, they either collude with the gang or submit to its restrictions. They refuse to divulge any information to the police (*Times of India, 1990; Balakrishna, 1993*).

Decentralisation

It is the era of decentralisation in the underworld. It was long ago when Dagdi Chawl, with its group of 300 odd tenements, Ghatla village (Chembur), 144 tenements (*Lower parel*) and Pakhmodia Street, was a cluster of mini fortresses, hideouts for the gangsters and their aides. It was from here that an Arun Gawli sent out his message of terror or a Dilip Kulkarni negotiated a supari (contract killing). Today globalisation and technology have affected the modus operandi of gangsters who have now fanned out. A Don can reign supreme sitting overseas issuing instructions and networking thanks to satellite links and mobile phones (*The Indian Express 29th April 2001*).

Structure at the Grassroots Level

This part of the chapter is based on primary data collected from members of OCGs dealing in drugs through in-depth interviews and field observation.

Unlike the middlemen and those above them, peddlers are generally uneducated and come from the poorer strata of society, living on the pavements or in the slums. Often more than one person from the family is involved in the trade. Since the nineties there are more women managing the business than men. This may have been a survival mechanism to avoid police harassment and also as men peddlers tend to indulge in drug use, whereas women peddlers use alcohol, which is less harmful for business.

The business requires different kinds of work force, those who collect the money, those who hand over the drug, those who pack the drug, those who test it and those who act as watchdogs. They also employ a literate person to maintain accounts.

For sensitive jobs such as handing over the drug, collecting money and packing the drug, peddlers use their relatives. There is a shift in this pattern, probably because close relatives get arrested for possessing drugs. For example a female peddler was forced to own up her crime, when her adolescent daughter got caught with drug on her person. Now, some of the big timers employ others, often drug users, to hand over the substance. The person who actually sells the drug just watches over his/her workforce, while they collect money and hand over the drug. Since, drug users are employed, the peddler can make payment in kind.

Packers

For packing one has to depend on the most trusted of persons. Hence, it is one of the family members who pack's the drug. Women are involved in this activity, possibly because few of the women are drug users. The packing is not done in the place of safe-keeping, another location is selected for this activity.

At times any closed shack is hired for a period 2-3 hours. The family goes outside the shack and sits around it, while the packers sit inside and pack. For safety and to avoid the possibility of a breeze disturbing the process, the entire work is done in a closed place. This in turn exposes the packers to

inhaling the drug. Three of the interviewee's stated that initially they used to feel giddy and after they completed the work they slept for sometime. One of the females involved in it got addicted to the drugs and used to slash her wrist to get the drug from her husband who also peddled and used drugs. To facilitate packing, butter paper in which the drug is to be packed, is cut to the required size and placed in a row in advance. While one puts the substance, the other person packs the *pudi* properly. The color of the substance is not visible to the user, and he does not know the quality of the substance till he pays for it.

From the lump small quantities of the drug is removed for packing with the help of a small knife, the handle of a small spoon or even the stove pin. The quantity to go into each *pudi* was measured by one person to be the same size of the small lump at the end of a matchstick.

Watch Dogs

Those who work as watchdogs are all male and non-drug users. A peddler especially a female peddler will employ three of four unemployed youth for this purpose. They are well taken care of, so they hang around the place of work and safeguard the business and inform the peddler in case of trouble. Often the female peddler has a relationship with one of these watchdogs or has a boyfriend on the side. She spends a lot of money on this person, especially since the husband, invariably a drug user, has little interest in a physical relationship. These partners are never steady and she keeps changing them, the change is inevitable if he ends up using drugs.

Testers

Testing the drug is risky as the tester often ends up becoming a drug user. In the drug trade, quality is very important for getting customers and retaining them. Many rivalries between peddlers emerge from this. Some peddlers have tried to use drug users to test the quality of the drug. This does not always work. At times, just to get the share of the drug as payment for the service, they vouch for its quality. Later when other cus-

tomers' complain the peddler is left with a lot of stuff that has no takers. Female peddlers depend on their drug-using husband for testing the drug.

Drug Peddling in Bombay

Bombay, the capital of Maharashtra is an important transit point for drug trade to other countries. In 1999, a total of 77.99 Kg of heroin and 181.62 Kg of methaqualone were seized. Among the fourteen significant seizures made in Maharashtra, thirteen were in Bombay. Of which nine seizures took place at the airport premises or the cargo consignment area for export goods. The major destination points of these consignments were African countries, and South Africa was the destination of three of the seizures. On two occasions South African Airlines was used for transportation.

While Bombay plays an important role as a transit point, the local market is also lucrative. An adulterated form of heroin called brown sugar is the common drug of choice. Other drugs used are pharmaceutical products, the demand for which increases when there is a sudden slump in the heroin market as a result of a few arrests or intense police action.

In Mumbai city the crude or adulterated form of heroin is called the desi mal. At present there is a stronger and better product available, which, unlike the pure gray or white color of heroin is black in color. It is apparently easier to chase, as the user does not have to wait for the powder to melt nor for fumes to form. The black product is semi solid. According to the local peddler, an oil base has been used for its preparation. The probable additional advantage of this is that it looks like hashish.

Heroin that reaches the streets of Bombay comes through land routes. Mules bring them through trucks, train and other vehicles. Truck drivers are considered to be useful links for transportation within the country. For example in 1996, DRI (Bombay) intercepted a truck at Vasai, which was transporting wheat form Amritsar and seized 71.577 KGs of heroin and 118.625 KGs of hashish. The consignment was to be delivered in Bombay. On another occasion in 1997, officers of Narcotics Cell and Customs (Prevention) intercepted a truck parked at Dongri

and recovered nine packets containing 25.5 KGs of brown sugar (NCB, 1997, NCB, 1998).

According to the data collected from those operating in the field. There are a handful of people in charge of overall distribution. They have strong links with the organised groups, but it is not clear whether this is in the form of paying obeisance or partnership. It is very difficult to get information from those who are at the top of the hierarchy and from others who finance the trade in the event of a cash crunch.

Those who deal with large consignments subsequently distribute it to middlemen. According to the data available from the media, there are people who deal with only 50 Kgs at a time. They later hand over the substance to others. As per our data, there are also middlemen (maybe second level) who deal with 20 KG at a time. They then distribute the drug to various destinations through their carriers.

There are local as well as foreign carriers who are often Nigerian and Tanzanians. For example, Bhanumati Arvind Patel was arrested near Bandra Railway station for carrying 4 KG 200 gm and 3 KG 800gms of brown sugar. He was also carrying a revolver with 7 rounds of ammunitions. The detainee, a school drop out started his career with a videocassette library, then shifted to the matka business. According to his statement, he sold heroin to Nigerians. Using USD in the transaction, he procured and sold around 150KGs in one and half years. He claimed he made Rs.12 lakhs through drug trafficking (*Criminal Writ Petition n^o: 1416, Bombay High Court*).

African groups keep the drug with their contact, and distribute it to any purchaser who needs to make a delivery to an already known customer. One of the peddlers received the drug on an emergency basis by placing a phone call.

This is the most visible activity of drug trade and hence the most vulnerable for the peddlers, "victims" of token intervention in drug prevention efforts. Street level sales occur in easily accessible localities in the streets. A hut is often used to store or sell the substance to customers. In 1998, officers of Mumbai Police searched a hut in Bombay city and apprehended one person and seized two kilograms from his possession. The man was arrested.

From the data collected, the drug is rarely stored in the peddler's residence. It is kept in another slum nearby, with someone who may be a close relative or a neighbor who is indebted to the peddler in one manner or another. At times it is kept in government flats of their relatives, for raids rarely take place in these localities.

There are around fourteen important places for drug sale within the city plus many other small time sellers. In each of the fourteen spots there are more than two peddlers selling the drug on a daily basis. All of them maintain good business relations with the officials to sustain their business.

There is a difference between peddlers in terms of the quality of the drug they sell and the quantity they deal with at a time. Some peddlers deal with good quality drug and others deal with the adulterated form, brown sugar. The price per "pudi" (quarter gram packets) of good quality drug is a little over a USD, far higher than the usual price of 25 cents per pudu of brown sugar. Depending on the business capacity of the peddler, he/she deals with 250 gms to 5 KGs a day.

Peddlers maintain a cordial relationship with the police. They give a weekly contribution called "hafta" to the policemen. When the business is doing well, then they have to give a larger contribution. At times rival peddlers in the same area inform the police about the status of business. Though they maintain a cordial relationship with officials, they are at times arrested depending on the pressure from the top for some action. The peddlers are not happy with such interference, at the same time they sympathise with the officials predicament.

On being arrested, a peddler doesn't have to end his business, another member of the family can take over and manage it. On other occasions when the business in one area is completely disrupted, another new area crops up to cater to drug users' demand. Known as the balloon effect, it illustrates the limitation of token intervention.

Limitations of the Trade

The basic objective of peddling is to give, on a daily basis, the regular customer good stuff on demand. Even at night, the demands of regular customers are met. When the police picks up one of the peddlers in the locality, the others then stop their business, close shop for the day, go to the movies or go shopping.

When a person is arrested and put behind bars, the business is held back or managed discreetly till the dispute with the police is settled. The peddler waits till he/she gets the information as to the amount of money to be given to the police, they know the price range of the officials and keep the cash ready in case of trouble. It is on these days of confusion that the peddler gets a holiday. Too long a break from the field can mean a loss of regular customers.

Peddlers take up their profession for money, which he/she earns but they continue living in the same locality. A permanent change becomes difficult, unless one leaves the locality after getting a good break. Being tied down by circumstances they rarely manage to make it big or operate in legality, rarely changing their lifestyle with more money coming in. A change would raise difficult questions and to continue the business, they need to live in the streets in a known locality.

Community support is important in case of trouble and helps prevent people becoming police informers. Peddlers help local people financially during a crisis, to ensure some support or at least non-interference in their affairs.

Their only escape from their reality is to imitate the elite as far as possible. Going to the expensive hotel close by for their meals on a daily basis. While others go with their family/friends, the peddlers go for lunch and dinner with all those who facilitate their trade, around six to ten persons and spend a major share of their earnings on food and drinks.

In spite of the high returns they rarely change their lives drastically, unlike major players in organised crime with NRI accounts to convert illegal earnings. The peddler has limited options, banks are often out of their reach. For example, when Inder tried

to save his drug money in the bank he got into difficulties. The bank was close to his house and the bank manager questioned him about his source of income.

He found it difficult to accept that a person living in a shack could make around USD 125-250 a week. Inder claimed that he dealt in stolen property and the same week withdrew his money saying his mother was unwell, and left Bombay for sometime.

Peddlers have evolved other ways of saving money. One is to purchase gold and keep it with the local "Marwadi". The gold is often pawned for far less than its actual worth. At times they give money to the local Marwadi who, in return, lends it out on interest and gives a small percentage to the peddler. Female peddlers' often take their guards with them, to ensure that the Marwadi does not cheat them. They also save up in fixed assets, procured in the name of relatives and at times outside the city, such as land.

In addition to regular expenses paid to the police and local *goondas* in the form of hafta, they have to be prepared for major raids. Invariably a large sum is kept within reach with a close friend or relative, which can be drawn day or night. It is this facility of timing that makes banks inconvenient.

Another expenditure of the peddler is the investment on community support. The peddler can never do business without the community turning a blind eye on his illegal activities. This he/she achieves by giving money to those in need and by investing money on close family members. Often a close relative can take a huge amount merely by hinting about the possibility of informing the police.

Expenses involving arrest invariably drains the peddler, in addition to lawyer's fees, police bribes, he ends up paying a huge hafta to gang members inside the jail. When members hear of a peddler amidst them, he is immediately targeted. The gang leaders collect regular hafta and ensures that the peddler spends on him and on his associates. The media has reported instances of Arun Gawli gang beating up inmates detained under NDPS Act for obtaining protection money to the tune of 1000 to 4000 USD. This has happened within the jail premises and with the knowledge of the officials there (*Ranade, 1991*).

Despite the money they save for the family, the children remain illiterate, unable to manage money in a productive manner. There is often this false impression that the income will never stop. They tend to waste it on anything they fancy. The lifestyle of the peddler and his/her family continue to remain the same. The worst happens when the peddler dies for there is never any document relating to the money/assets he/she saved. Only a few manage to save in distant places and manage to shutdown business in Bombay and shift their base totally.

The World of the Actors in Crime

In this section, we base ourselves on primary data collected from 23 actors in the world of organised crime. Many factors may have contributed to their entry into crime such as Low self-esteem, social tension, fear, neighbourhood conditions (in many areas, crime is a daily reality), economic insolvency resulting from family poverty, failure of family business or loss of employment, falling down from grace.

The process of primary data collection

The interviews depended on the researchers' gaining the acceptance of and establishing a rapport with the actors. Of help were contacts established through people known to the actors yet not involved in criminal activities. These people understood the researchers' interests to be purely humane and academic.

Primary data collection from the actors in the world of crime was complicated by the unpredictability of their occupation, making it difficult to fix up interviews and expect adherence to any schedule. Our organisation (the National Addiction Research Centre — NARC) runs a free hospital for addicts, which has treated over 6000 patients drawn from the slum and pavement dwellers of Mumbai. The fact that we were from NARC reassured our respondents. Some of them had seen us in various drug dens over the years and never suspected us as being police informers or agents. However, it was not rosy all the way. Despite being contacted by people trusted by them, some respondents did put a tail on us up to our office. On one occasion, they followed the principal investigator up to her residence.

It became evident that the researchers had gained the trust of the actors and that the genuineness of their inquiry was accepted when they agreed to spare long hours for the interviews. The interviews were free flowing with no notes being made during the initial interviews — to facilitate rapport building and avoid breaks of thought out answers. Some of our respondents were willing to permit us to take brief notes of the interviews, but most were not. Details of each interview were noted after the session. Where insufficient data was available follow up interviews were conducted.

The interviews were not free of hiccups. With experience, we learnt to refine our non-verbal communication. Once an interviewee abruptly terminated the interview. Later he explained to the contact person that he was being taped. The researcher had in fact put her hand inside her handbag, absentmindedly, during the conversation. Extreme care was taken thereafter to keep handbags at a distance. On another occasion an interviewee, still wanted by the police, insisted that the interview room be locked from outside, to make others assume that the room was empty.

It was difficult to retain the detached researcher's role throughout when criminals often shared their life stories for the first time, especially traumatic experiences. Interviews scheduled for half an hour, sometimes stretched on for three to four hours. Listening to first hand descriptions of violent acts of crime in a detached manner was not an easy task. We could maintain a non-judgmental attitude throughout this exercise only because of our firm belief that existential reality and development dynamics have a major role to play in a person's decision to step into a life of crime.

The respondents too had their own difficulties as can be noted by the exclamation of an interviewee: "*So, you have come to listen to me be little myself for your research purpose!*"

Reliability of data

Data presented here have been cross-checked with two or more different sources for reliability. With actors (members of the OCGs), repeated interviews were done for the purpose. However, with most things to do with the Mumbai mafia, reliable data are hard to come by and most of the media reporting

is at best speculative. We have made an attempt to get to the reality as much as possible.

a) Initiation into crime

Though case studies from primary data for this research chapter that several field level operators joined OCGs to achieve financial success and to attain quasi-respectability, they do not explain the entire picture. Currently there is a case in court of a wealthy diamond trader, who also doubled as a film-financier, being accused of collusion with the OCGs; money laundering and routing of extortion money into the share markets. If the official line is true, how can the deprivation related theories explain a billionaire's entry into OCGs? May be for such people entry into OCGs may be necessitated by their occupations. The case of O.P. Singh who was recently arrested in Delhi would perhaps require a complicated explanation. Most of his family members are teachers and academics including his father and elder brother. He has a master's degree from the University of Mumbai and was employed as quality control officer at Mazagaon Docks in Bombay till the early 1990s. Currently he has been charged with extortion and twenty police stations in Bombay want him for various offences connected with the underworld. "*His entry into crime was by compulsion and not choice according to police records*" (Mid-Day, 1st June, 2001). There are yet others who have had other options to change their lives but they still join the gang perhaps for the thrill and joy of being a part of the fast life.

Cultural deviance theory explains crime in terms of socialization and environment. A person turns criminal learning criminal behavior from role models, usually friends or family members. Unless he/she experiences countervailing examples of law-abiding behavior, the person ends up being a criminal. This can be said to be the case of people entering crime, in certain pockets of the city, where the gang has a total control over that area.

Whereas, the control theory states that crime is caused by alienation from the surrounding social institutions, a person becomes a delinquent because his bond with society is weak or broken. There are four elements of bonds between the individual and society:

- . Attachment (defined as involvement with others)
- . Commitment (investment of personal resources in legitimate goal)
- . Involvement (involvement in conventional activities)
- . Belief (defined as acceptance of national social values).

A few cases in our data illustrate the despair faced at a young age as result of non-attainment of some of these values, especially attachment, being cut off from socialising institutions such as family, school, religious institutes and community.

In the city, migrant populations are vulnerable to induction into criminal careers as a result of social disintegration. This is especially true in the case of second generation migrants displaced from the organised sector witnessing the economic success of a few without themselves having the resources to obtain it. Unlike first-generation migrants, the second-generation migrants have very little contact with their native culture, which leads to their marginalisation. However, it is not just the migrants who are vulnerable. Factors of relative deprivation and individualism, in combination, make the situation fluid. It is no longer possible to identify any specific group (be it a minority or migrants or others) as being susceptible to crime.

In Bombay, those who indulge in crime (financial and other types) are not necessarily from the marginalised groups. Instances of middle class youth involved in extortion, is a clear indication of the difficulty in ascertaining the causes of crime. Stock market frauds defy any such notion that the poor or the minorities are alone in the crime world. Even the definition of crime becomes difficult as the legitimate trade is closely entangled with the illegitimate as in the case of the film industry — its sources of finance are invariably from black marketeers. Jewelry makers and shops are used to and continue to depend more on smuggled gold than the legal gold (Bhagirathi, 2000). This is mainly to avoid paying taxes. Seldom do many jewelry shops give receipts. Their books of accounts are often *sui generis*.

However, both primary and secondary data on the process of entry into crime show that involvement in crime cannot be explained away by any single perspective.

Entry into the world of crime occurs as a result of the combination of the social reality that creates relative deprivation and individualism. The irony of the situation is illustrated in the case of a woman who began drug peddling because she was not willing to tolerate sexual abuse when she worked as a housemaid after her husband passed away. On hearing her predicament, a friend who was in the trade suggested she entered it.

In another instance a woman had taken up part time work as a sex worker and in the process had a police official as a regular customer. On knowing that someone from the police was frequenting her place, her friends from another locality who peddled drugs requested her to keep their stuff in her residence. Under the given circumstances, the chance of any checking taking place was minimal. She obliged them and in return they took care of her monetary needs. This arrangement was disturbed when a senior official came to check out on the police personnel on receiving a complaint. The police official was transferred and she was left with no source of income and so she shifted her locality and began peddling drugs with her friends.

As per the limited data available, the factors that in combination lead to an entry into the world of crime are: poverty, disruption in social setting, lack of adequate social support, alienation from social institutions, absence of skills for upward mobility in the legitimate world, contact with individuals involved in crime, proximity to places vulnerable to crime (such as docks and involvement in dealing with stolen property), need to sustain the drug use of a partner/self, introduction to criminal world in the Children's Remand Home, being a tourist guide (satisfying clients' requirements), desire to protect family, desire to make fast money and exposure to fast, luxurious life style. In order to give some insights on the local scene, some cases are presented here as illustrations.

Case A

Mr. Raj's parents had migrated to Bombay to make a living settling in a colony on the suburbs of Bombay. His family being two married sisters, a younger brother and his mother. In the early eighties they were relocated to another suburb.

In the earlier suburb, he used to work at a *zari* (embroidery) workshop and gave whatever he earned to his family and kept only a small percentage for himself. The sudden relocation changed his life. Having shifted during the monsoons they found no shelter even from the rain. The temporary houses were made of thick plastic sheets thrown over bamboo sticks, the winds kept blowing away the plastic during the rains.

He tried to get a job in vain. There where no small businessmen, no workshops with there being no infrastructure. Besides, some had sold everything and shifted to another place. Raj's mother began to sell what assets they had in the form of ornaments. Everyday in the morning he left home with hope but returned in the evening totally disheartened.

While looking around for a job some friends of his who were pick-pockets asked him to join them. Since he did not have the skills for pick-pocketing, he was supposed to be their bodyguard in case of trouble. He had to divert the attention of the public and ensure that the person with the money left.

Pick pocketing is never done by a single individual but by a small group. This ensured that the person who actually picked the pocket could pass on the stolen items to another group member. The Bombay public, always harassed by pick-pockets, never let a person off in one piece if found with the stolen item on him. He did the work for a few months, but was not happy with it as his mother kept abusing him for his involvement in crime.

Much later, he came across one of his old friends who had just completed his sentence for murder. He began to socialise with this friend and his criminal circle of friends. According to him till then his life had been little "*teda*" (deviant), but with his new circle of friends his life became completely *teda*.

While hanging around with his new friends from the crime world, a rich man in the locality approached Raj and told him, "*You do not have to do what you are doing. I am willing to support you*". Raj replied that he would be unable to support Raj forever, on a continuous basis, and he was not willing to stand in front of anyone's house and ask for money on a daily basis. Since being dependent on anyone's sympathy made him feel very uncomfortable.

Raj began to socialise with his new friend and enjoyed their life style of spending money on good clothes, food and drinks. Raj never had money to spend on these items, it is others in the group who took care of his expenses. His time for repayment came when one day he was woken up from his sleep and taken to a place and told to do a "job". Which was to slash a person he never knew.

Case B

Mr. Babar, aged 45 lives with his wife and two children in a suburb of Bombay. He did his eleventh std in the Urdu medium. Further education required good knowledge of English, and he was not familiar with the language. In order to continue his education he needed to go for tuitions, which his parents could not afford. Thus, he discontinued his studies.

He used to stay in a boarding school coming home for holidays. Often, he witnessed lumpen elements in the slum area harass his father on one pretext or another. His father, soft by nature, never retaliated. Seeing their physique, he worked on improving his body and boxing skills. After school hours he used to practice in a deserted area close to the slum. Initially with a novice friend, picking up a few hints on boxing he began practicing with other boxers.

Prepared, he waited for the local lumpen elements to come, when they did, he ensured that they would think twice before coming again. The group was surprised, they had never expected any protest. They were just going around doing the regular business of troubling everyone, which included Babar's father. They never troubled his family again and Babar earned the reputation of being a tough guy.

In between he had begun to work in a shop at the docks as a painter. As an assistant earning a regular monthly income. It was when he married and had a child that the money he got from the docks proved barely sufficient to run a family, leaving him pondering.

A friend then introduced him to beer. Never too short of cash, this friend had always tried to support him. Then he went

on to hard liquor, on a regular basis. The drinking sessions went on till late, leaving him too tired to work the next day. Being absent from work on a regular basis, one fine day he lost his job.

He did not mind being thrown out, his friend continued to provide him with good food and liquor. He also organised a job for him, as a coolie for passenger ships. There were regular passenger ships those days and he got at least one or two assignments a month. Making around Rs. 3000-Rs. 4000 an assignment, he was earning an adequate income to run his family.

He was one of those who put the ladder up and went inside the ship when it docked. He was to inquire whether any passenger wanted his group's help to avoid paying a huge duty. Learning from the passengers what goods they carried with them, he passed on this information to his group member which included the clearing agent.

Later, carrying the luggage to the official they had made a deal with, he ensured that other officials did not notice it, to avoid trouble. Each passenger gave Rs. 3000 to Rs. 4000 (in various currencies) which was then pooled by the group and shared equally. Babar, thus shifted from a regular job, to one that manipulated the system and supported illegal entry of goods.

Case C

Mr. Sheikh aged 44, has been in Bombay from childhood. His parents migrated to Bombay to improve their lives. He had his parents, three sisters and two brothers. The mother had given birth to eleven children of whom only six survived. The rest died at birth or during infancy, of illness. In early childhood his father passed away.

After going to school till the second standard, he had to discontinue his education, because of financial problems. Sheikh loved studies and went to school regularly. One day before leaving, feeling hungry he asked his mother for food. His mother told him to go to his sister's house as it was not yet ready. His sister lived nearby with her husband.

His sister was having a bath, while waiting for her to come out he saw food all ready and decided to serve himself, as he was getting late. Just as he filled his plate and began eating, his sister came in from her bathroom and saw him with the food. He told her that since he was getting late for school, he decided to help himself.

His sister took away his plate, removed the food and said "Either you work and earn your food or if you want to study, go to school and forget your hunger". His eyes brimmed over, as he recalled the incident, and he said he could never forget the incident. That day he went home and threw his bag on the floor and said goodbye to his education.

He did try to get odd jobs, but found it difficult as he was very young. Then he began to steal salt from the salt field and then sold it at a distant market place. For every bag of salt he earned Rs. 10 to Rs. 15. He gave his entire earnings to his mother, as he had no vices and did not feel the need for personal money.

A person then suggested that he seek a job at a hotel close to a building construction site. He got the job and was very happy there. His boss gave him some space to sleep, food and a monthly payment of Rs. 300 - 400. The boss also bought his toiletry for the month. The monthly payment was always collected by one of his family members.

One day he was sitting on a high stool and frying snacks, when another boy dropped a can from the shelf above which tipped the pan over. The hot oil fell on Sheikh's legs, he screamed in pain.

After that he was bedridden for days, his boss tried to console him saying that his earnings would continue and gave him home remedies to deal with the wound. Later, he thought, he would feel better if he went home and so took leave from his boss and went home. Within a few days his mother, asked him to stay with his sister for sometime.

At his sister's place, he was told to go back to his mother. Though tired of being sent from one place to another and being criticised about being careless and a burden on others he never

thought of asking them about his having given them his entire income for so many months.

During this period while walking by a deserted place close to the salt pans, he saw a big snake. A part of him wanted to run away and another part said *"What the hell, this is the end there is anyway nothing but pain in my life"*. The next thing he remembered was two adults shaking his shoulders and asking him why he stood there in front of the snake. Apparently, they had chased the snake away.

He then looked for other options and got work at a huge mutton factory. His job was to carry the carcass and hang it on a dangling hook. To do this he had to walk with his back towards the hook. The carcass made the hook swing and on placing the carcass, he had to move to one side, or the entire weight would hit him on his back.

One day while moving away, he slashed his leg on a chopper held by a butcher standing close by. He did not feel much pain and took no notice. Some time later he went over for a chat with the women who prepared the items for packing. They were good to him because he was so small. One of them told him that there was blood on his leg, bending over, he saw the blood, assuming it must have come from the meat he brushed it away. He then realised it was his own blood and fainted. He returned home to find the earlier experience, of being shunted from one place to another, repeated.

One night, two friends came over and they sat around discussing their lives. They worked out that if they continued working, they would never reach anywhere. They would have to look at other alternatives. One of them knew people making a living stealing for others in the docks, so they all decided to join in. This person later went up in the hierarchy of crime and has now many people working under him.

Case D

Kishore lived in a suburb of Bombay where his parents had migrated. When he was five, his father died. After his death, his mother was married off by her family. His mother wanted him and his younger sister to be with her, but an uncle refused to send Kishore to his mother. Kishore being the last symbol of his brother, he wanted his nephew to stay with him.

After being separated, he used to lie around his uncle's shack. The shack had a small attic where he used to spend most of the time. No one thought of sending him to school. The food he received was hardly enough to satisfy his hunger.

One day his aunt decided to send him to school, but no one bothered to buy him his books. He often went to school hungry and ravenously ate the small pieces of bread and drank the little milk they distributed at school. After one year, he left school to look for odd jobs.

He took up a job as a handcart puller but found it difficult as he was not very healthy. Around this time he heard of a new product available which could improve one's life style. He had seen others change their life by marketing this new product.

He contacted a friend whose sister was in the trade. The lady put him in touch with a person who supplied the drug. Taken on as an assistant, he learnt the trade, changed his life, and went on to become an expert in drug trade.

b) Recruitment Process

Entry into the world of crime and subsequent recruitment by an organised group is a process and not events that follow one after the other. In general, there are two methods through which a person may be recruited into a gang. One through the selection process from a group of new aspirants and another, through the selection from inmates serving their sentence in jails.

New Aspirants

New aspirants are usually from the same locality or they reach the circle through word of mouth. No one is selected into

the gang when they are in operation (*Thomas, 1998*), unless a known member from the gang vouches for him.

The person who is the "sponsor" is therefore the one who keeps a watch on the individual's activity, sincerity and loyalty to the group. At first they are not given any specific activity, but later they may be asked to do acts such as collection or carrying money/arms from one area to another.

After the aspirant has entered the world of crime he is exposed to a different life-style without any personal expense. He develops good feelings towards the sponsor which strengthen the sense of loyalty which is crucial to avoid any risk in case he, the new recruit, is arrested. To avoid any risk, the person is observed under different situations.

Some industries often have established links between the criminal world, the elite and the government machinery. Here, individuals under extreme economic deprivation are willing to make a fast buck and can be selected and socialised into the world of crime. The textile industry is one example.

The flourishing textile industry in 1976 employed as much as 27 percent of the city's population, by 1991 the figure went down to 12.5 percent. In 1998, those employed by textile mills were down to a single digit figure. This created a sense of rootlessness among children of the retrenched migrant laborers. These second generation migrants have no village to go back to, Bombay being the only home they have known.

This creates a class of people who feels deprived and exists in an urban climate that encourages uninhibited expression — it is a lethal combination (*Baghel, 1998*).

A member of the Arun Gawli gang described how a young boy can be socialised into the world of crime and at the same time feel a sense of gratitude towards the gang members. For example, a boy may be asked to keep a watch on the movements of a particular person or a policeman, or just count the number of times a patrol van comes into a particular lane. For this, he is paid up to Rs. 2000, a handsome bonus for a family with a monthly income of Rs. 800 to Rs. 1000. Since this is not illegal, the deal is easily made.

Once comfortable with the routine, he befriends people and develops some vices. Then, the gang strikes. They engineer his arrest usually on a petty charge. Then the "social worker" steps in. (He is a person whose job is to bribe lawyers, lower court magistrates, policemen, to ensure — if not a quick discharge, at least a judicial remand rather than police custody for the boys. This ensures that they are not bashed up by the cops). The boy is assured that the gang leaders will protect him, and that the social workers will get him a judicial remand instead of police custody. The individual is extremely grateful to the social worker and group.

In jail, he is well looked-after, he gets good food and meets gangsters who brag about their killings, their life style. Inside the jail, his indoctrination is almost complete. When out of prison, he is asked to lie low for some time before he is given his first big assignment. This can range from passing on a weapon to assisting someone in a killing to delivering extortion threats. On the successful completion of this job he becomes a graduate ready for a career in the underworld (*M. Baghal, 1998*).

Recruitment in Jails

Life in jail is a different world in itself, people who are respected are those who evoke maximum fear through their deeds and contacts. The most respected person is the one with links to the gangs, murderers come second and robbers last. It is very easy to identify a person who is powerful. He invariably has a handful of "boys" hanging around him to massage him and run petty errands for him while he lays back and relaxes.

Those with the money and the right contacts have nothing to worry about, everything is available to them in jail. Liquor, cigarettes, cannabis, brown sugar. When a person smokes, three or four people sit around talking to him, waiting for him to throw the butt to grab it. In case a chillum is smoked, others hang around to inhale it.

At times a person becomes so used to the jail that he finds it more comfortable than the outside world. A person who has been in Children's Home (*remand home for children*) or has been locked up is not scared about going to jail. He knows it is

just another place to learn new skills, further his network and increases the avenues to money and power. The conversation in jail revolves around their criminal activities.

By the time he leaves jail he is well-seasoned in all acts of crime, even the fear of imprisonment disappears. The workload is also not too heavy in jail. Jails are preferred by criminals as a place to earn money or to avoid the wrath of rival gangs. A relative of one peddler, when jailed, joined a gang from within the jail and then began to send money regularly from within the jail to his home. Though there is supposed to be no money transactions inside the jail there is always a way out. Gang members also consider jail as a good hiding place from rival groups. Six members of the Gawli gang avoided paying a bail of Rs. 2000 in order to escape the wrath of rival groups (*Times of India*, 1994).

In the end recruitment is a process where the intentions of the new entrant are tested out. He becomes accustomed to a different lifestyle until ordinary jobs can no longer satisfy his needs. Loyalty and its evidence in acts of crime are extremely crucial. For example, when Shakeel, 26, left the village for Mumbai he started working at Abu Saleem's (*a Dawood gang member*) hotel.

In Mumbai, he met Abu's friend Khurshid, another don. Soon, Shakeel was asked to prove his loyalty to Khurshid during a shootout between Khurshid's gang and that of his arch rival. When Shakeel bumped off the kingpin of the rival gang, Shakeel found instant entry into gangdom. In a recent trend after the Bomb blast, the gangs managed by bosses from outside are preferring new recruits with a clean background in order to reduce police detection (*Sujay, Gupta*, 1998).

Case E

Below are the details of case A mentioned earlier in this study: this is how Mr. Raj, who had enjoyed life having lots of money and without having to spend on anything, was forced without any coercion to enter crime.

He was fast asleep when four people with weapons entered his house. They woke him up from his sleep and told him to get

ready. He was surprised at the incident and tried to ask them the reason for their visit. They did not reply to any of his queries.

When he was ready, they took him to a distant place. As Raj was in the habit of drinking, he did not have a clear mind. When they reached the place Raj saw a person who was totally surprised to see a group of individuals with weapons. One of the group members overpowered the stranger, another member of the group placed a weapon in Raj's hand and told him to slash the stranger. Raj had no option but to follow instructions and collect the payment for the job.

Case F

Mr. Amar aged 45 lived with his parents and siblings. His father was a "social worker" who enjoyed having money to gain acknowledgement and the service of others. There were always two to three people hanging around his father massaging his hands and legs. Though he spent on others, he avoided spending on his children.

Amar was very scared of his father and disliked him, but never could express it. As a result of his rift with his family, he began to spend more time outside his house. He used to be friendly with a group that was involved in many anti-social activities. They spent most of the time, from day till night-time, together, and through them he began to meet people from an organised group. Since most of their time is spent drinking and eating together, a friendly relationship develops.

Recruitment depends on the interest shown by the new to be recruited. No one goes out of his way trying to bring a person into the circle, but invariably a new person gets enamored by the life style. Which includes drinking at expensive bars, having good food of different kinds and driving cars. The lifestyle attracts the individual, he continues to move in the company of new-found friends, and then without realising it accepts the assigned "job".

Without being clear as to what the work is about, he goes along with the group and does his first violent crime, for which he is given enough money. After this, he either keeps a low pro-

file or leaves Bombay for some time until he is ready to take on further assignments.

Often the attempt is to recruit those who hardly have any support structure. "Besahara" (person without any family support and poor) people are given preference. Amar pointed out one assistant as an example. (*Amar has six to seven youth hanging around, willing to do various job for him*). He said, his assistant Shan has no support structure to satisfy his dream to make it big. Having just completed his "VIII std." he dreams of getting a secure and easy government job. In India, the minimum qualification required for a government job is a pass at the High School Level.

Amar placed him with a private agency, but he left because it involved hard work. Amar mentioned he helped Shan for many years and that Shan considered him a big brother. Shan would do anything for Amar without blinking an eye. Amar said the group, if they recruit at all, would recruit such people who are extremely loyal.

He said that unlike earlier days, today's youth from the slums want to enjoy the pleasures of what money can buy without much struggle. All the six assistants of Amar are school failures, who dreamt of getting a government job. Unable to do so, they say they like hanging around with Amar and doing any "job" for him.

c) Selectivity of Justice

This aspect has been clearly illustrated by Edwin Sutherland (1940) in *Young*, 1999. According to him "*The theory that criminal behavior in general is either due to poverty or to the psychopathic and sociopathic conditions associated with poverty can be shown to be invalid... the generalisation is based on a biased sample which almost entirely omits the behavior of white collar criminals. The criminologists restricted their data, not as a principle but for reasons of convenience and due to ignorance. They were drawn largely from cases dealing with criminal courts and juvenile courts, agencies principally used for criminals from the lower economic strata. Their data are grossly biased from the point of view of the economic status of criminals. Consequently their generalisation that criminality is closely associated with poverty, is not justified*".

In Bombay, a clear illustration of selectivity of justice is the conviction of those arrested under NDPS Act, 1985, and people on trial after being caught with a small quantity of drugs. Often it is the poor who are caught with small quantities of drugs or unsuspecting first time mules who have no resources to seek legal help and consequently languish in jails (*Anuradha*, 1998(b)).

It is also observed that big timers manage to get released on technical grounds and small timers are at times convicted. As per case number: 67/1989, Shri. Kwabena Osei, accused of smuggling Rs.10 lakh worth brown sugar, is set free on technical grounds. At the same time as per case number 137/1993 Sanjay Laxman Patole, is convicted for possession of three grams of brown sugar.

In another case, 375/1993, Daniel Odemonam was accused of smuggling 2 Kgs. of brown sugar, but was set free as legal procedural requirements were not followed. In contrast, case 38/1988, Vinod Kisan Zaveri was found in possession of seven pills of charas and was convicted. Other instances are cases of financial frauds and the plight of small timers in their tussle with the law. Those involved in big financial frauds of billions of dollars hardly ever enter jail, while the arrests of small time robbers and those guilty of fraud keep increasing.

A different illustration of selectivity is seen in the nexus between gang members and jail officials. A judge recently dismissed a case against Anthony Veerswamy (alias Kaliya) and six others for rioting and threatening witnesses inside the jail. They are all associates of Samad Khan. Samad Khan (nephew of Karim Lala) was in jail standing his trial.

From inside the jail he ordered his associate to bring the witness against him, Mr. Kashmiri, to the jail premises for cross-examination. Mr. Kashmiri, who came with his son, Nasir, was harassed and beaten inside the jail's judicial room. They also forced him to sign blank papers before letting him go. All this was done in the presence of jail officials. The judge who dealt with the case said it surprised him why the officials who were in the jail premises were not accused in the case. In addition to this, he stated that he did not understand why the big fry was allowed to go scot-free and the smaller fry was implicated (*Chandrashekhar*, 1995).

Another method adopted by the police to manage the show is to undertake selective intervention depending on the political pressure. Based on the political party in power, certain organised groups are selected for intervention and cleaning up. This leads to small groups cropping up to fill the vacuum. The police dare not disturb the new bred of COGs for they represent the source of extra income. This was clearly seen in the case of the attack on Varadha Rajan groups, or the harassment of Gawli's group after he began to enter politics (Pereira, 1986) It is interesting that the fall of Varadha Rajan coincided with the death of Prime Minister Indira Gandhi.

d) Problematisation of punishment and culpability

When crime increases in terms of frequency and seriousness, the law enforcement machinery is faced with the predicament of how to deal with it bureaucratically. More so when it has limited resources at its disposal. As a result, the bureaucratic machinery strives to be cost-effective and selective in terms of its interventions (Young, 1999).

Under such difficult circumstances, along with the pressure on government to maintain an economic and effective service, officials naturally enter into plea bargaining and corruption. The dependence of police on criminals as informers to make major seizures or catch big timers is one manifestation of this predicament. A clear example is seen in the case of Iqbal Mirchi claiming to be in lawful business because of the remuneration he has collected as a police informer. Even from other sources it was found that informers are rarely individuals without a criminal background.

Another instance of plea bargaining of a different kind is seen in the segregation of inmates in different jails according to their gang affiliation. The power of gangs over the legal deterrence/prevention institutions is evident from the day of entry into prison. Invariably, according to the informant, police officials check out the gang affiliation of each person, before assigning a cell to him. This is to prevent fighting between rival gangs within the jail premises.

The media has also reported the same arrangements. In the year 1993, the government machinery was in the process of grouping criminals by gang affiliation to be put in different

prisons all over the state. For gang members carried over their grudges into jails and continued warfare within the jail. As an example, in 1994, when Gawli members were sent to Arthur Jail, they were promptly dispatched to Thane Jail, for the former detained many members of the Dawood Ibrahim group (*Times of India*, 1994).

In the case of NDPS Act, there is a clear reflection of police giving in to pressure by "filling up suspects/cases". This was especially true during the initial period, when police used to round up drug users for filling in their case requirements. This subjected them to further trial for 3 to 4 years, before their cases were heard. In some cases the judges began to set them free and reprimanded the police for the way the cases were handled.

It is probably the need to intervene in a cost-effective manner and portray the picture of intense police action that led to the sanction of encounter killings. Unlike the eighties, the nineties, after the bomb blast, saw an increase in extortion cases. This was partly because gang leaders facing an economic crunch in their other ventures, asked their lieutenants back home to take care of themselves. Another explanation was the arrival of new players in the field.

Since the gang members were used to a luxurious life style, they were forced to use more violence than before to obtain their street tax. The situation was complicated as the recession also made it more difficult for the tax payers to meet the demands of the gangs. The trend for collecting protection money began to catch on and new comers tried to cash in on the situation. Educated, unemployed youth began to think of this as a quick way to make money.

An interior decorator collected Rs.30 lakhs through extortion, but was caught on his second attempt by the police. On another occasion the son of a policeman was caught on charges of extortion along with his friends. He allegedly belonged to Akhil Bharatia Sena which had strong links with the Gangster, Arun Gawli.

There was also a change in the category of people asked to pay tax. Earlier, only builders, film producers, bar owners and brothel keepers were tapped for street tax. To meet the financial crisis

they began to tap small time businessmen, doctors, engineers and lawyers. Some doctors with a good practice paid up to Rs. 2 lakhs per person.

Interestingly, this shift also affected people's life-style. It was noticed that on exhibiting a luxurious life-style, a huge tax was demanded. As a result a lawyer about to throw a luxurious party for his daughter's wedding decided to have a small family affair to avoid a tax of Rs. 60,000. In another instance an executive who had bought an Opel Astra through a financial scheme returned his car for he could not afford to pay an exorbitant municipal tax of Rs. 60,000. According to the executive, harassed day and night by the local goonda, he was told that anyone purchasing a car in the locality had to pay a municipal tax calculated according to the car's trademark.

For a Maruti 800/Maruti Zen/Fiat the tax was Rs.20,000 and for a foreign car/Opel Astra it was Rs.60,000. Unable to pay the new municipal tax, the executive returned the car. It is alleged that most of the extortion was being carried out by Municipal bodies, Corporations and MLAs. In some instances the Voluntary Disclosure Scheme list was used to identify the new victims for street tax collection (*Menezes, 1995; Times of India, 1998, Times of India, 1999, Indian Express, 1999; Gangwani, 1998; Times of India, 1998; Balakrishnan, 1998; Indian Express, 1998*).

The impact extortion had on the life-style of people, was certainly bad for business. So the police had to act to create a public image. This situation made them intervene in a decisive manner to prevent proliferation of tax collectors. What could have been a better example to stop the trend other than the arrests of newcomers and "encounter deaths" of known trouble makers.

Soon "encounter death" was also used to settle gang rivalry. It is alleged that Dawood tended to eliminate his own members once they became inconvenient through an "encounter" with the police. Earlier gang leaders had to hire other persons to do the job, but now they only have to tip the police who will finish them off in an encounter (*Sharan, 1992, Times of India, 1992, Sharan, 1993 and Sharan, 1993*).

According to one informant he knew of people killed in an encounter who were members of the underworld but not

belonging to any gang. One of them had taken money from a rich person on two occasions, keeping a chopper on his throat. This person had a good contact with the police and ensured that he would no longer be harassed. The police had reported to the media that the extortionist tried to shoot at the police and so they fired back at the gangster. This person had never carried a pistol and used only a chopper to get his work done.

In this context it may be of interest to note that one of the people working at an office reported that there was a police shoot-out in their neighborhood. He had been an eyewitness to the incident. He saw this criminal, wanted for murder, go to a friend's place for dinner. After dinner, the criminal left the friend's place and was approaching his car, when the police surrounded him. This eyewitness and others saw that the person was unarmed. The police asked him to lift his hands, which he did, but still they fired. One stray bullet hit a child who was close by. The mother started screaming but the police made it clear to her that she had to state that it was the criminal who was shooting at the police who injured her son.

e) The winner takes it all

The view that winner takes all is clearly reflected in the world of crime. While the able ones take risks, manipulate and deal ruthlessly end up as media-adored dons, small timers who undertake direct action are easily eliminated.

The dons are able to distance themselves from the act and thus protect themselves. In case of trouble they either get those who can be a threat eliminated or get the best legal brains to get them out scot-free on some technical ground or other. Those who have good skills are valued and rarely used. For example a good sharpshooter is used only for important assignments.

More than in the world of direct crime, it is in white-collar crime that this attitude is clearly reflected. People in the world of politics and business who manipulate the system to enhance their power and wealth are excused by all. There is hardly any serious thought given to the violence created by their manipulation. Some of the methods they adopt are false insurance claims, creating shell companies, under invoicing/over invoicing, facilitating hawala/money laundering, and dealing with smuggled goods. In addition to this, there are other frauds, such

as postal frauds, railway frauds, bank frauds and commercial frauds.

Many cinema halls show huge cinema ticket sales when halls are empty and launder black money on behalf of various financiers. Another method is to show inflated number of customers in various hotels and launder money through the process. The methods used are numerous, and action taken against them is rare. Society is unable to cope with the impact caused by these practices (*Moutussi, 1994*).

For it is this manipulation that partly creates and perpetuates a scenario of relative deprivation and resultant chaos. Since this violence is not perceivable and unlike the starkly visible extortion or murder, it is always tolerated. The sad truth is that it is this tolerance that leads to frequent enactment of intolerable crimes, when it combines with the dynamic force of individualism.

Conclusion

Organised crime in Bombay is a reality that was created by the commissions and omissions of various governments in Independent India. The general culture of corruption creates a fertile ground for it, just as OCGs themselves along with the industrial, business and political elites of India contribute to the spread of corruption. The penetration of OCGs in Bombay into various systems of governance is considerable. There are too many stakeholders requiring OCGs and too much money is involved. The situation is such that it can not be eradicated but can only be contained.

OCGs evolve in structure and functioning depending on the local situation at a given period of time. This has been the case of the Bombay Underworld. We find that in Bombay, the OCGs have taken on different types of structures at different points in time, and they have shown that they are highly adaptive to the environment. The way OCGs are organised today is such that only ground-level people are penalised or forfeit their wealth.

Nor is the situation of the underworld insulated from the social reality of other states, since they are interlinked either in the procurement of cheaper disposable criminals or better

methods of money laundering within or outside the country. Hence, it is crucial to address the political and social reality that facilitates the growth of relative deprivation and also the growing tendency to reaffirm the attitude "Winner takes all". For such a philosophical base, where white-collar crime is ignored or reprimanded subtly can only create a fertile ground for the growth of organised crime, especially through its nexuses with political, government and policing agencies. White-collar crime can only widen the feeling of relative deprivation and can directly or indirectly offer a platform for the growth of organised crime.

Intervention programmes that employ purely punitive solution cannot by themselves be adequate because of the structure of judicial administration in India. There is no disincentive to commit crime here.

There is a need for efforts that are preventive in nature which focus on containing the social and political reality that can act as fertile ground for the growth of organised crime or initiate actors into the world of crime. Otherwise these agencies may be providing space for petty criminals to become hard-core actors in the world crime. Only humane intervention of quality can create an impact on the lives of those who entered the world of crime for a variety of reasons.

A thought of caution has to be stated in this context. It would be unfortunate when, for better cost-effective management, these correctional institutions are privatised. For such profit-oriented ventures would become a well-oiled machine for the powerful to churn out easily disposable criminals as per the need of the hour. This is not a far-fetched thought, for steps are being taken in certain developed countries to privatise correctional institutions. Last but not least is the silent violence of the state and the powerful on the underprivileged, and the tendency to magnify the portrayal of the violent retaliation of some of the members of the silent victimised majority, who any way have limited options to vent their frustrations on the present society.

The relationship between the OCGs and the lawful economy needs close scrutiny and government policies should be examined for their potential impact on OCGs. Multi-disciplinary studies on OCGs are needed for a better understanding and enforcement.

Modes of trafficking

(A few examples)

At times, there has been political and official patronage provided to smugglers. As a result, there are many willing to be mules while border drug-running operations become extremely profitable to the Mafia. Along with drugs, contraband such as electronic goods, Chinese silk, medicines, saffron and dyes are brought in through the Thar Desert in Rajasthan.

In return for the goods, paan, alcohol, bidis, matches and at times sugar are smuggled into Pakistan. The haul of heroin worth Rs. 78 crore in the international market in Jaisalmer and adjoining Barmer districts, takes place along the border of 760 odd Kms. with Pakistan. (*Rahul*, 1987) In one incident at the R.S. Pura sector in the Jammu district of the Indo-Pak border, two intruders were seen crossing the border. On being challenged, they ran back to Pakistan taking advantage of the darkness. On searching the area the DRI Amritsar and the BSF Jammu found 21 packets of heroin weighing one kilo each.

Along with land routes, airways are used, as it is a quick means for trade, for which mules or couriers are employed. As in smuggling, airline personnel are the best mules for trafficking as well. In 1997, an Air India pilot was arrested, as his suitcase contained heroin in its false bottom. He received the suitcase from Banwarlal Hiralal Somani, on behalf of Dinshaw Pastakia a former Air India employee, who wanted the suitcase to be handed over to his relative in New-York.

According to the customs in Air India there exists a well-organised network for facilitating smuggling. This network is linked to the recruitment of staff, so that the obliged recruits can be deployed in the sensitive areas of the air carrier operation (*Shinde*, 1997). In 1997, the air route from Afghanistan to Raja Sansi Airport, Amritsar, continued to be exploited in the smuggling of heroin, 41 Kilograms of heroin was seized at this Airport in five cases during the year and one Afghan and four Indian nationals were arrested (*NCB*, 1997).

With liberalisation the trade has enhanced the age-old mode of caravan route by including the sea and air routes. As a result of a certain flexibility in enforcing import restrictions, con-

tainers as big as 40 feet are being used. It is not possible to open all containers. For any action to be taken the customs and other agencies require concrete information to nab the culprits. The continued use of sea transport is evident from the seizure of methaqualone in the Bombay port in 1993. The Narcotics Control Bureau has seized 3330 kgs. of methaqualone.

In addition to heroin, methaqualone is an important commodity of trade, especially as exports to African countries. In 1993, 10 seizures of methaqualone were made in Bombay, by various agencies (NCB, Customs, DRI and the Police). The highest quantity seized was 3350 kilograms and the lowest 55 Kilograms. In 1992, in Zambia the enforcement agency seized in a year 106725 Mandrax tablets that originated from India. During the year 1996-97, there was a reduction in the seizure of methaqualone, it is alleged that this occurred as the manufacture of methaqualone began within South Africa itself (*NCB Reports*, 1992-1997; *Laniel*, 2000).

In 1998, DRI intercepted two consignments of cement booked by South African Airways. On examination of the consignments, a false plywood partition at the bottom was found. On breaking the partition, 209 polythene packets containing 167.200 Kilograms of Mandrax tablets were found. Investigation revealed that the documents were forged and the name of M/S Larson and Toubro was misused to give authenticity to the consignment (1998).

These seizures and others clearly illustrate the market for Mandrax in different parts of Africa. Some of the important places for demand are Botswana, Zambia, Tanzania, Maputo, Zimbabwe, Malawi, Dare-salaam and Durban/Johannesburg. The profit margin in the Mandrax trade is quite high according to the deputy Director of NCB (Mr. Kakkar). A tablet, which is prepared at local cost price of Rs. 2.5 to Rs. 3.50, can be sold in Africa for \$ 2 to \$ 3 per tablet. Since the cost price is minimal, even large seizures do not hamper the business. The production of these tablets is done in a nonoperational factory or in an industrial unit in an isolated area. Most of these units are located in Indore (Madhya Pradesh), Gujarat, Uttar Pradesh and Maharashtra.

Another substance being traded is Acetic Anhydride, the chemical precursor for the manufacture of heroin. In year 1995,

9282 litres of Acetic Anhydride was seized. In 1996 this came down to 4627 and later in 1997 increased to 8311. In 1998, 6197 litres of Acetic Anhydride was seized from different parts of the country. While reports indicate a decline in smuggling through land borders, there are indications of the increase in smuggling through sea cargo consignments by making false declarations (NCB, 1998).

Among the mules arrested, the largest number in 1998 were those from Nigeria (26), followed by Nepal (17), United Kingdom (17) and Sri Lanka (12). Other than Africa, Europe is an important destination for drugs routed through India. In 1999 at Delhi international airport a German national was caught smuggling Rs. 1.86 crore worth (1.860 kg) of heroin. Mr. Richard Heinrich was arrested while awaiting a flight to Amsterdam. He had heroin concealed in his suitcase and shoes (PTI 1999). He admitted that he had got the drug in Islamabad and was carrying it to Amsterdam. He was caught while on transit in Delhi on his way to Amsterdam. He had arrived by Royal Nepal Airline and was flying to Amsterdam from India.

Experienced mules willing to take risks are highly sought after in this trade. Nigerians and other African nationals are known for their risk-taking ventures as mules. Nigerians have been caught at airport trying to smuggle drugs by carrying it within their system in the form of capsules. A 25-year-old Nigerian lost his life this year trying to traffic 35 capsules containing heroin. One of the capsules burst within his system in the intestines. Each of these capsules was four centimeters in length and one centimeter in diameter and all of them covered with tape (Sharma, 1999). In another instance, a Ghanaian was held in check and was found to be carrying drug in his intestines (Indian Express, 1999).

According to one of the interviewees the people who carry the drug in capsule form in their stomach have to be extremely careful. They have to calculate the flight time and the time required for reaching the safe destination. Based on which they consume the capsules. Another precaution taken by these mules is to ensure that they will not need to use the toilet by smoking a huge quantity of heroin or cannabis which helps them avoid using toilets for longer periods.

Heroin is also locally processed from the opium sold in the black market by lawful opium growers. The farmers declare lower yields per hectare, and keep part of the yield for themselves, which is later sold and processed in laboratories. From 1992-1998, over fifty such laboratories have been destroyed. In 1998, eight such laboratories were destroyed in Madhya Pradesh, Rajasthan and Uttar Pradesh.

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DRUG TRAFFICKING AND THE INFORMAL MARKET IN RIO DE JANEIRO

Alba Zaluar

International Economic Background

No one doubts today that the illegal drugs market is one of the biggest economic sectors of the world economy, and that it has become deeply embedded economically and socially in almost every country in the world. Because economic sectors, especially illegal ones, interrelate, interweave formal and informal markets, and interconnect governmental agencies or institutions and drug businessmen, drug-related businesses permeate through many sectors of society. These sectors often function in the formal economy but draw part of their profits from drug-related activities. These activities are manifold in the sense that they include other criminal activities such as robbery and theft of goods — trucks, cars, jewellery, domestic appliances etc — that will be used as currencies for buying drugs and precursors (Zaluar, 1994; Geffray, 1996; UNDCP, 1997). Other activities involve networks already used for other illegal activities such as smuggling, governmental corruption, gun trafficking, etc. (Geffray, 1996; UNDCP, 1997). Examples of these networks are banks and transport companies which provide services to illegal businesses and another is the real estate market which serves as one of the main mechanisms for money laundering.

Robert Kendall, the Executive Secretary of Interpol, said once that it would be better for police forces not to be committed to hunting drug consumers or small dealers, and instead allot their resources, which are always insufficient, to the repression of traffickers and launderers. Unfortunately, the legislation of various countries (including Brazil up to now and the USA) forces them

to take the first course of action. As a result of this policy, the symbiotic relations between different actors with common and interrelated interests, form today a social, economic and institutional fabric in several countries, leading to systemic factors inside nations and in the international arena (van der Veen, 1998).

But the money and the power that goes with it are not the only explanations for the expansion of the illegal drug economy. Political power at several levels, cultural processes that allowed the flowering of drug use, and the changes that followed the growth of this profitable economic activity, have been less studied. This chapter is concerned with the drug informal market activities and the political and cultural changes that accompanied it at the local level. Therefore, we will not discuss the intentions and consequences of drug law enforcement adopted by the Brazilian government, as what we have done elsewhere (Zaluar, 1998 and 2000). Although these policies form part of the background of the actual dangers, posed by the illegal drug market, to the democratisation of Brazil.

For the purposes of this chapter, it is sufficient to say that repression of the drug trade induces scarcity that increases the price and the impurity of the merchandise. Consequently, profits multiply and many more people are induced to take the risks of crime-business. Their activities are organised in such a way that allows them to avoid the risk of detection and prosecution, and to maintain or increase profits. This, undoubtedly, is the main reason for the mounting corruption in state institutions: the Police, the Judiciary, the Legislative and governmental agencies. As yet, little is known in Brazil about the supply of illicit drugs and the organisational strength of trafficker networks, and more especially, the connections with the legal economy. Despite the growing state powers to control it, little attention has been given to the political and economic interests related to the drug economy and how it is controlled. In particular, there is very little information about the tightly knitted symbiotic and systemic interactions of the official and the underworld, the legal and the illegal, the formal and the informal sectors of the economy. Up to now, little is known on this issue in Brazil. Nevertheless, many studies now point to the effects of other regulating functions of the police and other state agencies related to drug trafficking and drug use or abuse, that is, problems involving issues of public health and public order.

(1) All over the world, the existence of laws that prohibit, and the strong moral censorship that is imposed on such activities, compel practices and organisational forms that are both underground and violent in their means of negotiation (threats, intimidation, blackmail, extortion) or in conflict resolution (aggressions, murders, terrorism) to react accordingly to either their commercial or private disputes.

(2) Style is a concept used for substituting culture and subculture which have theoretical consequences and presuppositions which are inapplicable in such times of very rapid changes and uses of social identities and practices. Used first to designate what was called "youth culture", style then became the most suitable term to describe the swift and transitory novelties in fashion of music, clothing, art, language and other juvenile behaviour that could no longer be exclusively interpreted on the holistic perspective of religion or of class culture, although not entirely disconnected from them.

(3) Mafiosi contracts damage third parties and, although they may avoid conflicts, are based on the participants' instrumental interests (*Habermas*, 1991). The relationships of personal loyalty and reciprocity are neither the outcome of a personal free act, but are forced upon mainly by the threat or use of physical violence or even by terror (*Caillé*, 1996). Demonstrations of the chief's generosity and magnanimity exist, but are dependent on the whims and caprices of his personal power, leaving little space for other views to be considered. The mixture of fear, respect and affection that surround him does not nullify the despotic trait of his power.

(4) In New York the same pattern is found in the traffic of heroine in that, from the sixties onwards, trafficking was established in the black and Puerto Rican neighbourhoods, and the pattern continues in the more recent traffic of cocaine and crack (*Sullivan*, 1992).

The international picture is rather gloomy. Over the last decade worldwide production of illicit drugs has increased dramatically. Opium and marijuana production has roughly doubled, while coca production has tripled and new synthetic drugs have been developed and in high demand in some countries. Brazil has become not only a channel for cocaine transportation towards other countries but also a consumer centre for this drug. I suggested before (*Zaluar*, 1994) that the underlying dynamics of the war on drugs, explain the predominant place that the drug issue has attained in domestic and international policies of many states. And how this situation has contributed to place Brazil in the cocaine route to Europe and the USA and open a widespread market for this drug.

One thing is certain. Today, the demonstration of violence in the world cannot exclude the local impact of transnational organised crime, that is, globalised crime that has *sui generis* economic, political and cultural characteristics. In it, those who are in strategic positions in the large network of transnational connections may profit quickly and easily, as a result of little or lack of institutional limits, while using violent ways of conflict adjustments⁽¹⁾. This may be considered as the illegal sector of the production and distribution of goods and services which form part of what is called "mass consumption of style"⁽²⁾.

Theoretical Perspective

There has been intense debate over the character of post-war society — be it called post modern, post industrial, high modernity, etc. — that went beyond the mere discussion of the proper terms to denote it. However, there has also been a certain agreement that this society has been subjected to an accelerated process of social, economic, political and cultural transformations, the central points of which would be social fragmentation and the increasing importance granted to leisure and consumption activities as means of ascertaining and defining new social identities. On the level of social control, such transformations mean that conventional moral restraint, which up to a certain point exists without the law, has weakened and has not been replaced by new post-conventional ethics based on personal freedom as well as mutuality, respect for the rights of others, or the use of dialogue to arrive at an un-

derstanding (*Habermas*, 1991). This ethics surpasses the one existing in civil law or in the conception of interpersonal contracts that bind private domains, and also exists to a certain extent, in organised crime⁽³⁾. The new ideas on the compromises each one must make with others in the public sphere (*Ricoeur*, 1990) have not been entirely absorbed in social practices. As a result, gambling, drug use and pleasure-seeking are the main objectives of life for many sectors of population, especially for the youth. This makes the businesses that exploit their illegal consumption highly profitable, precisely because they are illegal.

Another element in this complex situation is the revolution in consumption patterns in Brazilian society. More consumer goods, more styles of consumption and more buying spree at shopping centres have been the main changes in these patterns. Cultural values have also changed: more individualistic and modern values became widespread in Brazilian society during the seventies and the eighties, such as the well-acclaimed media commendation "always seeking the best for yourself" (*tirar vantagem de tudo*), "making easy money" (*fazer dinheiro fácil*). Drug traffic is part of this new social, economic and political environment since it is an individualistic, entrepreneurial activity which is the best organised of all underground and illegal activities.

Among the illegal drugs, cocaine is today associated everywhere with a style that puts great value in money, power, violence and consumption of goods with a reputed trademark. Because of the very high prices of the drug, which is more costly than gold in several places⁽⁴⁾, its trade has become a source of huge and quick profits, as well as of greater violence. In this case, the profits are not engendered by productivity or greater use of labour, but by the illegality of the enterprise itself (*Salama*, 1993). The demand that guarantees high profits, is created by changes in lifestyle associated with individual consumption, which is characterised by style consumption (including the use of illegal drugs) and which is more expensive than post-war family consumption due to the secure and comfortable domestic patterns of middle class families (*Sassen*, 1991). Such changes in consumer habits have been accompanied by new conceptions about work and suffering. Furthermore, these changes, which have been credited as one of the effects of the globalisation process, are said to have favoured the impressive and verified increase in certain crimes

(5) The concept of the network is used in two main ways in studies concerning drug traffic nowadays. First, it is anchored at concepts of territoriality and hierarchy with which Geography has envisaged international, national and regional metropolises as well as other cities in order to study the flux of information and products that pass from one to the others through knots and strategic points of interconnections from which some of them hierarchically exert over the others. Second, closer to the anthropological conception of a social network, it is used to study and understand the illegal activities that have the character of a continuous business that flows by interpersonal relationships based on secrecy and trust always under proof, in other words, on knowledge and vigilance people have of each other as well as tacit arrangements and rules between them. In this second meaning, it applies notably to the lower levels of the drug traffic that have an intricate and a hardly controlled decentralised web, contrary to what happens with the wholesalers and financiers of the traffic, who tend to create centralisation and hierarchy in Cartels e Mafia (UNDCP, 1997).

(6) The concept of organised crime is entangled with the concept of Mafia and has been the object of an unfinished debate which started during the last century: the former referring to its organised or disorganised character (Reuter, 1986), and the latter pointing to its condition of crime, work or enterprise. In any case, there is no doubt that one is dealing with a set of activities spread in networks that have components of economic endeavour, that is, it needs repetitive activities, (though without the discipline, regularity and rights of regular work), a goal of which is profit (easier and higher the better, seen at the wholesalers and intermediaries network), using variable methods and currencies for exchanges typical of secret or underground relationships.

"against property" — thefts and muggings — as well as "against life" — aggressions and homicides (UNDCP, 1997). However, the local and micro mechanism by which this has come about is yet to be properly studied.

Since inequality remains at the social, economic and institutional levels, these new globalising forms of economic activities configure a perverse social and economic integration for those who are part of what is called exclusion. The question yet to be properly discussed is how the effects of poverty and accelerated urbanisation or immigration are linked with institutional mechanisms and the presence of networks⁽⁵⁾ and fluxes of a more or less organised crime (Reuter, 1986). Although poverty and accelerated urbanisation are clearly connected with the results and causes of exclusion, organised crime⁽⁶⁾ crosses all social classes and has bonds with organised legal business (Schiray, 1994, Geffray, 1996). Therefore, it does not survive without institutional support from state agencies delegated to defend the law. The related themes of violence, criminality and insecurity will not be properly understood if they are not connected with such dimensions. Assuming that many poor young men have been in a state of vulnerability as a consequence of crisis within families, estrangement between adults and youths, an inefficient school system and lack of professional training added to insufficient work posts, I will present arguments that further the idea of "perverse integration" (Castels & Mollenkopf, 1992).

Drug Trafficking in Rio de Janeiro

This chapter will focus on the changes that took place in the informal market in Rio de Janeiro due to the presence of drug traffickers in the city, especially in shanty-towns (*favelas*) and how this contributed to a process of criminalisation of the informal sector, a way of relativising poverty and exclusion as causes of violent drug trafficking. I will discuss as well the paradoxes and ambiguities of the old and new political cultures, conceived as models and practices of the political, bearing on the social and the religious, which seem to have had unintended consequences. A fluid, easily contaminated and unstable culture of fear has had important consequences in so far as an imaginary fear took form in different social classes and affected their inter-relationships. The limitations, dangers and ethos of this new activity that mo-

bilises so many young favelados will be described in their interconnections at the cultural, political and economic planes.

The first part concerns the historical background of the economic, social and political changes that compound the scenario in which violence and drug traffic thrive, particularly those that lead to a change in the masculine identity or the warrior ethos. The data comes from an ethnographical fieldwork done in a governmental housing estate, as well as from another on-going research project that compares styles of drug use and trafficking in three different districts (Copacabana, Madureira and Tijuca) of Rio de Janeiro. One in the richest zone, another in a predominantly middle-class area and the last one in a predominantly poor section of the city. In the second part I will interpret the data from other fieldworks that focussed on the changes in community affairs and local politics.

Economic and Social Scenario of Drug Trafficking in Shantytowns

The existence of a new form of informal/illegal market, tightly intertwined with criminal activities, is the main element that helps to understand what is going on in Brazilian cities today. Informal markets have always existed in them, and have been an important source of income for the poor with little qualification for work or little schooling. These informal markets have developed personal networks and complicated rules for the occupation of the main streets in the major urban centres of the country. Yet, for the past decades, they have been joined by street vendors who sell several types of goods which have been stolen from trucks, residences and pedestrians, or which have been smuggled in from other countries. Informal trade, which traditionally has been a way out of unemployment and a morally valued alternative for subaltern work, especially if conducted in the streets of the city, had thus become, on another level, tied to organised crime, that is to say dangerous and morally suspicious undertakings. This becomes even clearer when one discovers its connections with gold selling shops, car repair shops, wrecked cars lots, antique dealers, etc., some of which have become collecting points for stolen goods. It has been discovered recently that even some legal truck transport businesses are part of the network for truck robbery. However, there has been little sys-

tematic investigation of these networks so far, although policemen have sometimes harshly repressed the last in the line: those who sell stolen goods or drugs in the streets.

Illegal drug trafficking is part of the formal and the informal economy, as it employs a few and allow many to earn money informally as street sellers, and permits a well-placed few to earn lots of money from laundering and diverse drug related entrepreneurial activity. Even at the most extreme point of this vast network — the *"boca de fumo"* at a shantytown — the language employed is one of business: "profits", "accountancy books", "inputs and outputs", "bookkeepers", "owner", "manager". The drug traffic gang is similar to the Mafia for there is a cult of violence, of conspicuous consumption, and of exploitation of the weaker. But unlike the Italian Mafia it is not based on personal dependence and loyalty, even less on family ties. It is not a family business; it has no big chief, it works in networks, although not always horizontal. There is a great inequality inside it, in terms of power relations and division of profits and "gains". In other words it is vertical: the trafficker or owner, the managers (*"gerentes"*) who control the fixed selling place, the vapours and the street sellers (inside the shanty town or in the asphalt or *"pista"*), who are always changing positions. This verticality is expressed symbolically in terms of power from the head:

"Weak head" (cabeça fraca) versus "strong man"

"Guided by remote control" (Teleguiado) versus "chief commander"

"Induced by others" versus "decided for oneself"

The qualities listed on the left belong to the employed (bookkeepers, *"vapours"* — sellers who may stay in one place or move rapidly from one place to the other depending on arrangements with the police) and many *"little aeroplanes"* (go-between sellers) (Zaluar, 1988). They get a variable salary or a small percentage on the sales or just a small portion, for their own consumption, of the drug they are able to sell elsewhere. Even when the payments are monetary, they may get back to the trafficker for most of them are heavy users or *"viciados"*. On the right is the image of the owner (the trafficker) and his managers (usually three), the only ones who have lots of guns and profit in the business, and sometimes making a lot of money, especially the owner. According to the interviews, with the sale of only 200 grams of cocaine they

pay one kilo to the *"matuto"* or intermediary who left it on consignment. Of these 500% of profit, partly obtained from the mixture of cocaine with other cheaper substances, half of it goes to the *"man in the front"* or *"trafficker"*, 30% to the *"manager"*, who does the accounts, and various percentages to the *"vapor"*, who remains at the trading point (Zaluar, 1994). The *"vapor"* is the one who distributes the small amounts of cocaine (*"papelotes"*) to the *"aviões"*, the very young dealers who finally take the dope to the customers. The last ones are the more commonly arrested and prosecuted, and who often receive *"cargas"* to sell, for which they become entirely responsible. They may sell them after *"malhá-las"*, that is, after increasing their weight with cheap substances in order to raise their profits; they may consume most of them, what makes them prone to be killed by the trafficker. Death penalty is the sentence for those who repeatedly do not pay him or who excessively crumble the merchandise.

Amongst the boys — *aviões* —, the main reason for pride is the fact that they are part of the crew, use guns, join in defying initiatives in robbing and looting, become famous for this, and may, some day, if they show enough "disposition", ascend in the hierarchy of crime (Zaluar, 1994; Lins, 1997). Thus, the strategies for recruiting youngsters, according to the rational calculation of how many permanent dealers (from 10 to 30) the trading point needs, are based as much on the prospect of earning "easy money", as on the fascination exerted on them by this power and fame.

Some of the more business-like traffickers have established legal establishments, such as trucks, taxis, bars, bakery stores, gas stations and so on. But most lose their money quickly and periodically paying corrupt policemen, lawyers, and their own lavish consumption. When they are short of money or want to increase the business or their share in it, they organise robberies, car thefts and muggings — calling youngsters, considered tough and willing to comply with their rules, to come with them, even if they are not part of the permanent drug trafficking gang.

By the end of the seventies, when the drug trade had become a synonym for warfare, disagreements and conflicts had to be solved by violence, usually by gunfire, since they could not appeal to the justice system. They affirmed then that in order *"to keep hold of a cocaine outlet, you could not lower your guard for a minute"*. A *"front man"*, that is, the owner or trafficker who is in charge of the

outlet, is obliged to keep all his underlings in line, to keep his eyes open, to make sure his competitors are not taking too big a slice of the business by selling more or better goods or acquiring more fire power. He has to do right by his supplier, who is no longer just a man coming around in a truck. Otherwise, he gets ripped off, loses his spot, or is simply wiped out by competitors from both inside and outside his gang. To carry a gun at all times, to kill or be killed, and to keep constant surveillance over the gang's power are simply everyday concerns for him. Violence is required for the leader of a drug gang to prevail. Despite this, many inexperienced young men get into warfare because of rivalry over a woman, a simple childhood strife or any act considered as a provocation, that is, any motive that menace the status or masculine pride of youngsters trying to assert their virility — the *"Sujeito Homem"* (Subject Man), as they say (Alvito, 1996; Lins, 1997).

Dope hustling is thus cited by disillusioned pushers as a place of distrust and animosity, where there is no mutual respect except for the other man's gun. It is a sexually charged, virile world. All the men carry guns, and to carry a gun is to *"fucking strut"* or to *"have your iron in your belt"*. To show off your weapon, or *"to pull your gun out"*, is a common habit of such urban outlaws, yet one which can often prove fatal. Instead of the verb to rob, they say *"to mount"* their victims, used both for mugging people in the streets and for breaking and entering houses. To kill somebody is to *"lay them down"*. The prime audiences for such displays are apparently the women they are trying to impress with their power and the money in their pockets. Yet these are the first men to be grabbed in police raids. In spite of this notorious fact, the young outlaws never tire of bragging that the *"chicks"* go for men who carry guns, because they feel more protected.

There is another crucial motive for constant warfare among dealers. Drug outlets in shanty towns are divided in two "organisations" or networks: Comando Vermelho or Terceiro Comando. These two opposite webs encompass most of the shantytowns in Rio de Janeiro, which are classified either as CV or TC, the initials being printed all over their walls. When a friendly *"quadrilha"* (criminal crew) in one shanty town needs either drugs or guns, the others localised elsewhere supply them when possible. Therefore, even if not co-ordinated entirely as a Mafia hierarchy, drug trade in Rio has a very efficient horizontal arrangement by which a shanty town that runs out of drugs or guns immediately

gets them from the allied shanty towns. These commands conciliate thus the features of a geographically defined network, which includes central or diffusion points, with the anthropological which focuses on horizontal reciprocity, working in both directions: positive and negative. For, even though guns and drugs are quickly lent to the allied dealing crews, the violent reciprocity of private vengeance is imperative in the absence of a negotiable juridical form of conflict resolution. Because of such exchanges, adolescents die in wars for the control of trading points. Even so, it should not be forgotten that trafficking in Rio is sometimes really disentangled for there are many crews and individuals striving for power and positions inside the trade.

Outside the shantytown, the selling activities today involve many characters that have always worked in the streets: hookers, doormen, taxi drivers, small shopkeepers, bar tenders, and the *"camelôs"*, that is, the street vendors who have been the main figures of the informal market. In the districts studied, they buy dope at the shanty towns (*"favelas"*), the most dangerous places, in order to sell it dearer (two, even three times more expensive) at the regular streets of the city (*"asfalto"*). Thus, they have combined their legal selling activities inside the commercial centres of those districts with drug dealing. Nevertheless, they should perform this activity only with the permission of the trafficker from the nearest shanty town, especially in the streets closest to it. If not, they will be killed. This is especially clear in Copacabana and Tijuca, districts where selling in the *"pista"* or asphalt has been more frequent than in Madureira, where everyone goes to the nearest *"boca de fumo"* inside one of the many *"favelas"* in the place. The main reason for this is the lower priced (half the price at the *"pista"*) and purer drug found inside shantytowns, into which only those who are acquainted with the traffickers dare to enter. Even so, those who choose to deal directly with them must have the nerves to face the dangers of gun firing and a quick execution in case of an unpaid debt (a week's delay) or even on a mere suspicion of betrayal.

Traffickers and Neighbours

In some of the more traditional shanty towns, such as the favela of Serrinha in Madureira, it was observed that a clear separation exists between drug dealers and their neighbours. In

those localities, people suggest that they impose a distance with regard to traffickers with such phrases as *"they respect us"*, *"we do not have anything to do with them"*. Those are the ones who do not want to make agreements with traffickers or let them intimidate local inhabitants who do not allow them to sell drugs at their gates or to show guns to small children. But this is not the case for all neighbours or for all communities. At Serrinha only the older inhabitants, who also follow afro-Brazilian religions and support the old School of Samba tend to maintain this attitude, whereas newcomers, who belong to Pentecostal churches and prefer funk music, tend to make agreements or alliances with the dealers. They consider themselves more modern and realistic, justifying their attitude by saying that it is impossible to do anything without their consent or help.

Drug traffic has developed divisions between shanty towns so close to each other that their internal streets and constructions merge. Although neighbours still recognise the areas by their initial names, now they are officially considered as one complex. In one of these complexes, o *"Alemão"*, after the death of the leader that unified several *"favelas"*, there was not only a state of war between their respective gangs linked to different traffickers; neighbours were prohibited to trespass the artificial borders between them. Many adolescents have been killed just because they passed from one area to the other, also due to the existence of the two biggest networks of this crime-business.

Anyway, for some of the youngsters who hang about the streets of the favelas and the districts, traffickers and their organisations are well valued. Their symbols — TCK trade marks for the Terceiro Comando or Nike for Comando Vermelho — are used as ways of identifying themselves with one or the other. Adolescents say they belong to one of them as if they were soccer team supporters. They also absorb the warrior ethos with all its consequences by saying they have enemies everywhere and need guns. Finally, they show simultaneously a deep loathing for policemen and a fear of being considered delators (or X9). This possibility is a great risk (of being killed) and an enormous shame (of losing respect from the mates). At the same time they talk about the hatred they have of dealers who have killed friends, close relatives or innocent neighbours. Some of the heavy users, who have connections with dealers, also verbalise

the hatred they feel of the dependence they acquired from sniffing cocaine, the most common heavy drug used among them.

This present opposition to traffickers may be explained by the recent change in the hierarchy of Comando Vermelho: the elder leaders, mostly in prison, were ousted by younger traffickers who were more desegregated among themselves and had less connections with the shantytown dwellers. Because of this, violence against these new younger groups increased and local traffickers lost respect from them. Most of these young dealers inspired only fear or terror amongst neighbours. The elder leaders decided to form a new organisation, based on the same principles of reciprocity, called *"Friends of friends"*, which is in fact the principle of open networks, always trying to include more and more people.

Anyway, ambivalence has always been expressed linguistically in terms employed by some of those youngsters and their neighbours to denote criminal actions. *"Vice"* (*vício*), *"delay"* (*atraso*), *"stop"* (*parada*), *"devil condominium"* are words that express the opposite of morally valued work (Zaluar, 1994). They are applied to explain why someone is stuck or trapped in a vengeance circle, in blood feuds as well as in police persecution. *"Revolt"* is the positive term used to denote those who will not accept low wages and hard work, based on a simple conception of social justice and male pride that defies economic exploitation. But injustice can also be another bloodthirsty bandit or corrupt and violent policemen. The political place occupied by traffickers is not, then, clear cut. They may be praised for the respect they have for neighbours or for the many social activities they patronise inside the shantytowns. Contrariwise, they may be loathed because of the way they seduce or order girls to have sexual relations with them, as well as the continuous threat that their guns represent in any case of conflict or suspicion of betrayal involving traffickers, common (unarmed) inhabitants and the police.

Some favelas are considered safer than others, from the point of view of freedom in trading drugs. Mangueira, near the district of Tijuca, is one of the safest, because policemen seldom go there, although it is known as one of the main drug distribution centres and one with a strongly armed mob. Inside it, the main street

called "*Buraco Quente*", is a series of bars and small shops ("*birosacas*"), where dealers can negotiate calmly. Another case in point is the favela of Borel which is close to a main shopping centre of this district. From time to time, police invasions may disrupt this apparent tranquillity, betrayed by the frequent confrontations amongst the dealers themselves.

Traffickers have also succeeded in penetrating several voluntary and public organisations, such as the community dustmen who work for the official company that takes the garbage away — Comlurb. In several favelas which were visited there were more than five people linked with the drug dealers who were on the payroll of Comlurb. Drivers and watchmen of the company also belong to the drug gang. Even those who are not part of the gangs are compelled to carry drugs or guns inside the Comlurb trucks from one place of the city to another, without arousing suspicion. The same happens with drivers of ambulances on service for public hospitals, who have been forced to do the same. Those who do not comply are killed.

Drug Trafficking, Morality and the Institutions

Bandits and workers share the same moral view of crime. This view however, is dissociated from the Brazilian Penal Code that sometimes has a different ranking and evaluation of the dangers of crimes endorsed by the poor. For the workers as well as for the bandits, the most odious crime is rape that deserves in Brazilian Penal Code a small prison sentence. Next appears murder, especially if the victim is "innocent". All atrocities committed against old people, children and pregnant women may be the focus of severe condemnation (Zaluar, 1994). Nevertheless, there is a clear separation between crimes committed out of a strong emotional reaction and those motivated by insensitive calculations. The former happens at "the heat of the moment", since "a man cannot take it" or "a man must always strike back". This applies equally to small provocations that challenge their masculine pride or to serious infidelities and treasons that bring shame and peril to their families and neighbourhoods. The latter imply some kind of computation of gains and losses, as well as a mere habit or what they call "vice". This is the one they most talk about, either trying to justify for the external public or criticising the Brazilian justice

system for its inefficiency, corruption and impunity that make their living worse inside the poor neighbourhoods. Thus, if the first type of crime is obviously linked to the virile ethos, of which bandits are the main holders, the second must be understood within the intricate web it has with the criminal justice, as nowadays affected by drug traffic and other forms of business or organised crime.

As institutions, the Police and the Judiciary, especially the former, have their almost unanimous negative evaluation. When someone assesses them positively, it is most certainly referring to a specific person, such as a policeman they used to know or a judge that passed a just decision. Prison and police precincts are equated with "factories of bandits" or "schools of banditism". The Justice system as a whole is seen as "propelled by money", as most of the country's organisations nowadays. Policemen have the power of beginning an inquiry by registering the "auto da prisão em flagrante" (flagrant imprisonment document) or any other proofs necessary to start a judicial process. They also maintain the secular practice against the existing institutional norms and the constitutional rights of Brazilian citizens, of torturing prisoners, mainly poor and black people, in order to extract confessions from them about their supposed criminal acts. Policemen have thus acquired great power that makes them all the more prone to corruption.

Impunity is another consequence of their weak professional ethos and precarious technical training as investigators. Many petty criminals and bandits never get caught and claim this as a stimulus to repeat delinquent acts. And since money may guarantee impunity, either because a policeman will not register the act and thus start an inquiry, or because well-paid lawyers know how to avoid judicial processes or condemnations once those have been set, joining drug traffic gangs becomes even more attractive (Zaluar, 1998). Nevertheless, the whims and wishes of the traffickers may be decisive in the outcome of a youngster's career. One of the many stories heard by the researchers told how a 20-year-old man was arrested because the trafficker did not like him. He was a go-between for the owner of a bar situated just at the fringe of the shanty-town, who, in his turn, worked as one of the managers for the local and powerful trafficker who did not like the young man. He was told to carry a great quantity of drug to another faraway shanty town (*Mangueira*). It was a set up. The traf-

ficker had warned the Police and the young man was caught, arrested and incriminated. He has no money to pay the lawyer and the trafficker will not help him, as it is usual for the vapours and managers. He is due to be sentenced to prison.

Since the income of drug business is highly concentrated at the top of its hierarchy, and because of the absence of market regulations, adjusted prices, minimum wages, and work rights for the "soldiers" and "peons", small dealers in Brazilian shanty towns, despite their military apparatus, do in fact help those higher up in the hierarchy or those who produce and trade tons of the illicit drugs, in concentrating income and accumulating capital. Lawyers, corrupt policemen, traders of stolen goods, and so on and so forth, should also be included in the list of those who are making plenty of money. What these young men imagine as absolute independence may be just a death trap, both for them and those around them (Zaluar, 1994). Very few of those poor youths manage to establish themselves in the business, for they die very young or go to prison, but they all contribute to the enormous enrichment of those characters who are still in the dark side of the criminal records, the shadow rate or the black cipher. Those types never get included in the official data. As yet, little is known about them in Brazil: who they are, how they live, how they make contacts in the underworld of crime, how they achieve to climb the social ladder.

With high profits, it is easy for the ones well-placed in the networks to corrupt policemen. Since there are no laws to protect interests and properties in this sector of the economy, disputes tend to be settled by violent means, even if they are not with the same intensity as what one finds in certain Brazilian cities. It is necessary therefore to understand how bribing eased the way for guns and illegal drugs to arrive at shanty towns and poor districts in Rio de Janeiro without noise or uproar. Conversely, stolen goods — automobiles, trucks, jewellery, domestic appliances — robbed from their owners in highways, roads, streets or residences inside the state of Rio de Janeiro and used in non-monetary exchanges for illegal drugs, easily reach their final destination. To reach Paraguay or Bolivia, these stolen goods go through several Brazilian states and municipalities: the interior of the states of São Paulo, Mato Grosso and Rondonia (Geffray, 1996). This "style" of trafficking is in contrast to the noisy and murderous one at the selling points inside the favelas of Rio de Janeiro and São Paulo.

Therefore, corruption and the institutional policy predominantly based on repressive tactics, especially with regard to metropolitan poor youths, have added more negative effects to their already hard life (Zaluar, 1994; Lins, 1997).

Still, in their interviews, youngsters mentioned that the "quadrilhas" (criminal crews) provided more security for their members, since they assure juridical assistance that increases the chance of not being sentenced, the higher the youngster is in the organised crime hierarchy. This is an element in the calculation of the pros and cons in joining a gang. Since money can buy defence, and guns offer the protection that emerges from fear, it is rational to practice more and more crimes in order to always have money, guns, and the respect and protection of the gang. Actually, their preference for armed robbery is explained by the fact that they can silence possible witnesses by terror, force fearful respect on accomplices and offer the gun as a "treat" to the policemen, and multiple ways of escaping arrest and making condemnation more difficult.

In real life this calculation may prove ineffective in so far as it does not completely eliminate the likelihood that a poor or less important bandit may go through the experience of being beaten up, tortured or extorted for a sum of money they cannot provide. Their guns and the riches they have just stolen may be taken away from them, and yet, they may still be taken into jail, if policemen prefer to show their readiness to render a service to the corruption game and hence increase their bets. They could also be accused at the police precinct of crimes they did not commit as a way of clarifying crimes that must be quickly solved for their superiors. There are work pressures and orientations inside the institution besides the secular practices of violence and corruption. At least two cases of "revolt", that is, the decision to take up guns and follow criminal careers, were due to these experiences at the hands of policemen, which were presented as unbearable by human beings. In general, their assertions invoke the demoralisation of the Police as an important factor that pushes them to crime or that causes them to calculate whether crime is worth it or not.

The situation would be even more serious if criminal activities did not have their own dynamics that could restrain their actions. A case in point are power relationships and the division of labour that are sometimes very exploitative. As I said before, the lion's

share goes to the "owner" of the "boca de fumo" (selling place), also called "the trafficker". He gets almost all the profit, whereas his "managers" and "vapores" (vapours) only get different percentages on the sales. Thus, if someone wants to become rich quickly, individual initiative is the most suitable line of action. But it may result in the loss of the gang's protection, which in turn may result in police persecution outside the area the gang controls. This could also hinder the objective of climbing quickly in the gang's hierarchy in order to gain more from the drug business. Independent and petty criminals are the ones most targeted by policemen since they do not pay the regular bribe that allows business to take place without any disturbance. Nevertheless, they also make their decisions about "going into the movement" on the assumption that policemen have poor ideas about who is a criminal, and may not differentiate between delinquents and workers since they all look the same.

I started by saying that workers and bandits alike have a moral view of crime that relates it to a necessary punishment. Nevertheless, the dynamics of interactions I described transform this view in favour of a cynical, instrumental and manipulative version of the law on the part of those who have been sued. Luck, manipulation of judicial actors and the due process of law, occasional pressures and bribes before, during and after the judicial process, regular corruption of policemen, intimidation of possible witnesses by the use of guns, terror exerted on neighbours, and a very lucrative business offer incentives and justifications for the crimes committed, even the most discursively reproached.

Yet, there are deterrents to criminal action. Surprisingly, they are not from the repressive action of policemen, which, they understand, is manipulated, but from the poor neighbours' own organisations and values. First, family obligations and compromises may bring a feeling of "vergonha" (shame). Some youths and adults shudder at the possibility that their parents, specially their mothers, or their children and other relatives may know about their crimes and feel ashamed because of them. "Vergonha" is a moral issue, although not associated with the classical Iberian notions of shame and honour that are linked to the purity of women. "Vergonha" in this case is connected to a loss of dignity and family pride.

Second, the brutal rules that dictate relations inside the criminal gang or within the more inclusive "mundo do crime" (world of crime), may deter some of the youngsters from joining it, even when they strongly feel the attractions of carrying a gun, being part of the mob and being feared. Others choose to quit, even if this is a dangerous operation. Their success depends on several circumstances, such as being able to move to another district, city or state as a means of disentangling from the former partners. The only ones who never talk about quitting are those who are getting richer and richer from the illegal business: the traffickers and their managers. But there are stories about the latter that tell of treason from associates, wives and lawyers; of persecution from policemen who get envious of their wealth; of losses provoked by their own vices and lavish consumption that may take them out of business or cause them to simply wear out (becoming a "caído").

Fear, Images of Justice and Local Politics

In the current historical context, revolt in the face of injustice and hypocrisy is lost in acts of violence beyond comprehension and are increasingly attributed to an absolute evil. This is clearer in the case of those who join Pentecostal churches, especially The Universal Church of the Reign of God. For many Brazilians, middle or working class, hatred is devoted to twisted criminals who they believe stop at nothing with their destructive action. Their freedom or even their human rights are considered abusive, not legitimate, and the complaint is that the victims' rights are not championed in the same way. Rights of bandits became a synonym for human rights. They also express this concern in terms of modern times, in which God no longer exists, moral parameters have weakened, and institutional restraints are unjust, inefficient, on nonexistent.

Fear is not only a product of people's imagination or their passive reception of media messages. It is, to a certain extent, a realistic fear. Data on violent crimes in Rio de Janeiro, São Paulo and many other Brazilian cities justify this posture of the urban population. All violent crimes have had increasing rates, mainly homicides, the rate of which tripled in the Metropolitan Region of Rio de Janeiro, between 1982 and 1990 (from 23 to 63,03 mur-

ders per 100 000 inhabitants). This astonishing increase in almost a decade took place mainly in the poor periphery of Rio and not in the municipality of Rio. Moreover, the participation of youngsters ("minors") was three times greater in 1985 than in 1982 (Campos, 1988). The official data from the Ministry of Health also showed that, in the municipality of Rio de Janeiro, the number of deaths from "external causes" was the third highest, just near cancer tumors, both of which were almost three times lower than deaths from circulatory diseases. However, while women, mostly those more than sixty years old, were equally victims of these diseases (48,7%), men, mostly from 15 to 39 years old (84%), were the victims of violent deaths. In Brazil, 4 men die per each woman in average, but between 15 and 29 years old 8 men die per each woman and, in some poorer municipalities of the Metropolitan Region of Rio de Janeiro, this rate reaches the amazing figure of 15 men per each woman. From 1987 onwards, murders exceeded traffic accidents and nowadays are 30% higher.

The social and economic context of inflation, recession and increased poverty, only add problems to make matters worse. This partly explains the political apathy that seemed to have seised the population in Rio de Janeiro's poor neighbourhoods. From the end of the seventies onwards, gun possession has created, for those youngsters involved in the drug traffic war, an armed power that has shaken the foundations of any authority. Local politicians, businessmen and policemen became the targets of aggressive behaviour. Their schoolteachers as well as local leaders lost their authority vis-à-vis the youths that have the power of money and guns (Guimarães, 1992; Paiva, 1992; Zaluar, 1985, 1988, 1993, 1994). It is a fact that more and more students carry guns to school and that children sometimes cannot go to school because of gun battles or rivalries between the neighbourhoods where the schools are. Even the experienced and politically concerned adults who work in their countless neighbourhood organisations, such as schools of samba, dwellers' associations, soccer teams (Zaluar, 1985), are almost powerless.

On the political plane, other consequences must be considered. During the eighties, the country had progressively recovered democratic practices. This followed a period of economic development during the military regime (1964-1984), when increased wealth had never been distributed. Instead of economic growth, there had been a scenario of economic, moral and political crisis

supported by rapid inflation. Brazil had a varied and modern economy, but its political and juridical traditions and institutions had not evolved. Not only did it have one of the worst income distribution in the world, but there were also great inequalities in terms of access to Justice or distributive justice (Zaluar, 1994). The latter manifests itself when people are systematically excluded from services, benefits and guarantees which are considered as social rights of citizenship ensured by the State. It is seen when people do not have human or civil rights, that is, the rights contained in national constitutions or in the Universal Declaration of Human Rights. It also appears when people do not or can not criticise the laws or the workings of Justice. There is an undeniable fact in many Brazilian cities today, particularly in Rio de Janeiro, that drug traffic is destroying poor working families and that the warfare it unleashes is taking the lives of thousands of young people, especially those of colour. For these social groups, this "way out" of poverty or "inclusion" in the economic system has been self-destructive.

Social movements in Rio, mainly in poor areas, had then to face a dramatic and very dangerous situation of recurring deaths as well as of increasing rates of larceny and robbery, on one hand, and corruption on the other. As a result, all over the city explanations abound, covering the whole ideological spectrum. It is possible, however, to simplify the variety of statements on the subject, organising them into two main lines of thought which are sometimes overlapping. One is the growing demands for order, based on the diagnostics of an insuperable social conflict and the institutional failure to deal with this matter. A new conservative trend advising more efficient and tough police practices as well as the election of right-wing politicians who defend death penalty⁽⁷⁾ and strong governments are found in all social classes (Zaluar, 1991, 1992, 1993; Caldeira, 1992; Vargas, 1993). The other is the belief that, because of the deterioration of workers' life conditions, low salaries, high rates of inflation, increasing misery and unemployment, disorder is good. Along the same line of thought, and taking the left road, are those who think that a civil war is inevitable and revolution is approaching.

The existing dwellers' associations, since the middle eighties, has also to remain independent from the drug dealers' gangs, which introduced an unexpected challenge arising from the growing rates of violent criminality and the armed power of or-

(7) The Catholic Church has been the main social and political force that contends and condemns death penalty which has gained most of the public opinion support lately. Thanks to this firm opposition, also followed by the Evangelical Churches, death penalty has not been implemented in the country. The main argument is based on human rights, especially the right to life prisoners have. A more practical argument affirms that more poor and blacks or mestizos would be punished in this way, following the bias of the institutions in charge of law and order in the country.

ganised crime. Most of these involving the young drug dealers who lived and did business in shanty-towns and low-income housing estates. This armed power went beyond the restricted field of crime and drug traffic, becoming an important political issue at various levels. Locally, the drug dealers started to take interest in the election for the dwellers' associations, advancing candidates linked to them. The local youth became more identified with them and explicitly supported their election because of a general process of marginalisation among the poor youngsters, including the repressive measures taken by policemen during the last decades, which affected all the poor young males who corresponded to the police stereotype of the criminal. Many drug users, and not only dealers, have been arrested or coerced to pay bribes to policemen in order to avoid imprisonment.

At the local level, amongst the community leaders who direct the dwellers' associations, silence about the bandits' actions and a constant blame on police repression is the most common response. The revolutionary paradigm combined with the millenarian matrix of political action, although not always explicit, informs this interpretation of the increasing rates of crime against property and the rising tide of violence against persons as a manifestation of the active struggle of the poor against the rich and the oppressive State, as well as a sign of the end of the world era. The role played by organised crime and the Mafias has been understated, if not ignored. Another trend is to reduce the importance and impact of violent crime as exemplified by the media, and the imaginary fear on the part of the propertied classes.

Studies carried out in Rio de Janeiro focussed on shanty-towns or periphery districts, where the poor live, and showed another type of enclosure as well as the substitution of political discourse for another type of discourse. The dwellers' associations at these places were deeply affected by the recent presence of very well-armed gangs of drug dealers whose violent crimes made deaths and rapes banal. Around 1985, the associations became part of the dealers' interests, Catholic churches were surrounded by small houses and huts bought by the dealers who also became careful listeners of the priests' sermons, and Evangelical temples were forced to accept the existence of hiding places for the dealers and their friends or their arms just above them. (*O Globo*, 13/10/1993). Criticisms of their activities, of course, were not welcome and these tense relationships with

communitarian leaders and ordinary dwellers sometimes ended in the expulsion or even the death of the latter. On the other hand they had already been playing the role of security guards in some "favelas", eliminating or sending away those who robbed working people or raped their daughters⁽⁸⁾. But their very presence and the way they dealt with the young users of the drugs they sold were incentives for the violent criminal activities of some of these young men. Consequently, the images of traffickers have always been ambivalent and fearsome.

Within the associations, the main effect of the undesired presence of drug dealers' gangs was to make unfeasible certain routine activities and administrative functions such as the gathering of water supply bills, which is a single rate for the whole area or shanty-town, and, of course, free and public discussion of certain common problems including noise and violence. Light, water, and sewage are the main collective problems which "favelados" are unable to solve without services from the State, which were attended to during the eighties. But although light supply followed a model, adopted by the State company *LIGHT*, in which the population was to, first of all, organise in commissions that would discuss with the technicians the way of doing the connection network, and then put meters for each home, the other two public services did not accomplish the task with the same success. For light was paid by each family and the company itself was in charge of maintenance. Water and sewage services — provided by another State company *CEDAE* — followed a different policy, for some associations received the necessary money for the job and there was little or no public discussion of the technical plans. In the end, each family had to decide and do the necessary aqueduct or sewers, by finding the main pipes coming from the central source or going to the main sewer. Because of the lack of a common plan, some dwellers built the pipes and the sewers very close to each other, but the payment for this state service, especially the water supply, remained collectivised. This caused more tensions and conflicts between neighbours, who were increasingly closer to each other due to the growing population of those shanty-towns already attended by these public services.

Greater density and a confusion between what were the individual and the collective responsibilities, as well as conflicts over the use of the State and non-governmental organisations

(8) These facts may be the reason why so many communitarian leaders refuse to talk about the violent means employed by local drug dealers, as it happened recently during the trial of the policemen involved in the killing of 23 workers at a shanty-town (Vigário Geral), well-known for the feud between its young traffickers and the ones belonging to a close shanty-town (Parada de Lucas). In this feud, dozens of youngsters have died.

made the functions of the dwellers' associations more difficult. Lack of juridical means and power to implement their decisions and to collect payments were some of the reasons for an increasing willingness to accept the leadership of traffickers, who have already been playing the role of security guards in some "favelas", replacing the former leadership in the associations. A great despair took hold of the activists who believed in the participation model of democracy and who, no longer able to get them to meetings, watched their members leave the associations (Peppe, 1992). Besides that, as it has happened in São Paulo, people became more isolated inside their homes and families as a consequence of living without predictability and security, a consequence not only of economic crisis and inflation, but also of violence and mistrust.

That meant people became withdrawn in their own private affairs, and more isolated inside their houses and families. There was also an enormous increase in the attendance to new Pentecostal churches which emphasised the need to destroy the devil through rituals of exorcism performed on the individual. This of course occurred at the expense of Afro-Brazilian religions and the Catholic Church, the former, because it has never had conceptions of absolute moralities, the second, because it is fully involved nowadays in political and collective activities in the dwellers' associations, most of which were controlled by people linked to the Church. In it they developed a meaning of community which is making the political translation of this spur of individualism more difficult which is not yet linked to civil or political rights.

More recently, campaigns in favour of citizenship and social justice have spread all over the country. One of the most important ones — a *Ação da Cidadania contra a Miséria e a Fome* — began in Rio de Janeiro in middle class areas or public organisations. After a few years, it shifted from these middle class space to poor areas. It began as a way of creating social links independently from the State and the market, aiming at alternative actions for fighting social inequality, since the State proved inefficient to do so. Nevertheless, the Campaign mimed and interacted with governmental organisations, as it established new forms of association, reinventing old patterns and creating new ways of participation. The social links are initially established between socially distant people who are unknown to each other, and these

later become incorporated into the sociability and solidarity networks created. There is also a focus on the solutions and not on a denunciation discourse, mixing old and new political patterns and religious language which is essentially Christian. The local committees of this campaign are simultaneously marked by the perspective of autonomy and freedom and by localised particular associations which prefer to attend to their own kind: neighbours, church members. That is, their help is directed towards the poor of their neighbourhood, shantytown, church etc.

This implies a new political culture that is not organised in the axis of work, such as trade unions or political parties had before (Jacobs, 1992). Their personal investment is made on community work, where they live. For them, the worst picture of poverty is not being able to participate in such associations or exchange groups. There is in fact a dislocation of class compromises from the place of work to the local or dwelling areas. The most active participants in their former associations (recreational, dwellers' etc), who are now under the control or limited by the power of traffickers, have changed their way of participation and intervention.

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**DRUG TRAFFICKING
IN AN URBAN AREA:
THE CASE OF SÃO
PAULO****Guaracy Mingardi
and Sandra Goulart****Introduction**

This chapter summarises a three-year research project. Over this period we endeavoured to analyse the *modus operandi* of illegal drug traffickers in the city of São Paulo. It aims at mapping drug trafficking in the city, identifying the traffickers' *modus operandi*, conducting a case study in an area of intense trafficking, and understanding the use of the city as a hub in domestic and international trafficking. This chapter presents the main research findings.

For years Brazil has been considered as an important thoroughfare for the international cocaine trade. On many occasions the subject has been addressed in a simplistic way by the domestic and foreign press, as if the big international gangs simply passed through Brazilian territory or as if the trade had little to do with the country's economy, politics or society. In this study, we have set out to demonstrate how this trade operates in the city of São Paulo and how its organisation has a strong presence among local dealers, even if we only take international trade into account.

Situated in the southeast of the country, the city of São Paulo is the capital of the federate-state of the same name and has a population of just over 10 million. Some of its features currently make it the leading Brazilian city in terms of trade in illegal drugs, both locally and internationally. These features include:

- . São Paulo is Brazil's most populous city;
- . It is the city with the greatest economic development;
- . It is generally the main consumer market of any product be it, legal or illegal;
- . It possesses the most extensive street network in the country;

(1) The general coordination of the project was overseen by political scientist Guaracy Mingardi, while anthropologist Sandra Goulart took charge of coordinating the fieldwork.

. The State of São Paulo is an important crossroads for trafficking in and out of South America, since it has the continent's major air and seaports.

Another feature, nothing to do with the city as such but mainly connected with the conjuncture, is the emergence of a steadily growing criminal subculture. One reflection of this is an increasing crime rate over the past twenty years. Homicides, for example, have increased from 30 per hundred thousand inhabitants to almost 60 between 1980 and 2000. Certain crimes against property have increased even more than that. There are countless theories to explain this increase but the fact is that there are greater numbers of outlaws in the city than ever before. Drug dealing is one of the ways how many of criminals earn their living.

The Geography of the Traffic

The first stage of the research⁽¹⁾ was of a geographical nature. We tried to visualise the question by mapping out the distribution of trafficking and the use of illegal drugs in the city. This was an important approach for relating the traffic to the various city districts and use of drugs to the socio-economic conditions of local residents.

Our data were collected from three sources:

- 1) Reports of an incident (BO). This is a document prepared by the civil police registering a formal complaint. The majority of the BOs refer to cases where someone was caught red-handed.
- 2) Book of police incidents from the Departamento Estadual de Narcóticos (DENARC), a specialized agency in the combat against drug trafficking.
- 3) Investigation Orders (OI). These are documents in which all the Civil Police or to the Ouvidoria de Polícia ("Police Ombudsman") are registered.

It is clear that at this stage of the research we made the option to work exclusively with official documents. The main reason is that they enabled us to begin the research by setting a quantitative framework. Obviously these figures, collected for us, did not resume our aim but allowed us to have an initial idea. In our research we did not use the official figures but worked with earlier State documents. Our figures differed from the police statistics on various counts.

The DENARC reports confirm the increase in the city's importance in the drugs market. The numbers of arrests of suspects in *flagrante delicto* reveal a steady increase in the numbers of arrests of dealers and users but also of users voluntarily applying for treatment services.

Table 1:
Annual number of arrests relating to trafficking, DENARC. 1991-96.

YEAR	ARRESTS
1991	284
1992	406
1993	507
1994	408
1995	637
1996	689

Source: DENARC reports

As these figures show, there was an increase of 243% in the annual total of arrests made by DENARC over a period of six years. Much of this increase is due to the expansion of the department, which in 1995 gained an intelligence division, but undoubtedly also reflects the increase in the number of dealers operating on the São Paulo market. We only mention the statistics predating the beginning of the research, for this reason: as soon as we began collecting our own data it became obvious that we could not trust the official figures.

Table 2 :
Origin of dealers caught red-handed — 1996.

ORIGIN	PERCENTAGE
CITY OF SÃO PAULO	41.8
REST OF STATE OF SÃO PAULO	13.7
NORTHEAST REGION	18.5
SOUTHEAST REGION	7.0
SOUTH REGION	5.0
CENTRE WEST REGION	4.1
NORTH REGION	0.6
NON BRAZILIANS	13.7

Source: DENARC reports

It comes as no surprise that 55.5% of all dealers operating on the São Paulo market come from the State of São Paulo. In many countries it tends to be the rule that drug dealing on the streets is done by local leaderships. A preliminary observation of our police inquiries showed that even those born a long way from the city of São Paulo were mostly long-term residents in São Paulo. The only surprise is the high number of non-Brazilians. According to police statisticians' information most of these foreigners were arrested for international trafficking and nearly all were caught in the State's harbors and airports, trying to leave Brazil in possession of cocaine.

Table 3:
Prisoner's situation regarding the labour market

EMPLOYMENT	SITUATION PERCENTAGE
EMPLOYED	82.5
UNEMPLOYED	17.5

Source: DENARC reports

This table is very unreliable. The fact that most of the dealers arrested declared that they were employed is no surprise. Since in order to obtain mercy from the law they need to have a job and a permanent residence most professional thieves declare themselves to be employed (*Mingardi, 1992*). It is also easier for them to persuade judges that they are drug addicts not dealers. Most of the information provided by the accused is never

checked by the police, the State Prosecutor or the Courts. Even if they are found out, as defendants they cannot be punished for perjury. The unreliability of these data has been confirmed by the information gathered from drug users approaching DENARC for treatment of their own accord. Of the 818 persons who sought this service 587, or 71.8%, turned out to be jobless.

While they are not of use for identifying the jobless who turn to dealing, the figures supplied by DENARC do help us understand how many children and adolescents are involved. The following two tables throw light on two major points with relation to minors held for the possession or for dealing in illegal drugs. Table 4 shows that over half of the minors detained were accompanied by an adult, possibly their supplier or boss.

Table 4:
**Minors taken into custody for dealing:
whether or not they are accompanied.**

EMPLOYMENT	SITUATION PERCENTAGE
EMPLOYED	82.5
UNEMPLOYED	17.5

Source: DENARC reports

Table 5:
Illegal drug found on minors taken into custody.

ARRESTS OF MINORS	PERCENTAGE
ACCOMPANIED BY AN ADULT	53.0
NOT ACCOMPANIED BY AN ADULT	47.0

Source: DENARC reports

The figures clearly show that children and adolescents taken into custody by DENARC are crack users. This is a relatively recent phenomenon. The ranking of the most sold illegal drugs varies considerably over time, according to fashion or availability. The following table shows how consumption in São Paulo changed in just five years.

Table 6:
**Persons dealt with by the state prosecutor's office
for using or dealing in drugs — São Paulo —
samples 1990, 1995 and 1999.**

DRUG	PERCENTAGE
CRACK	54.0
COCAINE	22.1
MARIJUANA	5.3
OTHERS	18.6

Source: State Prosecutor's Office and DENARC

The explanation for this table, with its variations in the ranking of the most used drugs, can be found in the history of local consumption. Marijuana is the most traditional of all the illegal substances used in Brazil. It was used for decades by all social classes. Cocaine, which was fashionable among the upper classes and in bohemian circles in the first half of the century, flooded back on to the market in the 1980s. It was used, above all, by the middle classes, as its price has never been attractive for the less privileged. During the 1990s, crack became the "poor man's cocaine" and flooded sectors of the market previously limited to other substances. This is true of street children, who traditionally sniff shoemaker's glue to escape their harsh reality for a short time. One part of town — about twenty blocks — in the centre has so many crack users that it has been nicknamed Cracolândia or "Crackland". The crack boom has now subsided and, after twenty years of oblivion, marijuana is making a comeback as a cause for concern.

The past two decades, successively dominated by cocaine and crack, have left a deep imprint on the São Paulo market. They have led to the entry of new players who have pushed out the old dealers. The major novelty is the increase in dealing-related violence, which scarcely existed until the early 1970s. Another consequence, observed mainly in the last ten years, is the fragmentation of the market. Unlike the Rio de Janeiro market, essentially based on cocaine and highly organised, the São Paulo market is fragmented. It seems to follow the classic liberal model, with an infinite number of dealers and buyers, which results in strong competition and keeps prices low.

Drugs have to travel great distances to reach the city. Marijuana comes from several sources: from Paraguay by lorry, hidden among other goods, the most common of which is timber, or from the north-eastern states of the country, mainly Pernambuco. Small quantities of free-base cocaine — up to 20-30 kg — are normally bought at the Paraguayan or Bolivian border, while larger amounts are usually flown into Brazil, the planes landing and unloading in various parts of the state. Dealers, who have already paid for the goods by bank transfer, receive their orders and transport them by van or lorry to their operating base in the city. The largest seizures of free-base have involved transactions taking exactly the form just described. The largest was 300 kilos in early 1999. Cocaine for local consumption arrives in São Paulo by similar routes, but also comes from Amazonia and sometimes directly from Colombia. The extra expense is compensated for by its sale price, twice that of crack⁽²⁾.

Another important issue concerns the rise in crack use. This product is given a great deal of attention, more than any other in the media, to such an extent that it can seem to be the only drug used. This can be explained thanks to three factors.

1. Many consumers use it in downtown streets.
2. Among the three substances mentioned here, crack is the one that produces harmful effects within the shortest period.
3. Its rapid introduction onto the market. In 1990 it barely existed and only 0.7% of all police seizures concerned. By 1995 this figure had risen to 70%, according to DENARC.

However, it may be that the police have been focusing on crack dealers for some time, increasing the number of seizures and distorted the sampling figures.

Marijuana is in first position because it is still mostly used in middle class neighbourhoods. Of the four areas with the largest number of cases involving marijuana, three are in middle class districts: Pinheiros (14 DP = *Distrito Policial* or precinct), Ibirapuera (27 DP) and Consolação (4 DP). The exception is the Distrito Policial of Vila Guilherme (9 DP), including cases registered relating to the Carandirú headquarters. In most criminal statistics Vila

Guilherme stands out precisely because of the existence of the Carandirú penitentiary complex, where some 7000 inmates were held.

Cocaine does not circulate very much in the two poor peripheral areas of the city, South and East. Most seizures are concentrated in the central and northern areas. The only exception is 27 DP, Ibirapuera, one of the wealthy districts. No working class district experiences high levels of cocaine seizures.

Of the five districts with the highest number of crack seizures, four are downtown: Santa Efigênia (3 DP, or "Crackland"), Santa Cecília (77), Bom Retiro (2 DP) and Cambuci (6 DP). The majority of arrests for the use of or dealing in crack take place in Santa Efigênia, known since the early twentieth century as "Boca do Lixo" or "Garbage Outlet". For decades it has been home to brothels and striptease joints. In the first half of the twentieth century it was also known for its morphine and heroin dens (*Fonseca*, 1988).

Outside the downtown area, crack has been highly popular in the extreme east and north of the city. This is interesting because roughly speaking they are under quite different socio-economic conditions. The extreme east is part of the poverty belt, densely populated with low-income residents⁽³⁾. The northern district, on the other hand, has a core of middle class and lower class residents but the population is less dense. Another factor to be taken into consideration is that this district is home to most officials of the Military Police, possibly leading to more law enforcement.

The São Paulo Market

According to various surveys, there are at least three profiles of illegal drug dealers operating in the city of São Paulo:

Micro drugs dealers:

They correspond to the biggest group operating in the city. Most of them are young, aged 16-27 years. They mainly sell crack rocks and small amounts of marijuana. Almost 80% of dealers arrested belong to this group. The dealing model they follow cannot be regarded as organised crime: most work inde-

(2) A kilo of freebase can be bought in Bolivia for \$400; once turned into crack rocks, it may be worth as much as 4000 - 6000. Cocaine in powder form costs more than double, but in compensation can be resold at a higher price, mainly because it increases greatly in volume as each buyer "baptizes" (mixes) it, so that one kilo may have turned into as many as four kilos by the time it reaches the end-user.

(3) This is a very large district with a mixed population and pockets of middle or even upper class residents, but as a whole the far eastern fringe of the city is inhabited by poor or working class residents.

pendently. They buy small amounts of marijuana or crack stones, and resell them for a small profit. Most of the profits go into drugs for their own use. They are disorganised and poor. Of three arrested two were jobless and one was a poor addict and none tried to bribe the police officers arresting them with a supply of drugs. It is obvious that these cases of petty dealing do not involve criminal enterprises or traditional ones. They act alone or at most in badly organised gangs. Their only possible link with organised crime is the type of customers they have. This type of dealing is the most common in the downtown area of São Paulo. A few are not addicts themselves, only dealers. Some of them are "promoted" to the status of small dealer. The two cases below are typical.

Pedro was arrested in a bar for selling two small packets of cocaine. He was also in possession of a small amount of marijuana. He had had no previous trouble with the police and had no lawyer.

Luciano was arrested while selling to a girl three crack stones downtown, in rua do Triunfo, Crackland. He confessed to be not only a dealer but also an addict. He also said that he was selling drugs to buy his own. He had no police record or lawyer.

Small dealers:

They are retailers but they also sell small quantities to other dealers. They normally operate with quantities of less than 10kg.

Small dealers may be independent or manage a *boca* (spots where traffickers and users meet). Often they have a criminal record for dealing or other offences, usually crimes against property. They do not work alone, unlike petty dealers. Very often they have up to three partners or employees. Most of them are aged 20 years or more, some more than 40 years.

The following two dealers belong to small dealer category:
Ávila was arrested while selling some 300 crack stones. He was arrested along with his uncle and partner in the deal. They were caught red-handed and neither volunteered the name of a lawyer. They were not armed.

Tibiriça is typical — not specialised in a single type of merchandise. He had no criminal record and was arrested in his apartment with cocaine, freebase, LSD, marijuana and Ecstasy.

Despite the evidence, he was wordless and did not call a lawyer.

Small dealers are on the borderline between the gangs and organised crime. According to an assessment of their own members, the downtown groups are less organised, without territories, and their hierarchies are weak. In some peripheral areas *bocas* are more structured. Lookouts warn of police arrivals; there are so-called "*passadores*" (pusher) or "*aviões*" (airplane) who deliver the goods, *boca* managers and bosses.

The retail drug price varies from outlet to outlet. The clearest example is that of crack stones whose price may be as high as R\$ 10.00 while in Crackland they can be found for as little as R\$ 3.00.

Medium dealers

They are retailers or wholesalers dealing in amounts up to 250kg.

Kito was arrested, with a helper in a truck, in a lorry transporting 200kg of cocaine base paste on the way to São Paulo. It is calculated that 700,000 to 1,000,000 crack stones can be produced from this amount of base paste. He is well known in the south of the city and he controls dealing in Vila Joaniza. He works with drugs in two ways. He transforms freebase into crack and sells it at two outlets that he controls in that district. He sells wholesale to another smaller dealers who make their own crack.

Both Kito and his assistant were primary of São Paulo. The drug had been collected from a plantation in the interior of the State of São Paulo where Bolivian dealers had dropped it from a low-flying aircraft. It had already been paid for by bank transfer.

The gang has its own lawyer who is well known for his work in major drugs trafficking cases. This implies a certain degree of business stability.

Violence, Corruption and Trafficking

The introduction of crack and cocaine on to the São Paulo market led to an increase in violence. Until the early 1970s only a few deaths in the city were related to drug dealing, most of

them the result of scores being settled between dealers. Drug dealing and drug use are now responsible for almost 20% of murders in São Paulo, but they are not distributed uniformly throughout the city. There are areas where dealing is intense but there are few murders, while other areas are very violent but there is little in the way of drugs. My reading of this is that related to drug dealing violence is linked to two distinct factors:

- . the local history of violence: the areas in which dealing causes many deaths are those in which the city has traditionally been more violent, for example, the south-western districts which have been at the top of the murder chart for more than 20 years;

- . the shortcomings of law enforcement: in the district nicknamed "Crackland", right in the centre of the city and recognised as the area where most crack is used, policing is far more effective than on the outskirts, where there is less drug use. The result is that the "Crackland" dealer engages in far less killing than his colleagues on the outskirts.

Law enforcement, or rather its absence, is one of the factors affecting dealing. The various Brazilian police forces have little or no chance of tackling the problem. Except in very rare cases, it is only small and substantial dealers who come up against the law. Fewer than ten substantial dealers supplying São Paulo have been arrested in the past ten years, while it is estimated that there are at least a hundred of them operating in the city. Several reasons for this ineffectiveness have been put forward, two of which seem the most plausible. The first and perhaps more important is corruption. Since the cocaine boom, the number of cases of police officers involved in dealing has been increasing steadily. The corrupt São Paulo police officer has at least three ways of increasing his income with the help of drug dealing:

- . freeing prisoners in return of payment;
- . taking half the quantity of cocaine seized and selling it.

In order to avoid

suspicion, he adds powder or another substance to the cocaine, thus maintaining the weight of the original seizure;

- . receiving a previously agreed monthly payment from the gang, known as "the book".

The other reason for the lack of control and repression of the Brazilian law enforcement services lies in their origin. The police, the public prosecution service and the judiciary were established to act against individual criminals. The law itself was drafted based on individuals, rather than gangs. In a typical case, the police arrest and supply evidence against an individual selling cocaine, but only against him. They do not track down the other people involved. The prosecutor prosecutes only the dealer, and the judge does not even want to know whether or not the individual belongs to a gang. Each simply follows the letter of the law, which dictates the imprisonment of the dealer.

As far as big dealers are concerned, the Brazilian judicial system hardly ever hears about them. Law enforcement with respect to dealing leaves a great deal to be desired. There are gross shortcomings in the way investigations on organised crime are conducted. Different police forces do not share the same concept of organised crime. There is no clear idea as to how it should be tackled. The one thing that is absolutely clear is that the international drug trade is of exclusive competence of the Federal Police.

Who, though, is responsible for curbing trafficking between States? In fact, no sector of the Brazilian police is specifically responsible for it. State police seeks only to curb local dealing. The Federal Police is responsible only for international trafficking. Metaphorically, it is safer to transport cocaine from Campo Grande to São Paulo, a distance of more than a thousand kilometres, than to sell the cocaine in São Paulo, or transport it from Puerto Soares to Corumbá. The Federal Police operates at the border, the Civil Police in São Paulo. No one operates in between.

Another weakness is the lack of communication between police forces. There is no practical way of exchanging information between State police forces. A computerised database has been established at the federal level very recently. It is fortunate that major international gangs invest only rarely in the Brazilian market. They are usually involved only in transporting cocaine abroad. The fragmentation of the market is one factor that makes it unattractive for big dealers to invest in the Brazilian markets. The advent of crack may be the single factor that has mostly contributed to that fragmentation. Another important

factor is the difference within goods, as local crack consumption dealers normally import free-base cocaine, but not cocaine in powder, which is the most exported product. A third factor is price. Cocaine costs ten to twenty times more in Europe and the United States than in Brazil. It is therefore far more profitable to export it than to sell it in the country. Furthermore, traffickers run few risks in Brazil, so exporters can operate with no fear of the law.

This has resulted in the biggest traffickers using São Paulo as a base or channel. The state is a crossroads for most of the goods passing through the country and is therefore also used by cocaine exporters.

Cracolândia ("Crackland")

The third phase of the research was conducted in the district identified as the main drug consuming area in the city, known as *Cracolândia* or "Crackland". The research was conducted in May 1999.

Although the name of the area covered by the research suggests a close link with "crack", the intention of this study was to gather and analyse data concerning all kinds of illegal drugs. From this point of view, one of our questions referred to the analysis of the actual association between the district called Crackland and the use or sale of that drug. It should also be stated that, when speaking of drugs, we shall invariably refer to those considered, by Brazilian legislation, as illegal whether for sale or use. In other words, these are "illegal drugs".

Initially we consulted police sources, classifying and analysing police records and denunciations to the Civil Police (DENARC and DECAP), relating to offences involving the use of or dealing in crack, and other drugs. This covers the period between June 1998 and March 1999.

After having gathered data from these sources, we decided to analyse the empirical reality. We compared the figures from the police data with our actual observation, with a view to understanding the police records, especially because they were incomplete. On the other hand, we also set out to verify whether

the locations registered by the police as being the main points of use of or dealing in drugs were actually those most used by persons linked to the offences. The police registers may be of more use for demonstrating a given operation or even a specific perception of the area, rather than for analysing the movement, supply and demand of drugs in a given district. It must be noted that the registers at our disposal were all those of the Civil, not the military, Police.

We also aimed to acquaint ourselves with the local population, identifying above all those groups most involved with street life and the link that they maintain with the use of and dealing in drugs in general. On this score, we did research on the profile of this population in an attempt to verify, *inter alia*, which groups (children, beggars, prostitutes, transvestis, the jobless, etc.) were most closely related to drugs.

The first finding of our research was that the geographical definition of the district known as Crackland varies according to the person asked. Some people think of it as only half a dozen blocks while for others it covers virtually the whole of central São Paulo. Nonetheless analysts generally agree that the centre of Crackland lies to the north of avenida São João, in Santa Efigênia.

After the first week of fieldwork we noted that we could restrict the area still even more. The cases of crack use or dealing observed indicated that we could exclude the six blocks between Av. Rio Branco and rua Santa Efigênia, fixing the latter street as the south-western limit of the area under research.

In the first half of the twentieth century this district was known as the Bohemian quarter of São Paulo. Over the past few decades it has suffered from the same inner city decay as the rest of downtown São Paulo and lost its status. Until crack arrived it was known as Boca do Lixo, as low-class prostitutes lived there. In the 1970s, for example, the whole area from present-day Crackland to Av. São João was full of striptease joints, brothels and, latterly, explicit sex joints. The arrival of crack brought the district down even further.

It could be divided into at least three separate areas:

- Crack Zone — rua dos Andradas, rua Vitória, rua dos Protestantes and rua Gal. Osório

- Prostitution Zone — Basically rua Santa Efigênia and rua dos Andradas, and the interlinking side streets.
- Mixed Zone — Blocks nearest to rua Mauá, Av. Duque de Caxias, Av. Ipiranga and Av. Cásper Líbero, i.e. near the boundaries of Crackland.

Log of Interviews and Fieldwork

The fieldwork entailed regular visits to the area, carried out on different days and at different times, with a view to observing the differences in the movements connected with the use and sale of drugs. The visits were made for the most part by researchers working in pairs, who walked around the different blocks of Crackland, observing general activities and the flow of people in the area, and making contacts with them. The initial contacts made it possible to gather information about Crackland, which helped us to create a log of interviews and to select the people to be interviewed. Our initial contacts were rendered difficult by disastrous declarations by the police the week before. According to these declarations, the area was under police surveillance and being filmed. Nonetheless, we gradually managed to contact people and carry out our interviews. Contacts were made and people in the streets were interviewed (both adults and children), along with persons linked with prostitution, local residents, traders and local workers, people involved directly with drugs, as users and dealers (adults and children) and local employers.

Despite the differences between the interviews, we managed to compile a list of the questions common to all of them, since the same points kept popping up. Our constant concerns were: how long the interviewees had been in Crackland; their socio-economic profile; some details about their lives before they came to the area; their relationship with drug users and dealers in Crackland; their position in Crackland.

Some of the interviewees — traders, workers, those linked with prostitution and representatives of various bodies — had been in Crackland for over twenty years. The interviews were vital for our assessment of any changes in recent years in the area currently known as Crackland. Given the tenor of our research, we were interested in registering any facts about

changes occasioned by the arrival of crack in the area.

We noted that anyone directly involved in drugs, and in particular in crack, tended to have been in the area for less time. The same goes for the street dwellers not directly related to illegal drugs; one possible explanation is the apparently fluctuating character of this population. In fact, we noted that both groups — persons involved in illegal drugs and street dwellers — constantly move around between Crackland and other parts of the city. Although some questions were common to all the interviews, some of them involved special points, depending on the group to which the interviewee belonged. We defined four separate groups, representing different types of occupation in Crackland:

- A. Persons formally employed and residents;*
- B. The world of illegal drugs;*
- C. Prostitution;*
- D. Street dwellers.*

A. Persons formally employed and residents

This group comprises persons who have been in the area for more than two years. Some of the interviewees have maintained working or residential links in the area under study for more than twenty years. This means that not only do they have a special overview of the changes that have taken place but also tend to have closer links with the district.

Despite some variations within the facts about involvement with illegal drugs, people in Group A in general were neither alarmed nor scared by the impact of activity resulting from the use or sale of psychotropic substances. In fact, from the outset of the empirical research, one fact that became evident at once was the natural way in which traders, employees and residents in the district addressed the subject of drugs and the use of crack in particular.

First of all, it is clear that this attitude shows the routine nature of this type of offence in the district. However, it also shows that the people involved with illegal drugs are not necessarily associated with being dangerous or seen as a threat to society. On the contrary it was agreed that people involved in drugs deserved pity. Indeed, an idea that often emerged from the interviews with members of Group A was that the most

negative effects of links with the world of illegal drugs were reflected in the lives of those persons involved in that world. In other words, for traders, employees or residents of the district, drug users and dealers were to be commiserated with or looked down upon but not feared.

This does not mean that the residents or workers in the area fail to recognise that violent acts linked with the use or sale of illegal drugs do take place. But it does imply that violence takes place within the group involved with those substances. There were several reports of cases of physical aggression and even death involving people directly related with the illegal drugs group. In general, the stance taken by the district's residents and workers could be defined as a kind of indifferent tolerance and a refusal to get involved.

Another important issue concerns this group's attitude towards the police. Curiously the police are often seen as a disturbance. One of the commonest criticisms was that police action against crack dealing was inefficient. In most of our contacts and interviews with local residents and workers this inefficiency was explained as being a result of informal agreements between the police and local dealers. There were plenty of stories about agreements between the police and certain dealers, allowing free transit at a certain time of night. Many people referred to major negotiations between the police and dealers.

B. The world of illegal drugs

This group comprises persons using or dealing in illegal drugs. It is true that of all drugs the one most used in the area under research is crack. The users of this substance are known as *nóias*. This term is used invariably by residents and workers, the whole community in fact, for people who take crack all the time. The expression refers to one of the typical side effects of crack and is an abbreviation of "paranoia" — crack use results in a state of anxiety or nervousness and, above all, a desire to repeat or even increase the dosage.

We realised that the term *nóia* is used whenever people try and distance themselves from practices linked to the use or sale of crack. In this way *nóias* are always "others" or, in other words, people seldom use it to refer to themselves. *Nóias* are uncontrollably dependent on crack, i.e. they are addicts. The expres-

sion may be used by locals who do not use crack when referring to people linked to the drug, whether users or dealers. It may also be employed by people involved in petty crime, such as prostitution or by street dwellers, especially groups of them who are very close to the world of illegal drugs, since they all share the same space, the street. In these cases the term is used as a means of creating a distance between extremely close groups. It is important to highlight the difficulty of differentiation detected during the empirical research. By this we mean the distance between crack users and dealers. Although we could say that many users do not identify themselves as *nóias*, on the other hand most people selling crack are seen by the local community as users of the substance and are therefore referred to as *nóias*.

Many interviewees mentioned cases of those responsible for selling crack ending up by consuming some of the crack that they were meant to sell. People working, residing or hanging around in the district classify dealers according to the amount of crack being sold. According to the local community there are small, medium and large dealers. Virtually all of them admit that in Crackland small dealers predominate or that people sell only small amounts of crack. One of the most usual explanations for this predominance is that dealers also use some of their merchandise.

However, this classification does not tally with what is known about dealing in the city as a whole. Within the general classification of dealing in the city most local dealers are so-called petty dealers. Their suppliers are small dealers, possibly getting their supplies from non-resident, substantial dealers. There is no suggestion that large dealers even come to Crackland. This difference between the local assessment and the widely held view shows that the perspective of the local community is restricted to day-to-day observation. The table below is an attempt to relate the two classifications.

Table 7:
Comparison between the classification used by the community in Crackland and the police classification

LOCAL CLASSIFICATION	GENERAL CLASSIFICATION
SMALL	PETTY
MEDIUM	SMALL
LARGE	SUBSTANTIAL

Since it transpired during our research that the most frequently found drug in Crackland is crack, we shall now describe in detail how this substance is prepared, consumed and marketed, and the profile of the people involved in its use.

The small dealers in the "area" not only can be identified as users of crack but they also share many characteristics with *nóias*. Most of them live in the same places as many of the *nóias*, namely the small boarding houses in Crackland, and although some of them are slightly better off than most users (many of whom cannot afford their daily rent) like crack consumers they tend not to have a fixed abode, constantly moving from one boarding-house to another.

As far as the demand for crack is concerned, this is more controversial. In some reports it is stressed that local dealing is mostly sustained by external demand, or in other words that the biggest buyers of the drug live elsewhere in the city and belong to better off classes. According to this line of thought we heard stories that, especially at night, Crackland is frequented by "luxury cars" from which potential buyers emerge.

On the other hand, some of the interviews and information suggest that local dealing is based far more on local demand. Accordingly some of the local street dwellers — children, beggars, unemployed persons and groups exercising activities such as prostitutions (including transvestites) or even people living nearby — are said to be the main consumers.

Initially our field observations seem to uphold this notion that dealing in Crackland is mostly based on local demand. During our incursions into the district we seldom noted the presence of anyone from outside. Nor did we notice the aforementioned "luxury vehicles" driving around Crackland.

This issue of the demand for the crack sold in Crackland needs to be analysed more attentively. Whether the demand is mostly internal or external to the area under study could have different consequences for the origin of the money used for buying drugs. If the consumer market is essentially local the first question would be how the local residents can afford to buy drugs, especially since most of them are not involved in money-making activities. This points to a possible link between dealing in and consuming crack and acts of petty crime, such as theft or robbery. On the other hand, if demand is mostly external that would reduce the link between local crime and crack dealing and use.

According to some reports and interviews the presence of buyers and/or consumers of crack from outside the area used to be greater. This might be precisely because in the past the area was not yet generally known as Crackland but also because the policing was less intensive. Once the area became more closely associated with crack and, according to the statements, more "famous as Crackland", police action became more frequent, scaring off any buyers from outside the district and consequently deterring them from coming to the district.

This information matches the data presented in another report where it is claimed that, although the district is now better known than before as a place for crack, the main dealing in and use of crack in the district, both for external or internal demand, took place in the past. According to these reports, for example, whereas today it is possible to find blocks in Crackland where at night as many as thirty or forty people consume crack openly, in the past the same streets were full of people, including far more *nóias* (some reports speak of fifty people or more). Consequently there would appear to be a kind of migration of users and dealers away from Crackland to other parts of the city. It could be concluded that the original Crackland is now being dispersed and its members or protagonists are moving to other places like Praça Roosevelt or Praça República.

Still on the subject of dealing, it is worth mentioning the prices of crack sold in the area under study. The price is R\$ 5.00 for a small crack rock while some larger rocks may fetch as much as R\$ 10.00. Rarer are tiny rocks sold for R\$ 3.00. We noted that, often, local consumers — children, street dwellers, prostitutes

and transvestites — buy a couple of crack rocks together and then share them.

As we said at the beginning of the chapter, our empirical research entailed daytime and night time walks around the blocks of Crackland. We set out to observe movements linked to dealing in and use of crack. Curiously we soon understood that our itineraries closely resembled those of users and dealers — who continuously walk round and round while buying and selling crack. Both buyers and sellers walked around streets most closely linked with traffic in the hope of making contact with someone. Anyone walking around the area especially at night can be approached, as they are seen as potential buyers or sellers. It is also interesting to note that we researchers were sometimes approached both by dealers wanting to sell us crack and by buyers.

While dealing entails constant moving about, crack users on the other hand usually consume the substance sitting still on the pavements. They have a preference for pavements in front of long walls, i.e. where there are few shops or homes. They call them "*paredões*" or "big walls". The *paredões* are mostly used by *nóias* at night. During the day we sometimes found people in Crackland using crack but we found far more at night. The same can be said of the dealing which, even more so than consumption, mostly takes place at night.

We could not determine the exact number of rocks that a *nóia* can consume in one night. Roughly we could say that a highly compulsive *nóia* can smoke as many as twenty rocks in a five or six-hour period, if he can afford to buy them. This does not seem to be the case of local *nóias* who cannot afford that many rocks. In approximate terms, we could say that on average they get through six rocks.

As we said earlier, the term *nóia* also refers to a side effect of taking crack. This is related to the euphoria reached by the user and the paranoid desire to obtain another dose of crack, and other more specific obsessive sensations, such as a heightened feeling of persecution. *Nóias* are well known for constantly picking up pebbles off the street in the hope that they are crack rocks that have been dropped.

Properties and preparation: Crack is obtained from a mixture

of bicarbonate of soda and powder or freebase cocaine. It is more common to use freebase and pure cocaine is very rarely used. They are mixed and cooked together and the rocks are formed from the vapour and ashes resulting from this process: this is crack proper. The place where it is prepared is called a *cozinha* or "kitchen".

Although we did not manage to extract from the locals any information about the exact location of the kitchens our information suggests that many of them are nearby or even in Crackland, i.e. much of the crack sold there is prepared on the spot. According to interviews with former DENARC officials, until a few years ago nearly all the crack consumed was manufactured in the area. Dealers used around 500g of cocaine and 250g of bicarb. They would mix it together in a small pan and obtain just under 750g of crack (some is lost during the process). With the increased demand some now has to be manufactured elsewhere. Proof of this is that recently the police have seized crack from Bolivia and Paraguay.

Profile and situation of users and dealers: Owing to the short period of the study we were unable to work with a sufficiently large sample of the community to extrapolate any socio-economic means and other data. A farther-reaching study of the socio-economic profiles of the population linked to the consumption of and dealing in crack would require a longer period of empirical research. However we shall present here some observations on the initial data with respect to the features of the users and dealers of crack in the research area.

The first point to be highlighted concerns children involved in crack use or dealing: crack is usually associated with minors, especially poor ones, street children and delinquents. This association receives a lot of media attention — in fact Crackland became famous as a place where children could be seen smoking crack in broad daylight.

However, during our research we noted that most people involved with crack in the district were adults although admittedly many of them were very young. There were adolescents and children, but they were far fewer. In general, they can be seen in the daytime, especially the youngest of all. We did see children as young as 8 years old smoking crack in the street. Of

course, these were extremely shocking scenes and this is why the area is associated with child crack smokers.

These surveys and the interviews, plus our observations, indicate that most of these children have no fixed abode and sleep in the street or in parks. The Parque da Luz, for example, near Crackland, is full of children and other homeless sleeping, especially during the daytime — at night it is closed. During the daytime we counted 19 people who slept there every day — five children and fourteen adults. Praça Roosevelt and Praça da República were also mentioned as favourite sleeping places.

At least one case, unconfirmed, was mentioned of middle class children and adolescents leaving their homes because of their addiction. Apparently one is the disabled son of a judge and former detainee who lives in a Crackland boarding-house to consume crack; he is supported by his family whose attempts to remove him have failed.

Children are the main victims of local violence since they are more heavily addicted to crack than adults. It is said that many children are constantly attacked or even killed for failing in their crack selling "duties". We tried to back this up with evidence but could find no specific cases, over the previous year, of murders of children in the district. We did come across various cases of sexual exploitation of minors related with the local crack trade. Girls are more exploited than boys; they sell their bodies for crack — our interviews found direct evidence of one case of this.

This violence does not affect only children. Adults also suffer the consequences of being related to the world of illegal drugs. Many adults, like children, die of crack use, usually owing to overdoses. Some die as a result of fights with dealers or other users.

C. Prostitution

Apart from field observations on this group we also conducted interviews with people involved in prostitution in Crackland. We could divide this group into two sub-groups: prostitutes and transvestite prostitutes.

The group of prostitutes seem to be the most established

group in Crackland. Some of them have been working there for more than ten years. Female prostitution in the city is mostly based in certain Crackland streets, such as rua Santa Efigênia, a favourite haunt for prostitutes.

One interesting fact is that prostitutes mark out their own territory, and it is separate from that used for crack dealing. When we contacted or interviewed prostitutes we kept hearing about the important difference between the prostitution area and the drugs area, especially with regard to crack. In one interview, in particular, the interviewee said that there was far more violence in "Crackland", and it was related to the crack trade. Yet curiously the interview was actually taking place in one of the streets in the area normally regarded as Crackland. This backed up the notion that the streets frequented by prostitutes for soliciting customers are not seen as part of Crackland as such.

The same differentiation cropped up in interviews and other contacts with transvestites. These operate in various hotels and have been working in Crackland for nearly two years. The transvestites we interviewed said time and time again that the places where they worked had nothing to do with the crack trade or any other drugs, although they admitted that away from the hotels other transvestites might be involved in crack use or sale — especially use.

This differentiation in the minds of people linked with prostitution does reflect the local situation to some extent, since prostitutes ply streets that are not mainly used for the use or dealing of crack, but it also needs to be put into perspective: after all, members of this groups are doing illegal work. Of course, it is very important for prostitutes and transvestite prostitutes to make a clear distinction between their own activities and those linked to crack, as a way of toning down the illegality of their own activities.

However, if we take a closer look at the world of prostitution in the area under study we note that the separation between the world of prostitution and the group linked with illegal drugs (especially crack) is not so clear-cut. Even in the surveys that showed up a distinction we can see that there are in fact many connections between the two worlds. For example, in one interview with a prostitute, just after stressing the difference between "crackland" and prostitution land, she went on to mention sever-

al occasions when her customers came to buy crack or asked prostitutes how to get it. She also mentioned acts of violence or attacks on prostitution due to the use of crack.

Many of the interviews with transvestite prostitutes emphasised the difference between their territory and "Crackland" but went on to mention cases of customers whose only reason for finding a transvestite prostitute was to have someone to smoke crack with. They told stories of customers who paid transvestites for a whole night in order to smoke R\$ 100.00 worth of crack rocks.

Transvestites and other prostitutes work in different places and streets possibly to respect each other's stamping grounds. Nor do they work exactly the same hours. Prostitutes tend to work in the daytime while transvestites tend to work more at night. During our research we noted that the middle of the night is crack time. After midnight hardly anyone out in the street has nothing to do with crack, whether smoking or dealing. The only exception is the transvestite prostitutes who ply almost the same areas as the *nóias*.

D. Street dwellers

This group comprises people living in the street in Crackland but not directly involved in the consumption of or dealing in crack. It is an extremely heterogeneous group, comprising beggars, jobless persons, people in casual employment, homeless people including children, all kinds of people without occupations, former detainees, etc. It should be highlighted that it is very difficult to distinguish genuine street dwellers from *nóias* in advanced stages of decline.

It is an extremely mobile group since its members are constantly being renewed, partly as a result of clean-up campaigns. While newcomers constantly arrive on the district's streets, others migrate to other parts of the city — thus the population is always in flux. We opted for defining this group as a specific Crackland community, not necessarily related with the world of crack or other illegal drugs, because during our research we realised that it is a typical group in the district and occupied Crackland even before it received its moniker.

One of the main sources of income for members of this group

is garbage. We observed countless members of the group sifting through the rubbish of local shops, especially between 7 and 9 p.m. when the rubbish vans pass through. Many of them recycle paper and walks through the streets pushing carts full of paper and scrap metal.

Their other source of income is, of course, begging. They do this mainly during the day. We noted, however, that the number of daytime beggars is smaller than the number of street dwellers at night. This may be explained by the fact that some beg in other parts of the city but come back to Crackland at night to sleep, collect waste paper or take crack.

Contacts and interviews with members of this group suggested that, precisely because of their close contact with the crack-related group, they tend to be affected by the latter group's actions. Sometimes conflicts among dealers or between dealers and consumers of crack affect street dwellers not directly involved in dealing in or using this drug.

Similarly the street dwellers may be confused by local traders with *nóias* and this results in more aggression towards them. In this regard, in an interview with a street dweller, a former detainee, we were told of the presence of vigilantes contracted by local traders to remove people from the pavements in front of some shops in the district. Some of the street dwellers therefore prefer to sleep during the day. According to another interviewee their preferred location was the Parque da Luz, which opens at 8 a.m. Unsurprisingly, relations between this group and the police are quite tense.

The Limits of Law Enforcement

The analysis of police law enforcement in Crackland was based on four different sources:

- . Police reports on the use of or dealing in illegal drugs,
- . Direct observation,
- . Interviews,
- . Police statistics

The following tables and graphs were produced from the first source, police reports. They refer to the period January 1998-April 1999 and cover the whole of 3 DP (*Police District*), not

only Crackland — which is just one third of the police district. The reason for taking into consideration all the police reports for the district is that many do not mention the exact location of the arrest, and could refer to arrests inside or outside our specific area. Despite this, the assessment of all reports does not interfere with the analysis since we verified that police action inside and outside Crackland differs little.

Table 8: Substance seized by the police.

Substance	NUMBER	%
Crack	195	81.3
Marijuana	6	2.5
Cocaine	17	7.0
Crack and Marijuana	15	6.3
Crack and Cocaine	4	1.7
No information	3	1.2
Total	240	100

This table unequivocally demonstrates that the main merchandise in the area is undoubtedly crack. Out of every five arrests at least four were crack users and dealers, as the area's name suggests. The following table shows the percentage of arrests of dealers and users by the police.

Table 9: Reason for imprisonment

Reason	Number	%
Dealing	71	29.6
Possession	126	52.5
Possession and dealing	43	17.9
Total	240	100

The most interesting thing about this table is the small number of arrests for dealing in illegal drugs — under 30%. In the city as a whole more than 40% of police arrests are for dealing, which suggests that in Crackland the proportion of arrests of users to arrests of dealers is higher than elsewhere.

Table 10: Place of arrest

Place	Number	%
Public highway	197	82
Hotel	30	12.5
Apartment	6	2.6
Bar	3	1.3
Others	4	1.6
Total	240	100

The overwhelming majority of arrests take place on the public highway. Hotels are in second place, with a significant characteristic. Of the thirty cases registered, only six were for possession alone. 18 were for dealing and another six both possession and dealing. In other words three-quarters of the arrests in hotels were dealing-related. This led to the conclusion early on in the survey that local hotels are the venue for the heaviest dealing.

As a rule the quantity of illegal drugs seized is very small — 7.3 grams on average — confirming the notion that the police focus on users and petty dealers. Only 1.742kg in all was seized and the biggest seizure during the period studied was only 315g of crack. Direct observation and interviews revealed other significant facts:

1. The Military Police regularly but inefficiently patrols the area. We interviewed someone who had been stopped by the police and had marijuana on him.
2. The work of the Military Police is often half-hearted. We observed a case where policemen were searching people in a bar and watching a football match at the same time. Anything smaller than a weapon would not have been found.
3. Some places, such as boarding-houses, are patrolled virtually daily. Yet known dealers are scarcely affected.
4. The Civilian Police — especially DENARC — spend the night in a local bakery. Virtually every night that we spent in the area we saw a DENARC vehicle parked outside and its occupants were drinking, eating and watching TV.
5. The Civilian Police use informers who act as agents provocateurs. We were approached by one who asked if we wanted to buy some crack in an obvious attempt to provoke us into an illegal act. In police language this is known as "*criar uma situação*" or creating a situation. Those involved may have to bribe their way out.

6. Information from traders, locals and users told us that some military policemen often break any crack pipes they find in order to obtain some of the crack in addition to the R\$ 20.00 they extract from the *nóias*.

Our other source, police statistics, enabled us to compare interviews with facts. The table below compares 1° Distrito Policia (1st precinct), or Sé, the city's busiest district, with 3° Distrito Policial, or Santa Efigênia.

Table 11:
Police records 1998 — Comparison between Sé and S. Efigênia

	S Efigênia	Sé	Difference
Homicide	31	67	-36
Theft	4422	3523	899
Robbery	2458	1976	482

Source: cap (Coordenadoria de Análise e planejamento — Analysis and planning coordination) SSP/SP

One thing that stands out in this table is that 3° DP, where Crackland is located, is not that dangerous, since fewer homicides take place there than in Sé. However the number of crimes against property are far higher. This means that the information given us by the local community was incorrect on at least two scores:

1. The use of or dealing in illegal drugs in the district kill far less than is supposed;
2. Offences committed by *nóias* to obtain money for crack are committed in Crackland and not elsewhere.

Analysis of the police records on homicide or attempted homicide reveal other special features of the district. Of the fourteen records registered from 1 January to 15 May 1999 only half occurred in Crackland proper. The other seven took place elsewhere in 3° DP. Of the seven cases that took place within Crackland only 4 were possibly related to drugs, the other three were crimes *passionnels*, possibly exacerbated by the use of crack — but this is just guess work.

International Trafficking

Unlike what happens in the case of local trafficking, in the case of international trafficking we discovered that various criminal organisations are involved in transport of drugs. One of the most important criminal organisations to have operated in the state developed in the 1980s and survived until 1992 or 1993. Its members included directors of medium-sized companies, four airline pilots, an influential politician, several police officers and a big businessman. Its *modus operandi* could be described as follows: they bought cocaine in Bolivia or Paraguay and flew it to a medium-sized town in the middle of the state of São Paulo. From there, it was transported to the port of Santos, the busiest in the country, where it was loaded for transportation to Europe. The town where the plane landed had several advantages: it was dominated by the above-mentioned politician; the local airport was not monitored and the town was fairly close to Greater São Paulo. The ring was apparently broken following political change in the state when a new Governor was elected whose party had no connections with the leaders of the ring. However, no important member of the group was arrested, apart from a few pilots who were arrested on landing. Nor was any police investigation opened against the heads of the organisation. The political and economic influence of the members of the ring was perhaps too great for the forces of law and order to confront.

The following three cases concern other types of criminal organisation operating in Brazil. They are organisations that were founded abroad but established links with authentically Brazilian criminal gangs.

The Mules from Nigeria

According to virtually all sources since the 1990s Brazil has become one of the main hubs of cocaine traffic for the United States and Europe. Major seizures have taken place at the country's main harbors and airports. Some were enormous, such as that made by the Federal Police in Amazonia, coming to more than three tonnes of cocaine.

Less newsworthy but far more common are arrests of persons transporting small quantities of products hidden under clothing or in luggage. In some cases individuals have been arrested who had ingested capsules containing a few grams of cocaine. One of the main groups dedicated to this activity is composed basically of Nigerians. According to some police officers this is the main group. The penitentiary census of 1994, by the Secretariat of Penitentiary Administration, confirms this to some extent. It revealed that 74 Nigerians had been taken into custody in São Paulo — only in the prison system proper, without counting anyone held in remand in state or district police gaols. They were the main foreign contingent among the prisoners, exactly twice as many as the national group coming in second place, Chileans, 37 in number.

The first cases involving Nigerians occurred in the early 1990s. They aroused interest because of the unusual nature of what they were doing. Africans transporting cocaine from Latin America to Europe. Over the next seven years, the system became more sophisticated, in various stages, always one step ahead of the police.

A reading of police reports and interviews with police officers responsible for the arrests revealed a historical model of the stages of the activities of the main criminal organisation of Nigerians carrying cocaine through Brazil:

Direct transport

The merchandise would leave Brazil directly from Guarulhos International airport (São Paulo) carried by the organisation members themselves. The destination could be Europe or they might stop over somewhere in Africa.

Other Nigerians

Those carrying the cocaine were Nigerians not directly linked with the organisation but simply contracted as mules. They would pick up the merchandise in Brazil and take it to Nigeria from where it was transported to Europe or South Africa.

Concealed in cargo

The cocaine was transported as cargo, hidden among fridges, automobile parts or bottles of drink. Sometimes it was

flown direct to Europe, sometimes via Africa. Usually it was taken by customs but the person responsible for dispatching it could not be found. Santos harbour or Guarulhos airport were the main exit points.

White Mules

The organisation contract poor Europeans, mostly white, to act as mules (hence White Mules) and the merchandise travels directly to the mule's country of origin, by passing through Nigeria.

White mules receive US\$1000 - 2000 for the work plus travel and subsistence allowances. They usually stay in flats rented for a few days. In some cases they are attracted by the trip, an opportunity to travel. This was the case of two young, low class British women, one white, one black, arrested by the Federal Police in Rio de Janeiro. According to press interviews they had agreed to transport the cocaine because, in addition to the money, they were entitled to a week in Rio, all expenses paid, a dream for someone of their economic status in normal circumstances. Their cases are very similar to those of many others related in discos by wealthy Africans. Other mules are paid more but are professionals; they are unconventional and are consequently less suspected by the police. These included an elderly lady, for example.

In the period of a year the São Paulo Civilian Police arrested nearly 30 White Mules working for Nigerian groups. According to police estimates this accounts for 10% of the total numbers. Each mule transports 2 - 4 kg of cocaine. A single organisation sent 20 or so of the White Mules arrested. It is calculated that this organisation sent almost a tonne of cocaine to Europe in a single process. When arrested the mules revealed their contacts with the Nigerians but later denied this when making statements to the police or the courts.

The manager of the organisation in Brazil, a Nigerian, Peter Christopher Onwumere, was arrested in São Paulo on 27 March 1997, in possession of a small amount of cocaine and in the company of four other Nigerians. He spent most of his time in São Paulo but his men worked on the border with Bolivia. He bought his cocaine on the Brazilian side of the border and his employees, some of them Brazilian, transported it in batches of

ten to fifteen kilos to São Paulo, where it was wrapped and sent by European "mule". The price of cocaine bought in Bolivia was between one and two thousand dollars per kilo. When arrested he had been living in São Paulo for seven years.

Although fewer and fewer Africans are arrested in São Paulo transporting cocaine, at least 25 have been caught over the past thirteen months (March 1996 - March 1997). Of these only 3 were women. 18 were of Nigerian nationality, 3 South African and one Liberian. The average age was 30 years — 7 were 28 years old, the commonest age.

Many of them were in possession of drugs but had not bought an air ticket anywhere. They were waiting for the mules to arrive. Of those already with a destination most were headed for Abidjan or, in second place, South Africa. Others said they were going to Africa but the country or airport were not noted.

The merchandise was mostly carried in luggage — in seven cases it was found in false-bottomed cases. In second place came hand luggage and in three cases the mules had swallowed it.

The work of Czech researcher Miroslav Nozina on the Nigerian rings and their connections with the outside world clarifies the issue a great deal. It shows that groups similar to those operating in Brazil are among the main dealers in Eastern Europe. They consist of about ten people and transport cocaine, marijuana, hashish and heroine to various countries in the region; they have also been working in retail since 1994. Many Nigerians studied chemistry in the former communist countries and, he adds ironically, some were policemen in Nigeria or other African countries or studied at police academies in Eastern Europe. Groups are tribally or family based. Another factor that makes them similar to what happens in Brazil is the use of "mules" of other nationalities — often men or women recruited in discos frequented by lower class Europeans.

Wholesale Dealing

On 5 February 1999, the police invaded the house of Carlos Alberto Ávila Gonzalez in Pirituba, a district of the city of São

Paulo, where they seized US \$276,372 and the equivalent of nearly US \$30,000 in Brazilian currency, as well as various documents and two vehicles.

Carlos Alberto is a former captain in the Colombian army expelled for involvement in drug trafficking. On the basis of the documents seized and information obtained principally from the FBI and the DIA (Direzione Investigativa Antimáfia), it can be stated without any shadow of a doubt that he was one of the leaders of an international drug-trafficking gang.

The traffickers' *modus operandi* was as follows: they hid the drugs in mattresses, blankets and car batteries. They issued invitations to tender and bought several tons of organic fertiliser and fishmeal. They probably mixed the drugs with these products. The drugs were put in containers and loaded on to ships. Transportation abroad took place through export companies. The documents seized led to the identification of several of these companies in São Paulo. The police also seized sewing machines for mattress making, and orders for fabric, rubber foam, thread and ribbon (for piecing together the mattresses once they had been lined with drugs).

There is firm evidence of at least two large dispatches to Europe. The documents seized show that a large quantity of mattresses was sent to the Padrino Trade Company in Yugoslavia through the port of Bar. The group's accounts record the purchase and dispatch of mattresses but there is also a note of the purchase of a sewing machine for mattresses. It is suspected that the mattresses left Brazil filled with cocaine. Another company in the group sent car batteries filled with cocaine to a Spanish company.

The São Paulo group was responsible for receiving the consignments of cocaine, putting them in batteries and mattresses, then sending them to Yugoslavia in containers. In order to do this, they rented depots throughout the city.

The drugs were unloaded at the port of Bar in Yugoslavia and then sent to Bari in Italy, where they were received by the criminal organisation Sacra Corona Unita, which distributed them throughout Europe, and more particularly in Spain.

A man known as Chepe apparently had important responsibilities in the group. He is Colombian and looks after the transportation of money. He is also known by the nickname given him by the Criminal Investigation Division of the United States Treasury Department Internal Revenue Service. He is implicated in a drug money laundering operation in Miami.

The police have identified the names of more than twelve people believed to belong to the gang. Most of them are partners in the companies used for the illegal trade, but a few of the people mentioned are simply names. They may not exist at all or they may be false names for the traffickers.

Because of mistakes made by the police, no members of the ring have been caught. Some, like Captain Carlos Alberto, have disappeared. There is no evidence to suggest that the ring has been disbanded. It is virtually certain that they are now using other phantom companies to conduct their illegal activities.

Video Bingo

On 27 October 1999, Manoel Tubino, former Director of the National Institute for the Development of Sport, denounced a number of senior civil servants in the Ministry of Sport and Tourism to the Senate Committee on Social Affairs. According to him, they had favoured the owners of some of the "bingo houses" by giving them permission to use "video bingo" machines. After this first denunciation, other civil servants also expressed other senior officials in the Ministry.

Documents submitted by the State Prosecutor's office suggest that the Mafia collaborated in the drafting of a ministerial order authorising the import of video bingo machines, despite the fact that the game was illegal. Furthermore, companies connected with the Mafia apparently helped distribute more than twenty thousand slot machines in Brazil.

According to the Italian DIA (Direzione Investigativa Antimáfia), the owner of three of the companies that installed the machines in Brazil is the creature of Lillo Rosario Lauricella, one of the heads of the Italian Mafia who was arrested in Rome, accused of trafficking several tons of cocaine and heroine.

The name of Fausto Pellegrinetti appears in the Italian documents as the ring's financial backer. Pellegrinetti commands the Banda della Magliana, a criminal organisation that distributes cocaine and heroin in Rome. The bingo machines came from the Recreativos Franco Company in Spain and were imported into Brazil by Nevada Diversões, a company with a French director. His name is François Filippeddu and he appears as the manager of Nevada Diversões Comércio Importação e Exportação Ltda. Another important person in the network is his brother Julian, a Corsican connected with one of the island's separatist organisations, who played an important part in the initial phase of the operation when he several times negotiated with Lauricella, Pellegrinetti and the Brazilian partners the conditions for the formation of the companies needed for marketing the machines. Lauricella states that Jean Filippeddu invested money in the business, although his name appears nowhere.

Fragments of Lillo Rosario Lauricella's interrogations sent by the Direziona Investigativa Antimáfia show that the accused acknowledged his involvement with Ivo Noal at several points. This new character is known in São Paulo as the biggest operator of illegal lotteries (the game of *bicho*). When the Mafiosi began to take an interest in the São Paulo market

was needed for the installation of the machines. He received \$80,000 a month. In another passage, Lauricella says that he, personally, gave Noal \$200,000.

The organisation worked with the aid of two operational sectors: the first concentrated on drug trafficking, the second on the financial management of the affair. In order to carry out their money-laundering activities, a *de facto* company was founded consisting of people whose reputation was at best dubious; some of them were even wanted Mafiosi. The company had a "Board of Directors" composed of Lauricella and two other members of the organisation. Lauricella states that the funds for this investment came directly from drug trafficking. As Pellegrinetti's representative, he enjoyed considerable freedom and therefore the possibility of knowing all about the underside of the affair.

In order to conceal the illegal money by laundering it, a complex international mechanism of banking transactions was set up. According to the DIA reports, there were two banking routes whose point of arrival was a Miami bank in the United States, where the financial flow was deposited in a current account of a tourist company. All the DIA investigations are based on information collected by the agency and intercepted telephone conversations. Another banking route began in Spain. Capital arrived in Brazil via Switzerland, Andorra and the United States.

Nobody has yet been arrested on the basis of these accusations, but a scandal of this magnitude would inevitably create an upheaval in political circles. Since the scandal was revealed in the press, several of the companies have closed down. The articles have also led to a number of resignations by officials, the most recent being that of the Minister of Sport.

Concluding Remarks

The outlined description of trafficking set out above is not valid for ever. Gangs come and go fast, consumption locations change, as do the products used. Nonetheless, to a large extent, the model described on these pages is permanent. After all, some of the conditioning factors of dealing remain unchanged — police inefficiency and the social and economic inequalities that have always existed throughout Brazilian history.

In this chapter I have merely tried to demonstrate that the situation is more complex than many analysts normally imagine. For example, the international organisations cannot exist without contact with local groups. Like any criminal organisation, international drug trafficking networks cannot exist unless it has some link with the law enforcement services in the countries where it takes place. In the case of Brazil this means maintaining contacts with the federal and state police forces. Local criminal groups, in turn, only function within a determined social and political structure, which they stem from their strength. In a less corrupt state, for example, the international traffic by international organisations and the small-scale dealing in "Crackland" would have to be more discreet.

The problems caused by trafficking are not confined to the producing or major consuming countries. Economic globalisation and the opening up of an endless number of trade routes have made all countries vulnerable to being used by crime, which is also globalised. Who could have imagined, ten years ago, that Nigerians would transport cocaine to Europe from Brazilian airports, or that a criminal organisation like the Mafia would launder drug money in Brazil in association with Brazilian partners, using countless companies throughout the world? However globalisation in no sense means doing without local people; it does not imply only subordinating local powers to international groups. At least, not as far as criminalisation is concerned. This is because law enforcement is still conducted on the basis of the police and legislation of each individual country. Crime may be global, but law enforcement is local, and no criminal organisation can do without "investments" in the law enforcement agencies of nation-states. Corrupting the Yugoslav police does not guarantee the free passage of traffickers in Brazil, and vice versa. If Colombian groups want to send cocaine to Italy via Brazil and Yugoslavia, they will need support in all four countries.

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DRUG TRAFFICKING AND CONSUMPTION IN CHINA: CASE STUDIES FROM TWO CITIES IN GUANGDONG PROVINCE⁽¹⁾

Deng Zhenglai

Introduction:

Background of China's Drug Problem and Explanation of Research

The drug problem is a hot issue with global significance, an issue of deep concern in all countries. China's experience with drug problems has followed a curious, twisted path. When the People's Republic was established about a half-century ago, China had the world's highest rate of drug consumption and the largest addicted population. The new government immediately mobilised a quasi-military program that generally eliminated the drug problem in China.

In recent years, while China's policies of reform and increased opening to the outside world have pushed economic development and improved living standards, drugs returned as a major social problem. Various reasons are given for this, including backward social administration and incomplete, uncoordinated social policies.

Over the past 20 years, China became a major drug trafficking point, then developed a huge internal drug consumption market, and now has become a major base of drug production. The future of the drug problem in China is a matter of concern, considering the size and characteristics of China's population, the failures of drug prohibition, and the prevalence of drug crimes.

Case 1: May 1995. In Beijing's prestigious Haidian District, the home of Renmin University and an area known for its first rate cultural, educational, and high-technology establishments, a female sophomore at the university-affiliated high school, where most students are children of people who work at the

local institutions, committed suicide after taking drugs for two years and enduring unbearable physical suffering and social, and family pressure. Beginning in 1997, students get a "Drug Prohibition" pamphlet with their textbooks the first day of school.

Case 2: May 1958. The PRC's first major drug-prohibition exhibition at the Beijing Military Museum focused on the tragic aspects of drug use and the results of worldwide drug prohibition. All members of the Chinese Communist Party politburo, headed by Jiang Zheming, attended the three-month exhibition one after another. Given the highly symbolic significance of ceremonial activity in China, this suggested that the top decision makers were determined to implement drug prohibition with decisive action.

While China can be seen as merely the latest victim of the recent world-wide growth in the trafficking, production and consumption of illegal drugs, the continuing rapid growth in China's illegal drug exports poses serious dangers to other countries worldwide.

Important matters need to be understood concerning China as a newly developed centre of drug trafficking, consumption and production:

- 1) How has this activity developed since the early 1980s?
- 2) Under what conditions does drug-related crime occur and what significance does it have?
- 3) How does China's social and economic transformation affect drug crime, and vice versa?
- 4) How does China's drug problem today compare with its historical drug problems, and with those of other countries today?

Research Method

This research has been limited by the available research material and resources. In the process of sorting and reviewing library documents, much data has proved to be not only incomplete but contradictory. Our limited work examining the original studies has made it clear that this approach would require time

(1) In this chapter and in this report, China corresponds to the People's Republic of China.

and resources beyond the capability of this project; in addition, some of the material is unavailable for publication or quotation. Thus, we have adjusted the research plan many times and had to use caution in our selections and citations from the resource material.

A major reason that the chapter could not provide essential data and empirical discovery for relevant research is that some of it might conflict with the restricted information given to the Chinese public. This could be seen as destabilising the present administration, and is thus unfeasible in the current political situation. This is the situation facing social science researchers in China.

Given these limitations, the research group followed the ratified plan and process as closely as possible. After sorting and carefully considering the relevant documents and seeking advice from many sources, we chose as the empirical research sites the cities of Guangzhou, the capital of Guangdong province, and Shenzhen, the special economic zone, also in Guangdong. There were several reasons for this:

Guangdong has a special position in China's drug trade. Historically, the main import harbor for foreign-origin opium was in Guangdong, and the Qing dynasty launched its drug prohibition campaign there. Today it is China's largest centre of drug trafficking and consumption.

Guangdong had China's fastest economic development over the past 20 years of reform and increased contact with the outside world, creating the largest middle class and immigration populations in China. These economic and population characteristics add to the acuteness of the drug problem in Guangdong.

Guangdong's drug problem is seen as epitomizing the problem in China as a whole. Thus, the Guangdong study is expected to predict the tendency and direction of the problem in China in the future.

Last but not least, local officials in Guangdong are among the most open-minded in China, which was a great help in investigating this sensitive problem.

Based on the document research, we began our investigations in Guangzhou in October 1998 and in Shenzhen in October 1999. We visited government institutions related to drug prohibition and had deep discussions with key decision-makers and implementation personnel, chats with addicts currently or previously in drug-treatment programs, and direct and indirect contacts with current drug users. For comparative case studies, the research group chose cities including Beijing, the national capital, and the medium-sized hinterland city Shijiazhuang, the capital of Hebei Province in northern China.

The research group wrote three reports with findings from the document and on-site studies and held small conferences in June 1997, August 1998 and September 1999 to evaluate the research and results. A fourth conference in June 2000 focused on discussing the chapter. The project coordinator, Dr. Fabre, greatly helped the group during two visits to China by discussing the research process and the drafting and amending of the chapter.

The research had two main aspects: studies of the relevant documents; and on-site, empirical studies of the people and events.

The documents on drug problems that were collected and analysed include:

- a. Government documents and policy analysis reports
- b. Mass-media news reports
- c. Academic research and articles
- d. Written materials for academic workshops
- e. Statements and diaries by drug addicts

The empirical studies included contacts or in-depth interviews with:

- a. Drug addicts who are receiving treatment in camps
- b. Addicts in society
- c. Relatives of drug addicts
- d. Social service personnel
- e. Police personnel in drug supervision and prohibition
- f. Medical personnel engaged in drug analysis and

treatment

- g. Personnel at relevant government and social institutions

The Outline of this Chapter Report

This chapter provides the results of the study. It begins with an introduction explaining the motive and process of the research. The second part describes China's historical and current drug problems. A key concern is to establish background for a deeper and more specific discussion of Guangdong's problems, which constitutes the third part. This third section focuses on the two cities of Guangzhou and Shenzhen, with analysis of and commentary on the sociological characteristics of drug offences and groups who take drugs. The fourth part mainly analyses and discusses China's drug problems in light of the empirical research in Guangzhou and Shenzhen and limited studies of other cities.

Once again, please note that restrictions in the source material limit the chapter to "macro-definitional" research, with case studies used as evidence.

Drug Problems in China: A General Survey

Although China was not an original source of drugs such as opium, for various reasons the country once was the world's biggest consumer, and one of the largest producers, of addictive products including opium. After 1949, strong efforts by the central government basically eliminated drugs in China. Then, within about 10 years of the government reforms, increased contact with the outside world, and general economic improvement that began in the late 1970s, the drug problem became again China's most serious social problem, and a contributor to many other social problems. On this basis, it can be argued that China had the most rapid rise in drug trafficking and consumption of any country in recent years, and that this experience most fully demonstrates the imperative menace of drugs.

Historical Survey

Drugs have long been one of China's most severe social problems. In the early 18th century, the British East India Company began to balance its huge trade deficit from imports of Chinese tea, china and silk fabric by exporting opium to China in exchange for precious metals such as silver. This fit the luxury-loving attitude of the upper classes in the late Qing

Dynasty, and taking opium became fashionable for a while in the main cities, including the capital, Beijing. Licensed opium houses similar to public bars existed in most of the southeastern harbor cities, with different qualities of opium houses catering to different clienteles.

As this situation reduced the government's customs income, it was often the subject of policy discussions. China's subsequent decision to prohibit opium imports led to the conflicts with Britain that are known as the First and the Second Opium Wars. The opium trade's bad reputation caused the British East India Company to withdraw from the business, but opium use was so deep-rooted that the Chinese responded by beginning to produce it domestically. Production gradually concentrated in several border zones of Sichuan, Guizhou, Yunnan, and Shanxi Provinces. The products were sold throughout China as "Yun Tu" (*Yunnan Opium*), "Chuan Tu" (*Sichuan Opium*) and "Shan Tu" (*Shanxi Opium*). Later, under the weak central government of the Republic of China, local warlords relied on the opium trade as a major source of military funding, and as a means to do business.

The Republic of China responded with a generally ineffective opium prohibition campaign and administration. In the 1930s, as Japan occupied and colonised northeast China, a major strategy for weakening Chinese resistance was to develop opium plantations and secretly encourage opium consumption. Japan also began to raise money by producing and selling heroin, or "white flour." Some local warlords in the remote provinces continued planting opium to fund military expenses. With the huge number of addicts and the official prohibition, opium prices soared to levels second only to precious metals.

The opium trade remained a major component of China's economy into the late 1940s. Partial statistics from that time indicate that China's addicted population exceeded 20 million, about 4 - 5% of the population. Opium poppy plantings of nearly one million hectares yielded about 15,000 tons of opium per year and provided livelihoods for some 10 million peasants. The trade also involved approximately 400 drug-processing factories and some 360,000 professional processing and trafficking personnel. Production and consumption were greatest in the southwest provinces; addicts constituted some 25% of the pop-

ulation in Yunnan, 21% in Guizhou, and over 10% in Sichuan. Rational people feared and opposed this.

Drugs in China: A Survey of the Present Situation

For well known reasons, China suffered greatly from drug problems from the late 18th century until the People's Republic arose and took extremely strict measures against drug abuse. In February 1950, the government issued its General Order Severely Prohibiting Opium and Drugs. Soon, the Rules of Punishing Drug Pushing Criminals in the People's Republic of China were also stipulated and ratified.

From spring to summer 1952, the central government mobilised all social factors into a mass campaign against drug dealing and abuse. Based on nation-wide participation, coercive detainment, and education and propaganda, in just three years the campaign achieved its goal, effectively resolving the problems of tens of millions of drug addicts, several hundred drug factories, and millions of acres of drug-planted fields. This campaign, which helped create a drug-free nation from the early 50s to the late 70s, was known as the greatest Chinese war against drugs since the 19th century. It fundamentally eliminated drug trafficking and abuse in China.

Since the major policy changes of the late 1970s, China's drug situation has changed dramatically. Producers in the "Golden Triangle," southeast Asia's well-known drug production, processing and distribution centre, began growing opium near China's southwestern border and established transportation channels through China. Drugs also began flowing into China from the "Golden Crescent" production area. With the increase in cross-border drug traffic and improved social and economic conditions, China's drug consumption and production increased rapidly.

Establishment of the Golden Triangle Drug Passage in China

Since the late 1970s, southeast Asian countries including Thailand and Myanmar have conducted severe and continuous campaigns sponsored by the United Nations to eliminate drug production and processing bases and the lairs of drug dealers. These governments have also taken serious measures to control

the channels of drug production, importation, transportation, and abuse.

The government of Hong Kong, a large-scale transfer site for drug exports, has also mobilised many police personnel, cracked numerous drug-dealing cases related to the Golden Triangle, and arrested many drug traffickers. Such actions have greatly hampered conventional drug-trafficking routes from the Golden Triangle.

Under this double pressure against their production bases and trafficking routes, Golden Triangle groups began to change their strategies, shifting their attention to China. Several considerations led to the adjustment of the strategy:

a. Compared to other countries, China had relatively backward and slow methods for controlling the border. Relevant governmental organisations such as the border control and customs officials lacked specialised equipment, and the officials were inexperienced in identifying and capturing drug smugglers.

b. Undetected border-crossing is relatively easy along China's long southern border, where high mountains and dense forests provide abundant cover;

c. The ethnic minorities in southwestern China are traditionally connected with ethnic groups in drug-production areas by friendship, kinship, shared languages and shared customs. Communication between these groups has thus been convenient since ancient times.

Furthermore, in many mountainous areas with underdeveloped transportation and medical services, ethnic minorities retain the custom of treating human and animal diseases with opium. They have not yet sufficiently understood the harmfulness of drug abuse, so some of them are psychologically open to drug use.

d. China's huge inland area and population offer great potential markets for drugs. Once drugs began entering from the southwest, drug consumption rose in the inland provinces;

e. On China's extensive seacoast, the harbor cities' frequent contact with international trade communities makes them good potential transfer stations for drug trafficking (Su 1997: 504 - 5).

In the early 1980s, Golden Triangle groups moved some of their drug production to northern Myanmar, close to China's southwestern border. Partial statistics indicate that at least 30 medium-sized drug-production groups operated in Myanmar near the Chinese border in the early 1980s. Meanwhile, transnational drug traffickers began to search for new smuggling routes and new networks for drug trafficking in Yunnan's border areas.

Drug traffickers have established many underground trade routes, creating a drug trafficking network in Guogan, Chonggang, Jinzhulin, Bangxian, Menggu, Banpo, Bangzhong, Kapo, Damenglong, and other places outside the southern borders of Linchang, Baoshan, and Dehong prefectures in Yunnan. Taking advantage of cross-border trade, they have smuggled huge amounts of drugs into western Yunnan. Through areas such as Baoshan, Dali, and Linchan, drugs came into the municipalities of Kunming and Guangzhou, and thence to inland China, Hong Kong and Macao, and on to international markets. Chinese criminals merged with international drug traffickers in smuggling, selling, and transporting. Drugs smuggled from the Golden Triangle into Yunnan thus flowed to other parts of China and, via Guangdong and Hong Kong, to the rest of the world.

Reportedly, drug smugglers could be found almost daily in the long-distance buses traveling from Ruili to Kunming and the airplanes flying from Kunming to other Chinese cities. One typical method involves offering handsome payment to women 15 to 25 years old to act as couriers. Under a professional drug trafficker's guidance, a young woman swallows 400 - 500 grams of drugs encased in rubber or plastic, then flies from Kunming to other areas of China under the pretext of seeking a job. Upon arrival, she takes a laxative to deliver the drugs. Due to the backwardness of the airport inspection instrument the inspectors completely rely on experience to detect the couriers. Some have been arrested, but most escape detection.

Currently available data (Su 1997: 505-6) indicates that the so-called "China South Corridor" for drug trafficking consists of the following routes:

- a. Golden Triangle — Ruili - Kunming — Guangzhou — Hong Kong
- b. Golden Triangle — Kunming — east China seashore — Taiwan
- c. Golden Triangle — Yunnan — inland China
- d. Golden Triangle — Yunnan — Shanghai — Europe, Japan

Establishment of the Golden Crescent Drug Trafficking Passage

During the 1980s, a new centre for drug production, collection, and distribution, known as the "Golden Crescent," arose along China's western border. This resulted from factors including the Afghan war, which created a refugee society along the Afghan and Pakistani borders; Central Asia's economic difficulties following the collapse of the Soviet Union; and the development of ethnic religious forces.

As with the Golden Triangle drug traffic, China's dramatic trade increase with Xinjiang and Tibet brought an increase in drug smuggling from the Golden Crescent. This led to the formation of the "North China" drug-trafficking channel, with two main passages:

- a. Golden Crescent — Lhasa — Chengdu — internal China
- b. Golden Crescent — Ulumuqi — Lanzhou — Xi'an — north China cities

As this channel lies in a sparsely populated area, traffickers rely mainly on highway transportation, which is difficult to inspect. Most of this is conducted by the local minorities, whose cross-border religious and kinship ties facilitate undetected illegal border crossings. One difference from the south China channel is the north China channel's focus on organised distribution in northern Chinese cities such as Beijing and Tianjin. Reportedly, the Hui minority residence area of Sanjiayi in Gansu Province is a collection and distribution centre for drugs in northwest China, and urban drug-trafficking centres are often

in neighborhoods with large populations of people from Xinjiang, such as Weigongcun in Beijing and Sanyuanli in Guangzhou.

From Drug Trafficking to Drug Consumption and Production

Rampant drug trafficking also increases local drug sales. As dealers sell huge amounts of drugs where the trafficking channels pass through China, drug addiction is reappearing after being eliminated for many years. Data from the 1980s shows that in many places the trafficking was detected before local drug abuse began to rise. For instance, the first drug-trafficking case was found in 1983, and the first drug taking was discovered in 1987. This leads to the conclusion that the penetration of external drug trafficking groups was the key reason that drug abuse reappeared in China. Supporting this conclusion from the opposite side, addicts mainly use heroin and opium, which is consistent with the drug sources outside China.

The spread of drug trafficking in China created a drug consumption market, with a rapid, nation-wide increase in addiction. In the 1980s, drug-abuse problems were reported by 1600 (53 %) of China's 3000 county-level administration units. In the 1990s, 70 % of the counties and cities reported drug problems. At the same time, the proportion of juveniles among the addicted has been steadily rising.

The dramatic increase in drug consumption greatly stimulated production, leading to quick development of opium poppy and drug production. The illegal private planting of opium poppies first emerged in the sparsely populated, remote provinces and the junctions of different administration areas, and is quickly spreading into bigger areas. Though every local authority prohibits drug production, the control is not powerful enough, so the planting of opium poppy is large-scale and extensive. Along with the introduction of modern planting techniques, such as plastic thin-coating of earth and the use of growing sheds, so the growing and harvesting periods for poppy differ from the traditional periods, with continually increasing covert capabilities against attempts to discover and destroy the crops. Statistics indicate that more than 400 mu of opium poppies were destroyed in Yunnan Province in 1989, nearly 30 times as much as in 1988. In the late 1990s, the

planting of opium poppy spread from border areas to internal areas, and from remote areas to suburbs of big cities. Most provinces now report illegal plantings of opium poppy. Public Security Ministry statistics indicate that in 1993 it was found in about one-third of Shanghai's suburban towns and villages, and some 100,000 plants were destroyed.

The main purpose of these plantings is to process the opium, which makes it more convenient and secure for storage and transportation. Thus the increase in planting has brought an increase in underground drug-processing factories. These factories are set up by Chinese criminals as well as foreign nationals, who produce for export. It is worth noting that the foreign criminals often operate these under the guise producing legal products. Many local governments, eager for economic development and unable to understand the technologies of external investors, do not discover these crimes in time.

Case 1: from December 1994 to February 1995, public security organisations in Fujian, Guangdong, and Beijing together tracked down a huge transnational operation producing and selling borneol. It was run like "processing imported material and selling on spot."

Case 2: In December 1996, public security organisations in Guangdong tracked down criminals who used funds, materials, and technologies from abroad to establish some seven drug-processing bases in China. Seven suspects were arrested and 317.95 kilograms of borneol seized. (*Jiang 1998: 29-30*).

Case 3: In May 1997, Guangzhou authorities arrested a large group of drug producers, seizing 218 kilograms of borneol and over 3 million RMB. Also, the group reportedly spent roughly 20,000,000 RMB in drug profits to buy 30 houses. (*Ibid.*)

Case 4: In 1997, Liao Mingzhe, a Taiwanese businessman, came to the coastal provinces of Fujian and Guangdong and set up some factories, then moved to Nanhai municipality in Guangdong and set up a joint-venture agricultural development company. A county vice-governor from Jianghua of Hunan, who was serving his official training position in Nanhai, invited Liao to invest in his county. Liao went there, took 600 mu of fields under a 30-year lease, and later leased 1,800 mu of tea-

oil tree fields through other channels. In the name of "land-utility exploration," he established secret borneol production and processing bases, producing 200 kilograms and 58 kilograms of borneol on the two pieces of land respectively, for a profit of some 1,330,000 RMB. (Source: Qilu Evening Post, August 26th, 1998).

Case 5: In 1989, Guangdong drug dealer Liao Zhiming and his coordinator, Li Qiuping of Hong Kong, set up a borneol factory in Jiangmen, Guangdong. They exported the products to Shanghai, Fujian, and Shenzhen, and from there to foreign countries. In two years, they produced and exported some 1,000 kilograms of borneol. In 1991, Li Qiuping increased his investment and set up a second borneol factory in Dongguan city, Guangdong.

Drug Problems in Guangdong Province

General Survey

Background

Guangdong lies in southernmost mainland China, with the sea to the south. It has the longest seacoast of among China's provinces, totaling 3368 km, with countless islands. It borders on Jiangxi and Hunan provinces on the north, Fujian province to the northeast, and Guangxi Zhuang Nationality Autonomous Region on the west. The terrain is a mixture of mountains, plains and hills, generally high in the north and low in the south. The rivers flow south; major ones include the Zhujiang, Ganjiang and Jianjiang. The river system consisting of the Zhujiang, China's third-longest river at 2122 km, plus its three major tributaries, the Xijiang, Dongjiang and Beijiang, provide transportation connections with the neighboring provinces.

Official data indicate that Guangdong is China's most densely populated province and its fifth most populous. In 1998, official figures put the population density at 400 people per square km and the total population at 71 million, or about 5.7% of China's total. Government statistics said that in 1998, 68.8% lived in agricultural areas, and employed persons number some 37.5 million, about 52.7% of the population. However, these fig-

ures understate the reality. Guangdong is the hotbed of China's new economic experiment, and it is widely acknowledged that economic development in recent years, with its huge increases in factories and enterprises, urbanisation of rural areas, and immigration of workers from other provinces, has raised the population density, total population, urban population, and working population far beyond the official figures.

Guangdong a particularly convenient communication network with other countries, including sea lanes, continental routes, and river transportation. Over the 2000 years from the Qin to the Qing dynasties, Guangdong was always the leading province in international trade. The "Silk Way" — the world's longest sea lane until the 16th century — led from Guangdong through the South China Sea, Indian Ocean and Basra to the subequatorial shores of East Africa. From the early Ming through the late Qing periods, Guangdong was the only area of China allowed to conduct foreign trade.

This foreign contact gave another feature to the Guangdong population: from the past to the present, more people have emigrated from Guangdong than any other province in China. Official data indicate that overseas Chinese from Guangdong and their offspring number some 5 million in over 100 countries and regions in the world, or about 70% of all overseas Chinese. Close to Guangdong, in Hong Kong and Macao, about 5 million people have forefathers from Guangdong. With the Chinese traditions valuing kinship, this large-scale emigration promotes further foreign exchange, emigration and contact.

China's reform and open policy favored dramatic economic development in Guangdong due to its special geography, population, and, particularly, its close ties with overseas Chinese. After becoming China's leader in retail volume in 1984, Guangdong has consistently led in economic indicators such as export trade, foreign capital, real-estate investment, GDP and local tax income.

Table 1:
Major Economic Development Indicators in Guangdong

1. Population and labour unit: ten thousand

	1980	1990	1998	1981-1990 annual increase rate	1991-1995 annual increase rate
population	5227.67	6246.32	7115.65	1.8	1.7
employed	2367.78	3118.10	3746.90	2.8	2.6

details:

state owned	400.19	528.13	544.46	2.8	0.80
collective	163.43	2.7.62	169.02	2.4	0.5
foreign	0	117.68	543.30	11.8	85.1
rural	1793.20	2264.67	2507.56	2.4	1.1

2. Economic volume unit: billion yuan

	1980	1990	1998	1981-1990 annual increase rate	1991-1995 annual increase rate
industry & agriculture	31.623	269.483	1281.08	17.0	27.9
industry	23.435	102.037	1188.54	-	-

details:

light	14.75	102.037	795.20	21.3	29.8
heavy	8.676	41.043	354.8	16.6	37.5

details:

state-owned	14.792	50.125	124.314	28.9	8.0
collective	6.479	38.044	201.535	12.9	22.3
foreign	0	31.421	596.315	51.7	53.8

3. Workers' wage and living standard

	1980	1990	1998	1981-1990 annual increase rate	1991-1995 annual increase rate
state-owned annual wage	82.8	300	1054.5	13.7	23.3
collective annual wage	69.1	121.6	678.2	13.8	20.6
per person usable income for urban family	47.257	230.315	884	17.2	26.3
per person pure income for rural family	27.437	104.303	352.7	13.2	20.9

Economic development in Guangdong brought abrupt changes in economic and employment structures and income level, significantly influencing the local people's behavior and living patterns, and fostering drug crimes.

Guangdong's Position as a Drug Transfer Site

As indicated above in the geographic and demographic notes, Guangdong has the essential conditions for drug trafficking. Drug trafficking is radically stimulated by the relaxed policy environment, lax local governmental attitudes toward smug-

gling of ordinary goods, and some officials' participation in smuggling, induced by huge bribes and self-interest. These geographic, demographic and ideological reasons lead drug groups from such areas as the Golden Triangle, Hong Kong, and Macao to choose Guangdong as a port for drug exports.

Guangdong is the point of confluence in China for drug trafficking routes from both the Golden Triangle and Golden Crescent production areas, leading to Hong Kong and the world market. The Golden Triangle trafficking channel developed before the Golden Crescent channel, but the quantities and characteristics of the two seem roughly equal, based on the amounts of drugs captured in China. One exception: the Golden Triangle groups seem to have a larger share of the export trade from Guangdong. One report says that in 1995, when north Myanmar fell into the turmoil of war, much drugs remained in warehouses awaiting sale. Some of these drugs (especially heroin) were transferred to China in large quantities (tens to hundreds of kilograms) for export. Without doubt, Guangdong is an established drug exporting port for international drug traffickers.

China's drug statistics tell a consistent story of rising drug trafficking, particularly after the middle 1990s. Chinese officials, who categorise cases involving over 1,000 grams as "important," tracked down 1,000 cases of "most serious drug traffic" from 1987 to 1990, with arrests of 2,500 drug smugglers from both China and overseas, and seizures of 400 kilograms of heroin and 1,400 kilograms of opium and marijuana. Public security organisations in Guangdong Province tracked down five cases of smuggling more than 10 kilograms, and in some cases hundreds of kilograms, of heroin in 1995. By the first half of 1996, eight similar cases were solved and more remained under investigation. The "9601" case involved 600 kilograms of drugs, and drug seizures in the first half of 1996 were triple those seized in all of 1995. In 1996, a record year for volume of drug seizures, officials cracked 3,200 drug cases (75 % of them large-scale trafficking cases), arrested 4,000 foreign nationals, and seized over 1,000 kilograms of heroin⁽²⁾.

In Guangdong, the channels and quantities of drug trafficking have grown rapidly. Here, the phenomena of multiple entry and overall penetration resulted in rapid growth of drug traffic.

(2) "New Criminal Code and drug Offence", edited by Jiang Zhujun, Xi'yuan Publishing House, 1998, p. 28.

Guangdong's drug traffic has become more and more organised for the past few years. Major drug crimes are mostly the work of specialised groups who are well organised and specialised in their division of labor, with coordination among criminals inside and outside China. Some receive direct instructions from chiefs abroad. They have set up a long-term basis for business, with stable supply-demand relationships, consistent lines for traffic, processing, and retailing, and secret contact points for purchasing, storing, and transferring drugs. Some trafficking groups even set up legitimate companies along the border to disguise the drug traffic. These companies tend to form legal relationships with customs at the border, declaring imports and exports such as cars to carry the drugs. They make good use of advanced communication facilities and direct the transfer of drugs from remote sites, including foreign areas. They handle orders and settle accounts through channels including underground private banks. In areas of Guangdong, some professional and family organisations go abroad to purchase drugs directly, then transfer, process, and wholesale the drugs in China. Such activities have proved difficult to detect by conventional methods.

In recent years, drug traffickers in Guangdong have become extremely flexible in their trafficking means and routes. To prevent external penetration and police investigation, they use methods such as separating salesmen from goods and dividing drug profits. Some transfer their products from border areas into the inland first, then to places such as Guangzhou. Drugs can be smuggled out of China via Shenzhen and Zhuhai in vehicles or through sea routes from coastal cities such as Shenzhen, Huizhou, Shantou, Zhuhai, or Shanwei⁽³⁾.

General Characteristics of Drug Crimes in Guangdong

Compared with other areas, the drug crimes in Guangdong province are noticeably well-organised, professionalised and militarised.

The term "well-organised" refers to the establishment of rather stable organisations with stratified structures and definite leaders, followers, core members and peripheral members. "Professionalised" to specialisation among the various members in matters such as sales, transportation, products, and regions. The methods are complicated: trafficking means and

routes frequently change, and are increasingly difficult to detect. Most drug dealers use the methods of "separation of salesmen and goods" and "division of drug profits" to prevent infiltration, wiretapping and investigation, making it more difficult for police to detect their activities. "Militarised" refers to the possession of weapons and ammunition procured by smuggling or from underground factories. This is extremely rare in China, where private ownership of weapons is prohibited. This is very different from countries where drug dealing groups commonly use deadly weapons.

The Root Causes of this Situation

First, drug-producing and trafficking groups outside China are directly involved in organising drug-related crime, providing a great deal of capital and experience. Most large-volume, cross-border movements of drugs are conducted by professional groups characterised by elaborate planning, division of labor, direct control by foreign chiefs, long-term strategies, and fixed supply and sale networks, forming integrated systems for supply, transport, processing and sales. They have covert meeting places for purchases, storage and transfer; some chief drug dealers go to border areas to open shops or companies as covers for drug dealing, formally apply to customs at entry ports, then secretly ship drugs hidden in vehicles and other articles to Guangdong from abroad. These drug dealers fully exploit advanced telecommunication equipment to control operations from abroad or from distant areas in China. Orders and account-settling are all completed in China. Drug-related accounts are settled and the money is laundered through the underground banking system and some related financial institutions⁽⁴⁾.

Secondly, Guangdong's native drug-dealing groups take advantage of the closeness of Hong Kong and Macao, imitating "police-criminal movies" and criminal stories. Titles and positions of various figures in the drug-dealing groups virtually mirror their fictional counterparts in Hong Kong movies. The rapid economic development and historical tradition of contact with the outside world give Guangdong's native drug-dealing groups capital and connections with external criminals. Those groups even go abroad to purchase drug material directly, then transfer, process and sell the drugs. They are too powerful to be controlled by ordinary measures.

(3) Criminal Detective Division, Guangdong Public Security Bureau, *Guangdong Drug-related Crimes-Destructive attack, Serious Situation*.

(4) *Ibid*.

Thirdly, drug-dealing groups often have intermingled geographic and kinship relations. The groups in Guangdong generally occupy three categories: Guangdong-Hong Kong groups, Xinjiang Muslim groups, and Northeast-Northern China groups. In the latter groups, particularly, the leaders and core members often come from the same family or township, so many drug dealing groups are family-oriented or clan-like. The traditional Chinese emphasis on kinship and friendship exerts special influence in forming and holding together these groups.

General Characteristics of Drug Consumption

Compared to other provinces and municipalities, drug consumption has increased fastest in Guangdong, with the numbers of addicts detected by security forces increasing almost exponentially in recent years. In the early 1980s, addicts were only occasionally found, but in the late 1980s and especially in the 1990s the numbers rose dramatically. The number of detected addicts tripled from 1989 to 1990, and the number in the first half of 1991 was triple that of the same period in 1990. Drug taking has spread over another 18 municipalities. Even in the poorest areas, such as Heyuan municipality, as many as 100 drug addicts were found.

Public security data show 1,194 addicts were tracked down in 1990 in Guangdong. In 1991, the number rose to 5,196, 3.3 times as many as in 1990. In 1992, the number rose 57% to 8,154 persons. In 1993, it increased to 15,559, 91% over the previous year. In 1994, the number rose 70% to 27,325. In just over a month, from late April to early June 1995, some 18,000 addicts were tracked down⁽⁵⁾. It is to be assumed that these data understate the actual drug-taking population.

Investigations of the drug-taking population in Guangdong show the following characteristics:

a) The number of female addicts in labor reform camps has increased sharply.

The Sanshui Labor Reform Camp reports increasing proportions of female internees over the past few years, since the People's Congress issued "The Regulations of Prohibition of Drug Taking". In 1992, female addicts constituted 7.39% of those receiving labor reform. The female share rose to 12% in 1993, 25% in 1994, 50% in 1995, 76.6% in July 1997.

b) More and more young addicts are being detected

Currently, 6.6% of addicts are 16 to 18 years old; 3.8% are over 18; 40.8% of drug addicts first took drugs under the age of 18.

c) Addiction is more common among the less-educated

Among current drug addicts 5.5% are illiterate, 21.3% are primary school graduates, 59.4% are secondary school graduates, 12% are high school graduates, and 1.1% are college graduates.

d) Drug use is more common among unemployed and unstable employees

Among current drug addicts, 56.6% are awaiting jobs; 4.4% are occasional workers; 25.5% are self-employed; 7.7% are farmers; and 5.5% are employees in state-owned and collective enterprises. Among those awaiting jobs, 30.2% of the self-described unemployed and unstable employees are actually work in prostitution and similar service industries. The rest are mostly landless peasants who sold their lands for huge amounts of money.

e) Drug use is more common among the unmarried

Among current drug addicts, 81.7% are unmarried and 18.3% are married. Among the married addicts, 37.5% are divorced, 20.9% are separated females, and the remainder await the resolution of marital disputes.

f) The types of drugs and means of consumption vary greatly

Heroin addicts are 77.7% of all addicts. Among them, 28.8% also consume other drugs such as cannabis sativa, borneol, cocaine, morphine, opium, and other sedatives. Intravenous injection is used by 52.6% of addicts; next most common is tin-foil heating inhaling (also called "zhuilong"); 49.4% use both intravenous injection and other methods to take drugs.

g) Addicts consume large and costly quantities of drugs

Most drug addicts under police investigation consume one or more grams of drug per day; 45.5% take drugs three times a day; 37.1% consume four times per day; 56.7% spend over 100,000 RMB on drugs per year; 14.4% spend earnings from drug dealings on drugs; 28.3% rely on prostitution; and 10% rely on stealing, deception, and robbery. Others rely on legiti-

(5) Song Xiaoming, "Psychological Analysis and Treatment to the drug Takers in Guangdong Province".

mate sources of income to pay for drugs, but may in the future use the above methods to "earn" money for drugs.

h) Most addicts have long histories of drug use and tend to remain habitual addicts despite attempts to quit.

Statistics indicate that 27.7% of addicts have been using drugs for one to two years; 60.3% for over three years; 30.5% tried twice to stop taking drugs, either voluntarily, by force, or through labor reform; 12.7% tried three times voluntarily to quit, and 24.4% tried four or more times.

i) After quitting drugs, many become addicted again quickly.

According to the investigation questionnaire and archive survey, 82.2% of drug addicts were involved in efforts to give up drugs; 77.4% returned to the habit within three months (among these, 12.8% within a week, 20.2% within 15 days; 18.2% within a month; 14.4% within 2 months; 12.2% within 3 months); 16.2% resumed taking drugs within four to six months; and only 6% within one to two years. Findings indicate that 96.3% of those who voluntarily tried to give up drugs resumed after stopping for a period; 88.5% of those forced to give up drugs returned to their old routines; and 66.1% of those who received labor reform resumed the habit.

j) Many drug addicts become ill from drug taking and may therefore become the "high-risk group" for transmitting HIV and AIDS.

According to the investigation questionnaire, 72.6% of female addicts in labor reform had marital sexual experience and 30.2% were involved in sex-related service, prostitution, and occasional homosexual acts. Surveys by medical organisations show 87.6% of female addicts carrying sexually transmitted diseases. A recent survey on sex-related diseases suggests that 5.36% of drug addicts carry syphilis, 1.62% higher than the high-risk group in society, and nearly 17 times higher than the 0.3% rate in a labor reform camp checked in 1988⁽⁶⁾.

While the preceding is a summary of the overall situation in Guangdong, conditions may vary from city to city. Guangzhou and Shenzhen, the cities selected for this research, have higher levels of both economic development and drug crime than most other cities in Guangdong.

The Drug Consumption Situation in Guangzhou City

The Overall Situation in Guangzhou

The general situation in Guangzhou city has three main features pertaining to this research. First, it is the largest city in the province with the fastest economic development over the past 20 years. Thus, Guangzhou has the general problems common in areas of rapid economic development worldwide, such as changes in living patterns due to higher income and the emergence of pleasure-seeking luxurious living places; widening gaps in economic development and income between the suburb and downtown, drawing people to the downtown; marginal living conditions for some people; governmental bureaucracy and corruption; and shortages and corruption of police. All of these conditions promote ordinary (i.e., non-drug) crime. These problems are especially manifest in Guangzhou because its municipal power has been enlarged under the government policy that central cities should help promote development in peripheral areas.

Secondly, historical and current factors make Guangzhou the most important hub of sea and land communications and overseas access in South China.

Over the 2000 years from the Qin and Han dynasties to the Ming and Qing dynasties, Guangzhou was always the most important port for foreign trade, and the starting point of the "Silk Way" sea route. Guangzhou was known worldwide as a major port in the eastern hemisphere, and was the first in China to establish the foreign-trade institution known as "shiboshi." From the Ming to the Qing dynasties, Guangzhou had special status as China's only foreign-trade port. The Opium War ended Guangzhou's position as the only foreign-trade harbor. After the founding of the People's Republic of China by the Communist Party in 1949, Guangzhou was the mainland's only window for trade with foreign countries (through means such as the Guangzhou Trade Fair) and China's only continental port to trade with the outside world (through Hong Kong). With the reform and open policy, Guangzhou's position for foreign trade became more important. Its huge volume and variety of imports and exports now provide many opportunities for drug smuggling.

(6) "Analysis to the female drug addicts under labor reform in Guangdong", by Cheng Xikui, Juvenile Crime Study, 2-3, 1997.

Third, Guangzhou is the city, and Guangdong the province, with the most overseas Chinese. Most overseas Chinese from Guangzhou live in Hong Kong and the neighboring areas. During traditional Chinese festivals, a million visitors from Hong Kong often come to travel and visit relatives in Guangzhou. Under the policy of absorbing foreign capital in China, the inflowing capital in Guangzhou and Guangdong mainly came from overseas Chinese in Hong Kong, who run many enterprises for "san lai yi bu" (processing foreign material, patterns and incomplete products and complementary trade) in Guangzhou, and thus obtained permanent residence in both Hong Kong and Guangzhou, with general vehicle licenses for both cities. This creates a special situation of frequent, large-volume personnel, material, and capital flows between Hong Kong and Guangzhou.

These three factors caused Guangzhou to become a communication and marketing hub for drug trafficking, linking China's drug-dealing channels with foreign markets.

Drug-related cases and related investigations in recent years indicate that Guangzhou is a hub of drug trafficking and a central market for domestic and foreign drug products. Both Chinese and foreign drug dealers normally take the Golden Triangle as their base, smuggling large quantities of drugs through Yunnan, transferring them to Guangzhou, then to Hong Kong and Macao, and finally to Western Europe and North America. This trafficking route is rather stable, and Guangzhou plays an important part in it. Chief drug dealers from both China and abroad can be found in Guangzhou. Also, some of the drugs moving through Guangzhou are sold in China's hinterland. A huge proportion of the drugs trafficked to middle-south China, eastern China, northern China and northeast China come from Guangzhou. Guangzhou is the centre and collecting and distributing place of China's domestic drug market.

Drug trafficking and use in Guangzhou occurs in three main networks: for retail heroin sales, one network consists of the Sanyuanli area (inhabited by natives of Xinjiang) as the origin, and the drug-pushing groups at street stands, especially near Guangzhou Station, as the main body; a second retail network consists of natives who provide "yao tou wan" (head shaking piles) imported from Hong Kong to juveniles in recreation

places such as disco halls; the third network consists of professional, large-scale drug trafficking and wholesaling.

Research indicates that 165 drug-related crimes were tracked down in 1990. Among these, 114 were rated as big cases, with 68,382 grams of drugs seized and 302 persons arrested. In 1994, 1,043 drug related crimes were tracked down. Among these, 605 were rated as big cases, with 27,455 grams of drugs seized and 1,770 persons arrested. Over these three years, drug crime multiplied by a factor of 6.32, big cases by a factor of 5.7, and drug trafficking by a factor of 5.86. The average growth rate was 200% per year⁽⁷⁾.

Drug Consumption in Guangzhou

Even more noticeable is Guangzhou's rising drug consumption. The increasing number of addicts dramatically raises demand for drugs, driving up prices, and stimulating more imports. At the same time, drug addicts are often the personnel base for drug trafficking.

Guangzhou's drug-taking problem has the following characteristics:

The city has fine conditions for drug traffic, with broad and readily mobilised social connections, easy access to communication facilities, numerous joint-venture companies, and frequent, large-volume, highly varied imports and exports that can disguise movements of drugs. Such factors have made Guangzhou a critical site for struggles among drug-dealing groups and a difficult place to prevent drug-taking.

a) Rapid increase of drug addicts

In the early 1980s, most of the addicts detected were overseas Chinese carrying drugs for their own use while returning to visit and travel. Few citizens of Guangzhou were found taking drugs. From the mid-80s onward, more and more local drug addicts appeared.

In 1990, 816 addicts were tracked down in Guangzhou city. The number rose to 2,674 in 1991 (increasing by a factor of 2.3); 4,242 in 1992 (a factor 1.5); 5,095 in 1993 (a factor of 1.2); 7,126 in 1994 (a factor of 1.4); and 7,886 in 1995 (a factor of 1.1). From 1990 to 1995, the number of drug addicts detected in Guangzhou increased by a factor of 9.66.

(7) *The drug-related crime situation and its countermeasures in Guangzhou*, by Zhang Zuomin, Juvenile Study, 1996, 4, p. 24.

b) A high rate of juvenile addiction

Among the 7,126 drug addicts captured in 1994 in Guangzhou, 3,134 or 44.1% were below the age of 25. Among the 7,906 addicts captured in the first quarter of 1995, 3,443 or 43.5% were youth. A survey in Guangzhou city in April 1995 showed 7,886 addicts, 3,571 or 45.3% of them youths. A survey of 754 addicts receiving treatment in stopping-drug-taking camps showed 61.5% were youth. These surveys conducted at different times and places and among different groups indicate that youth are approximately 50% of the drug-taking population⁽⁸⁾.

Moreover, a survey in Guangdong Province in 1995 showed juvenile drug addicts accounting for 46.4% of the drug-taking population in Guangzhou. In Guangzhou Municipality's Fanyu City and Baiyun District, youth drug addicts were 64.3% and 57%, respectively, of the addicted populations. From 1993 to June 1995, in Chatou Curing Drug Taking Habit Institute in Guangzhou, 493 youth drug addicts voluntarily received treatment, the youngest under age 10, and youths were 67% of those at the facility. Among addicts seized in Shenzhen, 69% were under 25. At Shenzhen Stopping Drug Taking Institute, 91.4% of those receiving treatments were under 25.

Guangzhou public security organisations reported tracking down 781 young drug addicts in 1990. The number rose 69% to 1,320 in 1991; 32.2% to 1,745 in 1992; 33.9% to 2,337 in 1993; 34.7% to 3,157 in 1994; and 30.3% to 44,100 in 1995. From 1990 to 1995 the number rose 424.96%, an average of 40.4% per year.

In 1995, a large-scale survey by the Guangzhou municipal government in four districts showed 7,886 drug addicts. Among them, 3,571 or 45.3% were under age 25; 3,730 persons or 47.2% were 26 and 35. Together, these two age groups were as much as 92.6% of the drug-taking population. Among them, six were under the age of 14. In certain areas, young drug addicts were up to 97% of the drug-taking population. The highest rate was 99.5%, all but two of 406 seized drug addicts under 35 years old.

c) Serious problems with female drug addicts

Statistics from a stopping-drug-taking institute in Guangzhou show the number of female drug addicts increasing by a factor of 41.7 in five years, from 20 in 1989 to 834 in 1994.

No female drug addict was found in a district in Guangzhou before 1989; 19 were seized in 1990, and in the first half of 1991 59 were seized. Over 80% were youth.

In recent years, the proportion of drug addicts among females under labor reform has increased. In 1992, it was 7.39%; in 1993, 12%; in 1994, 25%; in 1995, 50%; by July 1996, it was as much as 76.6%. Among these, 6.6% were between the ages of 16 and 18; 68.3% were 18 to 25. These groups together make up 74.9% of all female drug addicts.

d) Ways of drug taking

Most of the 116 young drug addicts surveyed took heroin. Among them, 43.1% use intravenous injection, taking about one gram of heroin per day. Some took in heroin; some both took in heroin and heroin injection; 44.8% took heroin with one other drug.

Most of the young drug addicts tracked down in Guangzhou in 1994 took drugs in fixed places with groups. In December 1994, public security officers seized seven boy and girl addicts taking drugs together. In March 1996, a shelter for drug addicts was tracked down and some 45 addicts were arrested on the spot; 23 or 51% were youngsters. Among young addicts seized in Shenzhen in 1993, 82.6% took drugs in groups⁽⁹⁾.

Among the 7,126 drug addicts seized in Guangzhou in 1994, 2,220 (32.2%) took drugs in hotels and restaurants; 2,003 (27%) in residential areas; and 1,537 (21.5%) in rented rooms or small restaurants beside roads⁽¹⁰⁾.

Evidently, since 1992, drug taking activity has taken place more and more in public locations, from individual to groups of three to five persons, such as in balling hall, bars and restaurants, the addicts have fixed places to take drug collectively⁽¹¹⁾.

Addicts often take drugs collectively in fixed places. Evidently, drug-taking since 1992 has occurred more and more in public locations such as balling halls, bars and restaurants, by individuals and groups of up to five persons.

(8) *The drug-related crime situation and its countermeasures in Guangzhou*, by Zhang Zuomin, *Juvenile Study*, 1996, 4, p. 24.

(9) "China's drug problem and its countermeasures" by Guo Xiang, *Juvenile Crime Study*, 1997 : 11-12.

(10) "The drug-related crime situation and its countermeasures in Guangzhou", by Zhang Zuomin, *Juvenile Study*, 1996, 4, p. 24.

(11) "White plague spreads in Guangdong province", by Fang Ren, *Macao Daily*, June 21, 1992.

e) Links between drug-taking and other crimes

Of the 216 drug-related defendants found guilty in 1990, 1991, and 1992 at the Intermediate Level People's Court in Guangzhou, 119 or 55.1% had prior convictions for crimes such as theft and gambling⁽¹²⁾.

Among the 1,320 young criminals convicted in a Guangzhou district in 1994, 1,080 (80 %) said they committed crimes due to the effects of drugs. More drug addicts are becoming drug dealers. In 1994, public security organisations tracked down 1,770 drug dealers; 40.9% were youngsters, the youngest age 12. Most were "addicts dependent on dealing" (yifan yangxi). All the convicted members of a young theft group tracked down in Guangzhou in April 1996 were drug addicts. Beginning in late 1995, they committed 12 crimes within a few months, including one theft of assets worth up to 100,000 RMB, and spent most of the money on drugs.

It is estimated that each young drug addict spends tens of thousands of yuan on drugs per year, and that China's young addicts spend up to 10 billion yuan per year⁽¹³⁾.

In 1994, 1,320 young offenders were tracked down in Baiyun District in Guangzhou: 1,080 (81.8%) were induced to commit crimes by taking drugs. Of the 1,229 drug addicts tracked down in Fanyu City under Guangzhou Municipality in 1994 and 1995, 695 (56.6%) had committed other crimes. Among the 150 criminals tracked down in the first quarter of 1995 in Yuexiu District, Guangzhou, 91 (60.6%) were drug addicts. Some 80% of the female drug addicts arrested in Guangzhou in recent years had experience in prostitution⁽¹⁴⁾.

These data indicate that drug use is an important factor in other criminal offences.

It is also evident that drug dealing has become organised; 60% of those convicted by Guangzhou Intermediate People's Court in 1997 were involved in organised crime.

f) The educational level of drug addicts

Generally speaking, drug addicts have little education: 80.1% the 7,126 addicts seized in 1995 in Guangzhou, and 98% of the 1,000 addicts seized in Zengcheng city, Guangzhou Municipality, had less than a secondary education.

Most young addicts have less than a secondary education. Among the 7,886 drug addicts under the "1995 statistic" program in Guangzhou, 7,141 or 90.6% were below secondary school level; only 745 or 9.4% were at high school level. The fact that 90% drug addicts were below the age of 35 could indicate that 90% of young drug addicts were also below secondary education level.

g) Occupational characteristics

Occupations listed for the 7,126 drug addicts seized in 1994 in Guangzhou were the following:

occupation	number	percentage
unemployed	3,515	49
farmers	1,161	16
workers	481	7

employees of governmental apparatus and others: 486 persons, or 7,14%⁽¹⁵⁾.

The 116 young drug addicts under age 25 in Guangzhou Labor Reform and Stopping Drug Taking Camp included 46.6% unemployed, 35.3% self-employed, and 18.1% employed.

A 1995 study of 7,886 drug addicts in Guangzhou illustrates the occupational characteristics of drug taking groups:

Table 2:
The occupational analysis of 7,886 drug addicts in 1995 in Guangzhou*

occupation	number	percentage
unemployed	4,174	52.9
farmer	2,962	37.6
self-employed	574	7.3
employed	187	2.4
students	43	0.5
cadres (officials)	2	0.03

*The data indicate that over half the addicts were unemployed and nearly 40 % were farmers; these two groups were some 90 % of the total number⁽¹⁶⁾.

(12) "Alert ! Malicious White Plague under the Sun-a perspective on drug-related crimes in Guangzhou" by Ge Qizeng, People' Court Newspaper, March 7, 1994.

(13) "China's drug problem and its countermeasure" by Guo Xiang, Juvenile Crime Study, 1997 :11-12.

(14) "The drug-related crime situation and its countermeasures in Guangzhou", by Zhang Zuomin, Juvenile Study, 1996, 4, p.24.

(15) *Ibid.*

(16) Guangzhou juvenile crime study association, "Completion to the Juvenile Drug Stopping in Guangzhou", by Zhang Zuomin, Juvenile Crime Study, 1997: 1:12.

Drug Problems in Shenzhen Special Economic Zone

Characteristics of Shenzhen Special Economic Zone

In 1953, when Shenzhen became Bao'an county's administration city, it was a small town of 10,000. Change began in February 1979, when China's state department issued Order 38 establishing Shenzhen and its peripheral area as an exclusive zone to provide agricultural and side-line products and tourist resources for Hong Kong. In March 1979, Bao'an county was designated Shenzhen city; in November 1979, Shenzhen was raised to a prefecture-level city, directly controlled by the provincial government.

The policies of reform and opening to the outside world led to further change. In May 1980 the Chinese Communist Party Central Committee and the state department issued Joint Order 41 designating Shenzhen as a "Special Economic Zone," giving Shenzhen preferential rights to seek foreign capital for economic development and investment in factories. In August 1980, the National People's Congress passed "Articles of Special Economic Zone in Guangdong Province", declared to "set up special economic zones in the circumscribed areas of Shenzhen, Zhuhai and Shantou." In October 1980, Guangdong Province Communist Party Committee announced that Shenzhen city would enjoy the same political treatment as Guangzhou city. In November 1988, the State Department formally ratified a policy that Shenzhen city would have an individual budget in the national plan, or economic administrative power comparable to a province. In July 1992, the 26th meeting of the 7th National People's Congress passed a resolution to grant law- and regulation-making powers to Shenzhen People's Congress, its standing committee, and the Shenzhen People's Government. This challenge to the general application of law caused extensive debate in the political and academic circles.

The administrative area in Shenzhen was established, after several changes, on January 1, 1993. The six districts of Futian, Luohu, Nanshan, Bao'an, Longgang and Yantian are now under Shenzhen city administration, with Futian, Luohu, Nanshan, and Yantian in the special economic zone. The newly rising city of Shenzhen is a special product of the reform and open policy in China.

Shenzhen's economy has grown miraculously since it became a special economic zone in 1980. With annual growth averaging 49.6%, by 1998 Shenzhen had produced general industrial products worth approximately 185 billion yuan (present price), ranking fifth among China's cities. The most important component of growth was industrial activity, which contributed 55% of the total. Shenzhen established an industrial system of 35 lines, dominated by electronics and telecommunication facilities, and also including power production, food processing, garments and pharmaceuticals.

The main body of Shenzhen's industry consists of "Sanzi," i.e., foreign capital, joint-venture and cooperative enterprises. In 1998, Sanzi products were valued at some 127 billion yuan (in 1990 yuan), 76.7% of Shenzhen's total industrial output. By the end of 1998, investors from 65 countries and regions had invested in Shenzhen, ratifying some 22,050 projects since 1980, with cumulative contracted capital totaling some 27.6 billion yuan and actual application of approximately 17.3 billion yuan. In 1998, Shenzhen ranked sixth among China's cities in actual application of foreign capital, with 2.6 billion yuan.

Among Shenzhen's direct foreign investment projects, 696 exceeded US\$10 million, 102 were over US\$30 million, and 18 were over US\$100 million. In 1997-1998, Shenzhen hosted 58 of China's top 500 foreign investment enterprises and 11 of the top 50. Major lines of foreign investment include electronics, food, garments, pharmaceuticals and machinery. Among the actual total foreign investment volume, heavy, light and tertiary industries received 0.2%, 63.7% and 36.5%, respectively.

Shenzhen's industrial products are aimed at international markets, and general industrial products constitute over half the city's industrial production. Customs statistics show Shenzhen's total import and export volume at US\$45.276 billion in 1998, 939 times the 1979 total (adjusted for inflation), representing an annual average increase of 43.4%. Total 1998 export volume was US\$26.424 billion, 1044 times that of 1979, an average annual increase of 44.2%. In 1998, Shenzhen city's exports were 34.9% of the province's total and 14.4% of China's total. Shenzhen city was the top industrial exporter, with the largest trade surplus, of all China's cities for the six years ending in 1998, when the trade surplus reached US\$7.6 billion.

This policy-driven economic development unavoidably had a profound influence on many characteristics of Shenzhen city that pertain to this chapter:

First, by becoming a special economic zone Shenzhen became a city of immigrants. The dramatic economic development of the 1980s was based on large-scale immigration from the whole country, which rapidly increased Shenzhen's population. The population of permanent residents grew from 314,100 in 1979 to 1.9 million in 1989, an increase of 1,601,900 in just 10 years, an average annual growth rate of 19.8%. During the 1990s, influenced by adjustments to the economic structure and the new population policy, Shenzhen's average annual population growth gradually slowed to 8.7%.

In 1994, Shenzhen's registered permanent population was 939,700 and the temporary population was 2,415,400. In 1998, permanent residents numbered 3,949,600, including 1,146,000 registered residents (714,800 within and 431,200 outside the special economic zone), and 2,836,000 temporary residents (1,131,400 within and 1,672,200 outside the special economic zone). The birth rate was 11.65%, mortality 2.09%, and natural growth 9.56%. The registered permanent population included 899,100 non-agricultural and 246,900 agricultural persons. The total population included 1,929,000 males and 2,020,600 females. Average age was 29 in 1998, and the population density was 2027 per square km. From 1990 to 1995, population growth averaged 14.1% per year. With such a low natural growth rate, Shenzhen could only reach its current large population by immigration. Over 80% of its registered permanent residents immigrated during the past 20 years.

Second, Shenzhen's population is shifting. Most permanent residents (i.e., those who have lived there for more than a year) are officially temporary residents (i.e., persons without local registration). Official statistics for 1994 show a total population of 3,356,100 with only 939,700 registered permanent residents and 72% temporary residents. In 1998 there were 1,146,000 registered permanent residents among the total population of 3,939,400, leaving 71% temporary residents .

(17) *The demographic causes to the rapidly increased drug addicts in Shenzhen and its countermeasures*, by Yang Zhongxin and Yang Zihui, *China Demographic Science*, 1997, 5th.

city	Luohu	Futian	Nanshan	Yantian	Bao'an	Longgang
total	335.61	87.6	70.67 48	12.55	126.3	87.6
registered	93.97	17.1	27.48	2.52	24.9	17.1
temporary	241.54	43.19	10.02	101.3		
migrants	2					

unit: ten thousand

In addition to being a magnet for emigrants seeking work, Shenzhen is a destination for business and pleasure travelers, and a busy international entry and exit point. Population waves move in and out of the city every day, month and season. On average about 300,000 to 400,000 so-called "four withouts" persons — those lacking official residence registration (hukou), jobs, addresses, or passes to the special economic zone — reside in Shenzhen, constituting 13.3% of the total population⁽¹⁷⁾.

Shenzhen is China's largest-volume exit-entry port, mainly due to its many links with Hong Kong, which is only 35 kilometers away. In 1998, 87 million people passed through Shenzhen port, about 51% of those entering and leaving China, along with 9.8 million vehicles, about 80% of China's total. Shenzhen' numerous recreation places and hotels include seven international-standard golf courses and 85 high-quality hotels, including six with five stars and four with four stars. Foreign groups visiting Shenzhen special economic zone for 72 hours or less are exempt from visa requirements. In 1998, 4.9 million tourists stayed at Shenzhen's hotels, including 1.5 million foreign and 3.4 million domestic visitors, and Shenzhen's tourist industry brought in foreign currency worth US \$590 million.

Third, Shenzhen has a serious sex imbalance, with more females than males. The Fourth National Demographic Survey showed Shenzhen's overall sex ratio at 103.79 females to 97.21 males, which is basically normal. However, the ratio of males to females among those aged 15 to 22 was 53.2: 100, and for those aged 16 was 29.75: 100. This imbalance is attributed to the preference for young female workers in the advanced electronics, telecommunication, doll-making, and service industries.

Fourth, Shenzhen grew extremely quickly from a small town to an international city in only 20 years, at a rate that is rare worldwide. During this rapid urbanisation, many peasants changed their official identities to "citizens" or city-dwellers,

though 240,000 of Shenzhen's registered residents chose to retain their peasant identifications. Most of these hold huge assets and capital, having become a rentier class by selling their lands.

These demographic characteristics have significant effects on Shenzhen city's drug problems.

The Drug Situation

Over the ten years ending in 1990, 573 drug addicts were tracked down in Shenzhen. Then in just one year, 1991, 406 drug addicts were tracked down, followed by 642 in 1992. In 1993, the number was 1.44 times that in 1992. In 1994, it increased another 41%. In 1995, it increased 86% over the previous year. The number seized in 1994 was 20.9 times the total for the first 10 years after establishing the special economic zone. In a township in Bao'an County under Shenzhen Municipality, not one addict was tracked down prior to 1986. In 1987, several persons were found to take drugs. In 1988, tens of drug addicts were found. By 1990, thousands had been seized⁽¹⁸⁾.

Shenzhen Public Security Bureau data for 1989 show three drug addicts tracked down. In 1990, 98 were tracked down. In 1991, the municipality established a stopping-drug-taking camp in the city, and another camp in Bao-an District. In the two camps, 248 drug addicts received treatment in 1991; 819 received treatment in 1992; 1,527 received treatment in 1993; and 2,018 received treatments in 1994. Between 1989 and 1994, 4,713 drug addicts received treatment. Early in 1995, four stopping-drug-taking camps were set up in Futian, Nanshan, Luohu, and Longgang districts. In the first ten months of 1995 4,548 drug addicts were detained in the camps, including 2,521 in the Municipal Camp, 1,050 in Bao-an District Camp, 350 in Futian District Camp, 250 in Luohu District Camp, 197 in Longgang District Camp, and 180 in Nanshan District Camp. (These numbers do not include private stopping-drug camps.) In the six years 1990 to 1995 (the three persons in 1989 are excluded), the annual average increase in drug addicts tracked down was 115%. The rate of increase is really surprising.

An informant at the office of Politics and Law Committee in Bao'an District provided the following remarks: Some 90% of drug addicts in 1991 were in Shajing township; in 1992 this

expanded to four townships: Shajing, Fuyong, Songgang, and Xinan. The collective drug-taking expanded to most of that area in 1993. From 1994 to the present, drug addicts have been found in all eight townships in the district. In May 1995, a campaign against drug taking was launched and Gongming town opened a stopping-drug-taking camp for its own use.

Data presented at a stopping-drug-taking conference jointly organised by the Centre for Social Sciences and the Shenzhen Municipal CCP Committee indicate that over 100,000 people took drugs in Guangdong province in 1995. Among them, some 30,000 (approximately one-third) were from Shenzhen City. Currently, Shenzhen has a population of 3,350,000, indicating that about 1% of the population takes drugs.

Some Characteristics of Shenzhen's Drug Problems

a) Drug addiction among migrants increases each year

Data from Shenzhen's stopping drug-taking-camps show that migrants constituted about 33% of the addicts treated in 1992, 53% in 1993, 59% in 1994, and 67% in 1995⁽¹⁹⁾.

b) The unemployed often constitute the largest share of drug abusers

In 1992, the 411 drug addicts at Shenzhen's stopping drug camp included:

the unemployed	57.4%
self-employed	22.4%
fishermen and farmers	14.6%
workers and cadres	4.1%
students	1.5%

Of the 1,475 addicts at Bao' an Stopping Drug Taking Camp on June 1, 1994, 62.1% were unemployed; 59% were farmers; 25.3% were urban residents; 22.3% were self-employed; 11.1% were temporary workers; and 4% were workers. In August 1995, the 3,711 drug addicts in Shenzhen Stopping Drug Taking Camp included 57% unemployed, 29.4% self-employed, 12% workers, 1.3% students, and 0.3% officials. A 1993 survey in Shenzhen indicated that among young drug addicts, 57.4% were unemployed, 22.4% self-employed, and 20.2% students, farmers, or cadres.

(18) *China's drug problem and its countermeasures* by Guo Xiang, *Juvenile Crime Study*, 1997: 11-12.

(19) "The demographic causes to the rapidly increased drug addicts in Shenzhen and its countermeasures", by Yang Zhongxin and Yang Zihui, *China Demographic Science*, 1997, 5th.

c) Addiction among females increased dramatically

In 1992, females were 7% of Shenzhen's known drug addicts. In August 1995, they were 40.5%. This increase was related to the higher rate of female immigration: the Fourth National Demographic Survey in Shenzhen shows, among immigrants, male-to-female sex ratios of 50:100 among those ages 15 to 22; 29.6: 100 at age 16; 31: 100 at age 17; and 37: 100 at age 18.

The proportion of female drug addicts under labor reform has also increased in recent years.

d) Drug addiction increases gradually among the youngest

In 1992, the youngest addict at Bao'an Stopping Drug Taking Camp was 18. By 1995, youngsters age 13 to 18 were found taking drugs. A nine-year-old boy was found to have taken drugs for two years. A survey of age groups at Bao'an Stopping Drug Taking Camp showed 40% were age 16 to 20; 37.4% were 21 to 25; 18.6% were 26 to 30; 3% were 30 to 40. Of particular note: 0.5% were age 9 to 15. A survey of young drug addicts at Shenzhen Stopping Drug Taking Camp showed those age 15 to 18 to be the fourth-largest group (9.7%) in 1992; in 1994 those aged 16 to 20 were the largest group (40%).

Youth constitute 85% of the addicts at Bao'an Stopping Drug Taking Camp, and every camp has 12- and 13-year-old drug addicts⁽²⁰⁾.

e) Addiction is concentrated among the least educated

Among the 1,600 addicts aged 15 to 30 investigated in July 1995 in Shajing Township in Bao'an District, Shenzhen, around 400 (25%) had previously received labor reform. At all stopping-drug-taking camps, the majority had not completed secondary education, though some were registered but recently expelled students and some had graduated years before. At Bao'an Stopping Drug Taking Camp, 60% of the addicts had education qualification of secondary school, as did 65% at Shenzhen Stopping Drug Taking Camp.

f) Problems caused by rural-to-urban transitions

A survey of occupational distribution among addicts at Bao'an Stopping Drug Taking Camp showed 59%, the second-largest group, were former rural residents who funded their addictions by selling land and letting out houses and apart-

ments after Shenzhen's urbanisation. This group was 33% larger than the group of original urban residents, who constituted 26% of the internees. Investigation into the motives for drug use indicates that 60% earned large amounts of money and were attracted to various stimuli, 30% were instigated by drug dealers, and 10% wanted to treat diseases or become slender. Addiction due to rapid urbanisation amounts to 26.5% in Bao'an County, Shenzhen.

g) Family influence in drug taking

Research by Shenzhen Stopping Drug Taking Camp showed 251 (61%) of the 411 addicts in 1992 were only or youngest children. In 1994, 29% of addicts in Bao'an District came from married, nuclear families, and 71% from single-parent families, cohabitant families, or unmarried families. In 1995, an inquiry by Shenzhen Stopping Drug Taking Camp showed 38% of addicts were from married, nuclear families and 62% from other types of families. The number of drug addicts from nuclear families is evidently increasing rapidly.

Recently published statistics show the number of addicts from self-employed families to be only a little smaller than that from fishermen's and farmers' families: 36% were from fishing and farming families; 31% from self-employed families; 20.4% from working-class families, and 12.6% from cadres' and intellectuals' families. In Bao'an District, 35% of drug addicts are self-employed, a share exceeded only by native farmers and fishermen. This investigation also indicates that a dozen addicts are groups of three or four sisters, and 210 are pairs of brothers.

Conclusion

The re-emergence of drug problems in contemporary China results from many factors, both internal and external. Geographically, China has always faced extreme external danger due to its proximity to two of the world's three largest drug-production areas, the "Golden Triangle" and the "Golden Crescent."

Land routes connect both areas to China, and the Golden Triangle borders directly on China. The difficult transportation conditions and very sparse populations in the mountainous areas

(20) *Ibid.*

between China and these production bases make it difficult to establish and maintain drug-inspection stations, which is convenient for drug trafficking. Also, the ethnic minorities in south-western China and ethnic groups in the drug production areas share traditional friendship and kinship connections, as well as common languages and customs, which further facilitates cross-border drug smuggling. In a word, both natural and human geography make China quite vulnerable to the world's major drug production bases, and to the penetration of drug influences.

Since the 1990s, Thailand and Myanmar have been aggressively attacking and controlling drug groups. Frequent warfare in the Golden Crescent and consequent disorders in governmental administration have coincided with China's implementation of policies of reform and opening to the outside world, which focused in border areas and caused a great relaxation of the quasi-military control that China had exerted over those areas during the prior several decades. In areas near the Golden Triangle, where Kuomintang troop remnants once gathered, China had stationed heavy forces, numerous strongholds, and militias to control cross-border traffic. When the political ambitions of the Kuomintang remnants diminished, China greatly reduced its military presence in those areas.

Then, the local governments in border areas began to promote cross-border trade to develop the local economies. Cross-border travel increased dramatically, creating a totally different situation from that of the 1950s to 1970s. Public Security Ministry internal documents indicate that in the early years when drug trafficking began to increase, officials underestimated the drug threat represented by these policy changes, which allowed the problem to become serious in border areas near the drug production bases.

A similar sequence occurred over the same period in Guangdong and Fujian provinces, which are "frontiers" by virtue of their proximity to Hong Kong, Macao, and Taiwan. Smuggling increased rapidly after the relaxation of border control in Fujian and Guangdong, and drug trafficking soon became an increasingly important component of that "trade." The locations and free international ports of Hong Kong and Macao have long established them as centres for the collection of drugs from the Golden Triangle and distribution to international markets; their

economic development and the growth of "special entertainment industries" such as prostitution and gambling also increased their domestic drug consumption. Since the 1990s, with the blockage of traditional Golden Triangle drug-export channels and the efforts of Golden Crescent groups to open new drug channels, Fujian and especially Guangdong appeared as "virgin" (prime, unexploited) territory for these drug groups. Under these circumstances, southeast China was a natural choice as a drug-exporting channel.

Finally, the pattern in international drug trafficking is for large amounts of drugs to flow from economically backward production areas to economically advanced consumption areas through intermediate transit areas with varying levels of economic development. The differences in economic development are a key factor in the vastly different drug prices of the production, transit, and consumption areas.

This is exactly the case in the case of the Golden Triangle and Golden Crescent production areas, the traffickers' transitional routes in China, and Hong Kong, Macao and Taiwan. Statistics indicate that a kilogram of heroin is worth 10,000 to 20,000 RMB in the Golden Triangle area, 100,000 RMB in Guangzhou, and 200,000 RMB in Hong Kong. Such huge potential profits lure drug smugglers to risk their lives in the "business."

The following table lists more of the large price differentials and potential rates of profit:

Figure : Heroin prices per kilogram and associated potential rates of profit in various regions (Calculating Unit of Value: RMB)

Region	RMB(10,000)	US\$(10,000)	Gross Profit
Myanmar	1.0	0.125	
Baoshan	1.7-2.5	0.213-0.313	1.7-2.5 times
Dali	3.0-3.5	0.38-0.45	3-3.5 times
Kunming	4.0-5.0	0.5-0.63	4-5 times
Guangzhou	30-50	3.75-6.25	30-50 times
Hong Kong	90-100	10-12	80-160 times
USA	800	100	800 times

Source: Su Zhiliang, *The History of Drugs in China*, Shanghai People's Publishing House, 1997, p.509. Data slightly different from those provided on page 501 in the same source.

Thus these drug-trafficking channels arose due to the combination of natural, human and economic characteristics in China, the drug-production bases, and the intervening areas, and the policy and political changes noted above. Drug consumption in China has been characterized by a rapid rises near the trafficking channels, with the areas of consumption expanding over time.

The investigation also indicates that drug trafficking was rather limited in terms of both volume and geographic area in China in the early 1980s, and gradually expanded through the mid-80s. In 1991, the volume of drugs smuggled into China was conservatively estimated at 7,000 kilograms, as much as twice the 1990 volume. In 1992, the estimated volume was 10,000 kilograms.

Chinese customs data indicate that 50% of the drugs captured in recent years came from the Golden Triangle, and 45% from the Golden Crescent. More importantly, the number of drug-smuggling routes through China has increased dramatically. Routes now exist through provinces and ethnic autonomous regions including Guangxi, Sichuan, Xijiang, and Tibet, accompanied by rapid increases in drug trafficking cases in those areas. By 1997, traffickers from the Golden Triangle and Golden Crescent had opened up a "Golden Channel" through South China, along with a surprisingly large potential market for drug consumption. In the first half of that year, Chinese customs officials detected some 56 cases of "serious" drug-dealing crimes, seizing 220 kilograms of drugs (including 117.3 kilograms of heroin, 34.4 kilograms of opium, and 0.05 kilogram of borneol). The number of cases in this six-month period was larger than for any previous year⁽²¹⁾.

Economic Analysis

The price data provided above demonstrate the huge profitability of drug trafficking in China, which entices so many to perpetrate these crimes. The economic principle of the "rational person" applies to criminals, whose decisions can be seen as rational choices based on individual interests, eliminating the need for such explanations as "moral corruption", "incomplete psychological development," and "inherent dispositio".⁽²²⁾ Though this idea is quite radical, it is correct in some sense. Here we will discuss how the individual calculates the profitability of

these crimes, how the government calculates the gains and losses to society, how government policy and systems influence the individual calculations, and the particular characteristics of these individual and collective calculations in a transitional society such as China, where rapid economic development enlarges the economic gaps between different areas.

This leads to the following subjects of enquiry:

First, if criminal acts result from rational choice, the calculation of personal interest must include basic cost-benefit considerations. Most of those who profit from drug crimes, particularly those involved in large-scale production, transportation and sales know the legal risks, as well as how drug addiction harms human physical and mental health, and thus refuse to take drugs themselves. In contrast to many other kinds of crime, large-scale drug crimes are rarely impulsive.

Rational choice is an obvious characteristic of major drug offences. When asked about their motives, almost all the drug traffickers whom we contacted said they did it to gain large amounts of money, but they cited different individual reasons for desiring the money. Those from economically backward areas tended to cite such motives as supporting their impoverished families (e.g., caring for aged parents or putting children or siblings through school); funding legitimate investments in such things as orchards, factories, and farm machinery; and paying for costly family matters such as house-building, marriage, and childbirth. Those from economically developed areas cited more complex and diverse motives such as the desires to satisfy "special living demands," support one or more lovers, enjoy "special services" from women, pay gambling debts (particularly after major losses), and escape bankruptcy caused by failures and deceptions in business.

In summary, criminals engaged in drug production, trafficking, and retailing who were from economically backward areas were primarily motivated by the desire to earn a living or fund essential development; those from economically developed areas gave reasons that were unusual or beyond the normal criteria for living.

The psychological trait of opportunism was common among drug criminals from both the backward and the devel-

(21) *New Criminal Code and drug Offence*, edited by Jiang Zhujun, Xi'yan Publishing House, 1998, p.26-27.

(22) *Economic analysis to human behavior*, by Kali Beiker, Shanghai Sanlian Publishing House, 1995, p.56.

oped areas. All said that they had originally planned to make huge sums quickly, with minimal involvement; once they made a certain amount they planned to give up drug trafficking for legitimate business, or simply to enjoy family happiness. Of course, these replies may have been influenced by the fact that most of the subjects were imprisoned criminals. Still, data from other Chinese sources support the idea that drug trafficking is rarely intended as a life-long business. However, this may be associated with China's drug trade being in the developmental stage.

Secondly, the investigation shows that law and policy environments influence relevant crime rates, which in turn profoundly affect the specific law and policy environments. The law and policy environment directly affects traffickers' calculations of both the chances of detection and the severity of the penalties. Though China stipulates uniform laws, regulations and punishments for drug crimes, its vast territory, variations among officials and law-enforcement personnel, and special situations in different areas combine to cause variations in enforcement in different areas, which further affects the risk calculations of potential criminals. We saw that the relatively relaxed policies in areas such as Guangdong, Yunnan and Xiangjiang contribute seriously to both the larger scale and the higher number of drug crimes in those areas.

In a typical example, local public-security officials privately admitted that penalties in Yunnan Province are much less severe than in other areas such as Beijing. Simple possession of illicit drugs, which would bring a sentence of five years in Beijing, could be dismissed after education in Yunnan. A crime that would bring a death sentence in Beijing could bring five years of prison in Yunnan; one that would bring the death penalty in Yunnan would bring several death sentences in Beijing.

The Yunnan officials gave two reasons for this difference. First, they noted the traditional Chinese attitude that when many people commit a certain crime in a specific area punishments are less severe than they would be for committing a similar crime in an area where it is rarer. Secondly, in practical Chinese politics, Yunnan and Xinjiang are remote areas inhabited by many minorities and mixtures of minorities and the

majority. The regional governments in those areas take a relatively passive attitude to "drug cleansing" to avoid inflaming historical ethnic conflicts, as well as resentments over suppression of minorities and suspicions of their political loyalty during the early days of Communist rule.

Finally, the anti-drug effort is influenced by the rational economic calculations of China's local and national governments, as touched on in the prior section. Activities such as direct attacks on drug trafficking, rescue of drug addicts, and anti-drug education and propaganda, have some of the typical cooperative characteristics of "public goods," but China's particular circumstances cause sharp differences in the actions of the various arms of government. After the long period under a centralised command economy, the new emphasis on local autonomy in promoting economic development has created great variations in the actions of the local and central governments, with local governments sometimes using their autonomous powers for policy and action to conduct economic rivalry. While the central government provides for public goods such as national defense, the local governments are saddled with the comparably large funding and personnel needs for the anti-drug efforts, notwithstanding the potential benefits to other areas and the country as a whole. These factors explain much of the local governments' attitudes towards drug prohibition and cleansing. In addition, local governments are under pressure to detect and penalise the malfeasance of officials, both to maintain their legitimacy among the local people and to deal with the determination of the central government.

The investigation showed two ways that local governments avoid the funding dilemma, by treating it passively or controlling costs through the use of specific measures and actions by paid services. The latter has shown more effectiveness against drug problems. The passive approach often triggers intervention by the central government, either by direct funding of projects or by sending central government officials to fill key positions, such as provincial public security director or deputy director, to handle drug problems that the local governments are powerful enough to combat. Realistically, the central government's resources are insufficient to handle many such situations, and in any case this approach is not very effective. However, the central government could mobilize a national

political consensus by persuading officials at different levels and the relevant law enforcers that drug crimes endanger the nation.

As for effective, local measures, the most typical is to set up and maintain stopping-drug-taking camps. By the late 1990s, drug use was a serious problem in China, and local governments established many mandatory stopping-drug-taking camps. Attendance was, however, not free of charge. The cost to attendees varied from place to place and depended on the addicts' economic backgrounds. Our investigation found that fees for three to six months' treatment, voluntarily or by force, were usually 50,000 or 70,000 RMB, a little less than five to seven years' income for workers at state-owned enterprises, according to official data in 1998. Having addicts pay the cost of treatment is an obvious way for governments to solve the funding problem, but it is not affordable for addicts who voluntarily want to stop. This would be enough money to buy drugs for three or four years, some drug takers estimate. Some drug addicts who received drug-stopping treatment have even gotten involved in drug trafficking again to cover the treatment expense.

In sum, the rational economic calculations of both the drug criminals and the governments (particularly the local governments) in China work together to favor drug trafficking and use. Of course, the governments (especially the central government) realise the seriousness of the problem and seek to strengthen the attack on drug crimes. We understand this as an effort to reduce the crime rate by increasing the cost to those who commit crimes. At the same time, strengthening the strike against drug trafficking would require more funding and personnel, which poses another challenge to governments that suffer from funding constraints.

Sociological Analysis

This analysis considers China as a country undergoing dramatic social transformation, which exerts an extensive and profound influence on the drug-related crimes under discussion. This research on drug-related crime in China supports conclusions from other empirical studies, as well as related theories in other work by the present researchers⁽²³⁾.

China's transformation from an authoritarian to a pluralistic society is a natural, logical development of the reform and open policy since 1978, and also the fundamental characteristic driving social change in China now and in the future. This process will break through the national centralisation of power, with new social structures and centres of power gradually appearing. Centralised control has decreased rapidly in some fields, but formation of new social structures so far has been slow and incomplete. At the same time, the whole society is experiencing furious shocks caused by market-oriented reform and rapid economic growth.

This new situation is starting to disintegrate the traditional, command economy and general poverty, forming a new, modern, market-oriented society and making strides toward relative wealth, with individual cases of extremely high income in the southeastern coastal areas. This influences drug-related crime, and which groups becomes involved in it. Analysis of these groups presents a special viewpoint of the transitional process.

Our investigation found the four most obvious subgroups of drug addicts to be the "shifting" population, farmers and fishermen, women, and young people, and thus gave special attention to these groups.

The so-called shifting population is a concept used extensively by official Chinese agencies to manage society, and for demographic statistics. By the broadest definition, they are people who have left where they were registered residents and have lived and worked (or attempted to do so) elsewhere. They are called "outsiders" by registered local residents. There were few problems with shifting populations existed before the reform and open policy, due to strict control, management, opposition and even prohibition by every local government toward those who wanted to live and work away from their original places.

The situation changed greatly with the reform and open policy. Wealthier areas invited workers from outside, particularly from rural places, to engage in industrial and service work. With rare exceptions, these "outsiders" come from economically backward areas, and are engaged in jobs that locals are unwilling to take, with bad working environments, low pay and

(23) Deng Zhenglai, *State and Society: A Study on Civil Society in China*, Chengdu: Sichuan People's Publishers, 1997, Deng Zhenglai.

low prestige, such as recycling, babysitting, cleaning, construction labor, porter, sewing, restaurant, and assembly-line work, or unable to find work. The shifting population has few permanent (particularly white-collar) jobs, and endures unemployment (willing or unwilling), low income and oppressive social stratification. Even better-educated members of the shifting population who can get relatively good jobs, such as office clerks and skilled workers, are barred from mainstream local society by their origins and situations.

This combination of factors — low status; bad living conditions; limited, unstable and sometimes no cash income; and material desires aroused by living amid relative wealth — predisposes the shifting population to crime, especially young and energetic males. Large numbers of criminals convicted in metropolitan cities are from the shifting population: 46% in Beijing, 70 - 80% in Shanghai, 50% in Guangzhou and 97% in Shenzhen⁽²⁴⁾. These living conditions also induce members of the shifting population to relieve pressure and seek temporary stimulus by using drugs, despite the likelihood that drugs will only make their conditions worse.

Our investigation indicates that most women drug addicts are from the shifting population. Being women makes them vulnerable to drugs in several ways. With poor living standards and the difficulty of finding normal jobs, women from the shifting population tend to be willing or unwilling objects of sex inducement and sex crimes. In densely populated, economically developed cities such as Guangzhou and Shenzhen and even their peripheral areas, the sex industry is concentrated in places such as dancing halls, karaoke bars, hotels, restaurants, massage rooms, hairdressers, and movie theaters, many of which have developed into professional sex industry. Even those who have normal jobs as clerks or assembly-line workers also tend to be objects of sexual molestation, and are willingly or unwillingly involved in illegal sexual activities such as unlawful cohabitation or living with married men.

Thus, unstable living conditions, difficult occupations, and vulnerability to the inducements of the sex industry create psychological pressures which many women seek to relieve by taking drugs. For drug-addicted women, prostitution is an easy way to pay for drugs. Among prostitutes the ratio of addicts is rising,

and many have sex diseases. Also, drug trafficking can be an attractive employment opportunity under such conditions. Our investigation found that many female drug addicts are from economically developed small and medium-sized cities, while female drug traffickers are mostly from economically backward rural areas. We believe this difference has deep psychological reasons. Prostitutes from other cities, under strong spiritual pressure from having lost their former economic status and ethical ways of life, find it more difficult to resist drug addiction. Women from backward areas can better deal with the indignity of prostitution, given their rise in their living conditions, but their stronger desire for money leads them more readily to drug trafficking.

"Farmer and fisherman" are official demographic terms, with little relation to the occupations and social activities of the so-called farmer and fishermen drug addicts we observed in Guangdong Province. With the rapid industrial and economic development in Guangzhou and Shenzhen, urban and industrial land use has dramatically increased, with a corresponding decrease in agricultural land. Though the land in China belongs to the country in principle, Chinese law stipulates that the right to use particular land belongs collectively to the former inhabitants. Thus, switching farmland to urban or industrial use, whether collective or individual, requires compensation to the previous owners. In the special economic zones of Guangzhou and Shenzhen, the former farmers and fishermen received handsome payments in exchange for huge pieces of land, beach or port.

Small amounts of this money went to living expenditures at first, but most was invested in production, first for rental housing for members of the shifting population working in factories, secondly to invest in small business, thirdly to purchase fishing ships to provide seafood for the cities and also to engage in the smuggling trade created by rapid economic development. These investments and activities provide a rather handsome income for the former farmers and fishermen, but their relatively low level of education makes it hard for them to undertake other kinds of development and investment.

Many of the former farmers and fishermen began killing time by gambling and seeking novelty and stimulus. Our inves-

(24) Cao Feng: *The Fifth High Tide: the Crime Problems in Contemporary China*, Beijing: China Today Publisher, 1997, p. 91.

tigation indicates that among the so-called farmers and fishermen in Guangzhou and Shenzhen, the brave ones are often good at exploiting personal relations, familiar with the geographic situation, and engaged in the lucrative drug trafficking; many of those who indulge in the luxurious life become drug addicts; and some embody a mixture of the two types. These factors explain the high rate of drug addiction among those identified as farmers and fishermen. Also, the actual addiction rate among this group may be higher than statistics indicate, as their status and connections as local residents have reportedly allowed many to avoid prosecution.

Drug addiction among juveniles (those under age 18) is a serious problem, associated with both the increasing shifting population and the so-called farmers and fishermen. Our study suggests that juvenile addicts can be classified into two types. One group consists of children of rich farmers, fishermen and citizens, supported by their families, who start to take drugs, induced by the twisted enjoyments found in cities, and particularly by the deliberate encouragement of their young friends and the drug-dealing groups. The other group is made up of children who moved to cities and economically developed areas for various family reasons, especially economic ones, found it difficult get normal jobs, and started to take and sell drugs. Also, drug-trafficking groups exploit the relatively lax official treatment of underage criminals. This phenomenon prevails worldwide but is especially serious in China, particularly in Guangdong province, owing to officials' insufficient emphasis on juvenile crime, crimes induced by criminal groups, and a lack of experience in dealing with these matters.

The preceding analysis shows that Guangdong's drug problems, despite many special characteristics, are basically those of a society in transition. These problems are shared by other countries and regions, but are more acute in China due to the extreme and rapid social transformation. Precisely for this reason, we are not optimistic about the future drug problems in Guangdong or the whole country. In Guangdong, we see a trend towards more and more serious drug problems, and China as a whole could replay Guangdong's dangerous patterns of economic growth and related problems, including drug problems. Though both the central and local governments already realise the problem, few effective countermeasures

exist, and the governments still seem willing to adopt highly costly drug-prohibition steps that bring almost zero benefit.

However, we also must note that as the restricted conditions and materials of research precluded a more detailed and larger study, our conclusions remain seriously restricted. We feel it necessary to conduct a comparative analysis on the primary research that has already been accomplished in the hope of providing more meaningful conclusions, especially for the problems in the border province of Yunnan, which suffers serious drug problems combined with poor economic development, the hinterland province of Shanxi, which has a similarly backward economy and equally serious drug problem, and the heartland city of Beijing, which has a relatively developed economy but greater government emphasis on drug problems. These areas will be our next focus of research. The research taskforce members hope to contribute to the drug resolution in China by our own specific entities and professional disciplines.

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TRAFFICKING DRUGS IN SOUTHERN AFRICA: THE LEGACY OF WAR AND APARTHEID

Laurent Laniel

Introduction

In our own time, the analogy between war making and state making, on the one hand, and organised crime, on the other, is becoming tragically apt.

Charles Tilly⁽¹⁾

Until the early 1990s, southern Africa⁽²⁾ was playing a marginal role on the international drug scene. At any rate, local and international observers were not especially concerned with the drug situation in the region. Additionally, in most southern African countries, alcohol abuse — especially abuse of home-made beers and spirits — was a far more serious problem than drug use, and it still is today, though there has been a rise in reported illegal drug use. Apart from the region-wide use of cannabis, which is grown locally and in many cases is socially acceptable and/or culturally integrated, and the abuse of legal medical drugs, illegal drugs were not widely used or trafficked. One important exception is mandrax, an anti-depressant mostly made up of methaqualone, which has been widely used and abused in the Republic of South Africa (RSA) for at least twenty years.

When southern Africa opened up to the world following the end of civil wars and the downfall of the apartheid regime in the RSA in the mid-1990s, the region simultaneously became both an export and transit hub and a market for the international flows of illicit substances like cocaine, heroin, hashish, marijuana and synthetic drugs (mainly ecstasy and LSD). Although this sudden rise can partly be explained by a change of perception among local and international law-enforcement agencies, which

were able to apply more scrutiny after peace returned to most of southern Africa in the 1990s, there is little doubt that in real terms there are more drugs being trafficked and consumed in the region now than ever before. In 1995, an average year (and one where statistics are the most comprehensive), close to half the heroin seized in Africa was confiscated in southern Africa. Additionally, close to 9 per cent of the marijuana and 48 per cent of the methaqualone seized worldwide were also intercepted in the region. While in 1995 cocaine seizures were small in Africa (they have since experienced a significant rise), southern Africa accounted for 73 per cent (200 kg) of the total cocaine seized on the continent⁽³⁾.

In the summer of 1997 the *Observatoire Géopolitique des Drogues* (OGD), or Geopolitical Drug Watch, conducted a study in southern Africa in order to understand why such a drastic change occurred at the request of the European Commission⁽⁴⁾. The OGD study was the first one of its kind ever carried out in that part of the world and its objective was to produce a picture of the regional geopolitics of drugs. One of the difficulties encountered was the absence or unreliability of drug-related law enforcement and health statistics in the region⁽⁵⁾. This is a problem that prevails throughout Africa and the world, but that was more acute in southern Africa. Very few of the countries surveyed had developed national instruments to monitor drug use, production or trafficking at the time of the study. The information had to be gathered from a variety of sources — including health and police authorities, social workers, journalists, academics, NGO members and drug producers, traffickers and users — and then patched together for analysis.

This chapter proposes three macro-level, interconnected geopolitical factors in order to explain the recent mutation of the southern African drug geopolitics. It is not claimed that these factors are the only ones, but merely that they are central to understanding the drug situation in southern Africa at present.

The first explanation has been called the "ethnic-political factor". According to this explanation, the rampant or open civil and international conflicts arising from apartheid and the barriers it has erected between ethnic communities and countries have become a breeding ground for processes fostering the production, trafficking and consumption of banned drugs.

(1) Charles Tilly, "War Making and State Making as Organised Crime", in P. Evans, D. Ruschmeyer and T. Skocpol, *Bringing the State Back In*, pp. 169-91, Cambridge, Cambridge University Press, 1984.

(2) In this chapter "southern Africa" or "the region" means the following countries, which are all members of the Southern African Development Community (SADC): Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

(3) The sources of these figures are a variety of reports from Interpol and the World Customs Organisation.

(4) The field study was conducted in the summer of 1997. It must be stressed that the arguments made in the present chapter are the sole responsibility of the author and that they do not necessarily reflect the views of OGD or the European Union. For more information on OGD, please check: <http://www.ogd.org>

(5) Important exceptions are Mauritius, Namibia and Tanzania.

The second explanation is the "legacy of conflicts". It relates to the illegal infrastructure and expertise that were developed in the region during three decades of conflict. Indeed, during the Cold War and apartheid in the Republic of South Africa (RSA), large-scale, non-drug trafficking activities within the region and between the region and the rest of the world were established by a range of political and economic forces. Largely, they served to bankroll warring parties and to skirt the embargo the international community was enforcing against South Africa. Now — but southern Africa is no exception in today's world — these connections and networks take on board "new" products — drugs. As the regional political environment has switched from war to peace, the nature of the networks, as defined by the justification for their involvement in illegal trading, has changed from "political" to "mercantile".

The third factor is "barter", an age-old tool of traders around the world. Drugs have become part of the range of products dealt with by smuggling networks because they are high value-added commodities, easily available on the world market given adequate connections, and they can be exchanged for the commodities southern Africa has to offer. Drugs are well suited to play the part of a "strong currency": they command a high price, are not subject to inflation (prohibition and law enforcement maintain floor prices and regulate over-production), are fairly easy to transport because of their small volume, and they can either be disposed of on the increasingly large regional consumer market or used in another transaction.

Before examining these factors in greater detail and concluding on a geopolitical snapshot of the region as a whole, it is necessary to give a broad description of the southern African drug scene by bringing out the central role played by the Republic of South Africa.

The South African Crossroads

Due to its economic, political and demographic (41.5 million inhabitants) weight, its location on the world map and the presence of comparatively modern and efficient infrastructure, the Republic of South Africa is at the centre of the regional drug-trafficking scene as it is at the crossroads of most legitimate flows in and out of southern Africa. Seizures and other indicators show

that most drug trafficking within southern Africa takes place by land, roads and rail. Because most of the roads and railways that were built in southern Africa in the nineteenth and early twentieth centuries in order to export its agricultural and mineral resources lead to the seaports of South Africa, the country is located where most regional drug-trafficking routes also converge (exceptions are reviewed below). South Africa is a major transit point for international drug-trafficking routes and an exporter of regionally produced illegal substances to the rest of the world. This is not to say that the other countries of the region are mere satellites of the RSA, or that South African drug traffickers are the "bosses" who exert overall control on the regional drug trade. On the contrary, the OGD study has shown that every country — even those that are the most dependent on their powerful neighbour — has its own drug-trafficking and drug-production arrangements and its own networks, which can be active on the domestic, regional and/or international drug scene and can make deals with other networks in South Africa and elsewhere in the region.

That said, the RSA's central role in regional drug geopolitics becomes apparent for the reasons listed below.

Physical factors: geography, resources and infrastructure

South Africa is strategically located on major shipping and air routes of the southern hemisphere in the middle between South America — especially Brazil and Argentina, both major exporters of cocaine⁽⁶⁾ — and Asia — especially India and Pakistan, both exporters of heroin and hashish⁽⁷⁾ — via the Arab Emirate of Dubai, a major international smuggling hub. Additionally, South Africa is well connected by air with Western Europe and the United States, both of which are huge drug consumer markets and home to powerful, internationally active, criminal organisations. The RSA has especially close cultural and commercial ties with The United Kingdom and the Netherlands, whose criminal organisations produce and export "club drugs" (ecstasy, LSD, etc.) and launder money⁽⁸⁾. International organised crime in general is very much involved in South Africa, as many criminals view the country as a safe haven against prosecution in their home countries, and/or an enticing "land of opportunities" for organising illegal transactions, including drug trafficking and money laundering. American, British, Chinese, Dutch, French, German, Indian,

(6) However, Colombia also exports marijuana via the RSA: in December 1996, 18 tonnes of Colombian marijuana was seized at the port of Durban, South Africa.

(7) To give just one example: on 3 May 1994, 26.4 tonnes of Pakistani hashish were seized at the port of Montreal, Canada, in three containers of clothing and tea, one of which had transited through the port of Durban.

(8) For an overview of the drug situation in the United Kingdom, see *Polydrug Use and Polydrug Trafficking in the UK: A Model for Europe?*, in OGD, *The World Geopolitics of Drugs 1997/1998*, OGD, Paris, October 1998 (<http://www.ogd.org>).

Irish, Israeli and Russian criminal organisations are known to be doing 'business' in southern Africa⁽⁹⁾.

Southern Africa's political and economic geography is a major factor contributing to South Africa's prominence in the regional drug trade. South Africa is the region's economic giant and it is at the crossroads of most incoming and outgoing flows of goods, money and expertise. Out of the twelve countries in the region six have no access to the sea and need to use seaports located in neighbouring countries in order to import and export goods and commodities. The six landlocked countries are Botswana, Lesotho, Malawi, Swaziland, Zambia and Zimbabwe whose main exports are agricultural produce (tobacco, sugar, tea, etc.) and minerals (diamonds, copper, uranium, etc.). Although the ports of the RSA are not the only ones available for southern African exporters, for many countries they are the nearest. The port of Dar-es-Salaam in Tanzania, is located at the region's northern tip, and processes mainly Zambia's and a share of Malawi's imports and exports. The ports of Nacala, Beira and Maputo in Mozambique, also export a share of Malawi's, Swaziland's, Zambia's and Zimbabwe's foreign-bound commodities, but the disorder and poverty prevailing in post-war Mozambique and the run-down state of its infrastructure does not make it attractive for would-be exporters of legitimate goods. By contrast Mozambican ports, especially Beira, are significant hubs for drugs and arms imports and exports. Another reason for South Africa's strategic location at one end of regional roads and railways is the fact that it is, due to its industry, a large exporter of goods to its neighbours. For instance, over 80 per cent of Botswana's, Lesotho's and Namibia's registered imports come from South Africa.

The RSA is by far the country best endowed with infrastructure in southern Africa. It has a multitude of airports — many very poorly policed or not at all — which have long been used for various types of smuggling. Its road network is by far the best in the region and its seaports are both modern and located on major international shipping routes. With a strong and convertible currency, a dynamic stock-exchange, an efficient and computerised banking system, modern cities, a developed industrial sector, a booming real-estate market (especially in and around Cape Town) a rapidly expanding tourist industry and a powerful gambling industry, South Africa is not only at-

tractive to big-time foreign criminals but also to millions of people from neighbouring countries who are not professional criminals but who come to trade in gems, gold, ivory, rhino-horns, arms or drugs to earn a living, thereby boosting the informal economy. According to an analyst with the international accounting firm KPMG, South Africa is among the world's most promising countries for money laundering. Until May 1997, money laundering was not a crime in the RSA, and it is to be doubted whether the new legislation is adequate and whether it will be possible to enforce it adequately given the corruption and lack of training of national enforcement bodies.

Additionally, South Africa is endowed with many natural riches that fuel lucrative smuggling activities. The country is one of the largest world producers of gold and diamonds, two commodities that, in and of themselves, justify the existence of powerful and well-connected international smuggling rings spanning Africa, Asia, the Middle East, the Americas and Europe (including Russia). Southern Africa as a whole is home to most of the surviving rhinoceros population of the world, and this arouses the cupidity of gangs of poachers — a rhino horn can fetch more than US\$ 4,000 on the black market. Elephants are hunted for their tusks. The South African automobile industry should also be counted among the country's resources. Indeed, major manufacturers such as BMW, Mercedes-Benz, Toyota and Volkswagen all operate assembly plants in the RSA. Some 100,000 vehicles are stolen every year in South Africa alone but car theft is also a serious problem in the rest of southern Africa. Stolen vehicles are taken apart and sold off as spare parts or exported to other countries (in southern Africa and beyond) both by large criminal organisations and independent "small-timers". The stolen car racket is linked to the drug trade in more than one way. For instance, many drug dealers accept cars as payment from their clients and stolen vehicles are used to smuggle drugs across borders.

The largest consumer market in southern Africa

Consumer markets are an important aspect of drug geopolitics, even if a somewhat neglected one. Indeed, until now by and large demand (drug consumption) has been the preserve of epidemiologists, anthropologists or sociologists, who endeavour to explore the relationship between drugs and individuals and/or drugs and society (mostly national societies), while supply (drug

(9) For some details on Chinese and Russian organised crime in the RSA, see D. Beresford, *SA crime is getting organised*, in *The Weekly Mail and Guardian*, 13 February 1998.

(10) There are exceptions to this general rule. One is the American "ethnographic school" of drug studies which has produced some excellent work on local-level drug trafficking, such as P. Bourgois, *In Search of Respect: Selling Crack in El Barrio*, Cambridge/ New York/ Melbourne, Cambridge University Press, 1995.

(11) OGD strove to take into account both the demand and the supply of drugs as parts of the same problem, see for instance "Polydrug Use and Polydrug Trafficking in the U.K.: A Model for Europe?" and "Heroin Networks and Markets in Europe", both in OGD, op. cit. Christian Geffray's study on the "cocaine boom" in the Brazilian state of Rondônia, in the Amazon region, can also be mentioned in this respect.

(12) Let us repeat that by far the most-widely consumed drug in Southern Africa, and across the social spectrum, is alcohol. Alcohol also gives rise to most problematic substance abuse in the region. However, thereafter in this chapter the word "drug(s)" means illegal drugs, unless specified otherwise.

(13) The South African authorities first registered the use of crack-cocaine, also known as "rock", in 1993. In 1996, Dr. Sylvain Miranda, director of the Phoenix House treatment centre and of SANCA, estimated that there were 150,000 crack users in Gauteng Province alone, and went so far as to predict that there would be 500,000 nationwide by the year 2000. He perhaps exaggerated somewhat. Although most crack dealers and users are to be found in the Johannesburg area (especially in the Hillbrow and Berea districts), crack use seems to be spreading to other major urban areas like Cape Town and Durban.

(14) In the first half of the 1980s, Mandrax was restricted to Whites and Coloureds of all social classes; Blacks were generally so poor that they could not afford to buy it. (15) See T. Ryan, *Let the public into the dagga debate*, The Weekly Mail and Guardian (Johannesburg), 6 March 1998.

(16) F. Fracassi and L. Evans, *Money can buy immunity*, The Weekly Mail and Guardian (Johannesburg), 25 July 1997.

production and trafficking) has been mostly studied by specialists in political science, economics, international relations and geopolitics⁽¹⁰⁾. However much understanding of the drug phenomenon can be gained by examining the dynamic relationship between supply and demand, the spaces where drug production and trafficking, on the one hand, and drug consumption, on the other, meet and interact⁽¹¹⁾.

Due to its large consumer market for illegal drugs, the RSA attracts substances produced in southern Africa and beyond. There were no estimates of the number of drug users in South Africa, at the time of the field of the study, but given the size of its urban population and its comparatively large middle classes, it is safe to assume that it is the largest consumer market for illegal drugs in southern Africa⁽¹²⁾. Major urban centres such as Johannesburg, Pretoria (both in Gauteng Province, which is almost entirely urban), Cape Town (a major tourist area) and Durban (capital of KwaZulu-Natal and a major seaport) provide large, diversified and sophisticated drug-consumer markets. The lower end of the domestic market is made up of the drug-using population living in the often huge Black and Coloured (including Indian) townships, who mainly consume marijuana — called "dagga" in South Africa — mandrax, and increasingly crack cocaine (especially in Johannesburg⁽¹³⁾), and are poor. Some heroin is consumed among the poor, but it seems that so far heroin use is restricted to the better off. The latter make up the upper end of the drug-consumer market, comprising most urban Whites as well as better off Black and Coloured drug users. The most prevalent substances in richer circles are dagga, powder and crack cocaine, "club drugs", heroin (mostly smoked N°3 heroin, aka "brown sugar"), and some mandrax⁽¹⁴⁾. Polydrug use, that is the regular use of more than one substance by one person, is frequent among both rich and poor users and tends to become more popular: according to the South Africa National Council on Alcoholism and Drug Dependency (SANCA), between 30 and 40 per cent of the people admitted for treatment in Gauteng Province in 1997 had taken several drugs, against 12 per cent in 1996 and 7 per cent in 1995. The most widely used drug in rural areas is dagga.

While it is difficult to rank the various drugs used in South Africa by rates of prevalence, it is clear that dagga is the most prevalent substance countrywide by a long shot. It is smoked by

most drug users across the social spectrum in both rural and urban areas.

Dagga use seems to be decriminalised de facto in the RSA, as it is in most other southern African countries, and in Western Europe. Clues to de facto decriminalisation include statements by government ministers, such as Siphon Mzimela, the South African minister for penal institutions, who has declared that changing the law in order to decriminalise dagga possession "could save millions of taxpayers' money". Since a 1992 decision, many South African courts take into account the widespread social tolerance of cannabis use in the country: "Dagga is so easy to obtain and its use is so widespread that at least a large proportion of the population do not view its possession as a crime or even a social problem. The social reprobation arising from the heavy penalties awarded for dagga possession cannot be overlooked". However, not everyone agrees with decriminalising dagga; opponents include Dr Sylvain Miranda, one of South Africa's leading epidemiologists⁽¹⁵⁾. Additionally, there seems to be a consensus among South African law-enforcement agencies that cannabis is much less dangerous than other proscribed drugs. As one journalist aptly put it: "The police don't bother with dagga; they can't even cope with the trade in hard drugs"⁽¹⁶⁾. This statement is backed by the statistics of the South African Police Service (SAPS), according to which arrests for dagga possession fell from 6,511 in 1992 to 1,475 in 1996. From Mozambique to Zambia through Zimbabwe and Tanzania, the same reflexes can be observed among civil servants across the region: while the toxicity of cannabis is not discussed, and while its status as a now prohibited product is not questioned, the problems regarding cannabis are viewed as secondary when compared with those posed by other drugs, especially alcohol⁽¹⁷⁾.

A major factor for the social tolerance of cannabis in the RSA and southern Africa as a whole is history. Dagga has been grown and used by the inhabitants of the region for hundreds of years. According to historical research, it is highly likely that the San (aka Bushmen) and Khoikhoi (or Hottentot) people, who were the earliest inhabitants of the southern part of the continent, were using dagga before 1500⁽¹⁸⁾. In many rural areas throughout the region, marijuana is viewed as a traditional medicine that cures people and animals⁽¹⁹⁾. Since the end of the nineteenth century,

(17) However true that may be, international pressure and the eagerness of regional governments to become fully fledged members of the international community — and thereby become eligible for IMF and World Bank loans — can result in the banning of cannabis possession and use in countries where it was previously allowed and socially acceptable. The most recent case is Mozambique, which first outlawed cannabis (known locally as suruma) in 1997, then signed all United Nations drug conventions in June 1998. See L. Laniel, *The Drug Summit*, New York 8-10 June 1998, Annex 1a, UNESCO - MOST Drug Programme, Paris, October 1998, (MOST-Drugs Reports Series, N°3)

(<http://www.unesco.org/most/laniel.htm>).

(18) B. Du Toit, *Cannabis in Africa*, p.8 (published for the African Studies Centre, University of Florida, Gainesville, by A.A. Balkema, Rotterdam, 1980) states that cannabis "was almost certainly used in the southern part of the continent [Africa] in pre-Portuguese times, i.e., before A.D. 1500"; while J. Gill (*A Short History of Lesotho*, p. 7, Morija (Lesotho), Morija Museum & Archives, 1993), maintains that dagga was known to the San prior to 1550".

(19) Laurent Laniel, *Cannabis in Lesotho*:

A Preliminary Survey, MOST Discussion Paper N° 34, Paris UNESCO, 1999 (<http://www.unesco.org/most/dslaniel.htm>), lists some of the traditional medical uses of marijuana (locally known as *matekoane*) in Lesotho. The Basotho ethnic group that peoples Lesotho is also one of the ethnic components of the RSA's population.

(20) Marijuana is reputed to have several utilitarian virtues throughout Africa south of the Sahara. One that is frequently reported is that it enables users to work harder. For details on this and other reported utilitarian uses see, Laurent Laniel, "Où va la production de cannabis: *Marché local de la consommation et développement des cultures illicites au Ghana*", in OGD: Les drogues en Afrique subsaharienne, Karthala/Paris, UNESCO, 1998; and Laurent Laniel, "Violencia y marihuana: usos del "tabaco del diablo" en el Ghana contemporáneo", in Inchaurreaga, S. (comp.): *Drogas y Drogadependencias, Teoría, Clínica e Instituciones*, CEAD-SIDA, Universidad Nacional de Rosario, Argentina, 1997.

(21) See Du Toit, *op. cit.*

(22) Laniel, *Cannabis in Lesotho*, *op. cit.*, lists evidence that marijuana provides nearly 50 per cent of the overall income and almost 100 per cent of the cash income of farms in mountainous districts of Lesotho.

with the employment of Blacks in the mines and on big farms, utilitarian, or functional, use of marijuana has been common among workers. Dagga is reputed to give workers more strength⁽²⁰⁾. White employers often encouraged the use of dagga. In the new South Africa, some argue that since dagga use is common to Blacks and Whites it helps bridge the gap between the communities. Whether or not this is true, it cannot be denied that cannabis has been part of the culture of many of the ethnic groups living in southern Africa for hundreds of years, as is illustrated by the existence of a specific word for cannabis in most indigenous African languages⁽²¹⁾.

Dagga and the southern African "cannabis corridor"

In present-day South Africa, Lesotho, Malawi and Swaziland, another major argument for the widespread tolerance of marijuana is economics. Indeed, as in many other parts of Africa and beyond, cannabis cropping can be the sole or major source of revenue for entire communities. While the size of cannabis crops is generally unknown, the available evidence demonstrates that marijuana production is part and parcel of the rural economy in many southern African regions. This is especially the case in Lesotho⁽²²⁾ and Malawi, in some areas of Zambia and Swaziland, along the border between Mozambique and Zimbabwe, not to forget the Eastern Cape and KwaZulu-Natal provinces of the RSA⁽²³⁾.

South Africa itself is a large producer of dagga, perhaps the largest in a region where cannabis can be a veritable agri-business and a major source of income for entire countries. South African official estimates of the total acreage of land dedicated to cannabis growing in the RSA are highly unreliable and in all likelihood subject to political manipulation. In August 1996, a memorandum jointly written by Interpol and the International Narcotic Control Board of the United Nations (INCB) based on a report by the South African Narcotics Bureau (SANAB) stated: "*Aerial reconnaissance carried out by the South African authorities showed cannabis growing on more than 80,000 hectares in the former Republic of Transkei (now in Eastern Cape Province). Adding the production of this region to total South African production, it is clear that South Africa is now the biggest cannabis producer in the world*". However, in June 1997, a senior SANAB official told OGD that the 80,000-hectare figure was "a statistical mistake" and that chang-

ing climatic conditions could produce very wide annual variations. The official said that the "real" estimate was 2,000 hectares. Most observers will find it hard to believe that such a huge variation in estimated acreage is explainable by changes in the weather and mistaken calculation only. Whatever the case, the only other estimate OGD could find is that by a Western official. From his own observations and calculations, he concluded that the total cannabis acreage in South Africa was somewhere around 35,000 hectares. This is still an enormous figure. Taking a conservative yield - estimate of 100 kg of ready-to-smoke marijuana per hectare per harvest, and given 1.5 harvests a year (some producing areas have two harvests per year, others one only), it means that South Africa produces some 5,250 tonnes of marketable dagga every year — a large quantity by all standards.

Although the two provinces mentioned above are the largest producers, cannabis is grown throughout South Africa. Additionally, the vast majority of the dagga produced in Lesotho and Swaziland, both small landlocked countries which are heavily dependent on the RSA economically, eventually ends up on the South African market and should therefore be counted as belonging to the South African cannabis complex⁽²⁴⁾. Taken together, the latter two provinces and two independent countries represent the southern tip of a region-wide "cannabis corridor" which stretches south-north from the Eastern Cape to southern Tanzania, through parts of eastern Mozambique, eastern Zimbabwe, north-eastern Zambia and the whole of Malawi; and east — west from southern Zambia to eastern Namibia and Botswana, through north-western Zimbabwe. This 'cannabis corridor' has been identified by OGD as the area of southern Africa where cannabis cultivation is the most prevalent, though cannabis may be grown in areas outside the corridor: Angola is a significant producer of marijuana but it is not within the corridor.

The corridor currently tends to grow longer and wider, and the areas more recently involved in dagga growing also seem to be more heavily involved in a commercial (as opposed to cultural) exploitation of marijuana. Indeed, it seems that cannabis crops are expanding in regions increasingly specialising in producing for regional urban markets and for export (Lesotho, Malawi, South Africa and Swaziland) sought-after varieties of cannabis ("Malawi Gold", a popular type of marijuana originally grown in Malawi, is now also grown in Mozambique and Zimbabwe). It is interesting

to note that the countries where marijuana production is all but entirely destined for the domestic consumer market are also those which opposed most resistance to the implementation of structural adjustment programmes (Mozambique and Zimbabwe).

Although the vast majority of the cannabis produced in southern Africa is consumed locally, seizure statistics show that increasing amounts supply the European market, especially the United Kingdom and the Netherlands, where it can be bartered for "club drugs" sold on the South African market. Southern African marijuana enters Europe by air and by sea mainly in the United Kingdom as was shown by seizures made at the ports of Tilbury and Felixstowe, as well as Durban and Cape Town. An interesting case of international drug smuggling by air is that of Johannes Verster, a former South African military intelligence officer officially dismissed after a purge of the special services in 1992 and previously involved in diamond smuggling in Angola and Namibia. Verster was arrested in the United Kingdom at Bournemouth airport, in February 1997 for bringing in 120 kg of dagga aboard the private jet of a Port Elizabeth millionaire.

Ethnic and Political Divides

Ethnic diversity, particularities and the weight of history and culture are fundamental to an understanding of the drug situation in southern Africa. These particularities strongly influence the drug phenomenon in all its aspects: production, trafficking, consumption and money laundering. In fact, the social and economic activities related to drugs, a mercantile product par excellence, are modelled on both formal and informal pre-existing traditions and activities. All the more so because until very recently ethnic differences were explicitly instrumented by some regional governments in order to perpetuate systems of unequal land ownership and resource-distribution to the benefit of one ethnic community against the others⁽²⁵⁾. In South Africa, such a system — apartheid — was institutionalised and it determined just about every aspect of people's lives. The racial segregation implemented by Whites (especially Boers) who controlled the state translated into politics as disenfranchised Blacks and Coloureds organised to fight the system that was oppressing them. Thus the border between "ethnic" and

"political" differences became blurred, in what can be viewed as a real-life version of *The Clash of Civilisations*, Samuel Huntington's proposed agenda for US strategic planning in the twenty-first century⁽²⁶⁾. Both anti- and pro-apartheid forces found allies outside South Africa and since the international environment was characterised by a conflict between capitalist and communist countries, the struggle over apartheid integrated the Cold War logic of "fighting for the revolution" versus "fighting communism". That led to the South African conflict spreading out into neighbouring countries, thus becoming a structural factor of regional geopolitics. In South Africa itself, the crisis started in December 1961 with the creation by the South African Communist Party (SACP) and the African National Congress (ANC), both banned, of a common armed wing: Umkhonto we Sizwe (Spear of the Nation). In 1967/68 from its base in Zambia, the movement launched a guerrilla campaign in Southern Rhodesia (now Zimbabwe) where the South African police intervened. Then a movement called the South-West African People's Organisation (SWAPO) started fighting for freedom in Namibia, at the time a South African colony called South West Africa, and then in Angola after 1975, when both Angola and Mozambique gained their independence from Portugal. The fighting escalated after the RSA intervened in the civil wars that erupted in the former Portuguese colonies with a view to keeping "communist subversion" as far away as possible from its borders. The South African military intervened directly in Angola until 1989, then indirectly by providing support to Jonas Savimbi's UNITA rebel movement⁽²⁷⁾. Likewise, its surrogate in Mozambique was the RENAMO guerrilla group until 1992. Inside South Africa, the "securocrats" who grabbed power in Pretoria in 1978 waged a dirty war with no holds barred against anti-apartheid groups until the ANC finally won the April 1994 election.

The ethno-political struggle has erected high and strong barriers between countries and communities, fostering distrust, hate and violence. War staged in an environment where political and ethnic segregation often found support in diasporas and survival strategies has strengthened in the minds of many the idea that "they", that is, members of another ethnic group, political organisation or the state, are an obstacle to, even an enemy of, self-development.

(23) Koch, E. & Mthembu, E.: "The crop that clothes, feeds and educates...is illegal", in *The Weekly Mail and Guardian*, 25 July 1997.

(24) For details on the cannabis agri-business in Lesotho, see Laniel, *Cannabis in Lesotho*, *op. cit.*

(25) South Africa until the early 1990s, Rhodesia/Zimbabwe at least until 1980 and Namibia until independence in 1990 are the best-known examples. Although not to the same degree of acuteness, Angola and Mauritius also qualify.

(26) S. Huntington, *The Clash of Civilizations*, *Foreign Affairs*, Vol. 72, N° 3, Summer 1993.

(27) To this day UNITA's supplies often come from, or transit, South Africa; see *The Angolan Connections*, *The Geopolitical Drug Dispatch*, N° 79, May 1998.

Communities live side by side but the general rule is that they do not mix. This has several implications for the drug trade. Firstly, many drug trafficking networks are run along ethnic-political and/or family and clan lines. Because trafficking drugs is an illegal activity, a crucial organisational element of the gangs involved is trust. Indeed, associates, partners, bosses and employees need to trust one another, since there are no written contracts to regulate the activity and no courts to settle potential disputes. Ethnic, family and clan bonds provide trust, as do present or past "brotherhood in arms" or membership of military units, intelligence services, etc. The ethnic base of drug trafficking ensures that the networks will be tightly closed to outsiders and therefore impenetrable by law enforcement or competitors (which can be, and often are, the same). Because of the tightness of networks, it is not rare to see drug shipments first transiting a country and then coming back in smaller batches in order to be sold on the domestic consumer market. In Zimbabwe, for instance, it is obvious that large-scale mandrax and heroin trafficking is a virtual monopoly of members of the Indian/Pakistani community, just as in Mauritius, while cocaine is the preserve of White traffickers who supply White Zimbabweans and tourists. Black Zimbabwean traffickers have been historically shut off from sources of "hard drugs"; they deal in cannabis and above all in other goods such as stolen vehicles, gold, diamonds, etc., through networks inherited from the time of conflict. The same is true for the mostly Black former freedom fighters of Namibia.

In Zambia, many present-day mandrax-trafficking rings have historical roots in the networks that used to supply the ANC and the Pan-African Congress (PAC) anti-apartheid forces with the drug starting in the mid-1980s and perhaps earlier. However, it seems that initially large-scale mandrax trafficking between South Africa and Zambia was organised by Indian/Pakistani networks already accustomed to international smuggling. Before methaqualone was banned in India in the mid-1980s, businessmen bribed officials in Zambia (and other countries) to order large quantities of mandrax, then a medical drug, which was then smuggled and sold as an illegal substance to consumers in South Africa. There is little doubt that senior figures of the Zambian Government and security apparatus provided cover and help to ANC and PAC traffickers. Not much seems to have changed with the election of a new president in 1991; Zambia has retained its standing as a major, perhaps the main mandrax-trafficking hub in

the region. The drug trade continues to be run as a partnership between ethnic Indian/Pakistani businessmen with adequate connections in Mumbai and Dubai, and African politicians and senior officials, although nowadays the former mandrax importers seem to have diversified into heroin. In South Africa, mandrax street distribution has long been the preserve of Coloured gangs, especially in Cape Town where some gangs were used by the South African police as surrogates. Although the mandrax trade has now become "democratised" and a wider range of people are involved in it thanks to the opening of international borders after the conflicts ended, the Coloured gangs continue to play a major role in international mandrax trafficking and have diversified into cocaine distribution and car theft. By contrast, in South Africa and most other countries, Africans (Zulus, Xhosas, Basothos, etc.) mostly carry out the domestic trade in dagga. The international cocaine trade in South Africa and Namibia seems to be in the hands of members of European (Germans in Namibia), Middle-Eastern (Israelis, Lebanese and Syrians), and West African (Nigerians and Ghanaians) communities.

Immigration, a recent phenomenon, has compounded the real or perceived links between ethnicity and drug trafficking in the region, especially South Africa. Indeed, the barriers between the communities go together with the extreme mobility of people. The South African economy, especially its mines, has exerted a power of attraction on workers from foreign countries for some time. According to the Department of Home Affairs in Pretoria, between 2.5 million and 4.1 million illegal aliens live in the Republic of South Africa; the World Bank estimates that there are around 5 million; the South African Police state that there are 8 million; most South Africans seem to think that there are too many. These immigrants mostly come from Lesotho, Mozambique, Swaziland and Zimbabwe. But after Europe closed its borders to African immigrants, there has been an additional boom in immigration from outside southern Africa. Newer migrants have arrived from Central and West Africa, especially the Democratic Republic of Congo (DRC — former Zaire), Ghana and Nigeria. This mobility generates its own trafficking activities: those that accompany the populations (cross-border smuggling of both men and goods), those that allow them to cross borders (false official documents, passports, etc.), those that facilitate their integration or survival (informal transnational trade, drug trafficking and street dealing, etc.).

(28) *The Weekly Mail and Guardian* of Johannesburg reported the following words from an Afrikaner SANAB officer interviewed during a — rather brutal — drug raid in the Hillbrow and Berea districts (nicknamed "Little Lagos"): "Wiese says over 80 per cent of dealers are from Nigeria. "It is only them, who else? When South Africa opened up to the rest of the world, the Nigerians started to bring the drugs" — T. Amupadhi and M. Commandeur, *Searching for a "guilty" Nigerian*, *Weekly Mail and Guardian*, 18 April 1997.

(29) M. Mauer, *Race to Incarcerate*, Washington D.C., The Sentencing Project, 1999. The tendency to blame drug problems on "outsiders" or foreigners is far from being restricted to southern Africa or the United States; it is indeed a problem OGD has encountered throughout the world, including Europe.

(30) Similar comments were made by police officers in Swaziland and Zimbabwe.

In most countries in the region, Nigerian traffickers have become established as significant cocaine importers and distributors. In South Africa itself, Nigerians are widely blamed for the recent rise in crack and cocaine use. While there is no question that Nigerian traffickers are active in distributing cocaine and crack on the South African and other regional markets, they are not the only ones. But as recent immigrants from outside the region, they have become convenient scapegoats on whom to blame the southern African drug problem⁽²⁸⁾. Thus, two-thirds of the illegal immigrants serving jail sentences in South Africa are Nigerians. In 1993, they were accused of importing more than 50 per cent of the cocaine seized in South Africa. This is symptomatic of another aspect of the drug/ethnicity relation — perception. Racial differences and distrust are, of course, primarily a problem of perception, but this has specific consequences for law enforcement. Adapting Jean-Paul Sartre's famous words, it seems that in southern Africa "*la drogue, c'est les autres*". Indeed, the OGD study found that throughout the region there was a tendency among police officers to blame the drug problem on foreigners. It seems that drugs could become a surrogate for racial discrimination — a way to perpetuate prejudice now that racism has become politically incorrect. In many ways, though not (yet?) with the same dire consequences, the regional situation, especially in South Africa, is reminiscent of that prevailing in the United States where Blacks and Latinos make up the vast majority of those arrested on drug charges⁽²⁹⁾. This leads to the police targeting entire communities because some members are known or suspected drug traffickers. The upshot is that traffickers who are members of communities that are not viewed as 'suspect' have more freedom to act. OGD found that the scapegoats who were the most popular with South African police officers, were "Nigerians" or West African immigrants labelled as "Nigerian". Other popular scapegoats throughout the region, especially among ethnic-African police officers, are people of Indian/Pakistani and Chinese backgrounds. Indian/Pakistani and Chinese communities are present throughout southern Africa, mostly as traders and entrepreneurs, and the African communities generally resent them. In Mauritius, where the vast majority of police officers are of Indian background, the majority of people arrested for drug use and minor dealing are Creoles (i.e. Blacks), most of whom are poor. In an interview with OGD, one police officer in Lesotho went as far as denying, despite compelling evidence to the contrary, that his compatriots had anything to do with drug trafficking, which, he

said, became a problem due to the opening of borders to foreign immigration after the end of conflicts⁽³⁰⁾.

Conversely, members of targeted and/or mostly economically deprived communities view the police as an oppressive force and are reluctant to collaborate with it. Many even view crime as a way to offset inequalities in wealth that are — often rightly — perceived as a consequence of the unequal access to resources that was enforced under apartheid. In South Africa, non-Whites often refer to those who held political power during apartheid, and still retain much economic and administrative power, as "the Boere Mafia", betraying the perception that what bonds them together is ethnicity and crime. Afrikaners are in a majority among the officers of South Africa's drug police (SANAB), where corruption is high. An ethnic-African diamond smuggler and former freedom fighter interviewed in South Africa said that stealing from "big diamond companies" was not a moral problem for him since "they are owned by rich Whites who have stolen the land of my ancestors and (prospered) thanks to apartheid, while I have a family to feed."

Ethnic differences impact on drug law enforcement in another way. In countries where police officers come mostly from one specific community, it is hard for them to penetrate into trafficking gangs run by members of another community. Thus, in Zimbabwe, where police officers are mostly Black, OGD heard them complain that there was no way they could make a serious investigation into trafficking networks run by Whites and Indians/Pakistanis because policemen were immediately identified. In Mauritius the mostly Indian police force say it is impossible for them to investigate the White and Chinese communities.

The Legacy of Conflict

The main effect of the frontier that used to separate the forces fighting for apartheid from those fighting against it was to push regional governments, political organisations and entire sections of the population to resort to illegal means. In southern Africa, at one time or another, the forces of history, whether economic, political or social, found themselves obliged to set up secret supply routes, "bust" embargoes and use all kinds of illicit activities as sources of funds and intelligence on the opposition,

or merely in order to survive. If we take 1961 as the start of the apartheid struggle and the end as the 1994 election of Nelson Mandela as President of South Africa, it means that for thirty-three years a civil war prevailed in the country. This is more than enough time to deeply ingrain what are now viewed as questionable practices, but what were then perceived as necessary acts in order to wage the war. The civil war in South Africa had spill-over effects in neighbouring countries. The forces of the South African police engaged in Namibia and Rhodesia made alliances with professional smugglers. Likewise, in South Africa itself, the police became used to recruiting criminals whom they turned into surrogates in charge of countering the ANC's and SACP's influence in the townships. In Cape Town especially, the gangs became the zealous and self-serving auxiliaries of Pretoria with which they negotiated almost total impunity. Moreover, because they were trained exclusively for political repression, South African police officers, like many counterparts in the region, were almost completely ignorant of investigation techniques and judicial procedures. This reduces considerably their ability to confront organised drug trafficking networks today. In numerous southern African countries, courts and magistrates face similar problems.

The methods used by anti-apartheid forces have also contributed to the "criminalisation" of the societies and institutions of southern Africa. By encouraging popular violence as of the mid-1980s and until it won the election in 1994 (murders of police and municipal officers and traitors) and launching campaigns of civil disobedience (boycotts of rents and services), the anti-apartheid movement also contributed to the disregard for the law which still prevails in a portion of the Black and Coloured population, especially the young. The weapons distributed to the ANC militias in the townships in the mid-1980s are now used to commit crimes. Badly demobilised, with no or few prospects of getting a job, many militiamen in large cities joined criminal street gangs and trafficking rings. Likewise in KwaZulu-Natal, the militias of the Inkhata Freedom Party (IFP), taxi companies, and cannabis and arms smuggling networks are closely connected in the townships. The problem of the integration into society of the former freedom fighters is not only acute in South Africa. In Namibia and Zimbabwe, civil societies also demand either jobs or pensions for the former guerrillas as a means to reduce crime.

In the post-conflict era, the smuggling and underground money networks, both intra-regional and international, continue to operate, but now mostly for generating personal profits for their operators. Additionally, the poverty in which the majority of southern Africans live has led many to rely on illegal activities in order to survive⁽³¹⁾. Largely as a result of decades of conflict, the frontier between what is legal and what is not has been blurred in the minds of many people, both rich and poor. Below is a list of the illegal activities that started or intensified because of the conflict.

Ecstasy manufacturing

In late 1996 and early 1997, SANAB dismantled three laboratories producing ecstasy-type stimulants in the Johannesburg area. The third police raid made the headlines after Wouter Basson, a cardiologist, was arrested while he was trying to sell 1,000 ecstasy tablets on January 17, 1997. Basson headed a top-secret chemical research programme set up by the South African Defence Force under the cover of a seemingly private firm called Delta-G Scientific. Although at first the firm was owned by the military, it was privatised in 1991, it seems mostly to the benefit of relatives and friends of senior South African military officers. Another Delta-G employee, Dr Johan Koekemoer, a former research manager for the firm, was also arrested in possession of ecstasy in January 1997. In an interview, Koekemoer declared that he received instructions in the early 1990s from one of his superiors to manufacture 1,000 kg of ecstasy crystals⁽³²⁾ — enough to produce hundreds of millions of ecstasy pills. It has also been alleged in connection with the Basson and Koekemoer case that the South African military manufactured mandrax during the 1980s⁽³³⁾. In a 1997 testimony to the Truth and Reconciliation Commission, a senior military officer declared that the South African military's stockpiles of "drugs" had been dumped into the sea in 1993. A claim many South Africans find hard to believe, wondering where the military's stockpiles really ended up. South African officials familiar with the case said in 1997 that the investigation would show that the manufacturing and sale of illicit drugs was a major source of funding for the secret chemical and biological warfare research programme of the South African Defence Force in the 1980s, while it is suspected that the South African military intelligence service has marketed some of its drugs abroad. It is to be doubted whether what really happened will ever be made public. The post-apartheid government has decided not to disclose

(31) See the section on cannabis above.

(32) Brummer, S.: *Secret chemical war remains secret*, in *The Weekly Mail and Guardian*, 23 August 1996.

(33) E. Koch and D. Fleming, *Bizarre experiments at SADF research firms*, *The Weekly Mail and Guardian*, 15 December 1994; C. Oppermann, *Prosecutors ecstatic as Basson's buddy talks*, *ibid.*, 27 June 1997.

some documents or make some testimonies public on grounds of national security⁽³⁴⁾.

Mandrax

Methaqualone, the active ingredient in the medical drug that was sold legally in South Africa under the brand name "Mandrax", is a non-barbiturate depressant derived from quinaldine. It was synthesised for the first time in 1951 and marketed as a sedative and hypnotic (under the brand name "Quaalude" in the United States). It was banned in South Africa in 1974, but India continued to produce methaqualone until 1983. After that date, clandestine laboratories set up mainly in the Mumbai (Bombay) area supplied the now underground South African consumer market, which became the world's leading buyer of illegal methaqualone by the mid-1980s. In the late 1980s to early 1990s, enforcement in India, a drive by increasingly numerous gangs in South Africa to break free from their suppliers in Mumbai, and perhaps the establishment of the chemical/biological warfare programme of the South African military (see above), led to the setting up of laboratories in or nearer the main consumer country — South Africa. Labs were discovered in Botswana, Mozambique, South Africa, Swaziland and Zambia. In 1987, the South African authorities in Johannesburg dismantled what was then the largest clandestine methaqualone lab ever found in the country. The police claimed it could produce 20 million pills a year and reported the seizure of 14 million pills. In 1995, four labs were destroyed in South Africa, most of them on farms in the Pretoria area. That same year, one lab was dismantled in Mbabane, the political capital of Swaziland, and one in Maputo, the capital of Mozambique. In September 1996, South African police acting on information from foreign authorities found a large laboratory in a farm in Lichtenburg, North-west Province, near the border with Botswana. The precursor chemicals had been imported from the United Kingdom and Germany, the chemist was British and the sponsors Indian. Four mandrax labs were dismantled in Zambia in 1993, 1994 and 1995, and in July 1997, the Zambian authorities announced the destruction of a lab in the capital, Lusaka. In spite of such police action, there is every indication (including declarations of South African traffickers to OGD) that the consumer market for Mandrax is supplied from labs located in southern Africa itself. A recent development worth mentioning in this respect is that currently the consumer market seems to be simultaneously shrinking in the

RSA and expanding in neighbouring countries. Mandrax use is reported as increasingly prevalent in Botswana, Lesotho, Malawi, Namibia, Swaziland, Zambia and Zimbabwe, but indications are that it is restricted to richer drug users, at least for the time being.

Poaching

By the late 1970s, South Africa had become the pivot of illegal trading in ivory and rhino horns, with the blessing of, and encouragement from, the military. In 1975, South Africa started by encouraging large-scale poaching in Rhodesia to bankroll its anti-guerrilla operations in that country. The strategy was then extended to Angola and Mozambique in order to finance the deliveries of arms and other supplies to the guerrilla movements backed by Pretoria, UNITA and RENAMO, respectively. Military units were specially detached to transport the goods while the companies in charge of marketing them in Southwest and Southeast Asia enjoyed total government protection. This encouraged poaching in neighbouring countries such as Namibia and Swaziland, through which much of the exchanges between South Africa and Angola and Mozambique, respectively, were transiting.

Gold and diamonds

According to the South African Chamber of Mines about 30 tonnes of gold (6 per cent of annual production of some 520 tons) is stolen every year, costing the industry some US\$310 million a year. Gold trafficking is probably as old as the gold mines of the region, and the networks dedicated to it can be extremely sophisticated. One case, which became known in September 1996, is a good illustration of their ingenuity. The ring that was broken up had made more than US\$206 million by buying hundreds of kilograms of gold waste a week stolen from mines in the Johannesburg area. The waste was stored on a farm in Mpumalanga Province, then shipped by air to Mozambique, where bribed officials provided false export documents. The gold was then transported back to South Africa, where more false papers were obtained to air-freight it on scheduled flights to Geneva, London and Frankfurt. Finally, the gold was melted down and sold. Apart from this type of sophisticated organisation — usually involving "respectable" White business investors using the scheme as a way of moving money out of the country — Indian-origin traders seem to dominate the traffic.

(34) Brummer, *op. cit.*

The diamond-smuggling centre of southern Africa is Cape Town, where the routes from the Angolan, Namibian and even Congolese (DRC) fields converge. Many underground and legitimate diamond cutters are based in Cape Town. Their job is to cut and polish the rough gems brought to them by clients including smugglers, usually for a fixed fee. Portuguese and Israeli nationals, Boers and Cape Town Malays are very active in this trade. It should be noted that the giant diamond company De Beers indirectly encourages the trafficking, as it systematically buys stones on the black market to maintain control over it.

Diamond-trafficking networks can be sophisticated and deal in millions of dollars. Depending on the quality of the diamonds, the price at which they can be sold once they are cut and polished can be up to fifty times that at which the stones were bought and a minimum of three times. Typically, diamonds are stolen from mines in South Africa, Namibia and Angola by mine-workers who sell them to buyers in the towns located near the mines. Some workers whose job in the mine allows them to steal easily are paid a fixed monthly salary by the buyer to whom they bring regular supplies of gems. Others work on a piecemeal basis; they steal only occasionally when an opportunity arises, and negotiate the price of the stolen diamonds with the buyer every time. The small-town buyers then sell the "rough" stones to buyers from outside (many of them from Cape Town and Johannesburg) who have the infrastructure and contacts necessary to cut and export the gems abroad to Europe (Antwerp, London, etc.), the Middle East (Israel), India and the United States (New York), mostly by air. Some have made deals with security officials at major airports in South Africa (Cape Town and Johannesburg) who are bribed on a monthly basis in order to allow the smugglers out of the country unhindered, but since diamonds are small they are not difficult to conceal. Alternatively, buyers in the small towns can decide to take a risk and have the stones cut and polished through their own contacts in Cape Town, thus keeping a larger share of the profits. They then sell the diamonds directly to exporters in Cape Town. Some mine-workers (OGD met one in Windhoek, the capital of Namibia) actually plan their careers as diamond smugglers by saving money in order to study and then coming back to work in the mines, but then with a "better" job, that is, one that will make it easier to steal and take the diamonds out through the mine's security.

In parts of South Africa and Namibia, diamond smuggling is a veritable industry that supports small towns and whole communities. Indeed, to justify their presence and launder their money, most diamond buyers own shops, bars, restaurants, hotels, etc., in the towns. Although they are usually money-laundering schemes, the businesses actually provide the service and are useful to the community. In towns such as Ondangwa and Oshakati, in northern Namibia close to the border with Angola, diamonds, dollars, marijuana and cocaine are used as currency by Angolan traders who cross the border in their lorries in order to buy foodstuffs and other basic goods in the dozens of supermarkets aligned along the main road. Diamonds are also smuggled out of Angola through western Zambia, while the Democratic Republic of Congo is also a major exporter of smuggled diamonds, in particular through northern Zambia. By all accounts, diamond-smuggling is a sophisticated, multimillion-dollar industry which enables hundreds of thousands, perhaps even millions, of people in western and central southern Africa to earn a living.

Money laundering

As a direct consequence of economic sanctions, South Africa has for many years welcomed foreign capital, even of dubious origin, with open arms. In 1987, the head of military intelligence acknowledged during a visit to the United States: "we have relied heavily on foreign capital, and as a consequence South Africa is one of the few countries in which no control of any sort is imposed on foreign capital. Any foreigner may, without restrictions, either bring money into South Africa — whether it is dirty money or not is of no importance — or send it out of the country"⁽³⁵⁾. It can be deducted from the general's statement that what we now term money laundering has been practised on a large scale in South Africa for quite some time. The Bank of South Africa itself turned a blind eye on fraud and currency trafficking for the benefit of the state. For the most visibly questionable deals, it became the habit to rely on intermediaries experienced in the subtleties of international finance (see below) and to conduct operations in offshore centres such as the Seychelles and neighbouring countries⁽³⁶⁾. The growth of the leisure industry (casinos and luxury hotels) in the "bantustans", especially Bophuthatswana (now in North-West Province), was also part of the political will to encourage money laundering.

(35) *This is an off-the-record conversation tonight*, in *Nose Week*, April/May 1987.

(36) See S. Ellis, *Africa and International Corruption: The Strange Case of the Seychelles*, *African Affairs*, 1996, pp. 165-96.

More often than not, in intelligence services and in the upper echelons of government a past as a "fighter" has meant impunity so far. In South Africa the links between organised crime and the government were not always terminated after the downfall of the racist regime. To a greater or lesser extent, similar situations prevail in many southern African countries. Some Western European gangsters have done "favours" in the past to one or several of the former warring parties, and it can be suspected that they continue to provide "special services" now. An example worth mentioning in this respect is the Italian mafioso Vito Palazzolo. It shows that organised crime's "know-how", in this case "financial wizardry", can be useful even after the end of apartheid. A prominent member of Sicily's Cosa Nostra and the former banker of the "Pizza Connection" international heroin network, Palazzolo is wanted by police in Italy. Now calling himself Robert Von Palace Kolbatschenko and claiming aristocratic German lineage, Palazzolo lives in Cape Town. He was first granted a residence permit in South Africa in 1987. The permit was renewed several times after that, most notably at a 1993 cabinet meeting presided by President F. W. de Klerk while at the time an international arrest warrant was pending against Palazzolo, who is said to have been a major financial contributor to De Klerk's National Party. Palazzolo eventually obtained South African citizenship in 1995. The Italian authorities report that he manages the foreign investment portfolio of top Sicilian mafiosi, including Toto Riina, the jailed "capo di tutti capi" of Cosa Nostra. Through a company registered in the British Virgin Islands, Palazzolo allegedly owns diamond mines in South Africa and Angola, while his total investment in South Africa and Namibia alone is reported at 25 million rand (about US\$5 million). Palazzolo is known to own property and do business in Eastern Cape Province. The Eastern Cape is one of the three main marijuana-producing areas of South Africa and it is an ANC electoral stronghold. Palazzolo is reputed to enjoy high-level contacts in the present-day South African intelligence community, and to be acquainted with leading South African gangland figures such as Rashied Staggie⁽³⁷⁾. On 27 August 1997 the head of the Presidential Investigation Task Unit, a Cape Town based undercover police squad investigating organised crime answering directly to President Mandela, wrote Palazzolo a letter assuring him that the South African authorities had found nothing reprehensible in his activities. This is probably why the South African police did not bother him when an Italian judge requested his immediate arrest in February 1998⁽³⁸⁾.

(37) For a journalistic portrait of Rashied Staggie and his gang (Coloured), the Hard Livings, who are major drug distributors in the Cape Town area, see *Who is... Rashied Staggie*, in *The Weekly Mail and Guardian*, June 16, 1998; and Thiel, G.: *Cape drug war heads for the polls*, in *ibid.*, 4 April 1997.

(38) P. Smith, "Nats were in bed with Mafia boss", *The Weekly Mail and Guardian*, 5 February 1999; A. Duffy, *Top cop backs mafia man*, in *ibid.*, 12 December 1997.

Money laundering is not the preserve of South Africa. It can truly be qualified as a regional industry. In Zambia, for instance, the freeing of the financial sector in 1992 led to an explosion in the number of banks and foreign-exchange offices operating in the country. Many Zambian banks belong to traffickers while others specialise in laundering for a fee. Most banks do not ask questions about the origin of deposits that are made, though in 1996, a bank in Pretoria refused a transfer of US\$2.3 million from Lusaka, the Zambian capital. According to the Zambian drug police, banking establishments export sums reaching millions of dollars every year, and for the majority the origin of the money is unknown. The existence of a huge number of foreign exchange bureaux in Zambia can only be explained by money laundering, as their profit margins are very low or even non-existent, police and journalists report. Additionally, numerous black-market currency changers are active in the country. After the liberalisation of its financial market, and given the lack of control over its overdeveloped financial sector, Zambia has become a regional centre specialising in the introduction of profits drawn from regional (drugs, arms, stolen cars, etc.) and international trafficking (drug revenue from Asian and European organised crime) into the international financial system. Additionally, traffickers based in Zambia often own businesses that they use for trafficking drugs and for laundering revenue. Methods include over-invoicing imports, under-invoicing exports and the provision of fictitious services, all of which are "classic" methods that have been used by politicians across Africa and their partners in the developed world for decades (at the detriment of the coffers of African state). Even if precise data are lacking, the concerns expressed by both the Zambian Government and the opposition, and by foreign embassies in Lusaka, make it clear that the Zambian economy is highly "doped".

Another example worth mentioning here is Mauritius. Although Mauritius qualifies as an off-shore financial centre where major international banks have opened branches to take advantage of the rather lenient regulations applying to the financial sector, off-shore activity is probably not the main money laundering channel on the island. Admittedly, some money-laundering goes on in the banking and financial sector and in the free port and textile industry. But Mauritius, with its flourishing trade, industry, real estate and gambling industries, seems to be an ideal target for drug money for other reasons. The combination of highly profitable economic activities and a complex bureau-

cracy provides the informal conditions and structures needed for an inshore money-laundering system to operate. For a start, it finances the political parties. Thus, under the cover of politics, both luxury properties and housing projects have been built. This system has many advantages and is functioning in other parts of the world, such as in Netherlands and French possessions in the Caribbean⁽³⁹⁾. The drug money, along with income from other types of trafficking, such as the sale of fake branded goods (Lacoste, Gucci, etc.) to markets like South Africa and Europe⁽⁴⁰⁾, helps to pay for the setting up of major infrastructure through private investment, thereby releasing state funds while boosting facilities for the tourist trade (marinas, shopping malls, luxury hotels). The money collected goes mainly to Asia (India, Pakistan, Malaysia, the Emirates, etc.), usually through informal channels, such as hawala, an informal means of making cash payments widely used in the Indian/Pakistani business community (for legal and illegal purposes) and comes back via the more formal bank transfers in the form of foreign investment. Direct foreign investment enjoys considerable tax advantages in Mauritius. Alternatively, instead of returning to Mauritius, the money may "settle" in similar investments (especially tourism and plantations) in neighbouring countries such as Tanzania (Zanzibar), the Seychelles, South Africa, Mozambique and Zimbabwe. The Asian communities in countries of the region (South Africa, Tanzania, Zimbabwe, etc.) use the same system at home, using Mauritius as a staging post to other destinations, mainly emerging markets and especially China.

Barter

While "classic" money-laundering schemes involving the movement of capital are rife in southern Africa, one of the particularities of the regional trafficking and money-laundering scene is barter, which appeared as a structural force to OGD.

Barter, this method of informal merchant transactions, generates laundering mechanisms at various levels. The simpler level, where profits are distributed throughout the populations involved in the drug trade, only rarely reaches banking establishments, but it is significant because of the sheer number of people involved. However, it is diluted within the whole of the ever-expanding informal transactions that characterise the African

economy as a whole. It involves the only locally produced drug plant that generates significant profits — cannabis. In a region of the world rich in illicit trading in foreign currencies but poor in cash and which is playing with arbitrary exchange rates and endemic inflationary trends, cannabis may sometimes serve as a "hard currency" for mass transactions often carried out across borders and involving basic goods that do not give rise to exceptionally large profit margins. To compound the problem, cannabis may be bartered for other illegal goods such as arms and stolen vehicles. A practice that first appeared in the late 1980s is now gaining ground — bartering stolen South African vehicles in neighbouring countries (Lesotho, Namibia, Mozambique, Swaziland, Zambia, Zimbabwe) for drugs (mandrax, cocaine and marijuana) or arms, which are often imported in another stolen automobile. This trade seems to have been started by the anti-apartheid movements, but it now involves a wide range of players. As Stephen Ellis explains in the case of South Africa: *"At local level, armed militia and the gangs try to control a piece of territory to make a profit from it. Some of them... forge alliances with parties or individual politicians, and with businessmen who know how to import what they need most — arms and ammunition — and who buy what they have to export, especially marijuana and stolen automobiles."*⁽⁴¹⁾ In Lesotho, cattle, which are an essential element of the Basotho culture, can be stolen in South Africa and bartered for marijuana produced in Lesotho. Conversely, cows stolen in Lesotho are sold for dagga produced in South Africa. Throughout the region, it is possible to barter drugs or diamonds for almost anything, especially other stolen goods, such as shipments of beer, video machines, stereo equipment, etc. In one cannabis-producing region of southern Zambia, sources told OGD that the cannabis industry got started by urban dwellers who came to the rural area in order to barter locally produced marijuana for basic goods such as radios, clothing, bicycles, etc., which the farmers needed but could not find in the shops or were too expensive for them. Additionally, it is becoming increasingly common for southern African marijuana to be bartered for synthetic drugs like LSD and ecstasy, produced in Europe. In this respect, a particularly significant arrest was made in Cape Town in September 1996, when a former discothèque-owner-turned-ecstasy-trafficker was held in connection with a shipment of 2.5 tonnes of cannabis in a United-Kingdom-bound container. Netherlands and British owners of discothèques and clubs in South Africa are reportedly heavily involved in the "club drugs for dagga" barter trade.

(39) See *Saint-Martin Only Gives to the Rich, The Geopolitical Drug Dispatch*, N° 87, January 1999.

(40) For example, Mauritius appears in customs statistics as one of the main suppliers of cheap imitation goods to France, alongside Thailand and China.

(41) Ellis, *op. cit.*

While the profits arising from transactions where cannabis is sold or bartered can occasionally be significant, in most cases they are not, involving small networks made up of local players (poor farmers, local businessmen or civil servants, etc.) and they rarely reach the banks. Nevertheless, the money is laundered by producers, traffickers and street dealers. As far as these people are concerned, "money laundering" means improving everyday life though it may also result in small investments: a bicycle, a car, building material, etc. While the massive laundering of the money arising from cannabis production and sale at retail level seems to be characteristic of survival strategies, there is a barter variant using similar methods by which far larger amounts of drug money are laundered through their introduction into the international banking system. Here, drug money buys high value-added goods, which in turn become currencies. Such goods — gold, diamonds, non-ferrous metals, as well as cash crops such as coffee and tea — have been involved in high value-added transactions for a long time and their well-oiled networks are often protected by state interests, highly placed individuals and interests located in other continents such as Europe and North America. To give just one example, several African countries appear as diamond exporters while they are not producers. In others, there is a gap between the amount of carats they claim to export and the carats actually registered as imported on the diamond market in Antwerp. The international community seems to accept this state of affairs as a fact of life. However, back in southern Africa, drug traffickers buy diamonds on the black market and then sell them to licensed dealers who usually buy stones from independent producers and diggers. Both practices use barter but at completely different levels, and they have an infinity of variants within which a high value-added good plays the role of a currency every time it is part of a network or an industry enjoying relatively good "protection".

Conclusion

The ethnic barriers, "criminal" infrastructure and barter customs inherited from the decades of conflict that have torn the region apart play a significant role in today's drug trafficking scene in southern Africa. These three factors, which can combine and interact in a variety of ways, seem to determine to a large extent the shape of the drug scene in the region, especially as regards international trafficking and local consumption. While regionally

produced cannabis serves above all for intra-regional exchanges and low-level money laundering, cocaine, heroin and mandrax are increasingly used within large-scale money laundering schemes or as payment for southern African commodities, such as gold, diamonds, ivory, rhino horns and even tobacco and tea⁽⁴²⁾. The map of trafficking activities that OGD has drawn from field information clearly shows that drug trafficking networks have followed in the steps of other, older, channels.

The southern African drug trafficking/consuming scene can be divided in three broad drugs-for-regional-commodities "areas of influence": the "East coast", which is characterised by the prevalence of mandrax-or heroin-for-gold barter deals (Mauritius, Mozambique and Tanzania); the "West Coast", which is the cocaine-for-diamonds area (Angola, Botswana, Namibia and Zimbabwe); and the "mixed countries" (Lesotho, Malawi, South Africa, Swaziland and Zambia), which, due to a mixture of factors including their geographical location, the resources they have available and their ethnic breakdown, export both gold and diamonds in exchange for both cocaine and heroin.

On the east coast of southern Africa, heroin connections seem to merge into gold and methaqualone smuggling networks that link Africa to the Indian subcontinent via the Arabian peninsula. From Zanzibar to Durban, the Africa of trading posts and Indian Ocean ports is now taken advantage of by drug traffickers. The latter use the "services" available in southern Africa and benefit from its "free ports" which have been outlets for commodities exported from the eastern coastal region of southern Africa and landlocked countries ever since the Arabs established trading posts in what is now Tanzania (and Kenya) in the fifteenth century. Therefore it is no surprise that Tanzania, Mozambique, Mauritius and, to a lesser extent, South Africa today act as transit countries for hashish and heroin from the Indian subcontinent. At the same time, in the three former countries heroin has become the most widely abused drug with a very low street price comparable to street prices in Pakistan and India.

By contrast, cocaine trafficking activities seem to be more linked to routes, networks and trafficking structures originating in the Americas (particularly Brazil) and Europe. Thus, Angola, Namibia and South Africa seem to be very involved in international cocaine trafficking as they are in diamonds, arms, rhinoceros

(42) The wealth generated within Southern Africa by cannabis exports to the rest of the world are viewed as marginal compared to the profits accruing from diamonds, gold, ivory and rhino horns. Two exceptions to this general rule are Lesotho and Malawi where cannabis is a major, perhaps the main, earner of export revenues.

horns and ivory. Because of this, wholesale and street-level cocaine prices are much lower than those on the east coast and closer to those prevailing in some West African countries such as Ghana, Nigeria, Senegal, etc.

Drugs are flexible geopolitical commodities that are instrumented in many ways by a multitude of institutions, organisations and individuals in order to meet a variety of needs and adapt to changing circumstances⁽⁴³⁾. According to this chapter, southern Africa is a perfect illustration of this general rule. Indeed, it looks as if the profits derived from the drug trade seem to offset the losses resulting from the normalisation of a vast share of underground exchanges due to the end of most regional conflicts and of the embargo against South Africa. In order to remain in business, the age-old smuggling networks, have adapted to the new geopolitical situation by using drugs as currencies since, due to prohibition, they are high value-added goods that can therefore be exchanged for other legal or illegal products. The fact that many of the largest networks are run as a partnership between major political and economic forces in the region and counterparts elsewhere suggests that the new role of Southern Africa as a transit and consumer region for drugs and money laundering centre is more than a passing phase. Rather, it seems that alongside diamonds, gold and plantation commodities drugs and drug profits have become major channels facilitating Southern Africa's integration into the "globalised" world economy.

(43) Laurent Laniel, *Drugs and Globalisation: An Equivocal Relationship*, in *International Social Science Journal*, N° 160 — Globalisation, June 1999.

DRUG TRAFFICKING IN THE BRAZILIAN AMAZON

Regine Schönenberg

Introduction

In Brazil, a prominent part of the current public discussion focuses on corruption cases as an obstacle to national development⁽¹⁾. A normative debate on criteria for "good governance" contrasts with almost daily reports of new atrocities being uncovered either by the parliamentary investigation committee on drug trafficking or on the judiciary. For about two years, detailed reports on the involvement of politicians in activities of organised crime are being published by the leading Brazilian print media. One of them⁽²⁾ giving evidence on the connection of the Farias-family (P. C. Farias was involved in the corruption cases of President Collor in 1992), and a criminal organisation led by Maranhense politicians in co-operation with the gang of the already imprisoned ex-federal deputy Hildebrando Pascoal⁽³⁾.

If it is true that "*corruption scandals can be a sign of a country's growing political maturity*". (Rose Ackerman, 1999 p. 225), Brazil is definitively on the right path. But, there is nothing new about the public repercussion of those cases; on the contrary — it is about the same debate with similar arguments which accompanied the impeachment process of President Collor in 1992, or on a regional level, the Rondonian cases of Olavo Pires and the Rabelo brothers, Christian Geffray described in his enquêtes on Rondônia in 1997 and 1998.

In this context, O'Donnell's (1999, p.30) thesis that due to the lack of horizontal accountability, media coverage and public protest might serve as social catharses appears helpful: "*But these events do not necessarily trigger appropriate public procedures, even if they may be required by existing legislation. When, as often happens in the new polyarchies, there is a generalised feeling that the government repeatedly engages in corrupt practices, the media tend to become surrogate courts.*"

Bezerra (1994) reflects on a "*national concept of corruption*"⁽⁴⁾ pointing out the perservering lack of division between the private and the public sphere as revealing for the margin of the social acceptance of illegal activities. The popularisation of corruption on the one hand and the stigmatising of individual "cases" on the other hand might coincide peacefully. As has been observed by Barbara Christophe (2000, p. 16) in her studies on Georgia, one of the advantages of this mechanism resides in the possibility of acting relatively openly and, at the same time, being able to get rid of co-actors who violate the unwritten laws of redistribution of illegal income.

The entry of illicit products like cocaine and weapons introduces a higher risk as well as higher profits; consequently, rules of redistribution change. To identify the mechanisms of such changes is essential for the understanding of the actual social space organised crime pursues at a given time and place. Certainly, social acceptance depends on the frequency of illegal practices within legal business and institutions. Their visibility facilitates the acceptance of criminal activities, the construction of illegal frameworks and trafficking of illegal products. The forms of interaction of processes of social transformation with illegal activities in regions of traditional occupations and in regions of recent occupation are distinct. Both provide evidence on the dialectics between the receptivity of structures and processes for new criminal activities such as drug trafficking and their specific transformation through such an integration.

In Brazil, the social organisation of distribution, redistribution and exchange is being performed within formal and informal institutions which are both rather dominated by private, personal than by abstract, impersonal norms. The interaction between public institutions and private networks are far-reaching and permissive, until vital and well organised interests are being violated

(1) The same is true for the global level — corruption and money laundering has been one of the key-issues at the UN-ECOSOC — meeting in Geneva as well as at the OECD/FATF — meeting in Paris, both in the end of June 2000.

(2) Ricardo Miranda and André Dusek, *A guerra do Maranhão, ISTOÉ*, 2 October 1999.

(3) Those spectacular cases, the arrest of the (ex) federal deputy Hildebrando Pascoal/Acre and the murder of the Judge Leopoldino Marques do Amaral/Mato Grosso, are being detailed in a paper of Roberto Araújo.

(4) Marcos Otávio Bezerra, *Corrupção — Um estudo sobre poder público e relações pessoais no Brasil*, Rio de Janeiro, 1994.

— then, there will emerge a new "case" of corruption or of organised crime. Yet, at a closer local look, nobody is surprised, almost everybody knew about the practices and the actors a long time before and are willing to provide more details on "the case". If we proceed from the idea that trafficking of influence is intrinsic to Brazilian society, one key-question is, why certain "cases" are being denounced and others not — or, how the fine line of social acceptance is being negotiated and under which circumstances this consensus will be re-negotiated.

One effect of globalisation consists in the blurring of values and regulatory competences which, originally locally and nationally embedded, nowadays tend to be a "blend" of traditional and imported elements. Thereby, already precarious system-links⁽⁵⁾ as minimal prerequisite for accountability of public acting tend to be additionally weakened. For example, the implementation of environmental and labour legislation within the Amazonian context demands a lot more than divulgation and control; unintended side-effects might provoke unemployment and corruption — an environment advantageous for the dissimulation of organised crime. Altogether, I have proceeded from the premiss that there do exist significant differences regarding the local dynamics of social transformation in regions of traditional occupation with long-dated and traceable institution-building processes and in pioneer regions with intense migration and a permanent excess of labour.

These are some of the topics that guided my field research and which will be addressed again in the conclusions of this report. First answers might help to identify starting-points for the comprehension and hence the regulation of organised crime from a local and regional perspective. Regarding national impacts of international "war-on-drugs" policies, the promises of the Brazilian President, Fernando Henrique Cardoso at the International Drugs Conference in New York in July 1998 led to the creation of a new public institution called SENAD (National Anti-Drugs Secretariat) with mainly rhetorical functions (with no budget or investigative competences). Nevertheless, its creation led to an extensive debate on whether the Brazilian military should or should not co-operate with the federal police (PF) and/or foreign military to keep common borders drug-free. Furthermore, it provoked the fall of the Brazilian Minister of Justice, José Carlos Dias in April 2000 over the question of loyalty

towards the PF in a conflict with SENAD. Altogether, there are two underlying problems affecting the position of the PF: one is the continuous rivalry between democratic and military-rooted segments within the institution and the mute pretension of the military to guarantee also the country's internal security; the second problem is caused by the construction of the Brazilian political system itself: there are no stable coalitions or an established party-system in the European sense to rule the country, but parliamentary lobbies who negotiate their vote each time according to the interests of their clientele. When it comes to budgetary decisions, a kind of bazaar involving a complex barter-system of economic and political interests is being set up. The only two factors that could contribute to an interest in fighting for a reasonable police budget are public security and the demands of the international community. Both issues are not high up on the national political agenda — on the contrary, the consequent struggle against violence and corruption would affect some of the ruling classes immediate interests; demands by the international community rather provoke negative patriotic feelings than support police action. Consequently, budgets and staff of the competent drug department (DRE) of the federal police have not been raised since 1992 and even the budget of the PROAMAZONIA programme, which was already granted in 1997, had not been freed until summer 2000. In late September 1999, the control-base ANZOL in central Amazonia, near Oriximiná was inaugurated, an act which can be regarded as mainly symbolic since it has been functioning precariously for several years already. Another national hope, which is being discussed widely in the media, is the implantation of SIVAM, a geographical information system (GIS) to control the whole Amazon region by satellite. There are three problems associated with this: the installation of the ground stations at county level will take years, since many of the assigned localities do not even have an electricity supply; within the methodology of data-collection the specific necessities of the PF were not included; they will have to make do with side-products and, even receiving the data, for example, on the illegal movements of planes, the PF will have no additional means (planes, jeeps, boats, staff) or budget to make use of such information by practical investigation activities. Summing up, the Brazilian commitment to combating drug trafficking in the Amazon is merely rhetorical.

(5) When I mention system-links I am referring to Guillermo O'Donnell's concept of "horizontal accountability", O'Donnell, 1999, pp. 29ff.

Real impacts of international processes can be observed concerning the increase of "taxes and tributes" the Colombian guerrilla-group FARC and the paramilitary troops (AUC) are demanding the utilisation of their infrastructure such as airstrips and passage over what they regard as their territory. According to PF circles, growing tendencies of weapons-for-cocaine-deals as well as first the cocaine laboratories on Brazilian territory can be attributed to such price hikes. Massive control activities of "traditional" routes to the USA via Venezuela and Mexico change the route of international cocaine trafficking towards the Caribbean and Europe via the Brazilian Amazon and re-exporting to the United States via Europe (the balloon-effect)⁽⁶⁾.

Since September 2000, the Brazilian Government has reacted to the US-financed "Plano Colombia",⁽⁷⁾ which intends to fight cocaine production, trafficking and the guerrilla-group FARC. The so-called Operation Cobra intends to secure Brazil's borders against all sorts of foreign intrusions, whether by cocaine traffickers, the Colombian military or US advisers. In the context of a renewed national sovereignty discourse, the PF tries to liberate the above — mentioned PROAMAZONIA budget, the military tries to accelerate the installation of the SIVAM⁽⁸⁾ programme, re-animating the debate on the costly Calha Norte border-highway project, and the contestation of indigenous reserves at the borders of Colombia and Venezuela⁽⁹⁾. The effects of such regional politics are strengthening anti-democratic forces, not only in Colombia itself, but in Brazil.

Besides the war on drugs, further global interests like carbon-dioxide reduction and protection of indigenous people are impacting on national and local power negotiations. The acceleration of global interdependence often leads to the evasion of existing regulatory frameworks, the gradual disappearance of formal and informal institutions which made social control possible and consequently, to increasing corruption. Whether the adaptation of forms of representation, institutions and procedures to the new demands and conditions succeed or fail, depends on the regulatory capacities of the state and the integrative potential of the respective social environment.

In this field report I intend to illustrate possible courses of such interdependent transformation processes by giving local and regional examples of cocaine trafficking.

Methodological Remarks

Interdisciplinarity and intercultural co-operation were the starting-points as well as guides for this research project. Since 1994, to engage in research on cocaine trafficking in the Amazon appeared fascinating to us⁽¹⁰⁾: the criminalisation of social interaction fostered by the rapid extension of illegal networks and vast amounts of money as well as growing, culturally disembedded drug consumption on the trafficking routes, indicate as well as accelerate the disintegration of local social structures. Coinciding with local characteristics of "paternalistic forms of social reproduction", the Amazon offers a laboratory for analysing the criminalisation of social transformation processes.

Empirical methods and theoretical approaches are naturally a combination of Brazilian, French and German anthropology, sociology and political science, since its origin and its progress were shaped by exchange and discussion of ideas and proceedings from different scientific disciplines and perspectives — a tendency that has been reinforced by our integration into the MOST drug-researching network.

At the same time as it is inspiring to work in such contexts, interdisciplinary and intercultural communication and scientific accountability depend on the traceability of empirical methods and theoretical approaches. Qualitative field research is rare in political science; few methodological models exist within this discipline. In the present case, anthropological methods of participating observation (*Malinowski*, 1922), sociological life-history analysis (*Della Porta*, 1992) and constructivist science of knowledge approaches (*Berger and Luckmann*, 1969) are being applied and reflected on the philosophical framework of the German ethnologist, Schmieid-Kowarzik (1993), who generally deals with the understanding of other cultures, and the post-colonial critique of Western-orientated science by the Indian, Homi Bhabha (1996).

The actual field research (1998-2000) started with a series of expert interviews with members of the judiciary and police in Brasília, Belém and Marabá; being continued by biographical interviews of imprisoned cocaine-dealers in Amazonian prisons and of members of their respective social and economic environment, and concluded by a detailed case-study of one tradi-

(6) Andreas, 1995.

(7) US\$1.3 billion military aid.

(8) Large satellite-surveillance-programme.

(9) *Estadão*, 22.03.01: *Quintão condena demarcação de área lanomâmi* de Tânia Monteiro

(10) The Amazonian team was composed by Christian Geffray U, French sociologist; Roberto Araujo, Brazilian anthropologist; and Regine Schönenberg, German political scientist.

tional Amazonian locality. As Della Porta (1992, p. 188) states: "*(life-stories) produce better knowledge concerning that series of phenomena which lie in the margins between private and public, real and imaginary, subjective and objective. They permit understanding not only of individual psychology, but also of group phenomena; not only movement ideology, but also movement counter-culture; not only organisational stories but also the dynamics of small networks. Where other technics offer static images, life stories are better suited to describe processes*".

The life-story of José T. was chosen as the backbone to this chapter since it provides an adequate guideline for understanding the course of a classic Amazonian "business" career and some reasons for its end. The different stages of his curriculum give evidence on the logical framework of business decisions and the selection of business partners. Following up interesting hints in his curriculum, the situation in remote regions at the Brazilian borders like the Vale do Javari on the border with Peru and examples like the case-studies of Leonardo Mendonça and Luis Carlos Maya will be highlighted as possible drug-trafficking variations.

The criminal story of the fisherman João de Deus from Abaetetuba is enlightening on the important role traditional systems of loyalty and indebtedness can play, concerning the gradual involvement with illegal activities. The Abaetetuba case-study will serve to illustrate the complex interaction of numerous factors which might create an environment favourable for organised crime in a region of traditional occupation.

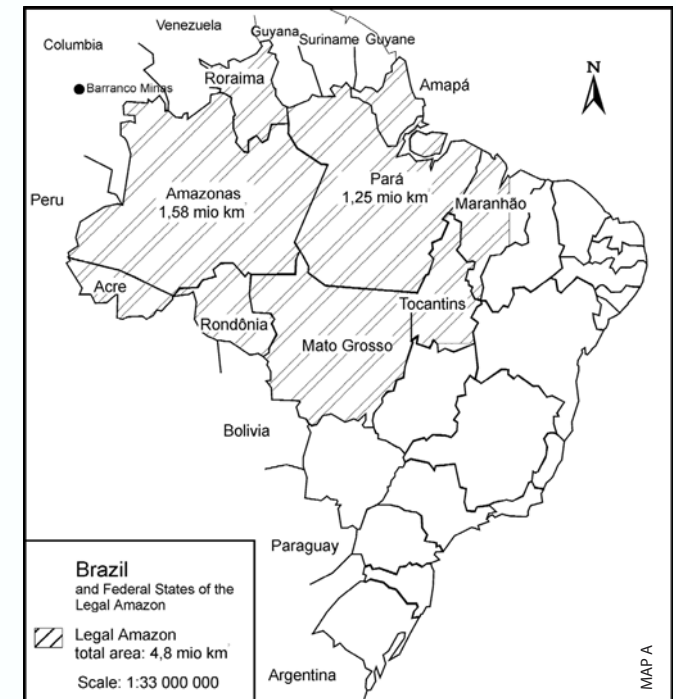
Description of the "Scene of the Crime"

The Brazilian Amazon, known as "Legal Amazon", covers a huge area (4.8 million km (Map A) and is inhabited by 18.2 million people with diverse cultural backgrounds where there is an enormous wealth of natural resources. State involvement in the Amazon since 1966 (Operation Amazonia) has been described as developmentalist and modernising, a pretension that could never be fulfilled. In the traditional hinterland in particular, there is still a low level of monetisation and the economy works within traditional systems of indebtedness. Even in frontier regions, pa-

ternalistic forms of social reproduction are the norm, although modern breaches like NGO activities, international projects and modern communication opportunities are gradually altering this pattern.

Originally, Brazil was conceived as a classical transit country for Andean cocaine. This thesis cannot be sustained, neither in regard to the criminal networks nor to local consumption patterns: the trafficking of cocaine has been neatly integrated into other informal and illegal activities and "*pasta base*" dealing in Amazonian cities has become commonplace, presenting a growing social problem.

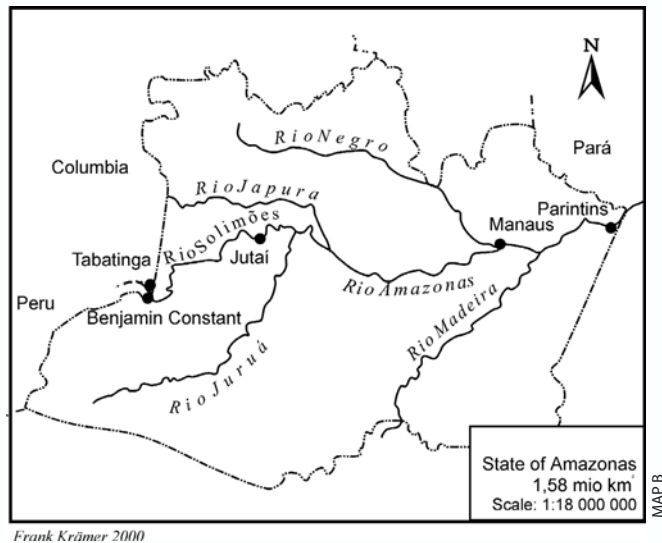
The two states I will refer to are Amazonas and Pará. Amazonas' extensive borders with Colombia and Peru, and Pará, with its busy ports and national highways, are impossible to monitor. Both states have numerous clandestine airstrips; the former can be regarded as the entry point and the latter as the exit for vast amounts of cocaine from Bolivia, Peru and Colombia.



Frank Krümer 2000

The State of Amazonas (Map B) with its capital Manaus is the biggest state of Amazonia Legal (1,584,445 km), sparsely inhabited (2.1 million/71 per cent urban and 29 per cent rural) and less affected by deforestation than other states like Rondônia, Mato Grosso and Pará. Its huge and remote national forests and indigenous reserves are only accessible by boat or plane and are almost uncontrollable.

The state of Pará (Map C), an important locality for the activities of Luis Carlos Maya, the "base" of Leonardo Dias Mendonça and the case-study on Abaetetuba disposes of approximately 1.25 million km and approximately 5 million inhabitants (59 per cent urban and 41 per cent rural). Pará was the last state to be joined to the Brazilian Federation in 1824, which in 1835 provoked the Cabanagem war⁽¹¹⁾, which was lost in 1840. Up to the present, the "traditional" Pará has possessed a strong cultural and conservative regional identity. On the other hand, approximately 60 per cent of state territory is under federal jurisdiction, meaning, under the control of federal institutions, which are frequently controlled by the opposition to the respective state government. Considering the background of a constant political and institutional competition between the state and the federation as well as a set of heterogeneous subterritories whose migrant population is engaged in small-scale "independence-movements" (Tapajós, Carajás); possible political alliances are often unpredictable.



(11) This war was directed against liberal reforms coming from southern Brazil.
(12) The life-story is based on four interviews in 1998 and 1999 in two Belém prisons.
(13) Currently, Tabatinga has 40,000 inhabitants and no economic alternative to rubber-extraction as arisen as yet. On the occasion of a visit in Tabatinga in November 1999 the Governor Amazonino Mendes expressed the impotence of the state of Amazonas in combating drug trafficking in the region due to the lack of economic alternatives (FdSP, 21.11.00, p. 17).

For our field of observation these reflections are important concerning the social space and possible regional support for the PF and Federal Justice. The lack of sufficient budget, sufficient qualified staff and institutional support from Brasília creates a certain dependence on local, regional and international co-operation.

The Life-story of José T.⁽¹²⁾

Migration to, and economic interest for, the Amazonian hinterland has always been triggered by natural resources such as gold, rubber, precious woods and minerals.

In the early 1940s, the Brazilian Government started a campaign to mobilise so-called "rubber-soldiers" to support US-rubber demands during the Second World War. The great majority of those who followed the call came from the already impoverished north-eastern part of the country — so did José's grandfather. Coming from Ceará all the way to the Colombian border near Tabatinga, he opened up a new rubber route, married a local woman, raised twenty-five children and died at 105 years as an Amazonian. After the end of the Second World War people forgot about the migrants and about the declining rubber prices. The far-away-region disappeared once again from the national Map and consciousness as had happened in the early 1920s after the end of the rubber boom⁽¹³⁾.

In 1964, Brazil underwent a military coup and as a consequence a growing militarisation and centralisation of political power. "Integrar para não entregar (*Integrate instead of giving up*)" became the Amazonian formula which initiated the construction of huge road projects like the Trans-Amazonian highway and the next wave of enthusiastic but disordered migration to the region. By that time, José had already been born in Benjamin Constant (Maps B-D), situated about one hour by boat from Tabatinga; his family was still surviving on the extraction of rubber — even though his father had started to supplement the family income through timber-felling. During his first years of primary school, José lived with relatives in Colombia — this is why he is fluent in Spanish and maintains up to the present his old friendships all over Colombia. In 1969, back in Benjamin Constant as a fourteen-year-old boy, he took up studies at a

Baptist seminary: the three years of all-round education which he received there he counts as his major capital. In the 1970s he lived in Tabatinga, a city with a Colombian area called Letícia with an open border between the two countries. Already at that time there were no jobs in Tabatinga and José worked as a shoeshiner until his entry to the army where he studied at the technical school (1977-80). From there, he passed directly to the project department of CPRM, the national mineral prospection company where he was employed for three years. During this time, José became familiar with dozens of gold and mineral sites in the Amazon, pilots, airstrips and timber reserves. Since CPRM had concerns all over Brazil, he learnt to travel, negotiate and establish contacts with innumerable people until 1983. In 1984 José set up with his father and four brothers a joinery firm specialising in fitted furniture which was exported primarily to Peru and Colombia. During the next few years the family business expanded rapidly, until the family had to "move on" due to "military repression", the details of which remain unexplained. José mentioned several times that he constructed the first multi-storey-house between Tabatinga and Letícia, so one could suspect that "success" became too visible.

Jutaí

Jutaí (Maps B–E) is situated at the Rio Solimões (67°/3°) and it was as recently as 1960 that it became an autonomous municipality. The major economic activity, the production of rose-tree-oil, had declined a long time before, and the family who formerly extracted the oil had lived off public funds for decades: in a kind of rotative system it was ruled by different members of the Alfonso family from 1960 until 1996. Since public service was the only means of monetary income of the whole county, being in charge of the public administration was quite a powerful position. By the time (1987/88) José and his family established a sawmill in Jutaí, the extraction of valuable trees was still in the very early stages and was carried out mainly by "strangers" passing through without leaving any benefits for the respective locality. The family settled down, employed people, invested in machinery and established trade relations with Manaus and Belém. Business flourished and José reported enthusiastically on the system of social redistribution they had institutionalised among their staff, which in the early 1990s had grown to around fifty em-

ployees: social benefits, health-security, grants for gifted workers' children, sports activities, bingo, etc., were common in their enterprise. He revealed openly that he had copied the ideas from the large and well-organised cocaine laboratories in Colombia. Inevitably, this aroused the growing resentment of the traditional power-elite who started to feel seriously threatened by the newcomers. In 1992, José stood as a candidate for a seat in the local parliament and turned out to be the deputy of the county with the most votes. After the election, a big party was held in Jutaí in November and an allied politician addressed him as *"a future mayor who will lead Jutaí towards modernity"*. This was the moment for the Alfonso family to react, since they were running the risk of losing their political power and hence their economic base. On such an occasion provoking scandals like accusations of drug trafficking and the recourse to old techniques such as threatening José's family, sending killers etc., were aimed at protecting traditional power structures. On 1 January 1993 José was prevented from taking his seat in the local parliament when they burnt down the city hall to conclude their battle. By this time, José's family had fled to Manaus and he had already been accused of drug trafficking by the federal police (PF) in Manaus. Although José's cousin was serving a sentence on the charge of drug trafficking in São Paulo and was quite well known in Brazil, José declared his innocence, ignored the accusations and continued to carry on his commercial activities. In such cases "disappearing" is a well-known strategy in the Amazon which normally works out as thus: José set off to the remote Vale do Javari region, an indigenous reservation at the border with Peru, to extract timber (illegally) and continued to sell it to his business-partner in Belém, CIMAL a small timber company established more than twenty years previously. At the beginning of August 1993, 75 kg of pure cocaine was found inside a CIMAL export load destined for Spain and another quantity of 435 kg on a nearby farm. Together with his Colombian and Brazilian business partners, José's story ends in the Americano prison on the outskirts of Belém. How could all this happen? And why is this story so revealing in understanding the logic of cocaine trafficking in the Amazon? Let's turn to the other side of the coin — the court documents.

From the point of view of the investigating federal police, the judge and the prosecutor, José is the strategic figure of the whole case. Being under PF observation during 1993 until his

arrest in August, he had travelled to Colombia together with his Colombian co-defendants to manage the cocaine deal, organised timber for CIMAL, initiated the export activities of the small timber company, being the friend of the pilot and the farm-owner, mediated and escorted the respective meetings in Manaus, Belém and Mosqueiro and apparently had travelled to Spain as well. Consequently, in the court documents he is named as "the intellectual author of the crime" — a charge that appears even more plausible on the grounds of his biography exposed above. Disposing of all the necessary contacts and abilities, José was also able to construct and communicate an authentic legitimisation discourse of "modern, redistributive entrepreneurship" within an hostile environment of corrupt and parasitic elites and state officials. The fact that there was one illegal product among the assortment of other items, which he considered as negligible. José pleaded not guilty.

Cocaine trafficking via Tabatinga/Letícia started approximately at the end of the 1970s when there was only one Brazilian army camp to secure the borders and no further federal institutions. Indigenous reserves (Ticuna) were not yet demarcated and timber extraction took place without environmental restrictions. If even today the presence of the state is negligible and local power is confined to the neat representation of immediate interests of a few families, one can imagine the situation twenty-years ago.

In 1984 the Brazilian *abertura* process ended years of military dictatorship and resulted in presidential elections in 1985; the new Brazilian constitution (1988) led to the foundation of a whole set of new institutions and programmes. There are two noteworthy policy fields which have had a regional impact: firstly, the acknowledgement of territory as well as formal rights guaranteeing the reproduction of a different life-style (Articles 231 and 232) leading to the demarcation of indigenous territory, for example, near Benjamin Constant (Map D). Secondly, the foundation of federal and regional ministries of the environment with the mission to implement the recently formulated environmental law locally. The Brundtland-Report (1987) introduced the idea of "sustainable development" and drew attention to the alarming losses of tropical forests; in 1992 those concepts were reinforced by the UNEP convention on biodiversity and by the resolution of Agenda 21. In the same period, the

International Drug Convention of the United Nations (1988) announced the mainstreaming of the "war on drugs" under US leadership⁽¹⁴⁾. The latter resulted in the repression of Colombian drug cartels and the Colombian guerilla-group FARC⁽¹⁵⁾. As a consequence, cartels began to decentralise and to redirect their trading routes from Venezuela to Brazil and FARC needed more arms and advanced their "taxes".

In Jutai, a department in the centre of the state of Amazonia, those developments went almost unnoticed, though their indirect, interacting impacts were about to transform local conditions. Nowadays, Jutai is surrounded by a whole set of indigenous and environmental protection zones (Map B–E). Since the beginning of the 1990s, as the consequence of growing environmental control, the Brazilian PF and the Federal Environmental Agency have reported a growing tendency of timber companies to either shut down or adopt even more illegal practices, such as bribing, timber laundering and cocaine trafficking. In addition to paternalistic behaviour, such as the exchange of favours, and clientelism, such as the buying of votes, there are now illegal practices, such as bribing state officials to get an export licence for legal products, for example, timber, which were illegally obtained, and criminal activities like exporting cocaine within the timber load. Since the socio-economic environment is mainly informal and survival depends on personal networks, the sources of legitimisation of informal, illegal or criminal activities are being nurtured by individual social and communicative competences (McIlwain, 1999, pp. 301ff.).

Presumably, José's mistake came about within the traditional environment of Jutai where he failed to include existing power elites to his business system, which finally led to his arrest. In the meantime, his family has returned to Benjamin Constant and became involved in a new kind of internationally triggered conflict.

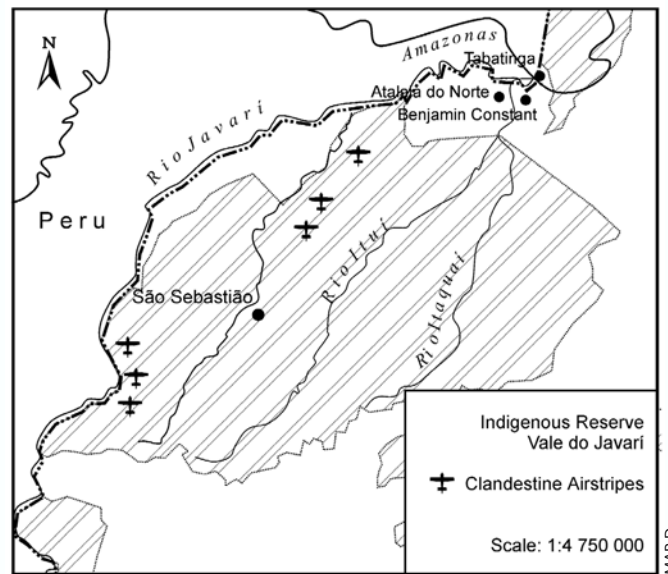
Patchwork Regulation

Where state regulation is being introduced in the Amazon, it tends to happen incoherently. New institutions are being installed and new regulations and laws are being introduced ignoring system linkages with existing formal and informal regu-

(14) From 1989, the Cold War arguments to justify extensive military spending in Latin America were substituted by the war on drugs.

(15) It has been estimated (Blumenthal, 2000) that that 15 per cent of Colombia's coca-plantations are within the so-called FARC liberated zone of which is approximately the size of Switzerland. Taxes, protection-money and use of infrastructure account for an estimated 40–60 per cent of the financial sources of FARC.

latory institutions. This is true for traditional as well as frontier regions, albeit with different consequences. Such practice puts any form of accountability at risk and often results in the construction of informal "bridges". Informal opportunities extend from the inclusion of social actors by innovative improvisations, which might be formalised later on, to the creation of criminal solutions like bribe systems and illegal economic alternatives such as smuggling and cocaine trafficking. The phenomenon is not unique to the Amazon but quite common in regions that endure rapid transformatory processes. Susan Rose-Ackerman observed in her book on the causes of corruption (Rose Ackerman, 1999, pp. 227–8): "Many countries have both pointless business regulation that generates bribes and ineffective regulations in socially beneficial areas such as environmental protection."



Uncertainty and the lack of transparency of new institutions and regulations can strengthen traditional power structures and might also introduce new actors like, for example, federal environmental agents to the locally negotiated equilibrium. The field research⁽¹⁶⁾ of the effects of environmental regulations, the installation of environmental protection zones and indigenous reserves at the Colombian and Peruvian borders, between Tabatinga, Benjamim Constant and Atalaia do Norte, next to

Vale do Javari (Map D) on the timber sector, points to the following findings: the local population and federal government agents, for example, of FUNAI (indigenous matters) and IBAMA/Manaus (environmental matters) unanimously attribute the criminal activities of drug trafficking to the timber sector based in Benjamin Constant. Until recently, the timber sector offered one of the few regional economic activities that provided a comfortable income; consequently, political and economic life was dominated by the representatives of this sector. Labour laws, environmental protection laws, registration, restrictions and reforestation regulations concerning timber extraction were largely unknown or ignored. From the local "pioneer point of view", nature is still abundant and is there to be tamed by brave men, and there exists no right whatsoever for outsiders to interfere in local matters; conflicts are being negotiated in closed shops, according to local power relations. However, since the early 1990s, international attention has been drawn to the environmental destruction of tropical forests. The already existing regional and federal environmental agencies⁽¹⁷⁾ are being supported by various national and international programmes⁽¹⁸⁾, and the results of regular monitoring activities are influencing Brazil's image in the international arena. Obviously, the applicability of abstract laws through inexperienced institutions in remote regions, which are characterised by the absence of the state since their early days of existence, is limited. This is especially true, if fragmented regulatory state activities tend to limit the few economic activities that still exist without offering alternatives. In the case of the researched region, the increase of environmental control led on the one hand to the increase of the bribes to be paid to local environmental agents. On the other hand, many saw-mills and timber-traders started to supplement their activities with drug trafficking. Currently, new conflicts are being caused by the application of federal laws: again under the pressure and observation of the international community, the process of regularisation of the indigenous land, Vale do Javari, (Map D) is triggering a low-intensity conflict. Contrary to former regional demarcation processes, this one is being conducted within a large international programme⁽¹⁹⁾, drawing much attention to the region.

"Demarcação, visitas, fiscalização, o futuro plano de vigilância ameaçam os interesses do narcotráfico e de outras atividades criminosas em áreas indígenas"⁽²⁰⁾ (Euclides/COIAB, 17 March 2000)

(16) March/April 2000.

(17) The Brazilian Constitution of 1988 includes a very progressive environmental law and determines the foundation of regional (OEMAs) and federal (MMA/IBAMA) environmental agencies.

(18) Some examples — 1988, Nossa Natureza; 1990: Plano Nacional de Meio Ambiente (PNMA); 1992: PPG7 (Programa Piloto para a Conservação das Florestas Tropicais Brasileiras); 2000, Brasil Sustentável.

(19) PPTAL — Protection of Indigenous People and their Lands in the Amazon Region of Brazil, as part of PPG7, foreseeing the identification and demarcation of 151 indigenous lands.

(20) "Demarcation, visits, control and the future monitoring-plan threaten interests of drug trafficking and of further criminal activities in indigenous reserves", Euclides is the president of the representation of Amazonian Indians, COIAB.

On the occasion of the identification⁽²¹⁾ of the Vale do Javari indigenous reserve, in the state of Amazonas, on the Peruvian border, by an interinstitutional team, a geographer registered various officially unknown airstrips on the demarcation map. The Manaus PF took note of that map and, in February 2000 two of the airstrips were blown up, in co-operation with the Peruvian federal police and in the presence of the president of the federal indigenous foundation, FUNAI. On this occasion, it was not possible to convince an indigenous representative to accompany the operation since on former occasions the PF was not able to protect the involved parties after their intervention from local pressure (death threats)⁽²²⁾.

"A P.F. arisca a vida dos índios querendo informações e depois deixam eles sozinhos com as ameaças."⁽²³⁾

As regards the indigenous people from the area, they only trust the military in terms of protection, transport and aid, principally in cases of health emergencies — a view which was largely confirmed by the commander of the local army battalion⁽²⁴⁾. The military is responsible for border security but drug trafficking lies within the jurisdiction of the PF, and even though trafficking activities do represent a threat to border security, there is no co-operation and not even any communication between the military and the PF of Tabatinga. If there is any between the institutions, it happens in Manaus or Brasília without affecting the daily local work. The same is true for the lack of co-operation between the local FUNAI and IBAMA, one accusing the other of corruption, and even for the co-ordination of the activities of the federal police in Manaus: although the control of environmental and indigenous protection zones is under IBAMA/PF, respectively, FUNAI/PF jurisdiction, operations are being conducted separately, without recognition of existing local connections.

Locally, the demarcation of the large area of the Vale do Javari is being understood as a further limitation of access to natural resources (timber, fish, game) and as a threat to illegal border-activities like drug trafficking and timber laundering⁽²⁵⁾. In the context of the recent elections⁽²⁶⁾, broad alliances have been formed over the resistance to federal interference in local matters. In a public session of the local parliament of Benjamin Constant on the question of the regularisation of the Vale do Javari in March 2000, the candidates of the fisher's colony and the timber sector

formed a tactical alliance in protest against the fact that federal money is being used to limit local access to resources. In mid-March a large demonstration of fishermen which was allegedly financed by the timber sector took place in Benjamin Constant. At the beginning of July 2000, a base of the co-ordinating indigenous organisation CIVAJA for the demarcation firm in the south of Vale do Javari was burned down by timber merchants who did not even conceal their participation in the hostile act since it was meant to be a warning. In May 2000, the Governor of Amazonas, Amazonino Mendes visited Tabatinga to inaugurate a new, modern fish plant and fish market in order to create about 500 new jobs. On the occasion, he spoke about the insufficiency of this measure in combating the regional problems of under-employment and organised crime. Furthermore, he pointed out that Brazil's membership of WTO puts at risk the continuity of the Manaus Free Trade Zone on which the whole state of Amazonas depends economically. Due to the vulnerability of the Amazonian ecosystem and its geographical remoteness, economic alternatives are not easily at hand.

The purpose of this section is to provide a vivid illustration of possible unintended local effects of poorly adapted and inadequately mediated federal or international regulation measures. In the absence of integration offers during processes of social transformation, the involved parties are looking for individual solutions from the new legal system. At the same time, they often observe the social embedment of their strategies carefully. Thereby, new political and economic networks are being created, including new actors who are willing; anybody trying to resist is being threatened. The observations of Jean Cartier-Bresson that *"Unfortunately, legal and functional networks favour the emergence of illegal networks of corruption"* (Cartier-Bresson, 1997, pp. 56f.) and *"The illegal exchanges are integrated into a larger legal network which is that of clientelism and the reign of favours."* (Cartier-Bresson 1997, p. 55) are valid for the case described above⁽²⁷⁾. Regarding the researched timber sector, the integration of cocaine production offered the only one viable economic alternative to the illegal and expensive (bribery/transport) timber extraction. Currently, the defence of this strategy is provoking a local low-intensity conflict,⁽²⁸⁾ which is especially dangerous owing to the proximity of the US-Colombian war-on-drugs and the ongoing "weapon-for-cocaine-swaps"⁽²⁹⁾.

(21) Identification is the first step in the process of regularization of Indigenous lands in Brazil, the next steps are: Delimitation, Demarcation, Presidential Confirmation and Compensation, Registration. At the moment (07/00) the described area, Vale do Javari is in the third step of the process: Demarcation.

(22) Interview 13.3.00.

(23) *"The Federal Police puts the life of indigenous people at risk — they want information and afterwards they leave them alone with the threats"*, Indigenous representative, 13.3.00.

(24) During a visit of the 8th Battalion of the Infanteria de Selva in Tabatinga, Captain Ronaldo confirmed the friendly relations and showed me the hospital which was predominantly occupied by indigenous people (16.3.00).

(25) Timber laundering means the act of illegal export of illegally extracted timber which is being re-imported with false certificates — in this case from Peru.

(26) County-elections in October 2000.

(27) His thesis on the significance of social networks for the viability of illegal activities will be discussed later on, analysing the Leonardo Mendoça case (see above).

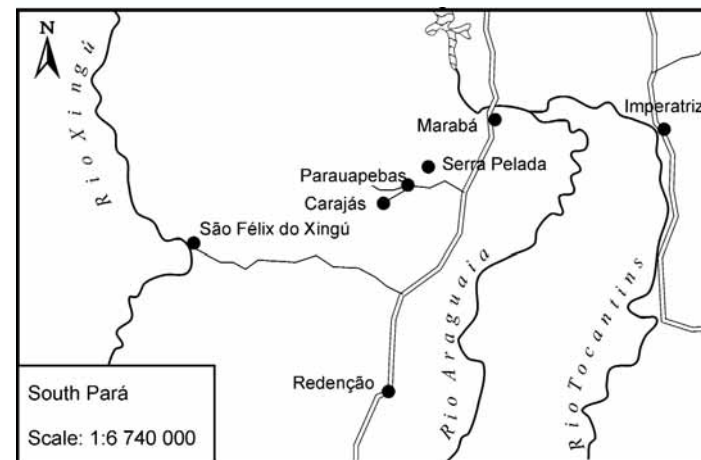
(28) Cf. OGD, 1993, pp.: 255-64.

(29) See next section.

Leonardo Dias Mendonça — the "Suri-Cartel"

When Operation Tornado started in 1997, not even the Federal Police concerned realised they had discovered one of the most important connecting links between Colombian cocaine and Surinamese arms. After seizing a total of twenty-four small planes and 2.4 tonnes of cocaine⁽³⁰⁾, the PF was still trying to track down the heads of the organisation, when in July 1999, information about illegal deforestation led them to Belauto farm in São Felix de Xingú (Map G). There, by chance, they found an astonishing seventeen business registrations for construction firms, petrol stations, air taxis and farms. Consequently, they put the owner of Belauto farm, Wilson Torres Moreira, and his associate Leonardo Dias Mendonça under surveillance⁽³¹⁾. When the two were arrested in November 1999, together with fourteen other suspects⁽³²⁾, an impressive business network, dependent on the division of labour and modern communication technology was dismantled. On the foundation of trust, shared economic interests and values, this network had been involved in cocaine and weapon trafficking (*Mc Illwain*, 1999).

"Cabe consignar, como bem o fez a Autoridade Policial, que todos os envolvidos travaram conhecimento inicial durante o auge da atividade garimpeira, especialmente aquela que irregularmente se deu no Estado de Roraima, incidindo em áreas indígenas."⁽³³⁾



MAP G

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When in 1984/85 gold-digging activities moved from Serra Pelada/South Pará to Itaituba/Lower Pará and the indigenous regions, Yanomami and Raposa Serra do Sol/Roraima, stable loyalties between claim-owners, politicians and pilots were already established. Due to the gold-buying monopoly of the Brazilian state, which has always been evaded, the whole activity is surrounded by adventurism, illegality and violence. On the other hand, it provides one of the few opportunities for social advancement and a fast accumulation of capital.

Since Marabá is the base of the Mendonça gang as well as of the parties concerned in the Luis Carlos Maya case⁽³⁴⁾ it would be useful to go back in history to understand the cultural, institutional and political background of the southern Pará environment. Marabá is often referred to as the "heart" of Amazonia because it accumulates all the problems and reflects the trends of a typical pioneer region. Historically, its occupation in 1892 had been favoured by the crossing of the Tocantíns, Itacaiunas and Araguaia rivers; since the 1970s there has been a new incentive for migration by connecting the national road, PA150 and the Trans-Amazonian Highway. From the very beginning, Marabá was a violent place: in the nineteenth century it served as an important starting-point for death squads, at least parts of its social organisation came about through the slaughter of indigenous populations in the area. Thereafter, its expansion was determined by a hierarchically organised extraction economy (rubber, paránuts), which always left a majority of seasonal workers entirely dependent on the caprices of a few *patrons*. Attempts to establish federal or regional state authority were made in the 1930s and in the 1970s, but up to the present day they have always failed. New institutions and their local representatives have always been quickly absorbed by stable, clientelistic power structures. For almost a century, the monopoly of violence remained unchallenged in the hands of the big landowners and traders. However, since the early 1980s, the gold-rush and the opening of the large iron mine at Carajás have forced the traditional elites to share power with *nouveau riche* adventurers, who have begun to invest in local businesses and interfere in local politics. Additionally, professionals from southern Brazil have established new standards in terms of speed, flexibility and mobility defending their company interests. Both, the gold-rush and the Great Carajás Project induced massive migration to southern Pará. Although the working relations connected with these new ac-

(30) In five of the plane and cocaine seizures between 11/97 and 8/99, the name of Leonardo Dias Mendonça appeared explicitly. (Processo Federal 1999.39.01.001560 -0 -Vol.I.)

(31) Observation and repeal of bank and telephone secret.

(32) Eight pilots, four businessmen, two farmers, one lawyer.

(33) Processo Federal 1999.39.01.001560 - 0 - Vol. I, p. 4 — "It is our obligation to put on record, as well as the police authorities, that all the involved parties first knew each other during the peak of the gold-diggers' activities, especially the ones that took place illegally in the state of Roraima, invading indigenous reserves."

(34) See *The Luis Carlos Maya Case*, section on page 191.

(35) For example: soil-preparing and planting (September - November), working in Carajás (December - April/rainy season), working in Serra Pelada (May - August/dry season).

(36) Large projects, like the construction of the hydroelectrical plant at Tucuruí or the iron-ore mine in Carajás provided millions of dollars for the region, which were shared by old and new elites of southern Pará, see Schöenberg, 1993.

(37) Rodeo clubs, soccer clubs, Rotary, Lions, Catholic and Protestant churches.

(38) See also Bezerra 1994, pp. 177-86.

(39) One flight from Colombia to Suriname is worth US\$15,000.

(40) On the long flights from Colombia to Suriname, even changing planes, it is almost impossible to avoid official airports. Official landings and take-offs are registered, therefore it is possible to trace the movements by registration-numbers.

(41) In Brazil, the size of aircraft petrol tanks and petrol consumption are registered.

(42) Probably since 1986. The information in this passage originate from O'scourt-deposition and that of his assistant Juarez in Marabá, on 18.11.99; Osmar participated in the process as a chief-witness until 14.1.2000 when he retracted his deposition.

(43) "Osmar's airstrip".

(44) For one flight to Suriname approximately 600 litres are needed.

(45) Juarez, his assistant revealed that since June 1999 there were flights every 8-15 days, using different routes.

(46) A pilot received US\$1,000 for one return flight from Colombia to Suriname.

(47) For this task he received US\$3,000 a trip.

tivities were integrated into the cyclical logic of the region⁽³⁵⁾, the existence of an abundant workforce provoked the violation of the old-fashioned social contract, which was based on a long-term patronage logic of (unequal) give and take and was replaced with a violent short-term logic founded on crude exploitation.

From the mid-1980s onwards, the end of the local gold-rush and the construction of large projects was followed by increasing pressure on land resources and coincided with nationwide debate and conflicts regarding agrarian reform. In the following decade, Marabá received generous financial compensation for expropriated lands, which were supposed to be distributed among the landless migrants, relocated traditional populations⁽³⁶⁾ and ex-gold-diggers. In fact, INCRA, the institution responsible for agrarian reform, became the headquarters of a system of redistribution of federal resources between the local elites, while the municipality "took care" of the "distribution" of the financial contributions of the state of Pará.

It would exceed this context to go into details on the entanglement of important Paraense politicians with the described local systems, with drug trafficking and national corruption schemes; the intention of this section is to explain why southern Pará continues to offer such a receptive environment for all varieties of illicit, illegal and criminal activities like the transfer and processing of cocaine, money laundering via public announcements, recruitment of dubious lawyers and of killers as well as for reinvestment of black capital. Only the existence of a broad political consensus concerning the legitimacy of the corrupt practices and their embedment in social and religious institutions⁽³⁷⁾ explains the current dynamics of the political, economic and social exchange (*Cartier-Bresson*, 1997, pp.50-3).

Cartier-Bresson (1999, pp. 50-3) describes such a process as "the organisation of corruption by social networks then prevails and enables a real institutionalisation of procedures... The exchanges of corruption are multidimensional in the sense that several types of exchange are accumulated within the same process: material exchange, information exchange, sign exchange, symbolic exchange, etc. It is from this perspective that we have stressed the hypothesis of a social exchange over that of an economic exchange."⁽³⁸⁾

For a background to this excursion, let us go back to the concrete course of the Leonardo Dias Mendonça (LDM) case. To facilitate the exposition of the sophisticated proceedings of well-embedded, long-term, all-round criminal activities, the prerequisites for such an organisation will be identified. Leadership/hierarchy/trust, division of labour/delegation/decentralisation and modern communication technology/informal communication networks are indispensable elements of sustainable legal as well as illegal businesses. In this case, LDM guaranteed leadership, since he was responsible for the integration and supervision of all those involved: they were and still are bound to him by personal loyalty. On this basis, a decentralised division of labour between different clusters of actors in different localities and countries was made possible. To guarantee the exchange of cocaine for weapons, transport was needed: being composed of a trustworthy network of always employable pilots; discrete payment of the pilots⁽³⁹⁾, a rotative system of buying and selling of small aircraft⁽⁴⁰⁾, workshops to maintain the planes, to manipulate their tanks⁽⁴¹⁾ and black-boxes, the management of illegal petrol-deposits on regular and clandestine airports, the management of a "tax" or bribery system to ensure permanent access to numerous clandestine and private airstrips, and, the management of necessary information to connect the different elements with each other and with the further clusters. In the LDM case, Pilot Osmar was the co-ordinator of that sector. He had known LDM "for a long time"⁽⁴²⁾ as an owner of a gold-diggers' shop at Boa Vista/Roraima. Being based in São Felix de Xingú, which is known in southern Pará as headquarters for contract-killers, he worked as a pilot for ten years. Osmar is the owner of a private airstrip on a nearby farm which is locally known as "a pista do Osmar"⁽⁴³⁾ and, the co-ordinates of twenty-two further Amazonian airstrips were registered in his well-organised agenda... Furthermore, he possessed a petrol depot of 15,500 litres at the airport of São Felix⁽⁴⁴⁾. Owing to court evidence (agenda), in 1999 he personally⁽⁴⁵⁾ refuelled twelve flights to Suriname where the cocaine was dropped into the water off the coastline⁽⁴⁶⁾. Afterwards the planes came back to "Osmar's airstrip" where they were refuelled and maintained⁽⁴⁷⁾. At the beginning of the interrogations, Osmar acted as a keywitness (18 November 1999); on 14 January 2000 he renounced everything and in April 2000 he was suddenly released from Marabá prison.

Another cluster of illegal activities was the wide network of associated enterprises, some of them owned by LDM's "dummies", others owned by genuine business partners. LDM's immediate business empire is composed of seventeen firms⁽⁴⁸⁾ and co-ordinated by LDM's business partner, WTM. There are three construction firms (Roma/Marabá, Impacto/Marabá and Piquete/Tucumã) which frequently participate and win in public announcements of the municipalities of southern Pará and of the federal institute for agrarian reform, INCRA as a kind of permanent money-laundering activity; furthermore there is a real money-laundering firm, called FastMoney, "owned" by AM, LDM's father-in-law, who is in charge of investments on the financial markets. The two machine shops (Torres & Souza Ltda/Tucumã, Comercial Alpa/Marabá) and the three petrol stations (Auto Posto Norte-Sul/São Felix do Xingú, Auto Posto Gol/Marabá, Posto Serra dos Carajás/Marabá) are essential for the organisation of petrol and spare parts as well as for money-laundering activities. The air-taxi enterprise, Gaviota Táxi Aéreo/Goiania which is owned by LDM's business partner and very close friend, Pedro is in charge of the buying and selling of aircraft and the organisation of business trips. The most important sector for organising and sustaining regional social embedment are cattle rearing and timber trading. WTM is the official owner of three farms, Vale da Serra/Tucumã, Caumé/São Félix do Xingú and Belauto/São Félix do Xingú, the last with approximately 50,000 head of cattle, a branch of the timber-firm Dragão Industrial Madeira and headquarters of the whole criminal organisation. Furthermore, they own the cattle-raising consultancy Versátil Central de Compras and, as the most important social element, LDM is companion of the rodeo club, Clube de Vaquejadas Carajás/Redenção which promotes vaquejadas, one of the favourite leisure activities of southern Pará. The cultivation of good relationships with public servants in charge of placing public contracts takes place within these business and social networks; besides actual bribery, like in São Félix do Xingú where the payment of bribes was discovered, it relies on the long-term exchange of favours. A further important professional group are the "family" lawyers who normally maintain stable professional relationships within the whole judicial sector (courts, police, public prosecutors, etc.), who send out and receive information, give advice, help to evade legal proceedings and actually falsify documents. In the case of Operation Tornado as well as in the case of Operation Holanda⁽⁴⁹⁾ the Marabá PF was not included in the investigations as in 1999 the director of the force was on suspension due to corruption

charges. Getting more details on the entanglement of the sixteen accused would not necessarily explain more. Let us turn to the chances and risks of modern communication systems for criminal networks.

"Pegou nota deix gado — Got note, left cattle"⁽⁵⁰⁾

Modern communication technology, especially satellite mobile telephones, was a precondition, as well as a major weakness, for the organisation of the whole criminal undertaking. The co-ordination of multinational deals between Colombia, various Brazilian locations and Suriname, from a remote farm in southern Pará provides a major new opportunity. On the other hand, the invoices and accounts of the various parties, which were investigated during Operation Tornado, connected perpetrators who might otherwise have been treated as protagonists in isolated drug cases. In addition, the co-ordinates of the black boxes from the seized planes made it possible to reconstruct an important part of the whole criminal network⁽⁵¹⁾. The co-ordination of the communication with Colombia and Suriname was the exclusive task of LDM.

Suriname: 1993 and 1999

First, Suriname struck me as an important trading-spot on the route from Colombia via Brazil to Europe in the context of the traditional river smuggling activities from Abaetetuba/Pará via the coastline of Amapá to Suriname. This case will be taken up later in this chapter.

Getting back to the LDM case: after the decline of the gold business in Roraima, LDM set up shops of gold-digging machinery in Suriname and French Guiana and from 1992 he travelled to Paramariba regularly. According to the deposition of the Surinamese citizen, Bernardus Annaud Nauhu⁽⁵²⁾, who worked as a translator for Dino Bouterse⁽⁵³⁾ from 1993 to 1996, the weapons-for-cocaine deal was articulated in February 1993. The Diamonds Soccer Club at Paramariba served as a meeting-point for the involved parties: The Brazilian gold-digger, Chapel, introduced Leonardo Dias Mendonça to Bernardus who arranged a meeting with Bert Mangal, the Indian⁽⁵⁴⁾ owner of the Golden Dragon Restaurant, who took them to Dino Bouterse's house. At the time, LDM explained that he was working for the Colombian guerilla

(48) *Folha de São Paulo*, 25.11.99, pp. 1–16.

(49) See next section, "The Luis Carlos Maya Case".

(50) Meaning: "Got the money, left the cocaine." — communication code, taped from the mail-box of a pilot's handset.

(51) *Processo Federal*, 1999.39.01.001560 - 0, Vol. VI.

(52) Deposition under the responsibility of Officer deKok and Slobbe, 27.04.1998 in Leiden, Netherlands.

(53) Son of Desi Bouterse, ex-president of Suriname who was condemned in absentia in the Netherlands on drug charges in 1998.

(54) In Suriname the business with informal credits are under Indian domain.

group FARC, and that he was interested in exchanging AK47 and FAL machine-guns for cocaine. The deal had to be confirmed with Desi Bouterse, ex-President of Suriname and Melvin Lindscheer, chief of the Surinamese secret service. After a few meetings discussing exchange-rates of cocaine (US\$2,500 per kg) and weapons, transportation and security schemes, the first deal⁽⁵⁵⁾ was wound up in the first half of 1993. Unfortunately, we can only speculate on the development and frequency of this business connection in the following years. During the period of surveillance of LDM and his gang in 1999, flights were registered three to four times a month from Barranco Minas/Colombia⁽⁵⁶⁾ (Map A), to the seafront at Paramariba of an estimated volume of 200 kg per flight⁽⁵⁷⁾, where presumably, the cocaine was dropped in rubber sacks on the seafront. As far as the question of how the weapons might get to

Colombia is concerned, there is no evidence in the court documents (surveillance-records/depositions) but interesting preliminary results of ungoing field research⁽⁵⁸⁾. Approximately, since the early 1990s a growing number of gold-fields were opened up in the jungle of Suriname. At the beginning of 2000, approximately 18,000 Brazilians were working in those gold-fields, many of them with old gold-digging experience. According to the observations of a colleague, numerous clandestine airstrips were built next to the French Guiana border and are being used by the Surinamese military and the gold-diggers (Map H). Presumably, at least parts of the weapons are "branched off" Surinamese army stocks as was mentioned by the Brazilian federal police as well as in the deposition of Bernardus in Leiden. The remoteness and illegality of the Surinamese gold-fields in connection with the gold-digger and pilot networks apparently make these airstrips appropriate loading sites for weapons.

The main protagonist of the next case is of Colombian origin and enters the Brazilian network via Tabatinga. Nevertheless, there exist several interfaces⁽⁵⁹⁾ with the above-described case: the registered starting-point of the illegal load is Barranco Minas/Colombia, the operational bases is a farm in southern Pará, both founded an enterprise in Georgetown/Guyana, and, last but not least, Leonardo Dias Mendonça and his gang ended up in the same prison at Marabá as Luis Carlos Maya with his accomplices.

The Luis Carlos Maya case: "without torture"

If there is no Brazilian "manager" at hand to articulate the necessary co-operation, the leadership of a Colombian professional who sets up a joint-venture in Tabatinga, Manaus or elsewhere represents a viable alternative. Especially, in cities next to the Peruvian or Colombian border, joint-ventures are commonplace and there do exist special agencies to handle the exacting bureaucracy.

From the beginning of 1998, the Brazilian federal police conducted an exercise called Operation Holanda, which culminated in the imprisonment of more than twenty persons from five countries⁽⁶⁰⁾ on 22 June 1999. A truly multinational gang with multinational contacts and enterprises was caught at a remote ranch, the Fazenda Panorama, 79 km from Rendeção on the road to Santana do Araguaia in southern Pará where they had in-

(55) Due to the deposition, it was a matter of ten AK 47s, seven FALs, one RPG-rocket launcher, four machine-guns (Minimi Gold) and ammunition in exchange for 100 kg of cocaine.

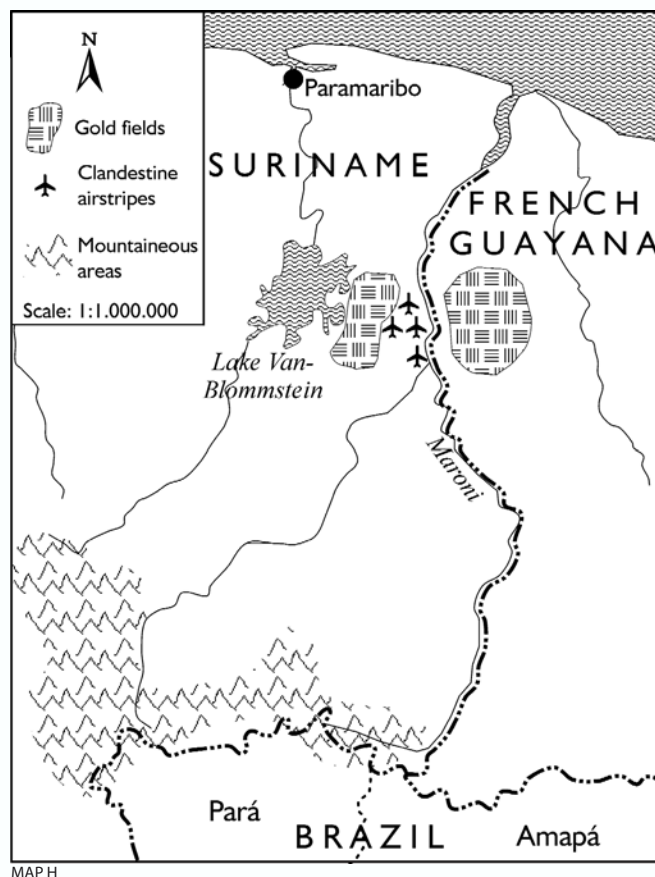
(56) On 15 October 2000, the Colombian Air Force (FAC) destroyed a small aircraft heading from Brazil to Barranco Minas with a heavy load of arms, presumably for the FARC. (El Tiempo, Bogotá, 16.10.00).

(57) Federal Court Documents, Process 1999.39.01.001560-0.

(58) To mention the following I have the authorization of the field researcher concerned, who for security reasons wishes to remain anonymous until his field research has been concluded.

(59) On the occasion of another visit of Marabá it will certainly be possible to identify further interfaces reading the court To mention the following I have the authorisation of the field researcher concerned, who for security reasons wishes to remain anonymous until his field research has been concluded documents of both cases again.

(60) Brazil, Colombia, Paragwai, Guyana, Canada.



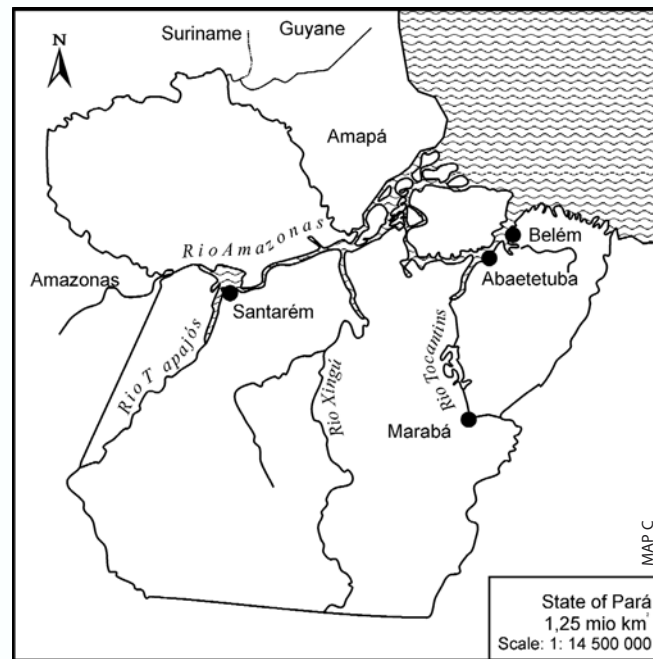
stalled a cocaine laboratory with the capacity for the distillation of 15 tonnes per month (Map G)

Referring to the title of this section, the first detail to mention is the external financing⁽⁶¹⁾ of Operation Holanda, which enabled the PF to install a neat surveillance system and an excellent taking of evidence for more than a year. The citation, "*without torture*" refers to an interview with one informant who expressed his relief that torture was not necessary to take the accused to trial because the competent institutions disposed of sufficient means to execute their mission.

In March 1998 the Amazonian Federal Police seized a small plane (PT - OEA) which was parked in Parintins (Map B) with seven tonnes of cocaine on board, the plane had been abandoned and the tank had been converted to take on more petrol than registered. Reading its black box it could be discovered that it came from a certain clandestine airport in Colombia near Barranco Minas (Map A) which led to the imprisonment of several Colombians by the Colombian police and, at the same time,

opened up the possibility of keeping track of those involved in this case. The head of the criminal organisation, Luis Carlos Maya came to Brazil in spring 1998 from Germany where he visited friends after seven years' imprisonment in Suriname on drug charges. Obviously alerted by the seizure of the plane and a Colombian arrest warrant against him, he decided to set up a cocaine laboratory in the Brazilian Amazon and to transport *pasta-base* directly from Peru, avoiding Colombia. According to several interview partners and investigation reports, this decision was also due to the extreme elevation of "taxes" by the Colombian FARC. Partly relying on old friends and partners and partly on new acquaintances, Maya managed to set up three enterprises, in Tabatinga, Manaus and Georgetown, to organise the purchase of chemicals and other items from São Paulo, their transport to southern Pará and the purchase of a ranch in southern Pará; the activities he developed between March 1998 and June 1999 were closely observed and documented by PF agents and constitute the prosecution material at the federal court of Marabá⁽⁶²⁾. Looking at the biographies of the fourteen accused, the majority have been involved in drug trafficking before: for example, the owner of the *fazenda* had already served a five-year sentence in Rondônia in connection with the murder of Rondonian Senator Olavo Pires in 1996.

What is so special about the Luis-Carlos Maya case? Reading piles of process documents and police reports, talking to the PF in Marabá, Manaus and Belém, to federal judges, public prosecutors and all kinds of members of Marabá society it appears that the case offers in its variety one model for the integration of the single elements that appear in other cases, such as the setting up of Brazilian/Colombian joint ventures (import-export), in Tabatinga and Manaus, with professional consultancy — even laying claim on SUFRAMA-subsidies⁽⁶³⁾, the theft of small planes and the involvement of gold-field pilots, the setting up of enterprises in Guyana and Suriname, contact with transportation networks from São Paulo, the purchase of chemicals in São Paulo and the utilisation of localities within a supposedly "safe" political context such as southern Pará. Operation Holanda was carried out without any involvement of the Marabá PF until the day of arrest, because the superintendent was on suspension due to corruption charges and the institution is believed to be "assimilated to local rules".



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(61) The informants contradicted each other about whether the DEA or the CIA financed the operation.

(62) Especially interesting were the bits and pieces that were found in the pockets of the accused, which pointed out interfaces and numerous national and international contacts.

(63) Free Trade Zone in Manaus

In Marabá, the police, judges, prosecutors and members of the local society demonstrated no surprise concerning the dimensions of the case — on the contrary, discussing it, they came up with numerous further examples of well-embedded criminal activities in the region, and pointed out those who were doing the money laundering⁽⁶⁴⁾, how involved the defence lawyers were in local corruption cases and that it was highly probable that the gang would escape from the precarious Marabá prison before the case came to trial. Already on 26 October 1999, there another 680 kg were discovered at a *fazenda* near by, in the county of Santana de Araguaia.

Summing-up...

The fact that the LDM-case and the Luis Carlos Maya case appear here in a drug-trafficking context should not obscure their significance for the broader understanding of the specific dynamics of the observed regional transformation processes. They serve as examples for potential consequences of long-lasting, asymmetric forms of social organisation in pioneer regions, where the constitution of a modern state, in the Weberian sense, has never existed. Its substitution by solid criminal networks, consequently, leads to the criminalisation of social transformation processes.

The next two sections deal with the complex interaction of factors transforming a traditional Amazonian city into a major transit spot for cocaine. Since the traditional local society reacts differently to the impacts of social transformation than that of a frontier region, the insertion of criminal activities represents distinct patterns.

The criminal story of João de Deus⁽⁶⁵⁾

João de Deus is a modest fisherman, 40 years old and born in Abaetetuba (Maps C - F). He is a member of the Z14 fishermen's association. By the time the interview takes place, João has already been in jail for five years, has been recently transferred to the first therapeutic resocialisation unit of the State of Pará, APAC, where he is in charge of the kitchen. In spite of the fact that his appearance does not at all correspond with the image of a

Brazilian drug-trafficker who was caught with 250 kg of cocaine, João is a typical representative of one category of trafficker: un- or underemployed people who by chance live in a region which became a transit route, this among other reasons, because it suffers economic difficulties and therefore provides sufficient collaborators who cannot reject the job.

Abaetetuba⁽⁶⁶⁾ is a small lowland community situated 60 km south of Belém; being surrounded by innumerable small islands makes transport control quite an impossible task. Nowadays, fishing is one of the few legal sources of income; since the beginning of the twentieth century the community has supplemented its income by various forms and items of smuggling and has constituted a proper environment for illegality. Since the definite decline of *cachaça*-production⁽⁶⁷⁾ in the late 1980s, cocaine trafficking has been induced to more "traditional" cigarette-smuggling structures as an upgrade of the basic income of the riverine locality.

"Todo mundo está envolvido em Abaeté — não dá para escapar"⁽⁶⁸⁾

"Ninguém comenta o tráfico na cidade — nem os cigarros. O pessoal tem medo de morrer por falar muito ... ninguém informa sobre onde alguém mora em Abaeté."⁽⁶⁹⁾

Additionally, to his regular fishing excursions, João sometimes worked on transport-ferries from Manaus to Belém, when "fishing was weak". Like the majority of the fishing population of Abaeté, for many years João had worked "for somebody", this means on a boat owned by someone else. When he was caught in 1993, he had for a couple of years actually owned a small boat called the *Venoso*⁽⁷⁰⁾. Even though he never managed to become an autonomous fisher, but continued to depend on a boss to finance his fishing expeditions. The understanding of this system of structural indebtedness it is fundamental to understanding the mechanisms of gradual involvement in smuggling and trafficking. The *Venoso* has a loading-capacity of up to four tonnes; this is sufficient to stock the yield of ten to eighteen days' fishing-expeditions; during this time he can have returns of R\$7,000, of which R\$4,000 account for the share for the three others, leaving R\$3,000 for himself. R\$3,000 is not enough to finance the next expedition since he has to buy food, petrol, oil and to

(64) At the end of September 1999, the French citizen, Serge Fabre was arrested in Mosqueiro on the charge of cocaine trafficking to France; he was the last of a gang composed by José Laurindo Filho and André Baez who were arrested in 1994 for trafficking cocaine to France and exporting black pepper (directly and via Suriname). Serge Fabre is shareholder of the Big Ben pharmacy chain which is suspected of money laundering as well as he person who is said to do the money laundering in Marabá.

(65) Interview on 01.07.1998 in the APAC/Belém prison. Case: transport of 250 kg cocaine from Ponta de Pedras to Vigia by boat; final destination: Surinam, João de Deus was released in May 2000.

(66) Data on Abaeté will be exposed in the Case-study on Abaetetuba-Pará, on page 00 below.

(67) Sugar-cane spirit.

(68) "Everybody is involved in Abaeté — it is impossible to get away."

(69) "Nobody talks about trafficking in the city — not even about cigarettes. People are afraid they might die for talking too much... Nobody informs you where anybody lives in Abaeté."

(70) Poisonous.

leave some money for the family in Abaeté. Due to this fact, João, just like the majority of small-scale fishers has a permanent debtor, Carlito who works as a *balançeiro*⁽⁷¹⁾ at the Ver-o-Peso market, in Belém. Carlito always finances João's expeditions just as he "helped" with the acquisition of the boat in the first place; afterwards he supported the maintenance of the *Venenoso* and hence possesses the purchasing monopoly of the fish João might catch.

This system relies on loyalty but leaves considerable freedom: for example, when a fishing-expedition in the high-season of cat-fishing in Santarém does not work out, João would stay at the lakes and start selling others' fish to Santarém as an intermediary. On one of these occasions he "met someone" in Santarém and got friendly with him; sometimes they went out drinking beer together. Talking about financial difficulties and the necessity to have the *Venenoso* converted, João's new friend (X) offered to advance him the money for the "conversion" in Belém. Uncomfortable with the fact that Carlito had already financed his fishing expedition which did not work out well, he accepted the offer of his new friend.

A few month later, the *Venenoso* had already been "converted", João's new friend asked him the favour of transporting "something" along the coastline of Amapá — he told him that at the same time he could engage in fishing. Preparing the expedition, there were double-bottoms installed, "to pick up pigs in Marajó". When 4,000 litres of petrol were stored on board, João asked where they were going. "Perhaps to Suriname" was the answer and João did not insist. He travelled with his crew to Vigia where he was to receive new instructions; when his boat broke down due to a minor technical defect; he rang up X who immediately appeared and bought the missing part. On this occasion, João asked where they were going and what they were about to transport. Now, X told him the truth, offered him R\$50,000, which was the equivalent of seven fishing expeditions, and calmed his fears. As an alternative, João was offered the possibility of lending his boat for one week but he did not like that — moreover he thought it was too late: "*Já não tinha mais jeito.*"⁽⁷²⁾

After X had left, João cooked some crabs for his crew, went to his hammock and when he woke up the federal police were already on board; since they had a sniffer dog they found the merchandise immediately.

When discussing about the motives and the difference between cigarette smuggling and cocaine trafficking, João did not perceive any. He stressed that he was never involved in cigarette smuggling before whereas almost everybody in Abaeté is involved, even the mayor who possesses five large commercial fishing-boats.

"Abaeté está manchado"⁽⁷³⁾

João justifies his acts by the fact that he was indebted and with his "weakness" concerning the offer of R\$50,000, dreamt of opening up a small supermarket in Abaeté. His only regret is the position of his ex-wife: Dona V., a waitress in a well-known bar in Belém who separated from him on moral grounds. Proceeding from this biography, I undertook a case-study in Abaetetuba with the intention of discovering the interdependencies between economic decay and drug trafficking.

Case-study: Abaetetuba — Pará

In Abaetetuba, the sheer number of factors contributing to the social transformation of almost all sectors of economic life without the addition of any significant new legal activity, is exceptional. Combining these processes with the historical and geographical smuggling predisposition of the small town, the present situation ceases to be surprising.

Excursion

To get into the spirit of the researched locality, which is said to be a major transit and distribution plot for cocaine, lately arms and ammunition, as well as smuggled cigarettes, three connected episodes will be related.

In late November 1998, two days before the celebrations of Conceição, the city's patron saint, which has taken place every year since 1745, the population of Abaetetuba burned down its city parliament, law-court and the mayor's official residence. What triggered off the violence was the accidental killing of an adolescent who happened to belong to an important "trader" family in town, by a military police officer. The general state of revolt against the all-too-common police violence was directed by the leading protagonists of cigarette and drug smuggling

(71) *Weigher.*

(72) *"There was no way out."*

(73) *"Abaeté is stained."*

(74) Most of them are under observation by the PF and there are abundant files on them at Belém headquarters.

(75) Visiting Abaté in September and October, they were all back in town, on habeas corpus grounds.

(76) Dom Flávio said in 1999 that he would not allow that to happen; when I asked again in April 2000, I heard that nothing had changed.

(77) Breaking.

(78) Almost all important families own petrol stations — a fact Roberto Araújo details in his report.

(79) An observation which confirms this tendency is, that all interview-partners precise their statements by the identification of their degree of relationship to other protagonists of the story.

(80) Interview partners: federal police in Belém, prosecutors of the Ministério Público, Dom Flávio, Bishop, Padre Adolfo, responsible for the islands, Dona Eliete (Juridical Department of the mayor), Aladym — MONAPE (National Fishery Movement), FASE — NGO, Zé Nery — city deputy, Elton — city deputy, Elena Maués — a very old woman, Seu Hamilton — an old man — boat-trader in the 1950s and 1960s, Nina Abreu — artist of the traditional folkloric arts, Miricinho Batista — ex-state deputy (PT) of Abaeté, members of interactive security council — CISJU, Dr Orlando de Paula Arrifano, State Judge, members of the Z14 fishery colony, Chico Narinha, ex-mayor and candidate for the 2000 elections, superintendent of the civil police, director of SEBRAE, Jurandir — owner of the last sugar-cane distillery, owners and workers of six brick-works on the islands.

(81) IBGE, 1998.

using bribery and a discourse of demagoguery against the three powers of the local state. Immediately, the federal judge issued arrest warrants against nine well-known members of society⁽⁷⁴⁾ who fled instantly⁽⁷⁵⁾.

The bishop of Abaetetuba, Dom Flávio used the occasion of the holy week to preach three times a day against drug trafficking and is confident he has enlightened the population on the risks of such activities. But, on 7 December the traditional *Noite dos Marítimos* (seamen's night) takes place. Historically, it is the night when the important families of Abaetetuba define their social ranking by competitive raising of charity donations for the Catholic Church. In front of the church a tent is erected where all sorts of donations are sold by auction. The names of the donors as well as the auction participants appear in the official holy week church programme⁽⁷⁶⁾. It is a classical redistribution ritual which in former times was activated once a year in most Amazonian communities during the feast of their patron saint. Nowadays, the seaman's night is being dominated by the families involved in cigarette smuggling and drug trafficking; an assessment that is shared by the bishop. The fact that the ritual survived in Abaetetuba and was practised even after a major disturbance of public life indicate the importance of traditional forms of social reproduction and inclusion up to the present day.

In May 1999, six months after the incident — life in Abaetetuba was divided into the time before and after the *quebra-quebra*⁽⁷⁷⁾. Cigarette smuggling the major economic activity of town is still "weak" — local society attributed this situation to the continuing absence of the responsible actors who were still on the loose. The absence of Guedes, the manager of a cigarette — and drug-smuggling operation with an extensive file at PF headquarters in Belém, son of a former sugar-cane-manufacturer, and owner of a petrol station⁽⁷⁸⁾, was apparently regarded as extremely damaging to local economic life: "a friend" started to circulate a letter of sympathy to promote the habeas corpus and return of Guedes to Abaetetuba. The letter was signed by almost 300 well-known personalities, among them ten of the fifteen city deputies and the Working Party (PT) candidate in the next municipal elections. Two months later Guedes was back in town after a judge in Belém issued a habeas corpus. These precedents show the degree of solidarity in the local society and at the same time illustrate the social desire to always re-integrate its margins by public rituals⁽⁷⁹⁾.

After a preliminary study the previous year, in 1999 an in-depth case-study⁽⁸⁰⁾ was undertaken concerning the economic history, the social life and the internal and external factors causing social transformations as well as of the composition of society which determines the result of such transformations. What will be presented here is a synopsis of the internal and external factors that contributed to the situation of Abaetetuba being currently a location that relies mainly on informal and illegal activities.

Historical and Geographical Factors

Abaetetuba was founded in 1881 as an independent county; since 1895 it has enjoyed the status of a city but its official history reaches back to the early eighteenth century when the Portuguese citizen, Francisco Monteiro reached the banks of the river Jarumã to take possession of the sesmaria he had received from the King of Portugal. Already in the seventeenth century, Jesuits had settled down to found missions among the indigenous population. Today, the county of Abaetetuba covers 1,090 km and by 1996 had 106,738 inhabitants: 59.7 per cent urban and 40.3 per cent rural⁽⁸¹⁾, about double the figure for 1960. Taken from a county inquiry (1990), the registered employment represents the following structure:

Sectors	Number employed	%
Cattle-Breeding, Collecting, Fishing	8,893	35.5
Trade	2,785	11.2
Industry	6,757	27.1
Transport and communications	2,012	8.1
Service	2,177	8.7
Social work	1,349	5.4
Public service	552	2.2
Other activities	440	1.8
TOTAL	24,911	100

To enable a better understanding, this data has to be complemented by the actual composition of a family income:

. In the city, a typical composition would be: one salary from public service, one formal or informal commercial activity, one pension, some fishing, one illegal source.

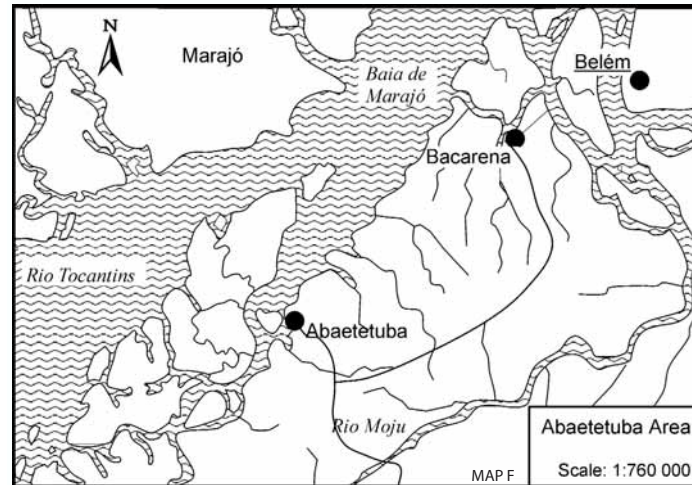
. On the islands: one income (not necessarily monetary) working in the brick-works, fishing, production of shrimp-traps

(*matapís*), extraction of açaí, subsistence-farming, one pension; in the so-called centre which is the major provenance of rural-urban migrants in the county of Abaetetuba: maniok-flour, pensions, money from relatives from the city.

According to corresponding estimates of various interview-partners, about 15,000 direct and indirect jobs depend currently on illegal activities like cigarette smuggling and drug trafficking. A number which corresponds to the estimated job-losses due to the decline of the *cachaça* industry — a topic that will be dealt with in detail below.

Political, social and economic life is easy to survey since it is firmly rooted in the hands of the traditional elites or, in the few cases of social ascendancy, of well-known traditional families.

For about 200 years until the mid 1980s, and with a short interruption during the rubber-boom (1880-1915), Abaeté predominantly produced *cachaça*; it was known as the land of "sugar-cane spirit". Between 1975 and 1999, the number of factories, called *engenhos*, declined from about sixty (1975) providing about 15,000⁽⁸²⁾ direct and indirect jobs to one (1999) with six employees. The *cachaça* industry was founded mainly on non-monetary, obliging and interdependent exchange-relations between factory owners (*engenheiros*), the sugar-cane planters (*canavialistas*), land-owners, traders (*mareteiros*) and



Frank Krämer 2000

(82) Chico Narinha, ex-mayor of Abaeté estimated, not knowing the above cited number (Anderson, 1994), that currently about 15,000 people live off illicit activities.

(83) See the excellent study by Anderson, 1994, pp. 101-21.

day-labourers. Its decline is closely connected to a set of external factors which inhibited rather than promoted the modernization of the sector⁽⁸³⁾.

The county of A is situated in the the Amazon estuary, on the trading-route of the Tocantíns river and to Marajó, 60 km from Belém, in calm waters and surrounded by about 400 islands; historically it functioned as a distribution post for goods to and from Marajó, Amapá, the Lower Amazon/Tocantíns and Belém. The extraction of forest products, planting and manufacturing of sugar-cane, fishing and trading by boat were further traditional economic activities, and, in the memory of old people, smuggling has always been a common complementary undertaking.

Factors that can be attributed to Traditional Forms of Social Reproduction

The whole economy has traditionally relied, and generally still does, on informal credits (*aviamento/barracão*), embedded in a complicated system of patronage and exchange of favours. This kind of traditional reproduction of socio-economic life is self-referential and as such hostile to innovation and investment. Its characteristics can be held partly responsible for the decline of the sugar-cane industry: there was no investment in new machinery; until they closed down, the factories worked with nineteenth-century machines from France. The fishing sector, too, was hardly ever modernized and continues at present with archaic technologies. At the same time *aviamento* creates dependences of debts and obliging loyalties, which facilitate the infiltration of criminal activities (see the example of João de Deus above).

Effects of Inflation

River-trading and fishing expeditions can take months of travelling, and since the whole industry is based on informal financing by *patrons*, the system was seriously affected during times of high inflation (from the 1980s to 1994). Therefore, access to foreign currency became vital to economic survival and of course favoured organised crime.

Secondary Effects of Modern Technologies and the National Integration Policy

The introduction of the diesel engine in the 1950s vitalised local economic life, since regional transport became cheaper and quicker. Also telephone-lines, antibiotics and certain machines could be integrated into the local and regional social and economic life without major ruptures, though they had already triggered rural-urban migration and accounted for the growing lack of interest in hinterland businesses. The national integration policy, however, which officially started with Operation Amazonia in 1966, foresaw not only certain infrastructural measures but a whole development concept which neglected and still neglects the existence of a traditional sector in the Amazon: applying control without mediation or support, the plain modernising ideology provoked the structural marginalisation of traditional Amazonia. In this sense, the following examples from Abaeté should be seen in a broader context of nationally induced transformation processes.

The construction of the national highways from the south and north-east to the Amazon region brought dramatic changes to local life. Innumerable migrants and rival businesses, mainly from the south of the country, gained access to the Amazon.

In the case of Abaetetuba, the "51" industrial *cachaça* from southern Brazil began to be distributed within modern business structures by the mid-1970s. On the basis of more concentrated sugar-cane and an increase in efficient technology, this produce entered the region at a much lower price than local produce and virtually wiped out the precarious production structures on the islands of Abaetetuba. The introduction of labour and sanitary laws in 1974 was an additional blow to the industry. Due to the extremely low management capacities of the island enterprises, adaptation to these modern legal obligations led to bankruptcy. Currently, the same problems have contributed to the ongoing decline of the brick works on the islands which since the 1970s has responded to growing demands for bricks and pantiles in the city.

During this same period, city life became more attractive: education, health care, electricity and television were only available in an urban context and drew well-off families to the city of

Abaetetuba. This was the case for many sugar-cane industrialists who, instead of modernizing their factories, started to invest in shops, supermarkets and petrol stations in Abaeté. The fortunes of the ones who stayed behind, gradually declined⁽⁸⁴⁾. In 1999 Senhor Jurandir possesses the last *engenho* called Caprícho with a monthly production of 6,400 litres. He still works on an entirely informal basis since he is not able to fulfil the complex injunctions for registration.

Over the past thirty years, the fishery sector has been affected by almost all the possible consequences of social transformation, as it is a classic example of a backsliding position. Fishing had never constituted an exclusive economic activity in the Amazon but was part of a whole set of extractive activities, mainly for subsistence purposes. Hence, in becoming a professional industry, it reveals the economic calamity in other economic fields.

By the time, these interviews took place (in September 1999), the representatives of the fishers association counted 874 members and estimated between 2,500 - 3,000 professional fishers in Abaeté of which approximately 50 per cent carry out this activity exclusively and 50 per cent mix it with other activities. In addition to the problems of official state bureaucracy, dependence on informal credits within patronage systems and the impacts of resource depletion, two other factors further weakened the sector and made individual criminal choices more likely.

The construction of the hydroelectric plant at Tucuruí which was flooded in 1986 interrupted the routes of migrating fish (Tocantins River), altered the reproductive cycles in the estuary and the respective fishing-grounds — fishermen attribute 30 per cent decline to these impacts. The Federal Environmental Agency, IBAMA, responsible for the area undertook no research on such local changes but insists on the application of inappropriate environmental protection laws. This has resulted in the restriction of fishery activities at the wrong time and in the wrong places. Moreover, IBAMA only manages to transfer the unemployment benefit payments for the defence period (December to February) to the fishers in September. This has led to the criminalisation of the whole sector (because they have to live off something), exposing it to extortion by state officials and making it increasingly vulnerable to criminal activities such as smuggling and piracy. Economic alternatives and the modernisation

(84) 1975 — 60, 1987 — 16, 1999 — 1 (Anderson, 1991, p.105).

of the sector have been blocked by inadequate credit lines, again exposing fisheries to informal credits and criminal pressures.

Secondary Effects of Major Projects

In addition to the above mentioned impacts, the construction of the hydroelectric plant at Tucuruí interrupted the traditional trading routes of regional salesmen working on the river. Trade was driven to the new roads and cities leading to the further marginalisation of traditionally inhabited areas.

The construction of an aluminium factory at Bacarena resulted in massive rural-urban migration to and within the county of Abaetetuba. This introduced modernizing elements such as new consumption patterns, which could not be sustained once the construction work was over. The laid-off construction workers from rural areas refused to return home and the first slums developed on the outskirts of the city. In the mid-1980s cigarette smuggling began to boom and many of the laid-off construction workers began to enter this business. Additionally, several interview partners blamed the loss of traditional knowledge on diversified utilisation of local natural resources and of its esteem of the "missing generation" between 1975 and 1990.

The promised positive effects of modernisation for the county, like economic growth and new jobs failed to materialise as there was never any mediation between developmentalist strategies, instruments and ideologies and the traditional logic of Abaetetuba. Consequently, the qualified workforce of Bacarena came from other parts of Brazil, and now live and consume in Belém.

Effects of an Inconsistent Policy of Repression

The inconsistent and sporadic repression policy of the PF, which hit superficially visible targets, led to the decline in cigarette smuggling and a the rise in criminality, mainly involving adolescent addicts who had lost their sources of income. In addition, there was a rise in piracy, attributed partly to the civil and military police, whose most obvious sources of extortion had

disappeared. The growing professionalism of drug trafficking is the most far-reaching and least-desired result of such policies: Instead of infiltrating the cocaine on its way to Suriname to fishing-boats and bringing back cigarettes in exchange, lately there are using so-called *cuteiros* — large boats which are well equipped like commercial fishing-boats and appear to be fishing-boats but are exclusively transporting drugs. Since 1997 when Abaeté appeared as the "Amazonian Medellín" in the national media, the bishop, the judge, some local deputies and members of the federal police (PF) in Belém demand the installation of a permanent PF-post in Abaetetuba, a demand which has not yet been accomplished.

Effects of the Colombian crises

Owing to the growing demand for military goods for the forces controlling the Colombian "liberated zones" (FARC and AUC/para-military) and as reaction to repression policies, police informants and local fishers reported an increase in non-monetary cocaine towards weapons/ammunition deals in Abaetetuba.

Conclusion

The combination of historical and geographical factors with a whole set of externally induced transformation processes, without adding legal economic opportunities explains the current conditions in Abaetetuba. The interdependent impacts of related factors and processes have led to the high receptivity of illegal activities. The rather closed traditional social structures still attempt to absorb and integrate the legal and illegal effects of social transformation; the subsequently established "law of secrecy" has reinforced inertia and hostility to any innovations, by this closing circle.

To understand the causes and consequences of local and regional inclusion of drug trafficking activities, it is essential to study the history of social organisation in the "hot spots" concerned. The precise knowledge of current and traditional forms of representation, underlying norms and values and their respective institutionalization, as well as the existence and nature of horizontal and vertical system-links (O'Donnell, 1999) are pre-

requisites for assessing the regional and local impact of transforming forces. The results of this analysis enable the identification of receptivity to criminal activities in a given society.

Referring to the introductory theses, the exposed cases substantiate that globalisation and its manifestations in national, political and economic life have contributed significantly to ongoing transformation processes in the Amazon. Large development projects, new infrastructure and communication technologies, institutions and laws have far exceeded the already precarious steering capacity of the state, as well as traditional forms of social integration. In accordance with the respective local law culture and power relations, incompatibilities between new rules and protagonists and traditional proceedings are being mediated in ever-growing informal spaces. In Abaetetuba, the attempts of the lasting traditional elites to centralise control and obstruct structural changes of life can be verified. In southern Pará, any modification is perceived as an additional option to expand economic activities, whether they are legal, illegal or criminal is of no consequence.

The form that criminal activities take corresponds largely with formal and informal business habits in the immediate surroundings. Whilst in Abaetetuba the local elites try to maintain the appearance of legality by closing off of what they regard as their territory from external interference and internal modifications, the protagonists in southern Pará generally operate more openly. Over the past thirty years, impunity has become institutionalized. The initial pioneer-inspired constitution of local society has been consolidated on the short-term extractive logic of a few powerful elites, both traditional and new, who occupy municipal or federal public institutions alternately. Therefore, it is not surprising that the same names always reappear independently, wherever illegal gold, timber, subsidy fraud or cocaine are concerned.

Owing to the continuous under-representation of modern state institutions, social contracts are negotiated locally. There are two preconditions for the functioning of informal redistribution networks: the existence of sufficient economic assets for distribution and some kind of incentives and sanctions to stimulate redistribution:

(85) The security secretary of Pará estimated during an interview in 1997 that about 80 per cent of his men are involved in active or passive corruption.

(86) For example, US\$150 for petrol in Abaetetuba, a major cocaine-route to Suriname and one car, no boat, though trafficking is happening on water.

(87) CISJU's new model of security partnership between police-officers, firemen, community centres, NGOs, municipal deputies and the media.

In Abaetetuba transformation has led to the total decay of legal economic activities. The traditional elite shrank and traditional forms of economic redistribution vanished together with the respective activities. To survive socially and economically from drug trafficking, *patrons* need fewer and different "clients". Consequently, the capacity for social integration has diminished and a growing number of those excluded are becoming involved in new criminal activities such as piracy and extortion.

In southern Pará, continuous migratory flows undermined any social obligations long ago. Violence, impunity and corruption have become so generalised and embedded in private and public life, that the aggregation of new criminal activities appears almost natural and determines social inclusion or exclusion.

Combat strategies

Institutional and political limitations of combat strategies are manifold. Nationally, there are three police forces involved, the federal police, the civil police and the military police. There is minimal co-operation between them. They compete with each other regarding competences and access to resources. The PF, the institution responsible for combating international drug trafficking, is relatively independent and relatively uncorrupt, albeit quite fragmented as an organisation with few regular opportunities to obtain adequate funds to fulfil its mission. Within the PF there do exist networks with far-reaching national and international contacts who achieve quite good results; they are nevertheless beyond any democratic control or accountability.

The civil police respond to the state governments and are for the most part corrupt⁽⁸⁵⁾. Salaries are extremely low (about US\$200 for an investigator, about US\$1,000 for a commissioner). Qualification as an investigator requires twenty days at a police academy, the monthly budget of a police station is so low⁽⁸⁶⁾, that regular and legal work is impossible. In Pará, the civil police is involved in all sorts of criminal activities, particularly theft of seized property, selling of stolen goods, blackmailing and piracy. Although the Security Secretary of Pará is well aware of the situation and is trying to promote innovative solutions such as interactive security councils⁽⁸⁷⁾, the installation of an ombudsman and supports all sorts of progressive elements within his corporation, there are no realistic options for improvement in view.

The military police are accountable to the state governments and the counties, their staff receive even lower salaries (U\$150), are less qualified and dispose of a smaller budget than the civil police. Normally, the military police are completely inserted into local clientelistic networks. However, their institution is heterogeneous, too; there are a few positive experiences with human rights courses, environmental units and contributions to the work of the cited interactive community councils (CISJU's).

Generally speaking, consistent support (staff, qualification, funds, technical assistance to elaborate necessary law improvements etc.) to the democratic and professional elements within the different police forces as well as a better interinstitutional communication and accountability system are necessary prerequisites for combating drug trafficking in the Amazon.

Externally induced combat and repression strategies can also turn out to be quite problematic. Tending to operate on a basis of precarious knowledge of local structures like, for example, power relations and distributive mechanisms, their effects might contradict their intentions. To cite just two examples:

1. Federal Police repression in Abaetetuba was intended to crack down on cocaine trafficking to Suriname; but since there were insufficient funds and knowledge of the characteristics of the place, activities were sporadic, inconsistent and hit mainly the cigarette-smuggling activities with the following results: shifting the cigarette businesses to nearby fishery towns, rising crime rates in Abaetetuba — especially between addicted teenagers who lost their income; professionalisation of drug trafficking and increasing piracy activities mainly by now marginalised small-scale smugglers and policemen.

2. PF repression in the Vale do Javari indigenous reservation on the Peruvian border was intended to combat drug trafficking by destroying clandestine airstrips, but resulted in a broad electoral alliance of various economic interest groups financed by drug-traffickers against the demarcation of indigenous lands.

3. The outcome of Operation Cobra⁽⁸⁸⁾ against the infiltration of foreign drug traffickers and the military on the Brazilian-Colombian border is yet to come. The investigation of the unintended local side-effects will certainly be interesting.

(88) Under way since September 2000.

The identification of modernising factors within processes of social transformation offer starting points for new strategies of social regulation. In the presented context the following tendencies are worthwhile mentioning: modern communication technologies make it possible to obtain and exchange information as well as to maintain regional, national and international contacts even within a remote and extense environment like the Amazon region; those new possibilities result in a qualitative change of the significance of time and space, may support democratisation but at the same time they are equally useful to the enterprises of organised crime. The existence of international law, international conventions and institutions are supportive to anybody who needs reference points to legitimise legal proceedings within his/her institution or pressing for state action from outside. Unfortunately, the information level on such possibilities is still quite low; for example, UNDCP-Brasília is completely unknown to the relevant institutions in the Brazilian Amazon.

At the national and regional level the Ministério Público (federal or regional), a kind of public attorneyship, is fulfilling the role of a mediator between society, state institutions and the judiciary in respect of the application of the law, quite often referring to international law such as conventions.

On a regional level, it is worth mentioning positive experiences as the constitution of new security-partnerships (Interactive Security Councils) and the initiative of the Human Rights Organisation, SPDDH to install a programme of witness protection.

Combating state-embedded corruption or, to be more realistic, the promotion of transparency and accountability in public institutions are long-term goals and prerequisites to combat the further extension of organised crime. The world of nation-states is in transition from interdependence to new global structures of social action, currently leaving a considerable vacuum. The growing internationalisation of crime as well as new forms of warfare represent the dark side of this transitory "state of the arts". Traditional forms of mainly nation-based strategies cannot contain those developments. On the other hand, the unreflected import of inadequate development strategies do produce unintended side-effects as has been exposed above. A tendency which might be aggravated by the application of again badly in-

formed, uniform combat strategies against their manifestations as rising criminality and drug trafficking. New alliances, innovative co-operation, strategies and instruments will have to transcend national, institutional and ideological barriers. One major challenge on the way to opposing further social desintegration resides in the speeding up of institutional learning processes, which is needed to guarantee the absorption of differentiated knowledge as a resource for political decision-making.

The fact that international cocaine trafficking found its way to areas where sound social organisation was already at stake, might detract from the option to rebalance social relations throughout transformation processes. Connections with international criminal networks and the massive influx of drug money combined with money-laundering activities and local drug consumption, have encouraged criminality and contributed to transforming informal social areas into criminal domains. The historian, Alfred McCoy (2000, p. 213) goes straight to the point: "Through the alchemy of capitalism, wherever this commodity (drugs) comes to rest, mafias form, ethnic separatists arm, and a culture of criminality crystallizes."

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DRUG TRAFFICKING AND MONEY LAUNDERING IN THE AMAZON REGION: GEOECONOMIC AND GEOPOLITICAL EFFECTS

Lia Osorio Machado

Conceptual framework

The drug problem and the recycling of profits derived from the drug trade and correlated activities is a truly complex problem, involving a complex set of interactions played out in different albeit connected scales of organisation. Thus, the study of a particular country or region cannot be isolated from other levels of analysis.

Our purpose is to introduce a geographical perspective of the drug problem, that is, to insist on the relevance of spatial distribution of data concerning international drug trafficking networks and their linkages to money laundering operations. Spatiality of social constructs increases our awareness of the difference that place makes in the dynamics of social, economic and political processes. Distance, relative position and accessibility of places are spontaneously evaluated by agents involved in drug trafficking and money laundering operations; equally important to these operations is the evaluation of territorial differentiation. Conversely, the form and extent of participation in these operations by inhabitants in each place owes much to the characteristics of lived-in territory and to expectations, real or imagined, of individuals and communities towards other places.

Because networks are the preferred mode of operation for drug traffic and money laundering agents both, our methodology leans heavily on the concept. Networks are a response to the heterogeneity and non-contiguous nature of spatial interactions;

they also function as *channels of interaction* between levels of organisation. The nature of these interactions is neither mechanical nor linear as individuals and groups acting at each level are continuously seeking to adapt themselves to sudden changes in the immediate and mediate environment, usually in an opportunistic behaviour.

In the first section of the chapter a brief survey of the symbiotic relationship between the organisations running the illicit drug trade and the banking and financial system in the global scale and in the Brazilian national scale is followed by an overview of drug trafficking networks and financial flows in the Brazilian section of the Amazon River Basin. The second section attempts to draw a parallel between the Brazilian section and the western section of the Amazon Basin in South America in terms of the relationship of organisational modes of international drug trafficking networks with particular traits of territorial settlement. Finally, the third section discusses drug trafficking control measures in Brazil and their geopolitical implications in the Amazon region.

Financial Flows and Drug Trafficking

The Symbiosis between the Illicit Drug Trade and the International Financial System

A symbiotic relationship between the illicit drug trade and the world banking and financial system has evolved in the last decades and may be considered as the crucial question for public policies at the domestic and international level.

Four aspects of the banking and financial globalisation process should be highlighted since they have a direct bearing in the increase of scale and diffusion of money laundering arrangements, namely:

- . The deregulation of the system of buying and selling currency, credit, or commercial paper.
- . The apparently contradictory duplication of such deregulation, which prompts some government to manipulate the territorial boundaries of banks under their jurisdiction (for example, by establishing territorial zones such as tax havens) and to support banks, stock exchanges, and agencies that carry some

weight in international investment markets to ensure their access to credit on the international market.

. The tremendous increase in the volume, flow, and variety of short-term capital circulating on the international financial markets, which ranges from "hot money" to government bonds, bank deposits, short-term deposits, and so on. This has a potentially destabilising effect on the economies of individual countries, especially those more dependent on international credit.

. The online operation of the banking and financial system permits ever swifter and cheaper financial transfers along with easier access to geographically scattered markets.

Despite the benefits of the globalisation of banking and financial systems, their global character also aids the money laundering process through the removal of national regulatory structures.

The Situation in Brazil

The incorporation of Brazil into international money laundering schemes is neither recent, nor is it solely attributable to the expansion of drug trafficking in the country. Responsible factors include the inflation of the 1980s through 1994; the fiscal and institutional crisis, which accentuated the instability of the credit system and of the economic ground rules; and the longtime dominance of informal labor markets and of small "informal" enterprises subsisting on contraband and tax evasion.

Brazil has developed a modern and interconnected domestic banking system whose branches are connected by means of a highly developed telecommunication infrastructure used mainly by the banks themselves. By the 1980s, banks and companies were already linked to the intercompany global communication system by means of leased networks. These networks provide higher quality connections than were available in the past and are less liable to disruption because they offer several alternative routes.

The expansion of the dollar black market, the development of transactions for the illegal transfer of currency abroad, slush funds ("*caixa dois*"; "*casse noire*"), and the depreciation of the average Brazilian's salary and savings all foster a climate conducive to the growth of money laundering devices. A 1991 International Monetary Fund study compared official data provided by the au-

thorities in 33 world financial centres and concluded that non-residents of Brazilian origin, *banks not included*, held approximately US\$ 17,4 billion in deposits abroad at the end of 1999 (against US\$ 9,7 billion in 1985).

Capital flight due to institutional instability and currency devaluation was one of the primary reasons for the "real" (new currency) plan, established in 1994. The associated reforms covered the transactions of exchange offices and dollar sellers, the underpricing of imports and overpricing of exports, the diversion of subsidized credits for the financial market, the bogus bank accounts linked to corruption, and the transactions that relied on secret funds.

The damping of inflation and the buttressing of national currency won majority public approval as evidenced in presidential elections and by the backing of financial agencies and international creditor banks. Nevertheless, the underlying economic policy is geared toward an expanded market culture, which encouraged measures to change prevailing economic and cultural norms. These measures ultimately make the country more accessible to the international market and are seen as necessary to make Brazil more competitive, both in the international commodities market and in the money market. This links two objectives: ensuring the availability of money and the confidence of potential investors.

New tensions are emerging alongside the new culture, for instance, those caused by the gradual adjustment in investment policies. In addition, increased exchange reserves act both as an economic and as a political variable, because both the market and the public at large view them as a kind of guarantee of exchange rate stability, and hence of government stability. The gradual devaluation of the "real" since the beginning of 1999 although not sufficient to destabilize the government has clearly undermined governance.

The growth of foreign currency investments has also produced tensions because of their volatility and because of the resulting increase in internal indebtedness. Legal domestic and international incentives for the financial and credit market can and are used to launder money and introduce it into the lawful economy. National investors and enterprises can use legitimate meth-

ods to transfer capital abroad and bring it back, the idea being to launder the funds into foreign currency to invest in stock exchanges or to invest in Brazil. Similarly, foreign investors and enterprises occasionally or permanently involved in laundering schemes can buy securities issued by Brazilian enterprises abroad or national treasury bonds.

We can thus describe both the national and the international banking and financial systems as open systems that are affected by international flows of money. Interaction between these flows will determine the system's overall stability or lack of it. Money laundering, which a number of governments see as a dysfunctional aspect of the banking and financial systems, is an integral part of these flows.

Links between Money Laundering and Drug Trafficking

We now turn to a theoretical (as opposed to factual) analysis of how the banking and financial system may be interacting with drug trafficking in South America, especially, in Brazilian Amazonia. In any case, data about money laundering and drug trafficking are hard to obtain and are often unreliable. Our study made a number of assumptions as follows:

- Those involved in drug trafficking and money laundering prefer to operate through networks, and the extent and/or diversity of available networks guides the choice of geographic location or territory in which they operate. We can classify networks into (a) natural networks such as streams and trails; (b) infrastructural or technical networks such as transportation and communication systems; (c) transactional networks,⁽¹⁾ which take political and economic power networks into account; and (d) informational networks.

- Drug traffickers also choose their territory based on the environment, for example, they prefer locations where local institutions may be weak and where connections between different groups in local society are tenuous.

- Just like legitimate multinational corporations, criminal networks also develop complex strategies to handle their international transactions. This too will affect their choice of location.

The same people will not necessarily be responsible for both drug trafficking and money laundering, but the relation-

ship between the two activities calls for setting up some kind of organisation. However, when one considers the spatiality of both activities, drug trafficking and money laundering is loosely linked. Given the high risks of transporting drugs, drug trafficking networks are inevitably flexible, meaning that they constantly change their routes, move their processing plants, and so on. On the other hand, flexibility is finite, given territorial constraints and infrastructural conditions. This was forcibly evident by the mapping of places where seizures of coca and cocaine occurred, which indicated the close dependence of drug trafficker to main land pathways linking, for example, the Amazon towns to the Southeastern seaboard, despite the apparent randomness of alternative routes. Because of this, our study distinguishes between *routes* and *corridors*: the main corridors are the least cost pathways for moving goods and may harbor an assortment of alternative routes alongside it. It is precisely the choice of routes the main indicator of the sensitivity and strategy of drug traffickers networks to territorial heterogeneity and the main indicator of where are placed their local partners and accomplices. The distinction between corridor and route may be useful for the design of territorial control strategies by governmental agencies.

By contrast, money laundering operations depend much more on existing, legitimate networks because of their reliance on specific services that are only available in particular places, usually in urban areas (such as banks, foreign exchange bureaus, financial services, and electronic money transfer). A number of techniques for money laundering are available (de Maillard, 1998), most of which involve the banking system at some stage. Thanks to the current openness of the international financial and banking system, the risks incurred in laundering operations are concentrated mainly at the first stage, that is, the disposal of bulk cash in banks. Once funds are deposited, currency can then be exchanged for other monetary instruments such as cashier's checks, bank drafts, and travelers checks. The risk decreases significantly in subsequent stages of money laundering, that is the layering stage, which involves disguising the origin of initial deposits through money transfers, and the integration stage, that is, using layered funds to buy clean, legitimate assets. On the other hand, the layering and integration stage entails higher costs given the high fees charged by banks for their services.

(1) A transactional network, as proposed by G. Dupuy (1991) following C. Raffestin's suggestion that place is where individuals or organisations reason their action towards other places, is the ultimate source of networks, a way of incorporating other places into one's territory.

The Drug Trafficking Network and the Amazon River Basin

The main coca producing areas are located on the western side of the Amazon River Basin in the upper and middle valleys of its headwaters and tributaries (Huallaga, Ucayali, and Apurimac in Peru; Beni and San Miguel in Bolivia; Putumayo, Caqueta e Uaupés in Colombia).

From the angle of drug trafficking logistics, the great South American river basins are a major route for the transit of drugs. Despite the difficulties of river navigation, these basins have provided the main communication route within South America for centuries. In addition to the river network, a road and transport network permit a reasonably good link between the Pacific and Atlantic coasts. Albeit much debate on the part both of national governments and the World Bank about the advisability of building a transcontinental highway, such a connection is an irreversible fact. The extent to which the drug economy directly or indirectly contributed to its gradual construction is unknown. Neither the air nor the road transport network is confined to intercontinental routes or official airports. A very precarious grid of minor roads and farm and village runways scattered around the interior of the continent makes up an "informal" transportation network. Consequently, while we know that drug trafficking takes advantage of both network, we do not know how far the trafficking organisations are responsible for maintaining and extending the informal system.

Note that the main trafficking routes between the Andean countries and Brazil are two way. They also serve to smuggle gold, electronic goods, commodities (such as coffee, soya), and stolen cars, which are exchanged for such items as coca, cocaine, and arms. Brazil's involvement in the drug economy also comes about through the sale of chemicals used to transform the coca leaf into cocaine. While Brazilian industry is not alone in benefiting from such sales, the country's chemicals and fuel industry, confronted with an unstable domestic consumer market, is encouraged to sell what it can to the Andean countries, where most of the processing in cocaine is carried out.

Money Movements in Brazilian Amazonia

Laundering through temporary bank accounts is a well-known money-laundering scheme. The launderer deposits cash

in a particular financial institution and requests the placement of into a temporary account. Some time later on, he instructs the bank to pay out the money in a bank check and eventually transfer the funds to accounts (at the same bank or another) held on behalf of companies controlled by the launderer or to his own account. Conversely, the launderer may collect bank checks sent to him by a third party. Within this scenario, the number and net worth of cleared checks in a particular place may be a reasonable indication of money laundering operations.

Information provided by Central Bank of Brazil for 1995 and 1996 on the movement of cleared checks for Amazon towns was therefore mapped. The mapping suggests that drug traffickers operating in the Brazilian Amazon region, probably since the end of the 1970s, have used this type of laundering scheme. Data was broken down by places where branches of public and private banks operated, the majority of which are very small towns. The spatial distribution of cleared checks shows many small towns with a disproportionate amount and net worth of checks if compared to population size, local gross internal product and the amount of federal income tax paid. In other words, money movement is incompatible with the economy of many places. No question that the method can only be applied in areas with precarious economies, which is the case here. It is to say that Brazilian Amazonia is very probably not the prime centre of money laundering operations. In reality, other areas of Brazil are more heavily (and profitably) involved. We have chosen to focus on this area purely for practical reasons related to our research.

a) Selected cases

The town of Eirunepé (1996 total population: 25 000; urban population: 15 420) shows check deposits in the order of US\$ 1, 4 million (1995) and US\$ 1, 3 million (1996) in its three bank branches (corresponding to a monthly average around 100 000 dollars). The formal economy depends on the marketing of local forest products sold to small traders operating along the middle valley of the Juruá river (95% of the labor force is informally employed). In 1996, Eirunepé's GIP was worth US\$ 10 million, most of it derived from the primary sector, and total income tax paid to the IRS amounted to US\$ 150 000. Nevertheless, the town hosts an airport and bank branches lease a 24-hour satellite service for data transmission of money orders.

In other cases, towns have grown and their economic activities have developed, yet clear source of capital cannot be identified. One example is Tefé, one of the oldest and best-known transit points for cocaine in the Brazilian Amazon region. Tefé typifies those towns where the spin-off from drug trafficking may be stimulating the emergence of legal urban-based activities: local GIP in 1996 was US\$68,150,000, 53% of which came from the urban service sector. Its rank in the urban hierarchy of the state of Amazonas jumped from fifth in 1980 to third in 1996, following an urban population increase (from 14,000 to 48,000 for the same period). Cruzeiro do Sul is another old town dating back to the rubber period that today still depends on trade, but nowhere economically significant as the rubber trade. Transformed into a free trade zone, it is a "cul-de-sac town", as it lies at the end of the east-west precarious road traversing the state of Acre. This and the relative closeness of coca producing areas in Peru had probably something to do with its becoming part of the network of cocaine trafficking and the trade in coca-based paste. This town of about 32,000 people (1996) had five bank branches that cleared 59,581 checks with a net worth of US\$25,867,483 in 1996. Connections to money laundering operations must have started early on, if the increase in the number of bank branches from two in 1971 to five in 1981 is something to go on. Nevertheless, here again, there is some evidence that the spin-off from drug trafficking may be stimulating the emergence of legal urban-based activities: local GIP in 1996 was US\$73,700,000, 68% from tertiary activities. Cruzeiro do Sul also hosts an airport and its bank branches leases a 24-hour satellite service for data transmission of money orders. Whereas 78% of urban labor holds informal jobs in Cruzeiro, Tefé's informal sector comprises 90% of total employed labor in urban jobs. Data on the functional distribution of formal labor jobs in Cruzeiro do Sul shows a significant proportion employed in commercial and hotel services, which suggests that the town benefits from outside visitors in a higher level than Tefé. Note that Cruzeiro do Sul is one of the main nodes of the criminal and political network connected to drug trafficking which was discovered some years ago and will be briefly described in the last section (*Section C*) of this chapter (the Cameli-Hildebrando case).

Comparison of data from these three towns suggests that, linkage to money laundering networks do not have the same "positive" economic effect as does the association of money

laundering to drug traffic networks in specific, usually strategically located, places. It begs the question of our research project since its beginning in 1995: *has the drug trade and money laundering had a hand in the region's economic development, that is, in the financing of legal activities?*

The most money associated with cleared checks in the region came through the cities of Manaus, Belém, and Cuiabá, the largest and most important in the Brazilian Amazon region. The development of international tourism has expanded the air traffic network through Manaus, which is also well situated for river traffic, and a newly surfaced road links Manaus to Venezuela, Colombia, and Guyana, one of the alternative ports for shipping cocaine to the United States and Europe. Identifying the contribution of national and international drug trafficking to the expansion of these three cities is difficult; however, all three occupy strategic positions in relation to the main regional and international traffic corridors.

b) Electronic transfers

The check clearance data do not give us a full picture of movements of money in the Amazon region. As in the rest of the world, electronic transfer is the main channel for moving funds. From an inventory of the points in the Amazon region connected by the DATASAT-BI satellite communication network service in 1994, we identified the towns directly linked to the rest of the country. This service operates around the clock, so leasing this service is only justified when the movements of funds offsets the price of the service. The banks are DATASAT-BI's main clients, and most of the towns in the region are directly linked to São Paulo, where the headquarters of most banks are located. An interesting finding is that some places like the small town of Tabatinga, strategically located on the Solimões River between Colombia and Peru, which has only two banks, still maintains a direct satellite link with São Paulo. Tabatinga and neighboring border towns is the subject of a Masters thesis currently being developed by a member of our research team. Direct connections of other small towns to the Brazilian Northeastern and Southern Region suggest that the money-laundering network may be indeed complex.

The Eastern Amazon Basin and the Coca-Cocaine Complex

Researchers have pointed out control over the territory — geographic or functional — as a necessary condition for individuals and organisations carry on their activities in the illicit drug trade. Nevertheless, social scientists studying criminal organisations often neglect the territorial dimension, a fact abundantly clear in the existing literature. Could it be that for many social scientists territory is an *empty space*? A strong case has been made by Robert Sack in his study of human territoriality that the modern mode of thought conceives space as a framework for events, thus events and space would be only contingently related (Sack 1986,37). Nonetheless, human activities and practices are they legitimate or illegitimate *make* the territory, adapting to, knowingly interacting with what is in place, and actively pursuing what is not. In this sense, human territoriality is not a neutral but an active element, a product of competing strategies and projects changing over time and highly differentiated in its political, economic and cultural density. Our purpose here is to consider some of the interactions between the illicit drug trade and the use of territory, at the scale of the Amazon basin in South America.

Agriculture frontier, illicit drug trade and the Amazon basin

The territory we are concerned with is the eastern section of the greater Amazon River drainage basin in South America, an area of approximately 8 million km². Marginally incorporated into the coca/cocaine complex it is mainly an alternative route for transit and export of cocaine, and secondarily a cocaine processing zone, as well as intermittently used for money laundering. The eastern section, comprising 63% of the basin, belongs to Brazil, and forms more than half of the country. Although most of the Amazon basin is still covered by sparsely occupied rain forest and tropical savannah, since the end of the 1950s the Brazilian section has been the target of considerable efforts of the central government to integrate the region to the rest of Brazil. Rural and urban settlement projects, pioneer roads and other infrastructure attracted intermittent flows of immigrants from other Brazilian regions, in the order of millions. By the 1980s, when the initial migratory and investment impulse had already begun to die down the burning and felling of trees attracted the criticism of ecologists and the international media.

Both the internal perception of the region as a national frontier of agriculture and the external perception of it as an area of ecological risk, have hampered a broader view of the greater Amazon drainage basin.

At least two different kinds of process should be taken into account when considering the use of territory in the greater Amazon basin. They interact, but are distinct. The first process is the integration of the territory into geopolitical and geo-economic schemes, both national and international. The second process concerns the agriculture and urban frontier that has sprung up in the greater Amazon basin.

With regard to the first process, central governments, international agencies, non-governmental organisations, big business concerns, all have their stakes at play, and cannot help but view the region "from above". The strategic advantage of this view is the ability to abstract from the human element, conceiving the territory as a set of points (places) and lines (networks), and as a subsystem of the national or international system. The drawback is that by underestimating the living element, questions of conflict, legitimacy, and control are neglected.

International drug trafficking organisations are the illegitimate dimension of the same process. The operation and logistics of international trafficking also demand strategies with a broader geographical perspective. In fact, a good case can be made that traffickers are the first to use the Amazon basin successfully as a functional unit, and act in tune with events in neighbouring countries.

Major coca/cocaine producing areas are located at the western border of the greater river basin, corresponding to the Andean piedmont and more recently, to the Amazon regions of Colombia, Bolivia, and to a lesser extent, Peru. Despite the lack of a good road transportation system, fluvial and airway transport have been able to connect the western section to the eastern one and thus to the Atlantic coast, a possibility not lost to traffickers. Knowledge of business possibilities in the neighbouring countries also helps. An example is the purchase of large tracts of land on both sides of the international border, an age-old means for all kinds of illegal traffic. Another example is the fi-

nancing of facilities and infrastructure in neighbouring countries, which can be used by both illicit and licit activities and pave the way for new partnerships.

The major drawback of the view "from above" for illicit export and trafficking organisation schemes is obviously their greater exposure to risk on the ground. Thus, the business must also integrate the view "from below". Drives for legitimacy have to be of a local character. Furthermore, operations depend on complex and unstable information and communication networks. To do business and diminish risks entails the creation of communication nodes between different levels of the social and political territorial organisation. To ensure the flexibility of routes, money-laundering circuits and political alliances must be highly adaptive to different socio-political environments and include a broad range of actors of different incomes, schooling, and nationality. Therefore, unlike legitimate organisations, criminal export and trafficking organisations cannot afford to consider territory as an empty space. This might partially explain the tolerance or even acceptance they enjoy in some places and groups, even without bribes.

Settlement processes in different countries share significant characteristics, but also have important differences. Three such differences may immediately be mentioned. First, in the Colombian, Bolivian, and more recently Peruvian Amazon regions, the greater part of the colonisation process is self-organised, whereas in the Brazilian Amazon the central government actively sponsored it, in both in the institutional and the economic arena. Secondly, the main immigration flow to the western Amazon basin was predominantly rural whereas in the Brazilian section immigration flowed to both urban and rural areas. Rural immigration in the western section was due; of course, to coca production becoming the principle incentive for extending the agriculture frontier, whereas in the eastern section a more diversified allocation of resources encouraged other activities. Nevertheless, the absence of a strong cash crop in small peasant landholdings in the Brazilian section can explain the economic stagnation of many colonisation areas. The third difference is more in the nature of a contingency. Whereas immigrants to the western section of the basin have found employment in activities connected to the drug trade in coca producing areas, immigrants to the eastern section are overwhelmingly employed in

low-paying informal labour markets in both urban and rural areas, with less structured links to the drug trade. It should be taken into account, however, that the line between the informal and the illegal sector is very tenuous, as many analysts have shown. Both sectors are excluded from benefits and rights, and from rules covering property relationships.

Similarities can be found between recent settlement processes in Colombia (*Vargas, Barragán* 1996), Bolivia (*Cortez*, 1993; *Laserna* 1997) and Brazilian Amazonia (*Machado*, 1992). On the ground level, the first common feature concerns the quest for free or cheap land as the main motive for rural immigration to the region. This is linked of course to the high concentration of land ownership that characterises the agrarian structure of each country. Another common feature is the low or inexistent technical education of both peasants and workers. The need for supplementing income by working in more than one activity is another common feature, which can also explain the growth of the informal labour market and labour mobility. Phases of the colonisation process are likewise similar: clearing, felling and burning of the rainforest, followed by exhaustion of soils and social differentiation of colonists, substitution of small landholdings by extensive cattle raising, and concentration of landholdings. Another important similarity is the observable change in the expectations of immigrants. These are not early 20th century self-sufficient family farmers but candidates to profitable livelihoods and urban-based goods and services. A precarious justice system with high levels of impunity, particularly of white-collar crimes, is also a common characteristic. Finally, among the similarities we mention the ecological issue presented by extensive deforestation of the basin. Here we somewhat diverge from the thesis that the "coca frontier" is the principal agent in deforestation. Wanton destruction of the rainforest can be found anywhere in the basin and cannot be specifically tied to the coca economy. Cattle-raising, multinational lumber firms, land market speculation by both small and large landholders, low technological and investment capacity and fluctuations in the regulatory framework of the economy, all have a part in the deforestation process.

Two other aspects should be taken in account when one tries to make sense of the local situation and its interaction with drug trade organisations. The first is the need to distinguish between the high and the low illicit drug trafficking circuit. They

certainly enmesh at some point but their insertion and geographical scope of action is different. The higher circuit corresponds to international drug trafficking organisations seeking large-scale distribution of drugs in international markets and the creation of complex trans-national money-laundering networks. They also make use of legal and financial expertise. The lower circuit may be tied to coca producing zones and the inner workings of the producer to consumer chain, but their mode of insertion can be more casual and periodical than the former. As pointed out by Roberto Laserna (1997, 68) individuals in the lower circuit are not necessarily specialised criminals but join the trade to obtain needed funds for their principal (usually informal) activity, or to supplement meagre incomes. The distinction is especially important in transit countries such as Brazil where truck and taxi drivers, pilots, landholders who eventually rent land for storage of drugs, fit into these categories. Other links to drug trafficking activities can be found between the high and low circuits. One interesting example is the participation of small investors in the "financial drug market". Cloning the legitimate ones, these markets operate with risk and high profits, selling shares for each cocaine shipment, the quoted price depending on the quality of the product. The usual "shareholders" and "risk takers" are low-paid informal workers looking for higher returns for their small investments. Each stop in route to the international markets can bring a return of between 100% and 500% to a group of small investors, tax-free. Most of the time no direct contact with drug traffickers is necessary, only with their "business representatives". The system operates on trust, following the model of informal lotteries.

The second aspect concerns the investment of illegal profits in legal activities. This is relevant to the Amazon region, and one of the key questions underlying research of the coca-cocaine complex is the extent to which it may foster *regional* economic growth. The discussion by G. Fiorentini and S. Peltzman (1995) of the economic approach to the study of criminal organisations is suggestive in this respect. Especially interesting for the Amazon region is the idea that definition of property rights may be paramount in explaining not only the origin of organised crime but also the investment of illegal profits in legal activities. Entrepreneurs allocate resources in appropriative (rent seeking) or productive activities depending on the relative returns of the two activities. Inefficient property rights over

resources would encourage investment in rent-seeking activities whereas a stable definition of property rights would favour investment in productive activities (1995, 9). Thus, criminal organisations would prefer to locate their investments in regions where there are problems in the definition of property rights (1995, 25).

Instability of property rights is a constitutive element of agriculture frontiers. In the case of the countries concerned, it is also a countrywide characteristic, which makes matters worse. In the Brazilian section of the basin, conflicts over property rights of land and mineral resources have been the norm of the settlement process (Martins, 1980; Oliveira, 1987). In Colombia, where researchers have amassed considerable data on the investment of illegal profits in legal activities, the preference of criminal organisations is towards rent seeking activities, such as the real estate business and large rural landholdings (Vargas, 1994; Thoumi *et al.*, 1997). On the other hand, criminal organisations also invest in productive capital formation at the local level, even in environments where inefficient property rights prevail (Castro, 1999).

Modes of territorial organisation of the coca-cocaine complex and their effects in the eastern Amazon region

Since the emergence of the coca-cocaine complex in the Amazon basin in the 1970s, two different modes of territorial organisation can roughly be identified. The first mode, which predominated till the beginning of the 1990s, ranked Peru and Bolivia as the largest producers of coca leaf and coca paste, and Colombia as major producer and exporter of cocaine. In response to changes in both the internal and external arena, this "division of labour" has undergone some adjustments and given rise to a second mode of territorial organisation. In the 1990s, Colombia also became a major producer of coca leaf and coca paste. On the other hand, Peru and Bolivia experienced a decrease in coca leaf production and a trend towards cocaine production. In other words, there seems to be a tendency towards a vertically integrated mode of organisation within the limits of each country. However, this is only a tendency; as mentioned above; illicit trafficking organisations are flexible in order to adapt itself to changes in the environment. Below, we will attempt to describe briefly some of the possible effects of these two modes of organisation in the Brazilian Amazon region.

It has been suggested that the functional arrangement characterising the first mode of organisation could have been at least partially inspired by Colombian trafficking firms, which were the first to exploit the demand and high prices for cocaine in the United States market in the 1970s. Within this mode, Brazil and its Amazon region seem to have played a minor role in the South American export network. Preferential routes to the United States stretched along the Pacific Rim with a branch crossing the Caribbean Sea, reaching into Florida and the Gulf of Mexico. Conveying of cocaine by small aircraft was a constant of Brazilian law-enforcement agency reports during the 1970s and 1980s, as was the "discovery" of irregular airstrips amid the rainforest. Although data on seizures should be interpreted with caution, the average figure for the whole country in the 1980s was less than one metric ton. With few exceptions, most of the existing data comes from the Federal Police and the Federal Highway police, the state police falling well behind in seizures. There is even less consistent data for trafficking in coca paste and cocaine base.

If it is hard to establish exactly the extent to which the Brazilian Amazon territory was used by international trafficking networks, data on the number of banking branches suggests that some of their financial operations were carried on in the region since at least the beginning of the 1980s. Focusing on the Brazilian states of Amazonas, Acre, and Rondonia, which border Colombia, Peru and Bolivia, the total number of bank branches increased 76% between 1981 and 1985, compared to a 26.5% average national increase. Breaking down the total by each local state, we find a 38% increase in Amazonas; 82% in Acre, and 173.5% in Rondonia.

This could be interpreted consequently, at least in the case of the last two states, of migratory flows to the agriculture frontier. However, breaking down the data even further, we find in all three states that the biggest increase took place in towns with less than 25,000 inhabitants with a minimum level of urban functions, low-paid workers and economically weak hinterlands. Within this group of towns, the number of bank agencies grew by 58% in the state of Amazonas; in Acre, by 107%; and in Rondonia by 209%. Overall, 62 towns with less than 25,000 inhabitants in the three states had between themselves 78 bank agencies in 1981. In 1985, for 80 towns, including new pioneer towns, there were 163 agencies, pushing the town/bank ratio up from 1.26 to 2.04. As to the

number of cleared checks, only available at the state level, we find that between 1980 and 1982 there was a 55% increase in Amazonas; 67% for Rondonia and 36% for Acre, compared to an average 33.5% growth for the whole country.

These figures are not self-explanatory. Other factors should be taken into account before dismissing the possibility that the Brazilian Amazon region was already being used for money operations since the 1980s. First, coca and cocaine production nearly doubled in Bolivia, Peru and Colombia in the same period, entailing money operations to finance trafficking activities and eventually to launder profits. Nowhere in the basin, except in the Brazilian section, was there a network of private and public banks linked to national and foreign financial centres and able to extend itself towards any place where money was circulating. Second, the spread of the banking network in the Brazilian section of the basin cannot be explained solely by immigration or by the dynamics of economic growth. Interestingly, these were the years of the international debt crisis and stagnation of economic growth for Brazil and the Amazon region. Finally, there was a significant increase of bank agencies in all three states despite the differences in colonisation settings, amount of immigrants and business endeavours in each state.

By the end of the 1980s, the second mode of territorial organisation had emerged. Several hypotheses have been put forth to explain why this happened. One of them is the "War on Drugs" effect, which increased US political and military pressure and presence in Andean drug-producing countries, disrupting old organisations and trading routes and interfering in the division of production between these countries. Another hypothesis would be a growing connection with organised crime in other countries, which has opened up markets in geographical areas outside of the United States (where cocaine prices decreased). Still another would be new partnership between bordering countries, disrupting old alliances.

Whatever the explanation, a greater portion of cocaine exports was shifted to the Atlantic seaboard and from there to Europe and Africa, thus increasing the importance of the Brazilian territory as transit route for international trafficking networks. In the 1990s, the average seizure of cocaine in Brazil was 5.24 ton, more than five times the 1980s average, although

the increase in seizures was also a consequence of governmental efforts to control illicit drug trafficking in the last decade (Machado, 1999). The sprouting up of cocaine "labs" in many parts of the country and the seizure of containers shipping coca paste and cocaine base from the far western borders to towns and cities in the Atlantic seaboard indicate a greater participation in cocaine (and "crack cocaine") production. A number of "laboratories" have been found since the end of the 80s, mainly in the Brazilian states of Mato Grosso and Mato Grosso do Sul, located to the south of the Amazon river valley and sharing a 3,126 km border with neighbouring Bolivia, crossed by railway and road. As domestic cocaine consumption remains negligible compared to that of other countries, it is reasonable to suppose that the main target is still the international market. Within the limits of available information, it is probably with Bolivia that preferred partnership have been established. Research is currently under way to explore the reasons why Bolivia has become a favourite partner.

There were two other effects of the second mode of territorial organisation in the Brazilian Amazon region. The first is the emergence of a more complex intermodal transportation system. Rivers, roads and local, national and international airports were more fully integrated into the logistics of the international drug trafficking. Within this system, specific preferred routes seem to have evolved between each of the three Brazilian Amazon Border States and neighbouring countries. Thus, the state of Amazonas is the preferred route for Colombia and Peru, whereas Peru and Bolivia have stronger connections with the states of Acre and Rondonia. Of course, this arrangement does not exclude triangular routes. For example, the port facilities at Iquitos in the Peruvian department of Loreto can receive airborne cocaine from southwestern Colombia and then ship it to Brazil by way of the Amazon River (or to Lima and from there to the United States).

In fact, the valleys of some of the largest tributaries of the Amazon River crossing international boundaries have become territorial axis of drug trafficking logistics. In the northwest of the Brazilian Amazon region, the valleys of the Putamayo, Caquetá, Vaupés connect the Colombian coca producing agriculture frontier to the sparsely occupied lower valleys of their Brazilian counterparts — respectively, the Iça, Japurá, and Uaupés-Negro rivers.

The Madre de Dios River valley after crossing Peru and Bolivia merges with the Madeira River, one of the longest tributaries of the Amazon River. Puerto Maldonado seat of the Peruvian department of Madre de Dios has become a transshipment node for cocaine base and cocaine export using small planes and boats as carriers through the Brazilian states of Rondonia and Amazonas. The Beni and the Mamore rivers, other main tributaries of the Madeira River links the main coca producing zones of Bolivia, the Yungas and the Chapare, to the states of Rondonia and Amazonas. And so on.

The well-known association between drug trafficking and smuggling, also holds true in Brazil and in the Amazon region. Pathways are two-way routes: gold, electronic products, chemical precursors, commodities, small planes and stolen cars are some of the goods smuggled out of the country in exchange for coca paste or cocaine, weapons or other industrial goods. This means of course that the illicit drug trade has ramifications in many sectors of the economy.

The other notable effect is a tendency to concentrate drug trafficking and money laundering operations in a few of the largest towns while simultaneously extending Amazon based networks to other regions of the country. It is reasonable to suppose, however, that these effects could also have been the result of interplay between the organisation of the coca-cocaine complex and independently generated changes undergone by the Amazon territory in Brazil during the 1990s. Not only has the regional urbanisation process become more intense but local entrepreneurs have intensified as well their business connections with other Brazilian regions. Investment strategies of the legal and the illegal economy may possibly be converging.

Local economic effects of drug trafficking networks

To gain some perspective in this whole process of the use of territory we may consider some parallel and contrasting cases of the local effects of illegal activities. In the lopsided triangle formed by the state capitals of Porto Velho (Rondonia), Rio Branco (Acre) and Manaus (Amazonas), Manaus has become the centre and principal beneficiary of illicit drug export organisations operating in the eastern section of the Amazon basin.

Besides its function as state capital and Foreign Trade Zone, which has made it the highest-ranking "metropolis" of the Amazon Basin, the city (one million inhabitants, 1996), has become a strategic transshipment node for the high circuit of cocaine international trafficking. Since the end of the 1960s it is a point of entry for Japanese European and US imports (electric-electronic components), exporting the finished products to the rest of Brazil and to other countries. Blending with the urban economy, a wholesaling centre for cocaine exports has emerged with connections to the Brazilian Northeastern and Southeastern regions, Venezuela and the Guyanas. Manaus contains 67% of the state's 120 banking agencies (1999), up from the 56% registered in 1996. Not only did the city concentrate 48% of the state's total population in 1996, but also 76.6% of the state's nine billion US dollars gross domestic product (GDP).

On the other extreme of the urban *and* illicit trafficking network hierarchy, the "town" of Atalaia do Norte (2,914 inhabitants), situated in the Peruvian frontier and an alternative transit point has a GDP of five million US dollars (1996) and two (legal) airfields. Nearly all labour (96%) is employed informally. Another transit point, the even smaller "town" of Japurá (1,433 inhabitants, 1996) in the Caquetá-Japurá river has one of the lowest GDP of the state of Amazonas, less than one million US dollars, one airstrip and 98% of labour employed in informal activities. As traffickers use transit routes intermittently, small towns and villages along the way have little to gain on the long run. Nevertheless, the "long run" is nothing to the local population; their point of view is "here and now". The building of a simple port infrastructure, a meagre increase in the number of visitors and small money inputs into local trade is what (understandably) matters to them.

Links to low and high drug traffic and money laundering circuits matters seriously when they are perceived as a chance for a "take-off" or for "multiplier effects" on the fortune of individuals or localities. This is more than solving a cash problem or lack of employment opportunities. This is to take opportunity of quick enrichment a step further than a chance event. Inefficient property rights cannot explain by themselves why this happens in some places and not in others. A conjunction of circumstances such as ethno-cultural heterogeneity, a profit-seeking mentality and the potential to establish business, political and

socialising networks cross-country, brought together by immigration processes in particular geographical locations, may help explain the emergence of this kind of environment in the states of Acre and Rondonia. Groups of local entrepreneurs in these states have sought and found functions to be performed and profits to be earned by linkages to cocaine export organisations.

The town of Cacoal (44,811 inhabitants, 1996) in Rondonia may exemplify such a process. It was a striving pioneer town in the 1970s, part of a colonisation project sponsored by the federal government. Like other pioneer towns it was placed along the main road of access to the state. Southward, the road links the state to the "core region" of Brazil in the Atlantic seaboard; northward, by road to the state of Acre and by the Madeira River to Manaus. Like many pioneer towns, its function as an urban service centre for settlers was stunted by the mediocre economic performance of small to medium-sized landholdings in the surrounding area. Both rural and urban immigrants came mainly from the developed areas of the Southwest and South of Brazil but also from the impoverished Northeast and from the neighbouring state of Mato Grosso.

In the beginning of the 1980s, a road was built linking the area to the border of Bolivia, some 450 km to the west of Cacoal. In 1980, the town had 17 634 inhabitants, but between 1981 and 1985 the number of banks jumped from 4 to 9 and the import-export business soured. In the next decade, while the number of banks decreased the urban population grew (46,811 inhabitants, 1996) to become the fourth largest town in the state; one mayor became state governor; and a satellite service, predominantly used for electronic money transfers, was installed. The township's GDP of a little more than 220 million dollars in 1996, mostly from the service sector and industrial sectors (71%), is not entirely consistent with the value of cleared checks (one billion four hundred fifty eight US dollars). Nor is the value of checks consistent to the 1996 total GDP of the surrounding municipalities (one billion six hundred forty US dollars). By the end of the nineties alternative drug trading and money laundering routes and business centres have sprung up elsewhere in Rondonia. The town still struggles for survival, one or two individuals are pointed out as having made money with cocaine trafficking in the past, smuggling still goes on at the border but on a lesser pace, and local entrepreneurs are fighting for less

taxes, more credit and better roads. A lot of money has passed through the town and the region. Some of it stayed there, invested in big cattle ranches or store chains. Nevertheless, their owners are rarely seen, having ascended to other legitimate (or illegitimate) activities elsewhere in the region, the country or in foreign parts. On the other hand, dozens of towns with similar stories of linkages to the illicit drug trade can move the local economy by attracting legitimate business such as airway companies, banking, multinational chemical firms, and so on.

Concluding Remarks

The territory of the Amazon basin is on the brink of new events, in both the western and eastern sections. In the western section, conflicts between the military, drug traffickers, leftist guerrilla movements, coca producers, national and foreign governments has reached a new level of tension and action. In the eastern section, the Brazilian government is trying to counter possible spill over effects of these conflicts by a stronger presence along the border, and at the same time promote development projects as an alternative to illegal drug trafficking activities. On the other hand, ecologists are worried with the use of chemicals to destroy coca plantations and with projects that endanger the rainforest. But as aptly observed by a social scientist some years ago in this same journal, neither reasons of state, sacred ideologies, or strategic planning of the future can justify disdain for the interests of the people (*Rahnema*, 1988).

Drug Trafficking Control Measures and their Geostrategical Implications in the Amazon Region

In the last few years, measures to counter transnational drug trafficking and money-laundering networks have become the focus of an intense effort of the Brazilian government, leading to the adoption of a specific legislation and the forging of an institutional framework. By acknowledging that these activities are linked to global organised crime and to domestic and international corruption schemes, the government is bringing together previously isolated problems, thus changing the conception of the subject. One of the changes is to consider transnational drug trafficking control policy an "internal security" issue instead of a police problem that can be resolved by

appropriate technical measures. By adopting this approach, the Brazilian government is joining what has been called the "international nexus" of drug control, led by high politics (departments of foreign affairs, defense department)⁽²⁾. Money laundering is also contemplated by these macro-policies as an illegal and connected activity, but the trend is to treat it as an economic more than political issue.

The purpose of this section is to examine how these new policies come together in the Brazilian Amazon region, the main target-area for their enforcement. Our study's assumption is that control of both activities has different political and economic implications. Control of transnational drug trafficking inside national borders is susceptible to a three-layered environment, namely, local politics, regional development alternatives and US geo-strategy in Latin America. On the other hand, measures to counter money laundering involves domestic economic and financial policies and are particularly susceptible to the degree in which international banking and financial system perceives this activity to be a threat to its own stability.

The chapter is organised as follows: subsection I briefly discusses the definition and scope of the institutional and legislation framework being built to establish minimum control mechanisms of transnational drug trafficking and money laundering in the Brazilian territory. Subsection II discusses some of the political and economic implications of these new policies. Geopolitical implications of drug trafficking control in the Amazon region are explored in Subsection III.

Macropolicies

The creation of an institutional structure to deal with international drug trafficking and money laundering is recent. In 1996 the government launched the National Antidrug Plan, after much discussions and negotiation rounds both in the domestic scene and abroad. The launching of the National Defense Policy was in effect the proposal of a new approach to defense strategy. The document evaluates that changes in the world order demands new directives for internal and external defense issues, foremost the re-examination of the limits to the power of national states. One of the directives outlined in the document was military support to anti-drug operations and the displacement of Army troops from the Southern Cone to the Amazon region and

(2) The "international nexus" is patent in Laurent Laniel's excellent report of the United Nation Summit on Drugs.

boundary zones. Finally, in 1999, the federal government was able to assemble an institutional structure and legislation concerning anti-drug and anti-money laundering macro policies.

a) Institutional-building

The model for institutional-building was the network. The idea was to overcome divisions and structural antagonisms of the bureaucracy by bringing them together and stimulating negotiation processes. Albeit the encompassing name — the National Anti-drug System, the institutional structure effectively separates drug trafficking and money laundering control programs, closely following the international reference model that distinguishes the nature and scope of each issue.

Drug trafficking control was initially carried out by a special secretariat (SENAD) and by a council (CONAD) directly linked to the Presidency (Figure 1). The key node of the network is the Institutional Security Cabinet. Until very recently, and for the last sixty-three years, it was the Military Cabinet of the Presidency, by tradition an office headed by a high rank army officer. One goal of the institutional reform is the subordination of the military to civilians in governmental hierarchy; another is the structuring of an Intelligence agency. By linking the agency to a civilian Institutional Security Cabinet, the government may now open the way to negotiate its creation with a renitent Congress.

The anti-drug secretariat's main function was to integrate all governmental policies for the prevention and repression of illicit trafficking and of drug abuse, including the definition of policies for the treatment of addicts. It was also responsible for the administration of bilateral agreements concerning transnational drug trafficking. As Figure 1 shows, from 1976 onwards the Brazilian government signed treaties with all neighboring countries, mainly with those located around the Amazon River basin. This seems to indicate that the government did not entirely underestimate the possible effects of the cocaine boom of the 1970s in the Amazon region. On the other hand, from 1990 onwards, the geographical scope of diplomatic agreements has expanded, a reflection of the new parameters shaping decision-making. A year later, tensions between the SENAD and the Federal Police caused by conflict over who should be responsible for drug trafficking repression and intelligence culminated in the anti-drug secretariat losing much of its power

when the Federal Police became the sole responsible for repression policies and field actions. On the other hand, Army Intelligence offices began working more closely with the Federal Police.

The Ministry of Justice (1996) originally planned the COAF (Council for the Control of Financial Activities) as an empowered group in charge of regulating, identifying and investigating money laundering activities. Along the way some fundamental changes were made, such as subordinating COAF to the Treasury and somewhat reducing its power of regulation and investigation (1998). The Central Bank, the Internal Revenue Service and the Federal Police are the key players in the Council (Figure 2). COAF's structure also follows the general recommendations of international institutions, as OECD and UNDCP, by positioning itself as a Financial Intelligence Unit (FIU). Brazil, Argentina and Mexico, initially invited to the meetings of the Financial Action Task Force (FATF) as observers, were finally accepted as members. The opening, considered as an important step to the negotiated adoption of the 40 FATF recommendations, means in effect the adaptation of anti-money laundering measures to the increasing freedom of financial flows (and not the other way around). Membership in the FATF also implies abandoning a regional approach to money laundering control, which tends to ignore the global nature of the problem.

b) Legislation

Anti-drug legislation in Brazil has been intermittent since 1938. Laws and regulations were mainly concerned with domestic use of narcotics and, secondly, pharmaceutical drugs. Brazil signed the 1961 Single Convention of Narcotics Drug, the 1971 Convention against Illicit Traffic in Narcotics Drugs and Psychotropic Substances and the 1988 United Nations Convention (Vienna). During the 1980s, there were more laws, acts and regulations concerning drug trafficking and correlated activities than at any other time before. However, the forfeiture act and the creation of a special fund with assets seized in drug-connected crimes, formally adopted at the time, were not implemented. In 1995, a comprehensive law established control of chemical precursors for cocaine production and regulation of money and values transportation firms. Finally, in 1998 (October), a special governmental Act created the National Anti-drug System.

Regulations pertaining to money laundering started in 1999, after the 1998 law that made it a criminal offence (the same law created the COAF). Of the underlying activities related to laundering, the law targets the profits from illicit drug trafficking, arms smuggling and extortion by kidnapping. The Ministry of Justice was adamant in emphasizing the connection with drug trafficking, a decision that limited the general scope of the law but was instrumental for its speedy approval by Congress. The limitation was somewhat atoned by another government measure during 1998.

The Bank Secrecy Act entailed an amendment to the Constitution. It was the first time in thirty three years that changes were introduced in bank secrecy rules. The model was the US Bank Secrecy Act (originally passed into law in 1970) which provides law enforcement with two basic tools: a paper trail of bank records to be maintained up to five years and the filing of a report by financial institutions whenever a currency transaction exceeds \$10.000 (the same limit applied in Brazil). Included in suspicious transaction reporting requirements are wire transfers, bank checks, bank drafts or other written orders of transfer and cashier checks. Bank secrecy can be broken after a criminal process is underway and information on bank accounts can be supplied by the Central Bank, and by private banking and financial institutions, to several government branches.

Law and regulations concerning money-laundering activities did not include basic banking and foreign exchange laws, although banking rules designed for legitimate business but not covered by anti-laundering legislation usually help money laundering and tax evasion. For example, in Brazil, the Central Bank Rule 5 (CC-5) permits the opening up of dollar accounts by foreign-based firms to make legitimate business transactions. It has been consistently used by firms and individuals, usually with the mediation of offshore centres, as an instrument to bring back, or send overseas, proceeds of tax evasion (which re-enters the country as foreign investment capital), corruption rings, contraband or drug trafficking.

Macro policies Implications

a) Political Implications

Unrelenting political pressure exercised by the United States had much to do with the decision to create the Anti-drug System. The first to agree to this contention, of course, would be the US government. It has repeatedly stated that diplomatic and political power should be used in integrating international drug control into the overall policy interests of governments in the Americas (Van Wert, 1988; International Narcotics Control Strategy Report, 1991), in addition to internationalising the drug/narcotics control regime (McAllister, 1995; Escohotado, 1994; Musto, 1999). Nevertheless, even if it is an important — indeed the dominant — factor, US political pressure is a purely contingent matter. Other factors may explain the political implications of macro policies concerning international drug trafficking in Brazilian territory.

First, a complex situation has emerged in the world system of nation states, with the increase in the number of activities, likewise decision-making, taking place at the global level (financial flows, environmental management, communication networks, technology, organised crime, and international police). States adapt to this situation by developing new forms of adaptation and defense. A case in point is the extensive program of economic liberalisation and state reform undertaken by Brazil and other Latin American countries. In the aftermath of these changes, governments have had to assimilate (or turn away) potentially hostile external and internal forces. From a state-(re)building perspective, the product is a network of juxtaposed components. Thus, control of illicit drug trafficking and money laundering are not isolated decisions, but part of a comprehensive political effort to maintain state legitimacy and adjust the institutional environment to the increasing pressure of a "local-global" world system.

Second, the building up of an institutional framework is giving a new political status to the control of illicit activities by signaling that it involves much more than drug peddlers and police activities. Perhaps the single most important effect is encouraging competition between and within organisations (political parties, the administration, pressure groups) in the investigation of linkages between transnational drug trafficking and *domestic*

corruption networks, that is, the corruption of democratic politics (Castells, 1998; Fraga, 1998). In 1998-1999 a Congressional investigation on drug trafficking has made headlines by finally unveiling a widespread drug trafficking-money laundering-corruption network run by well known politicians and members of the criminal justice and law enforcement local state apparatus (the Acre case).

On the other hand, competition within the administration is also a source of tension and obstruction of information flows. Complaints of Central Bank delays in conveying information to the Anti-rug Secretariat (SENAD) investigation efforts, or defense and foreign affairs administrators at odds with the Internal Revenue Service and the Federal Police in matters of strategy and enforcement are cases in point. It is not only a question of different administrative goals but of linkages with other networks. For example, the most successful operations of the Federal Police are based on information handed out by US Intelligence agencies. Law enforcement is hindered by lack of personnel, funds and organisation level to deal with long-term investigations and access to information abroad. Because of their dependence on outside information, the Federal Police has been criticised for giving precedence to out-bound "flows" of illicit drugs, a US government priority, instead of targeting them at their entrance in Brazilian territory.

Finally, building up an institutional framework run by civil administrators and subjected to civil codes is an important move to withstand the pressure for a greater involvement of the Armed Forces in anti-drug operations. For some years now, US "war on drugs" experts have tried to convince the Brazilian Army to have a more active participation in field operations, following the pattern put into place in neighboring countries. Understandably, nationalist feelings play an important role in the Army's refusal in subordinating itself to US civilian and military personnel. Closer to home, however, there are other powerful motives.

First, since the end of the military dictatorship (1964-1984), the Brazilian Army has painfully struggled through a legitimacy crisis and has partly succeeded in regaining public confidence. To act as a "police force" in local operations would be a serious setback, considering the low public confidence in policemen (see *Zaluar*, 1994). The fiasco of their anti-drug trafficking intervention in Rio de Janeiro some years ago corroborates their stand in the

issue. Second, the fear that troops and officers directly engaged in anti-drug combats are opened to corruption. In 1999, thirty-five kilos of cocaine was found in an Air Force plane bound for Europe, launching an ongoing investigation of officers and Air Forces bases involved in drug transport. Third, a greater involvement in anti-drug operations could undermine the Army's present policy of participation in welfare and social logistics support, particularly in border zones. As mentioned above, the National Defense Strategy carefully states that the role of military forces in anti-drug efforts is to offer logistic and intelligence support.

b) Economic implications

In the 1990's, a majority of Latin American governments, including Brazil, embarked in a developmental program strongly anchored on the liberalisation of financial markets and the opening up of the banking sector to international banking networks. Intensification of cross-border capital flows and the multiplication of financial services is paramount to the efforts of these countries to attract international investment capital. Linkages to the international money market, however, seem to present at least two inconvenient side effects: one is a larger degree of exposure to financial fluctuations at the global level; the other, a greater exposure to international money laundering schemes.

Although financial experts seem to have reached the conclusion that laundered money from illegal sources comprises a small portion of the trillions of dollars flowing around the globe, they also point out that the portion may be a significant one (UNDCP, 1998). Accumulated balances of laundered assets and legitimate assets held by criminal organisations are probably much larger than the annual money laundering flows estimated by international organisations. The problem is the difficulty of measuring proceedings of a concealed activity, both in the domestic and international level. A commonly accepted devise is to look for "traces" of money laundering, that is, indirect techniques of observation, by indicators or proxies. Colombian researchers working at the local level (*Vargas*, 1994; *Reyes*, 1997) have used direct methods of observation; the author in a regional level (*Machado*, 1998) used indirect techniques.

Exposure to money laundering activities is not only a matter of "hot money" flowing through the stock markets. Privatisation

programs and the deregulation of domestic banking systems also play a major role. In Latin America, control of bank assets has moved to the hands of large international banking houses operating through global networks. For example, in Argentina, foreign control of the country's total bank assets has jumped from 17% to 53%, between 1992 and the first semester of 1997; in Colombia, from 11% to 51%; in Mexico, from 2% to 59% (*Gazeta Mercantil*, 1999). For Brazil, the figures are less expressive (7% to 14% in 1997, to 22% in 1998); public banks still hold 27% of assets, down 44% since 1992, and national private banks, the rest. Several local state banks have been shut down in the last couple of years, most of them in the Amazon and Northeastern regions of the country.

Indeed, one of the reasons for the increasing attention paid by governments, international organisations and the international banking system to money laundering activities is the effect it may have on economic and financial liberalisation (*Quirk*, 1996). Adoption and implementation of international anti-money laundering standards are not entirely consistent with opening up domestic markets to cross-border money flows.

There is at least one economic implication of anti-money laundering legislation worth a closer look in Brazil, that of tax evasion and capital flight. The Internal Revenue Service has estimated a \$ 490 billion per year loss in taxes (1996). The amount of money moved by the underground economy in Brazil is probably larger, if one takes into account illegal, unreported and unrecorded earnings, and the informal economy. Although anti-money laundering legislation did not include tax evasion, the Bank Secrecy Act has become a powerful instrument in the hands of the government and its effects are starting to appear. In October of 1999, for example, the Federation of Industries of the State of São Paulo refused a governmental program settling debts with the government and the IRS because it also demanded reporting cash flows (*Folha de S. Paulo*, October, 1999).

If proceedings from tax evasion were invested in productive activities within the country, losses for the economy would be partly compensated. However, in Brazil, tax evasion is intimately connected to capital flight. Capital flight is not considered a criminal activity by international financial standards and is left off

anti-money laundering legislation. Its economic effects for the nation state, however, can be at least as serious as money laundering.

Small amounts can easily be moved abroad, by depositing local currency in a bureau of exchange and having them reappear abroad in whatever the strong currency chosen, usually dollars. Large amounts can be moved by a variety of methods. One of them is the "private banking" services offered by large domestic and international banking institutions. In 1990, two foreign and one domestic bank provided services. By the end of last year, there were 30 financial institutions offering the service. Studies by financial consulting firms show an increase in the use of private banking in Brazil: in the last three years, domestic deposits jumped from an estimated US\$ 25 billion to US\$ 45 billion; offshore deposits increased from an estimated 60 to 80 billion dollars (*Gazeta Mercantil*, June, 1999). Did tougher tax laws and the Bank Secrecy Act stimulate the move towards private banking, a legitimate banking activity? The probable answer is yes, since a (loose) correlation can be made between initial discussions of bank secrecy laws and the beginning of private banking services success.

Geostrategy Implications of Drug Trafficking Control in the Amazon Region

To the west of the river basin, on the mountains of the Andes, lies the coca producing areas of Bolivia and Peru. In the north-west portion of the basin, coca is produced in the Amazon lowlands of Colombia. Unlike Peru and Bolivia, where coca has been produced since pre-Incaic times, the Colombian coca-producing zone sprouted up after the coca boom of the late 1970s and early 1980s. Colombia is the centre of drug processing and drug trafficking for foreign markets; the three Andean countries produce 90 per cent of worldwide cocaine production of which roughly 73 per cent comes from Colombia (*Thoumi*, 1995; *UNIDCP*, 1998).

Although drug processing "plants" or "laboratories" have been found in Brazil, international drug trafficking organisations make use of the territory as a transit corridor and export platform, while using the modern domestic banking system as a money-laundering alternative. Seizures of cocaine by the Federal Police in Brazilian Amazonia represented 77 percent of a total of 4 tons in 1997, and 60 percent of the 5,8 tons seized in 1998

(*Federal Police Report*, 1999). Small airplanes and motor boats have been forfeited in special operations (Operação Porteira Fechada Norte). However, these figures should be interpreted with caution, since cocaine seized in other regions may have entered through the North, and there are no estimates of the amount of cocaine entering the country.

Below we will try to extract some of the political and economic features bearing on anti-drug trafficking control measures at the local level. A more systematic evaluation of the local effects of drug trafficking is being carried out but for now the aim is to bring together macropolicies implications in a regional perspective. A three-scaled approach permits some insights on the issue.

a) Local politics and domestic corruption networks

During the month of October 1995, several newspapers carried front-page stories on the possible involvement of the governor of Acre (a state located along the Peru-Brazil-Bolivia boundary) with Colombian drug trafficking organisations. The politician was a rich construction contractor who had started his political career as mayor of Cruzeiro do Sul, one of the main gateway towns for inbound drug trafficking (see Machado, 1998). In the course of an investigation conducted by federal authorities on grounds of corruption and tax evasion, he was charged for leasing of a Boeing 727-200, by one of his business firms from a US company (IAL Aircraft Holding) with head office in Miami and a branch in Panama. The second charge was an agreement with a Colombian business firm for a US\$ 165 million loan to be invested in upgrading the main state highway. The same firm had an agreement with the governor of Rondonia for a US\$ 700 million loan, approved by the State legislature, to be used in highway construction and house building for low-income families. Both governors alleged that they had to look for investors somewhere, to make good their campaign promises. In the Acrean case the state government offered large extensions of state-held lands as guaranty. By sending the agreement to the Central Bank for approval and because of the barrage of accusations thrown at him by rival fellow politicians, the governor finally attracted the attention of the public and both deals cancelled.

In 1998, during the process of closing the state bank of Acre⁽³⁾, the Central Bank reported a series of irregularities and fraud in banking operations, nominally indicating the governor as a com-

pliant partner. After leaving office he returned to the family business, and is still a major figure in state politics; he is also been prosecuted by the Internal Revenue Service for tax evasion and by the Office of the Attorney General for corruption.

In May 1999, a Congressional hearing on drug trafficking started to investigate a newly elected fellow Congressman, formerly a state military officer and member of the state legislature who, allegedly, was the head of an "extermination group" involved with kidnapping, deaths and drug trafficking in the state of Acre. Judges, lawyers and witnesses revealed details concerning the deals of the Congressman and the political events surrounding them. The Office of the Attorney General had known of the Congressman's involvement with drug trafficking organisations since 1997 but stated that it was still collecting evidence. On the other hand, the Office had asked to access to the Congressman's bank account and tax report, based on the Bank Secrecy Act, but the regional office of the Internal Revenue Service had not complied. The Centre for the Defense for Human Rights in Acre and the president of the state Court of Justice of Acre in 1997 had denounced some of the crimes in 1997. Media coverage and the cooperation of the current state governor (elected by an opposing political party (Partido dos Trabalhadores) in 1999 but no steps were taken by the criminal justice system. The Congressman furnished cocaine and pot for addicts and had then used this to convince them to vote for him. During the term of the ex-governor of Acre (mentioned above), a brother of the accused headed the state military police, another was a member of the state legislature and a sister-in-law was head of the local State Attorney Office. Referring to the accused politician as "colonel" (the traditional informal title of rural political kingpins in Brazil), an ex-police detective and member of the extermination group declared to the Congressional hearings that the group between 1995 and 1998 had killed at least 40 people. The specific role of the accused in drug trafficking activity was to steal containers with the aid of state military police and trade them for cocaine and firearms in Bolivia. He has close personal ties with an important Acrean businessperson, who controls the meat market in the state through 70 outlets and has been connected to drug trafficking networks by the Federal Police. Finally, connections with a corruption network in the Northeastern states of Piauí and Maranhão, involving state military police, state judges, mayors

(3) The local state-owned Bank of Rondonia (Western Amazonia) was also shut down last year. After serving for years as "shell" host for laundering the proceedings of local drug trafficking networks, it made the headlines because of its involvement in a derivatives speculation-money laundering scheme in the state of São Paulo. Interestingly enough, its disappearance has not seem to have caused impact on the local economy albeit the number of agencies, one for each county.

and state prosecutors were revealed. After being voted out of Congress, the politician was jailed and 26 members of the group have been indicted. However, there are still not enough evidence to convict him for drug trafficking.

These stories are unfortunately banal in its details; similar cases have happened in the more undeveloped areas of Brazil⁽⁴⁾ and other Latin American countries. Nevertheless, it merits some comments.

The idea that modernisation in society induces the replacement of parochial corruption by modern corruption (market corruption) does not seem to apply here. What does seem to apply, albeit related to a very different environment, are two ideas put forth by Cartier-Bresson (1997) in his discussion of corruption networks. First, corruption network is structured by mobilising multiple "resources" such as financial interests, obedience to hierarchy, family, friends (political, regional and corporate in our stories), violence (p.469); second, in institutionalised large scale corruption, the network appears as an extension of social legal networks.

Another point to be made is that proximity to coca producing countries and the use of territory as transit corridor for drug trafficking created an opportunity for those seeking enrichment and power but it is difficult if not impossible to establish a cause and effect relationship between these random conditions and violence. Institutional crisis, a clientelistic political system, and a growing gap between a formal regime and the political and economic reality are some of the social conditions that breed violence (*Thoumi*, 1995: Chap.2); however, cooptation of individuals and institutions by drug trafficking networks increases the level of violence and "organises" its use.

b) Regional development alternatives

A host of factors hinders economic development of the Brazilian portion of the Amazon River basin. For example, long distances and absence of an adequate infrastructure; a low level of credit in both public and private banks; speculative investments; a weak educational system; a highly concentrated land tenure system. Further aggravating social tensions are the concentration of income and wealth, which feeds an extensive underground economy, and the social, economic and cultural di-

versity among the main immigrant flows, and between them and the natives. For 1996, the gross domestic product (GDP) of Amazon states was US\$37,9 billion; that is 5,5 per cent of the country's GDP. Population is in the order of 13,5 million inhabitants, (8,5 per cent of total population), most of them living in urban areas (64,5 per cent). An urban service economy, lumber and mineral extraction, cattle raising and soy-bean crop are the main regional economic activities.

Although covered by a sophisticated communication-satellite system, the territory lacks a minimum level of infrastructure development. International criticism of the massive deforestation process since the 1970s, the drying up of governmental funding sources in the 1980s and the "politicalisation" of environmental change since then, are some of the factors that effectively thwarted investments in infrastructure. Even so, comparatively to neighboring countries, Brazil's Amazon region presents a fair degree of transport connections to the Atlantic seaboard, which helps explain why drug trafficking organisations could use the region as transit corridor.

One should bear in mind that contrary to the traditional peasant society encountered in neighboring countries; Brazilian Amazonia is urban-oriented and largely settled by an urban bred population. Frustrated expectations, lack of credit and funds for individual and business undertakings, the thriving of an urban-based clientelistic system based on selective distribution of benefits creates a receptive environment for drug trafficking organisations investment, loans and patronage.

A sustainable development approach to regional economics, the overall effort to curtail economic instability and an emphasis on economic interchange with neighboring countries may perhaps change the situation. Current governmental efforts are centred on development projects situated along intermodal thruways connecting the region to the Caribbean Sea basin, and on energy transmission lines to Venezuelan and Bolivian energy sources.

c) US geo-strategy in the Amazon region

From the Brazilian perspective, two components of the United States conception of drug control strategy must be emphasised. One is the development by the US of a technological, informa-

(4) See Christian Geffray's report on Mato Grosso (*Geffray*, 1995).

tional, and intelligence system applied to anti-drug efforts; the other is to encourage in Latin America increased levels of nation military involvement in anti-drug trafficking operations with US military support to the anti-drug forces of the host nation.

The mobilisation by the United States of its considerable technological and informational resources points to an "informational age" geopolitical thought where national boundaries matter less and information networks more. The US policy on "supply-reduction operations at the source", however, pushes it back to traditional geopolitical thinking where territory, its geographical content and political institutions are essential, hence the second component.

The implementation of an informational-based surveillance system for Brazilian Amazonia (Sistema de Vigilância da Amazônia-SIVAM) was conceived in this context. The surveillance system is based on the use of remote sensing, satellites and geographical information system (GIS) to be developed jointly by the Brazilian Government and an important U.S. defense contractor, Raytheon. It was the American company, however, who arranged international loans and furnishes the more sophisticated technology. The Air Force, who sponsored the arrangement, was criticised by sectors of the Army and by intellectuals and academics that feared (fear) that the US would have access and better conditions to information processing than the Brazilians. The winning argument was that Brazil did not have economic and technological conditions to create the system by itself. On the other hand, the implementation of SIVAM let off some of the pressure exercised by U.S. anti-drug forces over the Army.

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CRIMINAL PROSPERITIES, FINANCIAL CRISIS AND MONEY LAUNDERING: THE CASE OF MEXICO IN A COMPARATIVE PERSPECTIVE

Guilhem Fabre

Numerous recent scandals are once again demonstrating the link between financial crises and money laundering at a time when the International Monetary Fund estimates that illicit funds amount to between US\$590 billion and US\$1.5 trillion, or one to five per cent of the world's GDP⁽¹⁾. Examples of recent boondoggles include international financial aid, the Central Bank of Russia, offshore companies, the Bank of New York, and the Indonesian government.

The incredulity of those who act as if they are just discovering the corruption in emerging countries brings irresistibly to mind the police officer in *Casablanca* who is shocked to find gambling in a casino. Instead of condemning such open secrets, public officials need to investigate how illicit profits are recycled into the legal economy and the consequences of this dynamic.

The post-Cold War financial system rests on two assumptions that cancel each other out. The first is that free capital flows optimise the allocation of global resources just as international trade does. This assumption is both theoretically and empirically dubious⁽²⁾. If the increase in foreign investment has contributed to economic development in the South, the much larger bank loans and other short-term financial flows (except in China, which focuses on foreign direct investment and relies marginally on short-term capital flows)⁽³⁾ have produced the opposite effect, diverting investment from the productive sphere to areas of potentially rapid capital appreciation, such as highly speculative stock markets and real estate. This damages the export competitiveness of developing countries, the supposed basis for repaying foreign loans.

Moreover, increasingly frequent recourse to foreign loans for the purpose of financing public debt (supposedly to reduce the risk of inflation) aggravated the risk of currency crises and default on loans in Mexico, Russia and Turkey.

The second assumption is that the legal and institutional infrastructure that enabled free financial flows between North American, Europe and Japan were of secondary importance. In the post-Cold-War euphoria, decision-makers accepted uncritically the idea of a self-regulating market. They underestimated the importance of legal standards that were instrumental to the development of the capitalist economy over the last two centuries as well as the significant burden imposed by the lack of such institutions in transitional economies. The co-existence of free international capital flows and national institutional and regulatory systems created a void in which transnational economic and financial delinquency flourished⁽⁴⁾. Transitional economies privatised state-owned firms without allowing market competition or creating necessary institutional and legal infrastructure for effective markets. Tax evasion accounts for the most important share of crime; however, other problems include capital flight in countries where exchange controls are inadequate, counterfeiting (which represents, according to the OECD, 6% of world commerce), insurance fraud, and contraband. Thus, corruption grows with new opportunities in North-South exchange, and in the legal void of countries in transition, which, while instituting privatisation policies, accept the market economy's idea of profit but not the complementary idea of market competition.

The sizeable development of the "gray economy" in the context of finance-driven globalisation favored the spectacular expansion of offshore markets and tax havens through which nearly half of the world money supply is currently funneled. In 1979, there existed only 75 offshore funds. Today, they number more than 3,000. These havens institutionalise tax evasion, especially by the world's great fortunes — a third of whose holdings, estimated at US\$5.5 trillion (or 18% of the world's GDP) are placed in offshore funds. Sheltered from central bank supervision, these new extra-territorial spaces are the home of choice for hedge funds, which, according to the IMF, manage some two-thirds of their assets from tax havens⁽⁵⁾. Even though all hedge funds combined only amount to some US\$300 to 400 billion,

(1) Cf. Financial Times, 9/24/99.

(2) Cf. *The Capital Myth, Foreign Affairs*, May 1998.

(3) Cf. Alejandro Lopez-Mejia, *Large Capital Flows: A Survey of the Causes, Consequences, and Policy Responses, IMF Working Paper*, 1999.

(4) Cf. Jean de Maillard, *Un monde sans loi, La criminalité financière en images*, Paris: Ed. Stock, 1998.

(5) Cf. Barry Eichengreen and Donald Mathieson, *Hedge Funds and Financial Market Dynamics*, IMF, May 1998.

rather little compared with the US\$26 trillion of the major financial institutions (insurance firms, pension funds, banks), hedge funds have privileged access to credit, and this multiplies risks to the financial system. In the fall of 1998, the last-minute rescue of Long Term Credit Management (LTCM), a Wall Street darling located in Connecticut, but officially headquartered in the Cayman Islands,⁽⁶⁾ proved to the world that a single institution with assets of less than US\$5 billion could threaten the entire financial system by taking positions in excess of US\$200 billion, thanks to the credit received from major banks and brokerages⁽⁷⁾.

Globalisation has been accompanied not only by the growth of the gray economy but that of a black economy as well. According to the UN, organised and unorganised crime now generates annual sales on the order of 3% of the world's GDP, about US\$1 trillion, half of which is in drug sales, which have boomed over the last decade, stimulated by an abundant supply and diversification into synthetic narcotics. Other criminal profits are drawn from multi-service activities such as the control of legal and illicit gambling establishments, the arms trade, human smuggling, traffic in body organs, car theft, prostitution and racketeering. These profits boost demand for money laundering, which favors offshore markets because of their secrecy and immunity from legal oversight.

Tax havens and offshore markets are thus becoming the gathering place for the white economy of banks, investors, and fund managers, the gray economy of tax evasion and corruption, and the profits that organised crime seeks to recycle. The boundaries between these three domains are nebulous since the illegal activity occurs prior to transfer of funds to offshore markets. In addition, it is usually impossible to distinguish between tax evasion and criminal profits because the recycling techniques are identical.

In evading legal regulation, offshore markets are all the more threatening because money laundering plays a significant role in post-Cold War financial crises in nation states. The experience in Russia, recounted in abundant detail through a series of scandals, shows links between capital flight, embezzlement, racketeering, pillaging of assets, corruption and organised crime. Criminal activity played a major part in creating public debt and diverting funds to speculative overseas financial markets. A predatory, kleptocratic, and, in the end, Mafia-style abuse created

substantial demand for money laundering on international capital markets, including the demand for Russian Treasury bonds, and was the direct cause of the Russian financial crisis of 1998.

Nor is the Thai crisis, which triggered the Asian crisis of 1997, a stranger to money laundering. According to a study published in 1997 by three researchers at Chulalongkorn University,⁽⁸⁾ the equivalent of 8 to 11% of the Thai GDP was controlled, at the onset of the crisis, by organised crime, which derives its profits primarily from gambling and prostitution, and secondarily from drug traffic out of Myanmar.

Accelerated democratisation of the Thai political system during the 1990s gave a clear advantage to the provinces rather than the Bangkok region. Bangkok was the stronghold of the modernist democratic party and generated half the GDP. The peripheral regions were under the control of local "godfathers," frequently of Sino-Thai origins, who combined certain legal monopolies with illegal activities such as gambling, prostitution, drug trafficking, and contraband in wood and precious stones. When the provinces acquired the decisive role in fragile government coalitions, political patronage encouraged money laundering, which once again focused on speculative real estate and stock market investments, in a context of insider trading scandals that occurred in the course of privatization.

The inflow of foreign short-term capital, most often transited through the Bangkok Offshore Banking Facility, accelerated local speculation by limiting investments at the expense of the productive and export sectors. The deterioration of the external accounts that ensued was aggravated by the rise of the dollar and the slowdown on the electronics export markets in 1996. This precipitated the exchange crisis and the devaluation of the baht. But the pressure created by short-term investments or by the results and figures in the formal economy does not explain the magnitude of the crisis. The local political and financial system also played a part, in that it strongly favored the laundering of illegal and criminal profits. By the end of 1999, two years after the crisis, whereas the Thai GDP had contracted by 10% in 1998 alone, and the surplus on the real estate market was estimated at 300,000 units in the Bangkok region, real estate prices did not fall⁽⁹⁾. This stability remains incomprehensible if one analyses real estate prices according to

(6) Cf. Robert M. Morgenthau, *On the Trail of Global Capital*, *The New York Times*, 9/11/98.

(7) Cf. Franklin R. Edwards, *Hedge Funds and the Collapse of Long-Term Capital Management*, *Journal of Economic Perspectives*, Spring 1999.

(8) Cf. Pasuk Phongpaichit, Sungsidh Piriyarangsarn, Nualnoi Treerat, *Guns, Girls, Gambling, Ganja: Thailand's Illegal Economy and Public Policy*, Chiang Mai, Silkworm Books, 1998.

(9) Cf. Odile Cornet, *Le MOCI (Moniteur du Commerce International)*, 3/11/99.

traditional market criteria, but the puzzle disappears when one factors in the need for money launderers to funnel massive amounts of funds into real estate, as well as the delays which they caused in the reconstruction of the financial sector.

The role of money laundering is also observable in developed economies, as is demonstrated by Japan, the world's second largest economy. The role that the yakuza played in the speculative bubble of the 1980s is now known⁽¹⁰⁾. Through their control of drug traffic, prostitution, employment in the building sector, and public works, as well as a part of the very lucrative business of pachinkos — those electric billiard games which generate one and a half times the turnover of the Japanese automobile sector (some 6% of the GDP) — organised crime has invaded the real estate co-operatives (jusen), the leading brokerages and the shareholders' meetings of certain large companies. Their access to credit enables them to launder their illicit profits in speculative businesses, where they tend to prefer high-risk operations. When the speculative bubble burst at the beginning of the 1990s, stock and real estate prices dropped, and bad debts swamped the banks and other financial institutions. The former director of the National Police Agency, Raisuke Miyawaki, estimates that 10% of these debts are yakuza-related and an additional 30% have probable links with organised crime, which would put such non-recoverable debt attributable to gangsters at somewhere between US\$75 and 300 billion, that is, 6.5% of GDP.

After having speculated on the upside, the yakuza then speculated on the downside, trying to buy up real estate assets at fire sale prices and by blocking, through targeted operations, the liquidation of the liabilities of certain firms which resort to the yakuza's illegal services in order to escape their engagements. This explains why the fall in real prices of real estate, between 30 to 70% since the beginning of the 1990s, did not coincide with a corresponding rise in transactions, and thus retarded the reconstruction of the financial sector, the supply of credit, and, in the end, new growth. There are of course other factors that explain Japan's economic difficulties; however, the "yakuza recession," in the words of Raisuke Miyawaki, should not be taken lightly. Despite the government's numerous expansionist policies, which increased the GDP by several percentage points, the exceptional length of the Japanese crisis is fully un-

derstood only when one takes account of money laundering and the activities of organised crime. These socialised the costs and privatized the profits of organised crime, thereby distorting the competitive environment. From 1985 to 1995, the Japanese GDP grew by 52% while all financial assets grew by 85%. The difference between these two figures demonstrates the persistence of the speculative bubble⁽¹¹⁾, which centred in the real estate market, the yakuza's sector of choice for their invisible maneuvers, which delay market adjustment.

Crisis and Money Laundering in Mexico: from "the Tequila Effect" to "the Cocaine Effect"

What happened in Japan, stemming from trade surpluses of the 1980s and provoking an excess liquidity and easy credit, was reproduced in a developing economy, namely that of Mexico, on the basis of an inflow of short-term investment. Like Thailand, Mexico had experimented with trade liberalisation policies and privatisation in public sector. Just before their respective financial crises, Mexico and Thailand had become the main centres of drug money laundering in the western and eastern hemisphere, according to the United States State Department.

Mexico's Attorney General has estimated that the local cartels' profits from drug money recycled into the economy from 1984 to 1994 represented US\$30 billion, or 10% of the 1994 GDP⁽¹²⁾. Other experts, such as Charles Intriago, editor of Money Laundering Alert, estimate that money laundering by Mexican cartels, which control one-third of the U.S. market in illegal drugs, worth an estimated \$US50 billion, could reach US\$ 8 billion per year.⁽¹³⁾ US officials estimate that 75% of cocaine and half of marijuana consumed in the US come from Mexico, and that local drug cartels enjoy annual profits on the order of US\$10 to 30 billion⁽¹⁴⁾. This is a reasonable estimate of profits going to organised crime, although the nationality of those profits is subject to debate.

The cocaine and crack markets alone, representing 9 million consumers in the US, as compared to a million heroin addicts and 20 million marijuana users, generate retail sales on the order of US\$40 billion per year, according to Peter Reuter, one of the top experts on such questions⁽¹⁵⁾. The Rand Drug Policy

(10) Cf. Philippe Pons, *Misère et crime au Japon du 17ème siècle à nos jours*, Ed. Gallimard, Bibliothèque des Sciences Humaines, 1999.

(11) Cf. Teruhiko Mano, *New Moves in the Money and Capital Markets, Japan Review of International Affairs*, n° 4, Winter 1998.

(12) Cf. Thierry Cretin, *Mafias du Monde*, PUF, 1997, p. 11.

(13) Cf. *Financial Times*, 3/25/98, p. 6.

(14) Cf. Andres Oppenheimer, *Bordering on Chaos: Guerilla, Stockbrokers, Politicians and Mexico's Road to Prosperity*, Boston: Little, Brown, 1996. p. 164.

(15) Cf. Peter Reuter, *The Export Demand for Latin American Drugs*, North-South Centre, Miami University, March 1995, cited in Francesco Thoumi, *Pays andins: l'échec des politiques anti-drogue*, *Problèmes d'Amérique Latine*, n° 188, July September 1995.

Research Centre estimates that criminal organisations reap a net benefit equivalent to 75% of retail sales of cocaine, or US\$30 billion per year⁽¹⁶⁾. If Mexicans provide 75% of the US market, and if the Mexican cartels control retail distribution, they could reap annual profits on the order of US\$22.5 billion. The question is whether these conditions do obtain. As a close associate of President Ernesto Zedillo rightly observed: "You always speak of Mexican drug cartels, but what about the U.S. cartels? Do you mean that there exists a 30-billion-dollar market in illegal drugs in the United States and that no Mafia don on your side of the border has taken an interest in it?"⁽¹⁷⁾

Beyond this well-taken objection, it is unarguable that Mexico has found a choice spot as the transporter, supplier and launderer in the biggest drug market on the planet. This invisible transition, accelerated by the formation of the North American Free Trade Agreement (NAFTA) and by the reinforcement of anti-laundering legislation in the US, has had enduring effects on the economy, society and politics of Mexico. In the 1980s, most Colombian cocaine came through Central America and the Caribbean on board tourist planes, most often Cessnas. According to US anti-drug forces, Mexicans took a 10 to 15% commission for their various services, such as making available numerous private landing strips in the country, transshipment and distribution of merchandise in the US⁽¹⁸⁾.

Beginning in the late 1980s, when the Mexico-United States border supplanted Florida as the principal point of entry for drugs going into the US market, the Mexican cartels raised their commissions to between 40 and 50% of the value of shipments, or began to pay cash for stocks of Colombian cocaine, for which they then assured transport and an undetermined portion of distribution through their own networks in the US. This process is facilitated by the presence of 3 to 4 million illegal Mexican immigrants in US territory, and the influx of several hundred thousand clandestine arrivals per year, half of whom settle in California.

This strategy of controlling all sectors of activity allows participants to capture a significant part of the added value, probably about 50%. Even by this estimate, lower than others,⁽¹⁹⁾ Mexicans made US\$15 billion in annual profits, on the US market for cocaine alone, to which we must add 4,000 metric tons of marijuana, cultivated and exported from the "Emerald Zone" in

the North of Mexico, and six metric tons of synthetic heroin each year⁽²⁰⁾. The estimates of annual profits from narcotics (US\$10 to 30 billion) and from money laundering (US\$3 to 8 billion) thus seem reasonable, though the latter figures are more realistic for the period of the 1990s. This simple calculation challenges the generally accepted idea that 90% of drug profits created in Andean countries are laundered in the US⁽²¹⁾. It would be more apt to say "starting from the United States."

By all indications, as of the 1990s, Mexican criminal organisations have moved from the status of service providers to that of principals and launderers. This transition from the artisan stage to the industrial stage is reflected in the replacement of Cessnas with old Boeing 727s or DC 7s, transporting at times loads of more than ten metric tons of cocaine from Colombia to Mexico, before transshipment to the US⁽²²⁾. At the same time, drug money laundering attains significant proportions at the macro-economic level because it mobilises small business, real estate, and on a larger scale, local financial intermediation.

Money laundering fosters the formation of a gray market of foreign exchange and bonds, where agents and brokers charge commissions of 10 to 15% for their services⁽²³⁾. Commercial transactions are also used, where more than 70% of Mexico's foreign trade is with the US. The US profits indirectly from laundering, in that it increases their export opportunities by permitting certain Mexican businessmen to import US goods and services paid for with drug profits⁽²⁴⁾. It is, by definition, difficult to measure the impact of this situation on foreign trade. At the time of the Mexican crisis, laundered money, a yearly US\$3 to 8 billion, was comparable to oil exports (US\$6.7 billion). Laundered funds represented 4 to 10% of total Mexican imports (US\$80 billion in 1994), and 5 to 15% of imports coming from the US (US\$55 billion in 1994). But not all money is laundered through foreign exchange. Nonetheless, drug money clearly facilitates purchase of US consumer goods, such as cars and electronics, manufactured products that represent 65% of Mexican imports. In a country where domestic savings are traditionally low, such facility of consumption works to the detriment of investment and of the balance of trade. Far from alleviating service on foreign debt, amounting to US\$13 - 15 billion from 1993 to 1995, drug money contributed to an increasing dependence on imports, thus hurting the balance of trade.

(16) Cf. Marie Christine Dupuis, *Stupéfiants, prix, profits: l'économie politique du marché des stupéfiants industriels*, PUF, 1996, p. 207.

(17) Cf. Andres Oppenheimer, *op. cit.*, p. 312.

(18) Cf. Francesco Thoumi, *op. cit.*, p. 11.

(19) Cf. Marie Christine Dupuis, *op. cit.*, p. 206 & 218.

(20) Cf. US News and World Report, 1/29/96 cited in Thierry Cretin, *Mafias du Monde*, PUF, 1997.

(21) Cf. Francesco Thoumi, *op. cit.*, p. 15.

(22) Cf. Andres Oppenheimer, *op. cit.*, p. 164.

(23) Cf. INCSR, US Department of State, 1996.

(24) Cf. INCSR, US Department of State, 1996.

The dynamic of investment is profoundly affected by privatisation policies, which have intensified since 1991, and have integrated the banking sector, services and infrastructures. The result of privatizing more than 900 businesses in Mexico, worth an estimated US\$26 billion, brought about an improvement in the state of public finances, but many loopholes were created in the process: these concern, according to the OECD, the feasibility studies favoring privatisation, the insufficient regulatory structure, the confusion between evaluators and operators, the non-transparency of financial arrangements, and the excessive involvement of the State as guarantor of the profitability of various projects⁽²⁵⁾. Privatisation goes hand in hand with deregulation. After authorizing private operators to construct and manage their own ports, in 1991, the government authorised the free circulation of transport trucks in all the cities, ports and train stations. The number of licensed heavy trucks grew by 62% in two years⁽²⁶⁾.

As for infrastructure, from 1988 to 1994, 5,800 kilometers of toll road were granted as concessions for a price of US\$15 billion, which represented 43% of investment needs for the period 1993-2000. The developers insisted upon making a profit as soon as possible on their investment, for fear that they might only obtain short-term financing. This desire for rapid returns on long-term projects is evident in highway tolls, which are on average five to ten times more expensive than in the United States for comparable distances, and this before the crisis of 1995. Penalised by these high costs, truck drivers prefer free access roads, which deteriorate rapidly, thus raising the maintenance costs of the State⁽²⁷⁾.

The favorable conditions of these privatisations, in the context of the opening of the great North American market under NAFTA, in January 1994, and Mexico's membership in the OECD, encouraged the flow of essentially short-term foreign capital to these operations through banks and bond markets. The improvement of the economy's "fundamentals," with the decrease in the budget deficit,⁽²⁸⁾ and in inflation, which fell from 100% in 1988 to 10% in 1994, contributed to this craze for Mexico, as a model of liberal orthodoxy proposed by international sponsors to developing countries. However, economic growth has been far from comparable to the dragons and tigers of East Asia. From 1985 to 1995, the real GDP has grown only an annual 2% and the

per capita GDP by 0.1%: the "Mexican miracle" in fact masks stagnation. But international financiers are essentially motivated by the very great difference in interest rates between the North and the South. The lowered interest rates found in the United States since 1990, made the higher ones in Mexico and Latin American more attractive, and drained financial capital which is largely disconnected from domestic production and not likely to improve local competitiveness. From 1989 to 1994, portfolio investments, reached US\$70 billion and represented 72% of the capital flow to Mexico⁽²⁹⁾. In 1993, the country received US\$5 billion from direct foreign investment, an amount greater than that received by the whole Eastern bloc in transition, and issued the equivalent of US\$28 billion in securities and Treasury bonds indexed on the US dollar, which represents a quarter of the portfolio investments in all Southern countries. The massive flow of these currency funds favored appreciation of the peso, the fall of export competitiveness and the further increase of the current deficit, which reached 8% of GDP in 1994.

The excess liquidity of the economy facilitated speculative investments in real estate, and an increase in stock values and household consumption, which decreased domestic savings from 21% to 11% of GDP between 1989 and 1994. From 1978 to 1994, the volume of credit banking in the whole economy increased by 107% in actual terms, and consumer credit, for mortgages or credit card debt, increased by 742%⁽³⁰⁾. The Mexican middle class, principal supporter of the Institutional Revolutionary Party (Spanish acronym: PRI) then in power, was created on the basis of 6% growth from 1940 to 1980⁽³¹⁾. However, their access to a US-style consumer society, heralded while President Carlos Salinas held office, stemmed from an illusion created by indebtedness: they benefited from the deflation introduced by the competition of US products and the imported savings introduced by international capital, which made credit available in US dollars.

Simultaneously, the gap widened between the 40 million poor, in a population of 90 million, and the small rich minority, who were engaged in activities such as constructing landing runways on their countryside properties⁽³²⁾. The concentration of wealth reached new dimensions: thirteen Mexican billionaires identified in the greatest fortunes list of *Forbes magazine* owned 10% of the country's GDP. After the great North

(25) Cf. *Développement régional et politiques structurelles au Mexique*, OCDE, 1998, p. 110-130.

(26) Cf. Paul Stare, *Global Habit*, 1997, p. 56.

(27) Cf. OECD, 1998, op. cit. p. 123.

(28) The reduction of the budget deficit is linked, of course, to privatization policies, which have considerably decreased the number of state-run businesses, from 1,155 in 1982 to 160 in 1993. These sales have brought the equivalent of US\$26 to 27 billion to public coffers. Cf. OECD, 1998, op. cit. p. 116.

(29) Cf. Robert Rollinat,

Anatomie d'une crise financière: L'Amérique Latine et le syndrome mexicain, *Problèmes d'Amérique Latine*, n° 21, June 1996.

(30) Cf. Christophe Cordonnier, *Mexique: au delà de la reprise, vers le modèle chilien*, *Problèmes d'Amérique Latine*, n° 22, July-September 1996, p. 9.

(31) Cf. Jorge Castaneda, *The Mexican Shock: Its Meaning for the U.S.* *New York: The New Press*, 1996, p. 45.

(32) Cf. John Whitehead, Marie-Josée Kravis, *Lessons of the Mexican Peso Crisis*, Independent Task Force Council on Foreign Relations, Washington, unpublished, 45 pp. Cited in Alma Guillemprieto, *Mexico: Murder Without Justice*, *New York Review of Books*, 10/3/96.

American market euphoria and the high-risk investments of 1994, the amount of the mature debt owed to non-residents reached US\$60 billion. The economic agents, indebted in US dollars (due to the high costs of loans in pesos), but paid in pesos, set apart exchange reserves to protect themselves from an eventual depreciation of the peso which would weigh down their debts and their import costs. The authorities defended against the pegging of the peso to the dollar by drawing from their exchange reserves, which slipped from US\$28 billion at the end of 1993 to US\$10 billion at the end of 1994. The 15% depreciation of the peso, which finally occurred on December 20, at the initiative of the new president, Zedillo, caused a crisis of confidence among investors, who withdrew their short-term capital, thereby worsening the collapse of the peso. The stabilisation plan put into place by the IMF, worth US\$50 billion, was matched by draconian budgetary conditions and the management of inflation, measures to be strictly respected. Following a contraction of 6.2% in the GDP, and an unemployment rate of 7.6% in 1995, 1996 saw a net recovery. GDP increased by 5.1%; the budgetary balance was re-established; inflation decreased by 52% in 1995 and 27% in 1996; and the rate of unemployment decreased to 4.1%. Export competitiveness even allowed a proportion of the contracted debt with the United States and the IMF to be reimbursed ahead of schedule.

Behind this reassuring recovery scenario hid the heavy debts of privatisation, a Trojan horse for drug traffickers, along with commercial transactions and real estate investments. One of the most spectacular cases of privatisation, revealed by the *Washington Post*,⁽³³⁾ is that of the National Company of Popular Support (Conasupo) which was almost completely privatised under the rule of President Carlos Salinas (1988-94). This company, which controlled a large network of foodstuff distribution stores, subsidised for poor families, was used by the President's brother, Raul Salinas, and many high-ranking civil servants, to channel cocaine to the US and recycle drug profits into its bank accounts. This veritable take-over bid was intended to benefit the Gulf cartel led by Juan Garcia Abrego, who spent, according to his testimony, about US\$50 million per month to corrupt the justice system, the police, and the anti-drug forces under the leadership of Carlos Salinas⁽³⁴⁾.

The privatisation of transport infrastructure, harbors, and particularly banks provides further illustration of the dynamic of criminal investments: the circulation of merchandise was facilitated with minimum control, while the weakness or the absence of regulation on cash deposits in the Mexican financial system, occurring with the strengthening of US anti-laundering legislation on the other side of the border, reinforced the local recycling of drug money⁽³⁵⁾. The penetration of banks and regional exchange agencies by drug money had caused rumors since the beginning of the leadership of President Carlos Salinas de Gortari:⁽³⁶⁾ in 1991, the private sector bought out for the sum of US\$12 billion, or three times their actual value, the eighteen large banks which had been nationalised nine years earlier⁽³⁷⁾. Businessmen with "unexplainable fortunes," a euphemism generally designating fortunes derived from drug trafficking, were ready to purchase public banks "at a loss". Such is the case of Carlos Cabal Peniche, who bought up the Union Bank at two or three times its value, before taking control of Fresh Del Monte Produce, a large distribution chain of agricultural products. The same Del Monte generously feeds the coffers of the PRI, which has been in power for seventy years⁽³⁸⁾. This example, the subject of a judicial case, is not isolated: most of the privatisation linked with drug money has been neither detected nor questioned⁽³⁹⁾.

Progressive bank and stock investments have been the principal means to economic ascension of drug traffickers, and have worked to the detriment of the legal sectors: access to credit and to international financing allow the institutionalisation of laundering, which increases drug profits. The annual recycling of US\$3-8 billion of drug money represented only 1-3% of GDP in 1994, but the accumulation of these money flows, over a decade, represented 10-25% of the 1994 GDP. Even if one removes from the equation that portion of funds destined for consumption, which went to buying manufactured products from the US, the available proportion for investment has a not insignificant economic impact. The increase in investment opportunities and credits thus augments the economic and political influence of drug traffickers. As we have seen, numerous irregularities have accompanied the transfer of public assets. For example, the privatization of Telmex, the Mexican telephone monopoly, in co-ordination with France Télécom, allowed for a 247% increase in fees. Users so decried this increase that the company had to bring it down to 170%.

(33) Cf. *Washington Post*, 5/11/1997, cited in *Le Monde*, 5/17/97.

(34) Cf. *Money Laundering Alert*, cited in *La Dépêche Internationale des Drogues*, OGD, Paris, January 1997, n° 63.

(35) Cf. INCSR U.S. Department of State, 1996.

(36) Cf. Jorge Castaneda, *op. cit.*, p. 167.

(37) Cf. Alain Musset, *Le Mexique*, Paris: Ed. Armand Colin, 1996, p. 168.

(38) Cf. "Lessons of the Mexican Peso Crisis", *op. cit.*

(39) Cf. Jorge Castaneda, *op. cit.*, p. 246.

The case of Telmex, like those of certain banks, and of privatisation, which at first benefited the Public Treasury, raise the same issues. The first concerns the identity of the new owners: "When you sell in haste, you do not truly know who the buyer is", as Jorge Castaneda notes⁽⁴⁰⁾. The second concerns what those in political power granted in exchange for the high prices they obtained for public assets: in some cases sharp rate increases, in others support in the medium term, in the new context of NAFTA, for monopolies held by the principal Mexican enterprises, which are controlled by the 13 largest, wealthiest families. That was the case for Don Emilio Azcarraga's Television group, which reaches 90% of Mexican viewers, and for Roberto Hernandez's Banamex bank group, both of which are protected from foreign competition for 12 and 15 years, respectively, counting from 1994. The new alliance sealed between official power and business groups under the leadership of Carlos Salinas also has its obligations. Each large group was invited to contribute sums as high as US\$25 million to the PRI's 1994 election campaign, which cost the astronomical sum of US\$700 million⁽⁴¹⁾.

This sort of national levy works just as well at the regional level through government intermediaries, as demonstrated in the work of Jean Riveolis⁽⁴²⁾. The forced contributions of legal entrepreneurs, and of drug traffickers, feeds the patronage system of the PRI, the financing of the party in power, and the personal enrichment of the political class and social redistribution programs such as Solidarity and Procampo. In this sense, drug trafficking and money laundering take place in the institutional area, though one cannot speak, according to Riveolis, of an infiltration of the margins into the political Centre, but rather of an integration or instrumentalisation of the margin by the political Centre. The recycling dynamic was thus able to feed tourist investments in Cancun and in Acapulco, under the governance of José Francisco Ruiz Massieu, as well as the harbor investments in Manzanillo, under the leadership of Miguel de la Madrid, President of the Republic from 1982 to 1988. In this last case, the Sinaloa cartel was implicated, in liaison with that of Guadalajara, one of the two Mexican drug capitals, with the border city of Tijuana, in Baja California.

Field observations suggest links between certain hypotheses concerning the three murders of Cardinal Posadas (1993), of the 1994 PRI presidential campaign candidate, Colosio, and of the PRI General Secretary, Ruiz Massieu, murders which plunged the

country into its worst political crisis since the 1920s, and this before the monetary and economic shock of 1995. According to Jorge Castaneda, one of the most respected analysts of the Mexican political system, it is conceivable that Carlos Salinas' regime was able to conclude an agreement with drug traffickers as soon as 1988. The most modern elements among the drug barons would have been authorised under such an agreement to discreetly carry out their activities on the national territory on condition that they avoid all blunders or interference in relations with the US and that they launder their profits locally. These conditions would have allowed a decrease in the balance of payment deficit, as occurred in Colombia in the 1980s. The nomination of an Attorney General and an anti-drug chief who were both well known among traffickers, and the persistent rumors about the recycling of drug profits in various privatisations, support this hypothesis. However, the US would have applied further pressure following any growth in trafficking, beginning a breakdown of the tacit agreement. The assassinations of the Cardinal and the two principal politicians in the country could thus be interpreted as a warning from the gangsters that the government must stop its repression.

The end of the traditional methods of conflict resolution among the elites was due to the increasingly invasive presence of drug traffickers, who, having joined the ranks of the most efficient and wealthiest regional businessmen, could manipulate the political and industrial milieux so as to reach their goals. Jorge Castaneda goes beyond suggesting an integration of the margins by the political Centre, declaring, "It is not inconceivable that, at the directorship level of drug trafficking, the distinction between politicians who have become drug barons and drug barons who have become politicians is a sensitive question"⁽⁴³⁾. While awaiting the results of on-going judicial investigations, these speculations may be pushed further. It is possible that scores are settled through murders, and that these crimes, far from being the product of dinosaurs in the PRI conspiring against economic liberalisation — a theory defended by former President Carlos Salinas — are rather related to the division of drug spoils at the regional level.

Other Latin American examples show the extent of the complicity between political and business circles, and drug trafficking. In Colombia, the country where eighty per cent of the world's emerald extraction takes place, Victor Carranza, a major

(40) Cf. Jorge Castaneda, *op. cit.*, p. 185

(41) Cf. Andres Oppenheimer, *op. cit.*
Chapter: *The Banquet*.

(42) Cf. Jean Riveolis, *Drogues et pouvoirs: du Mexique au paradis*, Ed. L'Harmattan, 1999.

(43) Jorge Castaneda, *op. cit.*, p. 170 and Chapter 9.

producer and exporter of emeralds, was arrested and charged with cocaine trafficking, laundering and homicides. This billionaire, on Forbes magazine's list of the world's wealthiest, actively contributed to the financing of the government in power⁽⁴⁴⁾. The Japanese case, moreover, demonstrates what lengthy legal procedures were required to establish links between the business community and the criminal underworld since the 1980s. If it was necessary to wait until 1997 to begin uncovering such hidden links in Mexico, and if judiciary independence was a goal of President Ernesto Zedillo (1994-2000), what must we think of Mexican proceedings? The arrest of Raul Salinas, Carlos Salinas' brother, accused of the murder of José Francisco Ruiz Massieu, and the escape of former President Salinas to Ireland prove the determination of the investigators; nonetheless, certain signs demonstrate the persistence of the Mexican crisis.

For one, the police have gone beyond simple corruption into an era of great criminality. Half of the 900 known armed gangs in the country are composed of active or retired army forces. It is no longer possible to count the massive number of misappropriated stocks of seized drugs, nor the incidents between police officers, who may sometimes serve as bodyguards for traffickers. Some officials estimate that half of the Federal Police agents make a profit from drug trafficking, either through bribes or by stealing a portion of cocaine. At State levels, the even lower-paid police forces succumb to pressure from the drug barons to such an extent that many among them are only "*crime syndicates in uniform*", an expression coined by Andres Oppenheimer. Such officers resort to extortion and kidnapping in hard times. The current use of parallel police forces in civil uniforms, the *madrin*s, or "godmothers", who take the bleakest assignments, such as assassination of opposition activists, favors the confusion between policemen and thieves, policemen and assassins — a confusion of devastating dimensions during the economic recession in 1995. The corruption is orchestrated by the hierarchy, the higher ranks of the police and the anti-drug force, all of which make fortunes in the exercise of their functions. From 1993 to 1995, ten per cent of the Federal judicial police were fired for having links with drug cartels⁽⁴⁵⁾. In February 1997, General Jesus Gutierrez Rebollo, director of the National Institute for the Fight against Drug Trafficking (Mexican acronym, INCD) was arrested for collusion with the cartel of

Juarez, on the Texas border, and 1,200 of the INCD's agents were fired. Yet these political decisions do not greatly reduce the war chest of the drug traffickers, the primary source of corruption.

The police, judiciary, small businesses, the general business milieu, and higher administrative offices are not the only ones involved, as demonstrates the example of Grupo Financiero Anahuac, a little Mexican bank acquired in 1995 by the Juarez cartel, the première criminal organisation of the country. The investigation of prosecutor Salvatti has revealed laundering mechanisms that used socially well-known people close to political or union leaders of the PRI. The Anahuac group thus recruited the son and the nephew of former President of the Republic, Miguel de la Madrid, and tried to implicate President Zedillo's brother, Rodolfo Zedillo, an architect working on a hotel project worth US\$50 million and situated right in the middle of the financial district of the capital⁽⁴⁶⁾.

As for economic matters, the return of growth may give the illusion that problems have disappeared. However, it is a little early to forget that foreign debt is still at US\$160 billion, condemning the country to an export-led growth policy at the expense of domestic demand and of better distribution of domestic income. But it is also neglecting another issue, just as problematic for the medium term: the domestic debt related to bank liabilities. We have seen that banks and brokerage companies channeled 72% of foreign investment to Mexico between 1989 and 1994, in other words, US\$70 billion. In this expansion phase, which corresponds to the period of privatisation, the Mexican financial system derived considerable profits by exercising intermediation margins (the difference between deposit rates and savings rates) among the highest in the world. Banking became a much more lucrative activity than production investments, and this favored the installation of large American or Spanish establishments on the local market⁽⁴⁷⁾.

Consumer credit items (automobiles, houses), the mainly financial valorisation of capital, and the development of large tourist, real estate or infrastructure projects conceived for the very short term, distort the allocation of resources at the expense of the productive sector, thus increasing imports and creating overcapacity with regard to domestic demand. The 1995 crisis brutally changed the situation: the reduction or the withdrawal

(44) Cf. *La Dépêche Internationale des Drogues*, n° 78, April 1998, *Observatoire Géopolitique des Drogues*, Paris.

(45) Cf. Andres Oppenheimer, *op. cit.*, Chapter 15: The Police Connection.

(46) Cf. Financial Times, 3/25/98.

(47) Cf. Robert Rollinat, "*Anatomie d'une crise financière*", cited in *Problèmes d'Amérique Latine* April-June 1996, p. 108.

of portfolio capital and the fall of currency doubled the value of the peso credits converted into dollars, the more advantageous method before the depreciation. The number of insolvent debtors, both households and enterprises, increased, while overcapacity in real estate and tourism worsened because of the recession. To prevent the collapse of the financial system, the State had to help the rescheduling of household and enterprise debt and to buy back those bank loans on the verge of foreclosure in exchange for re-capitalisation by their stockbrokers or by investors. The entire rescue measure cost US\$ 65 billion, equivalent to three-fourths of total bank loans in 1998, and 14.5% of the GDP of 1997⁽⁴⁸⁾.

If this aid, spread over a period of a dozen years, is less painful, it still comes under the logic of collectivising losses as in the Japanese case. Nevertheless, there is a difference of size: all of the privatisations brought US\$ 26 billion to the Mexican State, US\$ 12 billion of which were solely for the banks, thus allowing a stabilisation of public finances. Today public leaders have to disburse a figure nearly three times higher, passing on to taxpayers the costs of covering the risky operations of privatised groups and of importing consumer credit for the middle and upper classes. The excesses of the banking sector and the crisis which followed it ended not only in collectivising these losses but also in privatising the potential benefits; after the crisis, bank privatisation meant a loss of US\$ 53 billion for State accounts (US\$ 65 billion in bad debts which the government took over, less US\$ 12 billion in bank asset transfers). The Mexican bankers then invented a new formula, that of a subsidised privatisation, which allows the State to give its assets by paying the new owners an amount equivalent to ten per cent of the GDP.

The contribution of different operators to the exorbitant cost of the financial crisis remains to be explained. The portfolio investments, essentially from the US, were attracted by high interest rates allowing a quick return on capital, and then withdrawn because of the deepening political crisis and the devaluation of the peso, which threatened the return on investments. The IMF and the United States' rescue plan (US\$50 billion) allowed investment risks to be transferred to all Mexican taxpayers, but its absence would have been even more damaging, causing successive bank failures as these establishments became incapable of paying off their foreign debt. The scarcity of

credit and the economic recession would have been much more serious than that of 1995, not to mention the consequences for other Latin American countries and the emerging markets⁽⁴⁹⁾. In fact, the responsibility of the local financial intermediaries appears to have been just as decisive: domestic savings, like imported savings, had been affected by short-term speculative projects, including some in the area of infrastructure, and these risks were thereafter taken over by public leaders.

Apart from this co-responsibility, which does not excuse the "Sorcerer's Apprentice" behavior of the United States, we must analyse the impact of recycling criminal capital on the financial system and the allocation of resources. The proliferation of political-financial scandals under the leadership of Ernesto Zedillo, and the impunity enjoyed by those responsible, are just as much symptomatic of the mysterious links that were made, or rather reinforced, between governmental power, finance, and drug trade in the Salinas era. Jorge Lankenau, former president of the Banca Confia and one of the most important businessmen in Monterrey, in the State of Nuevo Leon, is the third banker to escape arrest since the crisis of 1994, after having been sentenced to three months' house arrest, in his US\$20 million home. The irregular operations of the Banca Confia, which has been recapitalised by the State for US\$1 billion, concern suspect transactions with a stockbroker subsidiary and offshore companies, an aggressive market strategy and certain real estate investments⁽⁵⁰⁾.

Without pre-judging the results of this investigation, nor those of other financial affairs we have discussed, all the ingredients of money laundering can be seen here: offshore companies, high-risk real estate investment and unfair competition. This last point emphasises the contagious effects of recycling on the financial system. If we can reasonably estimate that about one-quarter of the funds laundered annually (in other words, somewhere between US\$ 750 million and US\$ 2 billion) were placed in Mexican banking over ten years, we arrive, independent of the interest rates in force, at sums on the order of US\$ 7.5 to 20 billion, which represent from 8 to 22% of the amount of bank credits at the end of 1997. Most of the time, these funds are invested in regional or new establishments, whose activities are less easy to trace than those of larger groups.

(48) Cf. *Financial Times*, 11/5/97.

(49) This viewpoint is developed by Michel Aglietta, "Défaillance des marchés et risques systémiques", *Revue d'économie financière*, summer 1996.

(50) Cf. *Financial Times*, 10/27/97 and 6/30/98.

Certain economists investigate the origin of the banking crisis in Latin America without explaining drug money and envisage the crisis as "one rotten apple spoiling the barrel"⁽⁵¹⁾. However, in the new environment of financial deregulation, the competition that the banks experienced in paying interest on savings may have disadvantaged the most competitive enterprises. A "bad" bank proceeding with risky investments at a higher rate offers a better return on deposits than a "good" bank. The former, by virtue of its more aggressive stance, will win from other establishments some clientele who are reassured by the existence of insurance on its deposits, and will eventually intervene in the inter-bank market. The "good" banks then find themselves faced with a dilemma: they either see the volume of their activity decrease or they adopt a risky loan strategy, which allows them to offer higher interest rates on savings as do their competitors. Whatever the choice made, the result is the same: the bank portfolios which adopt a high-risk loan policy will grow, to the detriment of more conservative banks, and the entire financial system will then be more fragile. The recycling of drug profits in the bank sector, initially involving relatively limited funds, may thus increase with the accumulation of black money flows, and subsequently weaken the entire financial system through unfair competition.

Operation Casablanca, which mobilized 200 United States customs agents and the FBI, strongly supports this hypothesis. Following a three-year investigation, the longest on money laundering in the history of the US, its services arrested in May 1998 — in San Diego, California and Las Vegas, Nevada — 25 high-ranking Mexican executives from 12 of the 19 principal banks in Mexico. Most of the accused worked in two drug capitals: Tijuana, on the border with the US, and the region of Guadalajara. Three banks were directly implicated in the cartels' money laundering, which involved a total of 112 suspects: Bancomer, the pre-eminent Mexican banking establishment; Serfin, the third largest; and Banco Confia, whose former director, Jorge Lanckenau, we have already discussed. Other groups, such as Banacci, the second bank of Mexico, Banamex, and the subsidiaries of two Spanish companies, Santander and Bilbao-Vizcaya, have also been mentioned without being accused. The opposition deputies asked for the resignation of the governor of the Central Bank, Guillermo Ortiz, for his role in the privatisation of the banking system, in 1991-92. As Doloris Padierna declared before the National Assembly,

"Privatisation and permissive supervision transformed Mexico into a money laundering paradise." For the president of the Mexican Bank Association, Operation Casablanca did not prove that the financial system has been penetrated by drug trafficking for the reason that no Mexican bank recycled more than US\$20 million. We have already disproved this argument⁽⁵²⁾.

The money laundering dimension thus allows us to realise the shortcomings of local financial intermediation, which has played an important role in the Mexican crisis. At this stage of our analysis, the error would be to overestimate the impact of money laundering by making it the determining factor of the financial imbalance: in theory, the Mexican crises could have arisen in its absence. The liberalisation of trade and the volatility of portfolio investments are by nature exogenous data, independent of recycling; local speculative tendencies pre-existed the economic influence of the drug trade. Nevertheless, in practice, strong links were developed between these phenomena and the expansion of drug trafficking, to such an extent that a quasi-symbiotic relationship seems to have been created between the legal and illegal spheres. By voluntarily limiting our analysis to drug trafficking, we have put aside all other lucrative activities, such as illegal immigration to the US, which involves hundreds of thousands of people each year. Nonetheless, the money laundering dimension of financial crises seems to have been underestimated and deserves to be examined further in other field studies. Its impact remains significant, even if we look at only a minimum of data. In the economic domain, laundering has essentially increased imports of US consumer goods, and by penetrating the bank sector, it has greatly contributed — through unfair competition — to the allocation of resources to unproductive sectors and net importing.

What has been called "the tequila effect" to designate this artificial prosperity, constructed on indebtedness and imports without a significant increase in economic competitiveness, is thus inextricably linked to the "cocaine effect". This devastating cocktail not only provoked the crisis of 1994-95, but also launched the implosion of the PRI, the great breakdown of the police and of justice, not to mention the development of gangsterism.

(51) Cf. Michael Gavin and Ricardo Haussman, Inter-American Development Bank, *Les origines des crises bancaires: le contexte macro-économique*, Problèmes d'Amérique Latine, April-June 1996, p. 141.

(52) Cf. *Financial Times*, 5/20/98; *Le Monde*, 5/22/98.

Conclusion

The cases of Russia, Japan, Thailand and Mexico do not imply that there exists an automatic relationship between financial crises and money laundering. But other examples of financial crises, such as those of Argentina, Turkey and Nigeria in 2000-2001, could be profitably analysed from the same perspective. The accumulation of such crises and their very probable links with money laundering demonstrate the strength of criminal prosperity, still marginal compared to the dimensions of the formal economy, but quite influential politically. Yet political will and political means must overtake this two-speed system, where the methods of supervision and the rules of the game are at least a decade behind the rapidity of financial flows and the existing capacities for circumvention. Without change, the Mafioso drift we have observed here and there may proliferate, protected by the fear it inspires and the silence it maintains.

CULTURE AND DRUGS**K.S.Nair
and Gabriel Britto**

The relation between psychoactive drugs and culture has long been recognised in anthropology and other social sciences. This section presents three chapters of varied foci containing many valuable insights that constitute a strong argument for the globalising world to launch a research programme on drugs and culture. The chapter by Alba Zaluar on Rio de Janeiro (henceforth referred to as *the Rio Chapter*) uses primary data; Luis Astorga's analysis on Mexican traffickers (*the Mexican chapter*) is based on several decades of archival data and the chapter Molly Charles et al. (the Indian chapter) uses primary and secondary data.

Since culture denotes the total complex of the behaviour of people, the association of drugs with people belonging to different cultures is likely to be different. It is important for policy makers and drug control agencies to understand the relationship between culture and drugs. A section of the *Indian chapter* is devoted to an elaborate portrayal of the thousands of cultures that go to make the political map of contemporary India. The *Mexican chapter* lucidly depicts the cultural variations in the social construction of the identity of the drug traffickers between producing zones and urban areas and between the portrayals in the USA and in the Mexican popular oral history tradition *Corridos*. This chapter helps us to understand the process of globalisation at the level of cultural idioms. *The Rio chapter* brings out the distinctions of the level of violence associated with drug use/traffic between the prosperous Copacabana area and the *Favelas* in other parts of Rio de Janeiro.

Several anthropological studies have clearly demonstrated that cannabis use and its effects vary according to cultural circumstances. It is well known that the mood, expectations and personalities of drug users affect their reaction to psychoactive drugs as much as the chemicals in the drug themselves. Social and psychological behaviour of drug users is as much the product of expectations of socio-cultural institutions as the drug use itself. The implication of such studies is that all drug use behaviour is not necessarily deviant, but may in fact be culturally sanctioned patterns for coping with stress and tensions or means to achieve culturally directed spiritual goals (see *Charles, Nair et al.*, 1999). Blum R.H. (1969) has described the traditional use of drugs, norms of consumption, group cohesion and rituals associated with drug use in various traditional cultures including certain hunting and gathering cultures.

Cross-cultural studies of drug use have indicated marked difference in the marijuana complex in Jamaica and the marijuana complex in the United States (*Rubin Vera and Lambrog Comitas*, 1975). The Jamaicans believe that the use of marijuana helps them to work better while the middle class Americans smoke marijuana to "turn on". Clearly, the belief that marijuana deprives people of ambition and drive may not be there in other cultures as is the case in the USA. Often, the view that a user is a criminally inclined deviant may not be true in many societies. In India, cannabis or opium is part of a certain cultural ritual that cement established social relations of hierarchy (See *Masihi*, 1996; *Rao*, 1996; *Siddiqui*, 1996; *Charles et al.* 1999). It is necessary to identify the constellation of constraints and incentives that surround the choice of drugs or use/abuse of psychoactive drugs. Cross cultural analysis of drug use/abuse can distinguish certain facts and fictions on which drug policies are based leading to more effective policies, which are culture specific rather than universal/international. The Shamans of Kuikuru of South America put themselves in trances with the aid of drugs. Sadhus of Hindu India take drugs to aid them in meditation and hallucinatory vision. Religious use and drugs as a means for visionary experience induced by self-inflicted torture, fasting or hallucinogenic drugs is a common feature of many Asiatic cultures (*Charles, Nair et al.* 1999 for details). In this aspect the *Indian chapter* is an addition to the previous works and it takes on two major issues: the

medicinal and the magical-religious association of opium and cannabis in the Indian context and indeed in the South Asian context. The Chinese scholars may have a lot to contribute to this segment of thought.

Everyone recognises the drug trade as a lucrative business and a successful dealer could become a rich man. The Rio chapter and the Indian chapter discuss the process of entry into the criminal world. The Rio chapter starts from the premise that Poverty is simultaneously a consequence and cause of social exclusion. Both chapters assume that accelerated urbanisation, which places the rich alongside millions of poor people in big cities like Rio and Bombay, creates a revolution of rising expectations. Such a situation tends to attract the dispossessed to enter into illicit businesses. But partners in illicit businesses come from all social classes. While relative deprivation or coercion/threat may help explain why the middle classes and professionals (chartered accountants, bankers, lawyers...) may enter the criminal world, little explanation is available in these two chapters on why millionaires enter the CW except in those cases where it is hereditary.

The "macho" qualities recognised by certain cultures for defending one's family are the same that are required for being a successful drug trader. In urban ghettos of Hispanic families in New York City, Shraff (1980) found that mothers value sons for their streetwise qualities, especially the use of knives or guns, which are required to protect them from external harm. Drug traffickers of South American Origin carry with them culturally prescribed patterns of behaviour with its symbolic structure on the international scene. The *Indian chapter* presents the emergence of a way of life on the margins of society as heroin addicts become more and more impoverished. At one level, both the Indian and the Rio chapters are talking of a quasi sub-culture, although the Indian scenario is extremely benign since little violence people against person and property is found to be associated with drug use. The *Mexican Chapter* makes reference to numerous corridos that show how the symbolic construction of the identity of traffickers is embedded in local idioms and symbols. These varied from region to region within Mexico and it was only in the seventh decade of trafficking that the North American terminology began to penetrate the folklore and popular songs.

The *Mexican chapter* is a valuable contribution to the body of knowledge in anthropology on drug use and also offers a rich source of information on the systemic perspective of drug traffickers and on the marginalised segments of society. The Rio Chapter elaborates on the implication of migration, unemployment and integration of drug peddling in the informal economy in the context of criminalisation of drugs. The Indian chapter is a clear statement of the critical role that culture plays in behaviour and explains why efforts to introduce global norms for consumption are bound to fail. It also raises some questions on the manner in which these norms are being imposed by various agencies and the cultural insensitivity that is engenders. In an era when India can make the atomic bomb, has into a major role in genetic engineering, and while space research and such scientific advances dominate intellectual debate, appeals for permitting traditional healers to use opium with cattle before castrating them may sound anachronistic. It is a question of culture.

The Indian chapter argues for the decriminalisation of drug use and promotes the use of cannabis and opium for maintenance showing that it is more efficient and sustainable than methadone or buprenorphine maintenance. Since these chapters are so rich and varied coming from two different continents, the reader will find his/her own meanings and ideas that may inspire further research. Systematic cross-cultural studies of psychoactive drug use would help in our understanding of cultural/social responses and interpretations of customary practices while offering a critical assessment of centrally controlled intervention strategies and drug policies.

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CULTURE AND THE DRUG SCENE IN INDIA

Molly Charles
and Gabriel Britto

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Introduction

Context

The main thrust of the UNESCO-MOST programme is to examine India's socio-economic transformations and their linkages to the country's drug problem. We examined⁽¹⁾ some processes that created the massive illegal economy and large number of organised crime groups, while eroding systems of governance. This chapter uses both secondary and primary data to span the cultural canvas in the context of drug use.

Human behaviour is linked with the surrounding social, cultural and environmental reality. According to Mulder⁽²⁾, human behaviour is moulded by objective and subjective realities and their interplay. Objective reality includes power relationships, notably those related to production processes and the material (natural) environment, which influence the values and outlooks of individuals and groups. Subjective reality consists of values,

ideas and perceptions that shape individual world views and life styles. Both types of reality form the basis for individual and group action and inaction, including drug use and abstinence.

Using this analytical framework, this chapter attempts to identify the central factors that have shaped, and over time transformed, the Indian people's complex set of relationships with mind-altering substances (MAS). We analyse several policies aimed at gaining control over drugs and drug use from the pre-colonial era to the present, with a special focus on the impact of imposing international norms via national drug laws. We point out that a single unwritten policy being pursued in this field has had a devastating impact on one aspect of culture, the medical use of these substances. Criminalising the use of traditional drugs has thrown up undesirable results.

Concerning the demand for drugs, we argue that the imposition of international norms has affected an important aspect of the subjective reality informing drug use in India by facilitating the development and spread of "secular" drug use; that is, drug use cut off from traditional cultural moorings. Traditional use mostly occurred in relaxed group settings; secular users today generally are not relaxed and without the benefits of the group setting. In our view, culture and tradition were and are effective forms of drug control, providing boundaries, offering a range of acceptable motivations for some drug use, and establishing fairly precise rules and norms on how drugs should be used. This framework, by and large, can prevent drug abuse and its associated negative consequences to both individuals and groups.

Likewise, supplying of drugs formerly occurred openly, legitimised and bounded by cultural norms and traditional demands. It did not require criminal gangs or underground infrastructure, and thus did not have today's infamous consequences of strengthening organised crime and spreading corruption and violence. The national ban was imposed on all drug use and supply to conform to the global model developed by the West, especially the United States. Officially, this model aims at global suppression (through penal measures) of the use and supply of some substances, regardless of their significance within specific cultures.

(1) See Charles et al., 2001. *Bombay underworld: a descriptive account*, Paris: UNESCO.

(2) Mulder, 1979, *Everyday Life in Thailand — An interpretation*. Bangkok: Reuen Kaaw Press.

Far from suppressing drug use and supply in India, this approach is merely changing supply and use patterns in detrimental ways:

- . secular use displaces culturally sanctioned use;
- . alcohol, heroin and pharmaceuticals displace traditional drugs;
- . criminal networks displace traditional suppliers; and
- . hypodermic injection displaces eating, drinking and smoking drugs, helping transmit deadly diseases such as hepatitis B and HIV.

Cultural Diversity

India's diverse cultural reality is very much in evidence, with 18 regional languages and 1,652 mother tongues. Racially, Mediterraneans (or Dravidians), Mongoloids, Western Brachycephals, Nordic-Aryans, Negroid, Proto-australoids (or Austriacs) and the intermingling of these peoples have produced huge variations in people's appearances in different parts of the country.

India is a host to most world religions: Hinduism, Buddhism, Jainism, Sikhism, Zoroastrianism, Christianity, and Islam; we have many animists and totemists, and a small Jewish community. The Hindu majority includes numerous sects; the "little traditions" have literally hundreds of thousands of gods and goddesses, and many families have their own special deities, whose worship is handed down generation by generation.

Indian Culture

The many strands of Indian culture include classical traditions, emergent national traditions, regional traditions, local traditions, local sub-cultural traditions of sub-groups and the western tradition. The laws, however, are formulated, enforced and adjudicated primarily by westernised bureaucrats and other ruling elites. The resulting dissonance between the cultures of the ruled and the rulers has implications for governance that have not been adequately understood.

Factors that help sustain our traditions and protect our cultures from homogenisation include barriers to communication such as most people's limited geographic mobility, the diversity of languages and the caste system. Social ties of kinship and caste are limited to relatively small geographical areas. Though significant population movements have occurred (typically from tribal and drought-prone areas to places with greater economic opportunities), local traditions tend to survive even when transposed to new settings, as in migration to urban areas. Indeed, migrants from a given area typically gather in a specific urban district and there perpetuate their traditions.

Indian culture can be traced back to the Indus Valley (3250 BC to 2000 BC)⁽³⁾ with subsequent influences of the Vedic culture (1500 BC), Buddhism and Jainism (600 BC and 200 BC), Islam, Adavita, Bhakti and Rajput cultures. Recent major influences include colonisation, post-colonial government building, industrialisation and globalisation (Husain, 1993)⁽⁴⁾. All these forces have created an extremely complex entity called India.

Hundreds of leaders and reformers in the social, cultural, linguistic, political and economic arenas have exploited this cultural mosaic for mass mobilisation. This kaleidoscope provides countless idioms and metaphors for articulating ideologies tailor-made to suit the leaders of a given people in a given space and time.

Unlike western democratic nations where each citizen has a number and the law's arm has a nation-wide reach, India is a "bag of potatoes" with thousands of communities, each of defining its own rules of conduct. Also, many Indian communities effectively exist in different historical eras: while some enjoy the benefits of twenty-first century technology, many others eke out eighteenth-century existences. Despite India's effort to remake itself as a modern western state, coercive state institutions are not a dominant factor in the behaviour of individuals and communities. Behaviour within communities is largely guided and controlled by their specific socio-cultural-religious traditions.

(3) Dravidians claim that they were the original inhabitants of India. Some scholars are inclined to believe that Indus valley civilisation was dravidian civilisation. Others contend that Indus valley preceded or was contemporaneous to that of the Dravidians. While many would consider the tribal populations as the indigenous people of India, since there has hardly been any fossil findings, it is safer to assume that negritos, protoaustraloids and numerous other races migrated to india at different points in time.

(4) Husain, A.S. 1993, *The National Culture in india*. Delhi: National Book Trust of India.

(5) The persistence of atrocities on the downtrodden castes in almost all parts of the country; the incessant female foeticide, dowry deaths are a few negative indicators of the powerful play of culture despite numerous laws, debates and pious homilies. The opposition to reservation of Parliamentary seats for women (33%) also stems from cultural considerations.

(6) Take the example of empowerment of certain caste groups which are usually called the other backward classes (OBCs). The rationalist E.V.R. Periar in Tamilnadu was the ideologue of the anti-Brahmin movement, which brought the lower classes into the polity and gave them economic opportunities through preferential treatment by reservation (31%) right from 1972. Similarly, another Southern state, Karnataka introduced reservations for OBCs in the 1970s (the Havnoor Commission and the Venkataswamy commission — 1986 enquired into the matter). Similar processes were led by M. Solanki in Gujarat and Karpoori Takhur in Bihar. Nationally, the Janata government which came to power after the dismal rout of Mrs. Indira Gandhi and her congress Party after the emergency in 1975-76, appointed a Commission under a Parliamentarian, B.P. Mandal to examine whether some caste groups have been under-represented in the political administrative structures of India. Based on its recommendations, 27% reservation was made for the OBCs. Although some political parties opposed it; mobilised students against it; and one Prime Minister even preferred to resign (Shri.V.P.Singh), almost all political parties today compete with each other to ensure that the OBCs get their Quota.

(7) Numerous Gujarati caste associations in Bombay, mobilised personnel, material, blood and rushed to the Kutch region of Gujarat to assist their caste people in the wake of the massive earthquake on 26th January 2001.

Strength of Culture

We have shown that tradition has persisted despite the onslaught of modernity in some pockets of the country. Here we describe the role of culture in the personal and group conduct of India's peoples.

Culture still rules the roost, from politics and economics to social matters, in both positive and negative ways⁽⁵⁾. A few points make this clear:

- . The makers of our Constitution, recognising the heterogeneity of our peoples, did not stipulate a uniform civil code. Muslims, Parsees, Christians and Hindus each have their own laws.

- . The Constitution of India protected the Scheduled Castes and Scheduled Tribes through a policy of reservation for jobs and elective posts proportionate to their population (18%).

- . Though the central leadership definitely wanted a strong central government (an impulse manifested at its ugliest during the reign of Indira Gandhi), Nehru and his colleagues had to reorganise the states along linguistic lines to accommodate the aspirations of different peoples.

- . Even a simple, grassroots-level Marxist or leftist will tell you that they 'missed the bus' because, among other things, they consciously omitted caste from their paradigm.

- . Many of the middle — and lower — caste groups (known as Other Backward Classes, or OBCs) won their rightful place in the polity in the mid-1980s by political mobilization based on the cultural core of India — the caste system⁽⁶⁾.

Cultural controls in urban areas:

It would be quite wrong to dismiss the power of traditional culture as purely rural. Bombay, India's most cosmopolitan city, has literally thousands of caste associations, which have added modern functions of political mobilisation to their traditional ones such as ensuring endogamy. Even if people from different states and religions of India live in a single slum, people of each religion and area of origin generally aggregate in specific pockets, have their own leaders, and perform their own rituals to their village or clan deities⁽⁷⁾.

Consumption and culture:

By and large, culture still controls the consumption behaviours of youth in Bombay, as indeed everywhere in India. Indians who occasionally have a beer or eat meat would neither drink on Saturdays, eat meat on Tuesdays or Saturdays, nor do either for a whole month in a year. Two days per week, Hindu women of most castes fast (i.e., eat small portions of very light refreshment). These practices vary from caste to caste, and according to the deities and "moon indicators" involved (some fast on the day of the new moon). Practices also vary according to individual times of birth, with astrologers indicating when to visit and pray to X or Y deity. On such days women keep fasts. Cultural norms kept dominant castes such as Brahmins from consuming alcohol. When we asked why something was done, the answer invariably would be: *hamare me isai kiya jaatha hai* ("That is how it is done among us").

More than a million Hindu men (of all castes), as devotees of Lord Aiyappa, whose shrine is in Kerala, abstain from sex, alcohol, non-vegetarian food and abusive vocabulary for an entire month year after year.

Most Muslims observe the month of Ramadan by fasting during the entire period. Beer-bar owners can vouch that they have few customers then, and the barmaids, whose incomes come mainly from patrons' tips, lament that they get hardly any money during Ramadan.

Without labouring the point further, suffice it to state emphatically that attempts to bring about change will not succeed without adequate support of culture. In this chapter we do not debate whether culture is a superstructure; we simply treat it as an empirical fact. In the next section, we look at raw cannabis, opium products and their various culturally approved uses in India (For a description of *ganja*, *bhanga*, *charras* (cannabis products), *madhak* and other opium products see end notes).

Many of the various forms of association with MAS that exist in India today have roots in the past. Indeed, what we now call "ille-

gal drugs" have been used for religious, medical, social, functional and festive reasons. Despite a few instances of excessive use, drug use *per se* was generally viewed not as a cause of concern in Indian society, but as a means to a socially acceptable end (e.g., celebrating a religious festival or curing illness).

Psychoactive plants commonly found in India include cannabis (*Cannabis sativa*), poppy (*Papaver somniferum*), khat (*Catha edulis Forsh*) and datura. A preparation of betel nut and other ingredients is widely marketed in India and exported to many Middle Eastern countries under brand names such as Goa, Mulchand, and Shimla. It allegedly contains a substance locally known as *katechu*. One wonders why no one has bothered to check whether *katechu* is khat (another banned natural product) or whether these products are addictive. However, we restricted our focus to opium and cannabis products.

Cultural Sanctions and Controls on Drug Use

This section briefly presents the religious, social, recreational and functional uses of opium and cannabis in different parts of India; the next section deals with medicinal uses of these drugs. We present data from 1987-1996 to show that such cultural uses persist and that cultural controls of drugs still operate. Since most of the studies we cite were done in state capitals and big cities, westernised policy makers cannot dismiss them on the basis that the cultures have died, or that cultural control over drug use is an obsolete notion. This lays the foundation for our final section on alternate approaches to drug control⁽⁸⁾.

Religious Use

Religion plays a major role in shaping the individual's worldview and existential understanding. Alcohol, cannabis, nicotine, opium and mushrooms have been used for rites in many cultures. The association that evolved through the years has been well engrained in people's minds, and can be observed even today in rural and tribal areas.

Cannabis has many religious associations in India. Seals dating from the Indus Valley Period show that the people worshipped *Shakti*, the mother goddess, and some of the seals had a representation of a god resembling Lord Shiva. The Aryans sacrificed rice, milk, soma and animals to Nature, which they worshipped. Soma was sacred because its intoxicating juice induced a feeling of exhilaration that was taken for spiritual bliss. The influence of these two cultures led to subsequent religious associations between soma use and Lord Shiva. Reference to the juice of soma is found in the *Sama Veda*, an ancient hymn. Over time Lord Shiva became associated with cannabis use in India and Nepal.

Among Hindus, kinship and caste are two basic elements of social organisation. The use or non-use of a particular drug depends on the individual's membership in a *varna* and caste. For example, while most Brahmins (the highest *varna* in the caste system) have been forbidden to consume non-vegetarian food since the Vedic period⁽⁹⁾, they can take a cannabis drink called *bhang shubab* after a fast (Chopra, 1990)⁽¹⁰⁾. Members of the *Kshatriya* caste may use alcohol and meat. Ascetics and mendicants often ingest or smoke cannabis to overcome hunger and thirst or increase concentration, but do not use alcohol. Such use or non-use can also vary with time. For instance, the *Kayasthas* of North India can use alcoholic beverages and eat meat, but some individuals give up wine and meat with the onset of old age and turn to religion to die pure and pious⁽¹¹⁾.

While alcohol use can lead to ostracism from the upper castes, among the lower castes it can act as a unifying element. The clan looks down upon a Brahmin who drinks alcohol, whereas members of the low *shudra* caste use alcohol during marriage parties and *biradari panchayats* (caste assemblies). The *pasi*, *chamar*, *dhobi* castes offer toddy to guests at feasts. Among them, an individual ostracised by the community is expected, for re-acceptance, to pay a cash fine and lay a feast for the members of the caste. During such feasts, serving alcohol is important⁽¹²⁾.

For a lower-caste person to raise his or her social status requires a process of *sanskritisation*⁽¹³⁾. For this purpose, some choose to become *bhagats* (religious persons), which requires

(8) It is important to note that except the five IFCU sponsored studies in India, none of the other studies exclusively had a cultural focus: they were overall assessment exercises documenting the ground realities as of 1986-87.

(9) Kashmiri *Pandits* who were Brahmins, eat mutton, chicken and fish; among the Bengalis too, the Brahmins eat fish.

(10) Ibid.

(11) Hasan, K. 1975, *Social Aspects of the use of cannabis and Culture*. In: Rubin, V. (ed.) *Cannabis and Culture*. The Hague: Mouton Publishers.

(12) The types of alcohol consumed vary; they may be home-brewed wines such as *daru* or *sharaab*, a country-made liquor called *tarra*, *tari* or *toddy* — the juice of the fan palm, date palm and coconut trees, *madhu* (rice beer), *mahua* (a sweet flower used as an ingredient in making whisky and other contemporary alcoholic beverages) and other denatured spirits.

(13) *Sanskritisation* is a process of social mobility open to the lower castes in the hindu *varna* system. It is basically used by the lower castes by adopting the mores of the dominant caste in their village/habitat and not necessarily that of the Brahmins. In that sense, in a Saurashtra village where Rajputs are the dominant caste, a *harijan* would take to opium consumption and conduct *dayaro* (opium drinking sessions) as it is one of the traits of Rajputs.

abstaining from substances including alcohol, meat, onion, and garlic, and from sexual relationships (even with a spouse). The *bhagat* pledges these abstentions to his or her *guru* (religious preceptor). Note, however, that hemp drugs are not forbidden to *bhagats*.

The use of *ganja*, *bhanga* and *charas* is associated with Hindu religious and social ceremonies. It is believed that the god Shiva was very fond of hemp drugs; these drugs are still offered to Shiva in temples on the night of *Shivaratri*, the anniversary of Shiva's marriage, as the "food of the god". *Bhanga* is poured on *Shivalinga*, a metaphorical image of male and female genitals, and people consume cannabis as an expression of happiness. In Nepal and India, even children are allowed to consume *bhanga* on *Shivaratri*. Cannabis is also used during the festivals of *Janmashtami* and *Holi*, the festival of colours⁽¹⁴⁾.

In addition to festivals, cannabis is consumed in the temples of Lord Shiva, *stals* (pilgrim shelters) and private houses while singing *bhajans* (religious hymns). These rituals are still in use. These devotional meetings are often associated with the *Bhakti* cult and may not always be linked to Lord Shiva. During the sessions, *ganja* is passed around in a *chillum* (pipe) among the singers and musicians, much like other cultures' rituals of breaking bread together.

Yogis use cannabis to facilitate meditation and to overcome heat, cold, hunger and thirst. It is also used to remove inhibitions during esoteric *tantric* rituals that provide freedom in certain areas of human behaviour. The general belief among *sadhus* (priests) was that these drugs help free the mind from worldly distractions. This may be why enormous quantities of these drugs are consumed at pilgrim sites (such as Kashi, Mathura, Varanasi and Puri). Among the *fakirs* (itinerant Muslim priests), cannabis has been socially accepted as a means to relate to supernatural realms of consciousness. They also used opium. Reportedly, others started using the drug through socialising with *fakirs*⁽¹⁵⁾. Until recently in Kashmir, one could observe elderly men sitting in a circle outside some mosques after their prayers smoking opium from a long pipe, passing it around and discussing various issues⁽¹⁶⁾. Cannabis

was used in Assam State during semi-religious ceremonies held to avert sickness and natural calamities.

In Lucknow (northern India), despite the visibly high consumption of alcohol by the local people, the use of cannabis drugs is higher. Cannabis is more socially acceptable than alcohol in most parts of India.

Many of these customs still prevail in vast tracts of India. Video and written documentation of a *mela* (festival) in Junaghad district of Gujarat⁽¹⁷⁾, where over 12,000 Naga and Agori *Sadhus and Sadhvis* celebrated and demonstrated extraordinary yogic skills, provides resounding evidence of the persistence of traditional cannabis use. From the *Kumbh Mela* held on the banks of the Ganges River in the year 2000 also came many reports of ascetics who consumed cannabis, meditated and did their yogic practices.

Social and functional uses

Opium use was more functional than that of cannabis. During the Mughal period, it was stated that the Emperor occasionally indulged recreationally in opium and *kuknar*, a beverage prepared from poppy capsules. Most nobles of Akbar and Jahangir's courts drank *charburgha*, a mixture of hemp, opium, wine and *kuknar*.

The Rajputs (a warrior caste in Rajasthan) used opium in important social functions such as marriage, when sealing important business deals, for longevity and to enhance sexual pleasure. Also, camels and horses were given opium before long journeys to cope with the desert sun.

Opium was long used in critical situations such as battle and wrestling. In the 1670s, John Fryer observed that wrestlers who took opium-performed feats that would ordinarily have been beyond their strength. Warriors facing do-or-die situations also took it⁽¹⁸⁾. This practice persisted until fifty years ago among army personnel, to help manage daily hardships and in battle. In many regions, alcohol has taken over this function. However, even today an opium drink plays an important role in our culture. In the desert regions of Rajasthan and Gujarat, the host

(14) Fisher, J. 1975, *Cannabis in Nepal: An Overview*. In: Rubin, V. (ed.) *Cannabis and Culture*. The Hague: Mouton Publishers.

(15) *Indian Hemp Drugs Commission*. 1894. *Report of the Indian Hemp Drugs Commission*. Simla: Government Central Printing Office.

(16) Mehraj ud Din, 1996. *Culture and Drugs in Kashmir*, Bombay: NARC (unpublished monograph).

(17) Charles, Molly, 2000. *Naga and Aghori Sadhus*. (A video Documentation).

(18) Brian, I. 1975, *The Forbidden Game: A Social History of Drugs*. London: Hodder and Stoughton

offers his/her guest opium to drink in the cupped palm of the hand as a mark of respect (see Masihi, 1996 for a detailed account of this practice.)⁽¹⁹⁾

Opium has been used to kill unwanted newborn baby girls, and given to children, mixed with sweets, as a sedative, to help them sleep or to keep them docile. Women field workers used it to keep their children out of mischief. In industrial areas such as Bombay, Calcutta and parts of Uttar Pradesh, women factory workers similarly gave opium to their children⁽²⁰⁾.

In Sri Lanka, opium use began as a habit of Muslims who arrived with the Dutch, and spread to other communities by the end of nineteenth century. The rich used opium in drink and food⁽²¹⁾.

Social use of cannabis

Cannabis was consumed in a drink called *thandai* during hot summers in central, eastern and north-western India. Besides being cool, *thandai* is nutritious, as it contains almond proteins and fats with high caloric value. From March to October, the heat causes heavy perspiration; *thandai* compensates for the consequent loss of salt.

The preparation and consumption of *kasumba* (opium liquid with several other ingredients) is an elaborate ritualised ceremony⁽²²⁾. Members of the same family, caste or group of friends from the village or neighbourhood gather in the host's parlour. Preparation involves an hour of close interaction among the participants. Members of the *Shudra* and Scheduled castes have their own parties and do not join the *thandai* parties of the higher castes. Unlike *thandai* parties, the use of ganja in certain instances facilitates interaction between castes, as ordinary men and *bhagats* smoke together⁽²³⁾.

At this juncture we must emphasize that cultural norms controlled, and still control, drug use in more than one way.

Cultural controls on drug use

a) Age control

Cultural norms restricted the use of MAS to adult males. In Saurashtra⁽²⁴⁾ opium use was initiated after 20 years of age (52% after age 35, and 27% at 25-35 years). A study in Jodhpur⁽²⁵⁾ found men initiated into opium use at ages 26-35 years. Another survey⁽²⁶⁾ in Jodhpur of 874 opium users from 75 villages showed 57.2% over 40 years of age and 30.1% aged 31-40 years.

b) Gender control

Gender's important role in Indian socialisation is seen in drug use. Machado, T, 1994⁽²⁷⁾ noted that her study sample had no female users in the village setting, while in the urban setting 25% were women. The urban respondents were young, educated people who used drugs recreationally with friends in pubs or in college.

Addiction among females is almost absent in Varanasi, an important Hindu cultural centre. Women could use *bhang* only on specified occasions⁽²⁸⁾. Women in Jodhpur do not participate in the opium-drinking sessions. Though opium use is common in Jodhpur, local customs prohibit women from using it⁽²⁹⁾. Analysis of institutional data on 2,249 persons using opium showed that only 0.80% (18 persons) were women, clear supporting this point. Another survey of 874 opium users in 75 villages showed 97% of the sample to be male and 3% female⁽³⁰⁾. Masihi⁽³¹⁾ has noted that in Saurashtra too, women are not allowed to participate in Dayro sessions.

In Puri in Orissa, too, use of cannabis was predominantly a male phenomenon. Among a sample of 160 only 5% were females (all *bhang* users). Several researchers have documented the low rates or absence of female drug users and minimal use of drugs among females throughout India⁽³²⁾.

This means that, effectively, nearly 70% of the population was protected against drug use (yes, women used opium to commit suicide).

(19) Masihi E.J. 1996. *Culture and Drug Abuse in Saurashtra*, Bombay: NARC (unpublished monograph).

(20) Andrew, C.F. 1926, *The Opium Evil In India: Britain's Responsibility*. London: Student Christian Movement.

(21) Jayasuriya, 1978. *Narcotics and Drugs in Sri Lanka: Socio-Legal Dimensions*. Colombo: The Associated Educational Publishers. 22 Masihi E.J., 1996, *Ibid*.

(22) Masihi E. J., 1996, *Ibid*.

(23) Fisher, 1975, *Ibid*.

(24) Masihi, E.J., & Desai, D.B. 1996. *Culture and Drug Use in Saurashtra*. (Sponsored by IFCU, Paris) Mumbai: NARC.

(25) *Ibid*.

(26) Singh, Bhairon Bati, 1989, *An exploratory report on Sample Survey to study on Opium Addiction in Rural Population of Jodhpur district*, in *Afeem Mukti*, Bulletin N° 13, Jodhpur: Opium De-addiction, Treatment, Training and Research Trust.

(27) *Ibid*.

(28) Tripathi, Satyendra, 1989, *An Assessment of Drug Abuse, Drug Users and Drug Prevention Services in Varnasi and Border Areas* (study sponsored by Ministry of Welfare, New Delhi) Varnasi: Centre for Integrated Rural Development, Banaras Hindu University.

(29) Srivastava, *Ibid*.

(30) Bhairon Singh Bati, *Ibid*.

(31) Masihi, 1996. *Ibid*

(32) Modi, I, P, 1989, *An Assessment of Drug Abuse, Drug Users and Drug Prevention Services in Ajmer*, (Study sponsored by Ministry of Welfare, New Delhi), Department of Sociology, University of Rajasthan. Mehraj ud Din. 1989. *An Assessment of Drug Abuse, Drug Users and Drug Prevention Services in Jammu and Kashmir* (Study sponsored by Ministry of Welfare, New Delhi), Sri Nagar: Administrative Staff College.

Karna, M, N, 1989, (a), *An Assessment of Drug Abuse, Drug Users and Drug Prevention Services in Guwahati* (Study sponsored by Ministry of Welfare, New Delhi) Shillong: Department of Sociology, North Eastern Hill University.

Karna, M, N, 1989, (b), *An Assessment of Drug Abuse, Drug Users and Drug Prevention Services in Dimapur* (Study sponsored by Ministry of Welfare, New Delhi) Shillong: Department of Sociology, North Eastern Hill University.

Karna, M, N, 1989, (c), *An Assessment of Drug Abuse, Drug Users and Drug Prevention Services in Imphal* (Study sponsored by Ministry of Welfare, New Delhi) Shillong: Department of Sociology, North Eastern Hill University.

Chhabra, S, K, 1989, *An Assessment of Drug Abuse, Drug Users and Drug Prevention Services in Amritsar* (Study sponsored by Ministry of Welfare, New Delhi) Amritsar: Department of Law, Guru Nanak Dev University.

(33) Shrivastava, R.S, 1989, *An Assessment of Drug Abuse, Drug Users and Drug Prevention Services in Jodhpur* (study sponsored by Ministry of Welfare, New Delhi) Jodhpur: University of Jodhpur.

(34) Machado, Tanya, 1994, *Culture and Drug Abuse in Asian Settings Research for Action*, Bangalore: IFCU and St. John's Medical College. (35) Herer, J. 1991, *The Emperor Wears No Clothes*. USA: Business Alliance for Commerce in Hemp (Bach)/ Library of Congress. See also Rubin, V. 1975, *The Ganja Vision in Jamaica*.

In: Rubin V. (ed.) *Cannabis and Culture*. The Hague: Mouton Publishers and Chopra, Ibid.

(35) Herer, J. 1991, *The Emperor Wears No Clothes*. USA: Business Alliance for Commerce in Hemp (Bach)/ Library of Congress.

See also Rubin, V. 1975, *The Ganja Vision in Jamaica*. In: Rubin V. (ed.) *Cannabis and Culture*. The Hague: Mouton Publishers and Chopra, Ibid.

c) Quantity control

Cultural use of cannabis and opium has been restricted to specific occasions⁽³³⁾. Opium drinkers had to conform their behaviour to social expectations; any violation of the norms or excessive use was and is construed as deviant behaviour. Machado⁽³⁴⁾ showed that the locals considered cannabis use as a problem only when it affected health or work efficiency or when it was consumed in large quantity and too frequently. As many as 45% of her key informants described normal use as once a fortnight, to once a week (40%) and once a month (15%). Daily consumption or more than 2-3 times a week was seen as heavy use. Consumption of cannabis in that village occurred in a group setting, of 6-10 persons at a time, usually on Sundays or holidays, at the temple complex or in the fields close by, in the evening after work. They smoke around 5-10 gm per head a week (costing around Rs. 5-6 — or US\$0.12) as the drug is shared and members take turns in sponsoring a session. At a session the person inhales around three or four puffs from the *chillum*. Locals give a pejorative name to the heavy user to humiliate him. This village of 1,360 households and 6,680 persons had fewer than 20 people consuming cannabis on a daily basis. If in a socially accepted setting only 0.26% indulged in daily use, we deduce that cultural controls work even today. How could we call such a phenomenon a major social problem, national problem number one? In Saurashtra, the wife of the opium session host holds the opium stock and gives it to the person making the opium drink, providing another control on the quantities consumed.

The host invariably is the most powerful, oldest, and most respected person of a given caste, sub-caste, or clan in a village or habitat. Thus, drug use occurs within the framework of, and is subordinate to, a given power structure.

The long ritual of preparing the drug occurs while the host leads discussions on matters of community interest. Drug taking is also an occasion for merriment: Masihi (1996) has documented poems, couplets sung in honour of the host by "Charans" (a caste group of bards) during the opium-drinking sessions in six districts of Gujarat. Rao Joga (1996) has documented the use of cannabis during such activities as marriage, birth of a child, and a temple festival in two districts of Karnataka.

Links to the supernatural

The culture associates drug use with the transcendental reality. Even today we have at least half a million Hindu priests and priestesses across the country who perform extraordinary feats, which can be described as amazing or unbelievable or even frightening, during hours of meditation using cannabis. (Video documentation by Molly Charles is available from us.)

Damage to Human Heritage

In this section, we describe the medicinal uses of opium and cannabis in India and Sri Lanka and show that imposing international norms has had a pernicious impact on our heritage. India has a vast repertoire of home remedies and folk medical practices that rely extensively on opium and cannabis. Traditional Systems of Medicine (TSM) such as *Ayurveda*, *Siddha*, *Unani* and *Tibbi* also use cannabis and opium. While medical use of some traditional drugs has shifted to synthetic and derivative drugs, the earlier uses in both TSM and home remedies persist in most parts of the country.

Several writers have documented the medicinal value of *Cannabis sativa* in the treatment of tetanus, hydrophobia, delirium tremors, infantile convulsions, asthma, protracted labour and numerous other ailments⁽³⁵⁾.

Cannabis has a place in the Ayurvedic *Materia Medica* and in *Tibbi* medicine. The Indian Pharmacopoeia of 1954 lists two preparations of cannabis, a liquid extract and a tincture, as officially sanctioned. Cannabis served as a hypnotic, analgesic and antispasmodic agent and in rural areas as a prophylactic and to treat dyspepsia, pain, rheumatism, dysentery, diarrhoea, hysteria, gonorrhoea and cholera. Medical use is always oral. Cannabis is used in Nepal, in addition to the above ailments, for cholera, tetanus, insomnia, cough, digestive problems, lack of appetite, malaria, as an aphrodisiac, to relieve fatigue and strain, and for general age-related ailments.

For medical purposes, cannabis is used in combination with other herbs or ingredients. For example, the compound used for

diarrhoea and cholera contained cannabis and fifteen other ingredients including dried ginger, black pepper, nut grass, sea salt, black salt, opium, and the ashes of a clamshell. Cannabis used in these preparations was washed seven times with water in a cloth to remove impurities. Despite its medicinal value, Ayurvedic practitioners believe that, as with alcohol, over-indulgence in cannabis could be hazardous⁽³⁶⁾.

Opium is often mentioned in the *materia medica* section of *Sharangadhar Samhita* and *Bhavaprakash* and is used in several preparations. Hindu physicians in the fifteenth century used it freely. It was said to cure the "concurrent derangement of three humours", increase sexual and muscular powers and produce stupefaction of the brain. Later, especially during the last two centuries, opium became part of eight Ayurveda preparations: *Karpua rasa*, *Ahiphenasava*, *Brihat Gangadhar churna*, *Makandeya churna*, *Dugdha vati*, *Grahanikapta rasa (Rasendra sara sangraha)*, *Akrakaravadi churna (Sarangadhara)* and *Sambhunath rasa (Bhaishajya tantra)*. Nowadays, those with formal Ayurvedic training in medical colleges use opium rarely, mainly for diarrhoea and dysentery, and only at certain stages of these conditions. Hindu physicians never made much use of the sedative and pain-relieving properties of opium. However, an empirical study we carried out in two districts of Gujarat found village-based traditional medical practitioners (TMPs) using opium and cannabis for several conditions. To this we shall return subsequently.

Tibbi physicians had extensive knowledge of opium and used it far more often than other types of practitioners. They obtained this knowledge from Arabic medicine, where opium is described as an anaesthetic and analgesic. They use it for relief of pain, drying of catarrh, for coughs, asthma, hiccups, treatment of manic delirium and inflammatory conditions of the brain, diarrhoea, dysentery, facial paralysis, epilepsy and similar nervous conditions. They consider opium a temporary stimulant to the brain that gives rise to a sensation of pleasure, physical vigour and a feeling of warmth. It is also used as an aphrodisiac and in spermatorrhoea. *Tibbi* preparations containing opium are *Barshasha*, *Hub-i-pecheash*, *Hubi-i-jadwar*, *Hub-i-siyah*, *Hub-i-sarfa*, *Hub-i-haiza*, *Kurs-i-massallas* and *Hub-i-mumsik*.

(36) *Ibid.*

As a household remedy, opium is used for various inflammatory conditions, haemorrhage, erysipelas, etc. Opium in liquid form is given for conjunctivitis, earache and toothache. For dental problems such as a hollow tooth, a pellet of opium is kept inside the cavity. When oral intake was not possible, it is given through the rectum. For instance, suppositories of opium are used for disorders of the pelvic region. Besides these functions, opium is used to reduce sensitivity during the advanced stages of small pox to prevent relapse of malaria fever and to control diabetes.

In Sri Lanka too, opium was used as an aphrodisiac from the time of the Sinhala Kings. Though other types of use did not meet with social disapproval, eating raw opium was considered a habit of uncultured lower classes. In Sri Lanka, TSM practitioners use opium in treating dysentery, diarrhoea, cholera, rheumatism and diabetes. It is said to be used for malaria and enteric fever, but this does not appear to be the general case. In medicinal preparations opium is invariably administered in combination with other substances, in the form of pills, powders or electuaries. The portion of opium in ordinary medicinal preparations varies from one in one hundred parts to one in fifty parts. For certain preparations a large portion of opium is used, but even then the highest proportion used is one in thirty or twenty. These are prepared in large quantities and stored for at least six months. It is also administered to young cattle in very small doses. In Sri Lanka, opium and cannabis have been an integral part of TSMs practiced over 2,500 years, helping maintain the people's health during all these years. Ayurveda has survived, though the government has neglected it over the past two centuries. Although allopathic (western) medicine was introduced and made popular in Sri Lanka, its popularity has been restricted partly because of a shortage of trained personnel and limited infrastructure. Until recently, allopathic medicine was viewed as superior to other forms of health care in many parts of the world. Now, the movement is towards integrated medicine, where western and traditional systems work in close collaboration.

In 1937, India's 3,564 registered Ayurvedic practitioners received a total of 215 pounds of opium. Though registered, some of these practitioners found it difficult to obtain opium so,

in 1951, a group of them complained to the Minister of Local Government and Health⁽³⁷⁾. Subsequent events led to the creation of a system for distributing opium to medicinal practitioners, including *vedarala* (village based TSMPs). This interesting process brings out two things:

- . How introduction of western norms can interfere with national heritage and sovereignty, and reduce the health-care access of the poor; and
- . How a system can be developed to empower grassroots medical practitioners while preventing abuse.

A Commission set up in 1909 assessed traditional practitioners' requirements for opium and established a system to meet that need properly. It is important to note that they did not consider giving cannabis to TMPs in Sri Lanka. To determine a benchmark for the amounts of opium required by TMPs, they documented the amounts required by well-known practitioners and decided that each practitioner would require around eight ounces per year, or up to one pound for extensive practices⁽³⁸⁾.

The Commission further stipulated the following:

- . *Vedaralas* (Sri Lankan TMPs) should be registered after the Board verifies their credentials. (They opened a process for registering the *vedaralas*; India has not begun that process.)
- . There should be uniformity in the maximum number of registered *vedaralas* allowed for each province or revenue district.
- . The annual maximum allotment of opium for a *vedarala* should be recorded during registration.
- . The *vedarala* should be able to obtain opium only from the depot where he is registered.
- . The maximum quantity per year should be eight ounces, except in special cases.
- . Opium should *only be issued in person* to the registered *vedarala*.
- . *Vedaralas* should pay registration fees to cover administration costs.
- . The government agent should have power to cancel a *vedarala's* registration, subject to an appeal to the governor.

(37) Ratnapala Nandasena, 1986. *Drug and Narcotic Dependence in Sri Lanka*, Moratuwa: N. Ratnapala

(38) Jayasuriya, D.C., *ibid.*

(39) Since independence, Sinhalese political mobilisation has rested on the three pillars of strengthening Buddhism, Sinhalese language and Ayurveda.

Some subsequent modifications for regulating the supply of opium for medicinal purposes under The Poisons, Opium and Dangerous Drugs Ordinance (1964) are worthy of note:

- . A registered *vedarala* would be issued a certificate specifying the quantity of opium that may be supplied to him.
- . Upon cancellation of a *vedarala's* registration or altering of his opium allowance, the Government Agent shall inform him forthwith, and within 14 days of being informed he shall surrender his outdated certificate of registration.
- . Registered *vedaralas* shall not supply opium for eating, smoking or any purpose other than the treatment of disease.

In Sri Lanka, especially after the 1970s, Ayurveda received strong support from the government. The *vedaralas* are now registered with district hospitals, which provide their opium quotas⁽³⁹⁾.

From 1994 to 1998, a total of 257.792 kilos of opium was officially given to ten Ayurvedic hospitals. Thirty-seven depots or base hospitals were recognized for registering local *vedaralas*, and authorized to supply opium to the *vedaralas* according to the process enunciated by law. Over the five years for which we have data, they received 485.276 kilograms of opium. (See table below.)

Amount of Opium supplied to *Vedaralas*, in Kilograms

No. Of Base Hospitals (depots)	1994	1995	1996	1997	1998
Total	73.470	72.780	104.110	102.837	132.079

Source: Research and Publications Division, National Dangerous Drugs Control Board, 383, Kotte Road, Rajagiriya, Sri Lanka, *Hand Book of Drug Abuse Information 1994-98*, p.28

The government also supplied to pharmaceutical companies and registered medical practitioners a total of 2108.523. Details are given below:

Opium supplied to pharmaceutical companies and others

Consumer	1994	1995	1996	1997	1998
Ayur. Drugs. Corp Navinna	424.944	390.440	355.996	141.778	118.600
Registered Doctors and drug Products	108.000	130.000	104.000	100.500	234.265
Total	532.944	520.440	459.996	242.278	352.865

Source: Research and Publications Division, National Dangerous Drugs Control Board, 383, Kotte Road, Rajagiriya, Sri Lanka, *Hand Book of Drug Abuse Information 1994-1998*, p.28

The above table does not tell whether the quantities given for registered doctors include allotments to *vedaralas*.

A few points are worth noting:

- . Sri Lanka respected its national heritage;
- . It went through all the legal and technical processes;
- . It took care to ensure that opium will not go into the wrong hands or be used for non-medical purposes;
- . It maintained and publicised impeccable records.

The Indian situation

We have mentioned several times in this chapter that tradition persists, and that researchers have documented traditional cannabis and opium use in various settings in India⁽⁴⁰⁾. We described historical data on medicinal use of opium and cannabis above. We needed to find out whether non-allopathic medical practitioners in India use opium and cannabis. As a prelude to the results of this inquiry, some information is in order on the world of health providers in India.

Medical practitioners in contemporary India

The allopathic health system has gained legitimacy in urban areas, and numerous medical colleges and research centres produce graduates and specialists in various disciplines. Many Indian doctors are part of the British health system. Allopaths use several pharmaceutical drugs containing opium and, in some places, a few containing cannabis.

In India, Pakistan, Bangladesh and Nepal, we find, in addition to allopathic medicine, Ayurveda, Siddha, Unani/Tibbi and homeopathic medical systems being practised. Unani/Tibbi have roots in the Islamic world; Siddha emerged from Dravidian roots; Ayurveda from Sanskrit moorings, though some of the best centres of Ayurveda are in Kerala in Tamil Nadu. The Ayurveda, Siddha and Unani/Tibbi systems have long traditions, with huge medical literatures that have been codified over time. Likewise, China and Tibet have their own traditional systems of medicine. These are our human heritage and wealth. A unique university for the development, research, training and practice of Ayurveda exists in Jamnagar, Gujarat. Several medical colleges offer five-years' degree courses in these non-allopathic systems. For a period, some states of India attempted to offer integrated courses giving students the best of both the modern and the traditional medical systems. The number of those who graduate from this University and other colleges is too small for a country of a billion people. In any case, most of the graduates prefer to develop practices in urban areas, which are more lucrative than rural practices.

India's traditional medical practitioners exist in several "layers". The above-described graduates constitute one layer; this part of the chapter does not deal with them. In the villages across the nation we find the category of traditional healers "TMPs" for the purposes of this chapter". Most have little formal education, having acquired their medical knowledge from senior practitioners through apprenticeships of five to ten years. Based in the villages, they are easily accessible to the villagers. Their fees are affordable, and they know the patients' histories well enough to provide continuity in treatment. When a problem is beyond their skills, these practitioners are generally humble enough to refer patients to others or advise them to seek treatment in city hospitals.

These TMPs draw their methods from the repertoires of Ayurveda, Siddha, or Unani medical systems, from home remedies, or from tribal and folk medicinal practices. India has well over 500,000 villages, and most have one or more TMPs, or something on the order of a million grassroots health providers. Sri Lanka too has such practitioners, the *vedaralas* who base their work on Ayurveda.

(40) See also Rao, 1996.

Siddiqui H.Y. 1996. *Culture and Drug Abuse*, Bombay: NARC (unpublished monograph). Masihi 1996. *ibid.* Charles M., Nair K.S., Britto G., 1999. *Drug Culture in India*, New Delhi: Rawat Publishers.

TMPs are part of the natural helping networks that meet the people's needs in a country, which, though nominally a welfare state, has hardly any mechanism to provide social services to the poor. *Dais* (traditional birth attendants) are some of India's TMPs, as are bonesetters and many other groups. Let us illustrate the role of TMPs in delivering babies: *dais* have delivered most babies in rural India, and still do. National and international authorities have accepted their role. UNICEF, in partnership with the government of India, launched a major countrywide project to upgrade *dais'* services by providing kits containing supplies such as new blades and cotton swabs to prevent the transmission of tetanus from rusted scissors.

However, as in many fields, we also have crooks who have never seen the inside of a medical college putting up name boards, posing as trained doctors, and attempting to practice allopathy and even conduct surgery. A few have been arrested and put behind bars. The TMPs under discussion must be distinguished from these rascals. Unfortunately, a few hundred scammers in the cities provide an excuse for the allopathic doctors and medical establishment to dismiss a million or so TMPs as "quacks", completely ignoring their healing skills (many routinely treat snake bites, scorpion bites, fractures, and hepatitis). This is a classic case of the "particularistic fallacy".

Use of opium and cannabis by TMPs

We set out to obtain data on cannabis and opium use by TMPs through interviews. The results confirm our view that tradition persists despite the onslaught of modern medicine. Details are given below⁽⁴¹⁾.

a) A profile of respondents

Our sample included 17 female and 36 male TMPs; 14 had no formal schooling, and 38 had completed five to eight years of studies; more than half were 41-60 years of age; 30 lived and practiced their medicine in small towns; the rest were village-based. As many as 38 of them were following a family tradition as healers; some had taken apprenticeship with TMPs such as *sadhus* or *fakirs*. More than half served over six years of apprenticeship. Nearly 75% had practiced traditional medicine (TM) for more than ten years.

b) TMPs in the treatment of animals

We found that TM practice for animals is also a caste occupation for some in Gujarat: *Rabaaris* is a caste group who rear cattle and sell the milk in the towns. The *Barwaad* caste rear sheep and goats and live in the jungle in tents (*nez*) with their cattle. Zoo personnel use their help on and off. When quizzed on how they manage to treat zoo animals when there are veterinary doctors officially appointed by the government, they gave many unusual answers:

"The monkey does the tricks; the owner collects the money",
"The prostitute slogs; the madam picks up the money".
"We do the work; they collect the fat government salary".

One said that he was treating lions and deer.

"I took ten years to learn from my father how to catch these animals, how to treat the claws, and what medicine to give for what illness".

c) Tantriks, Fakirs as TMPs

The *Tantrik* (Hindu priestly) tradition is strong in the Saurashtra region. *Tantriks* (priests) live in the forests, know many medicinal plants, and walk from village to village. Apart from performing religious functions and giving devotional orations to their disciples, they treat the sick and each trains one disciple in traditional medicine. They treat snakebites and scorpion bites almost as a matter of routine. Likewise, the *fakirs* perform similar functions among Muslims (our sample included one *fakir* and three *tantriks, naga sadhus*).

We elicited data on the following from our respondents:

- . The use of cannabis and opium when TMPs prepare their medications;
- . Where they obtain these drugs;
- . Difficulties faced by them.

(41) This exercise was carried out as part of the UNESCO-MOST research programme on the drug problem in India. Field data collection was done from June to December 2000 with 53 TMPs in Porbandar and Junagad districts of Gujarat. They treated both humans and animals. Respondents included *dais*, bone-setters, healers of hepatitis and other specialisations as well as generalists. The sampling was intended to cover as many characteristics as possible of TMPs in the chosen districts; there is no register in the country or these districts elucidating the universe of TMPs. A short version of the report is being published (Charles M., Britto G., Das A.A., Masihi E.J. and Bhaskar Jani *Danger to Heritage, Seminar*, N° 504, August, 2001).

The following findings merit mention

. Each village or small town had more than one TMP. Thus the half million villages of India could easily host a million practitioners of Traditional Systems of Medicine (TSM).

. Several respondents specialized in one set of ailments. For instance, TMPs are well known for their skills in treating fractures. If one has a good experience with a particular vaidya, he will eulogize him. When people talk at gatherings such as marriages, good TMPs get word-of-mouth publicity and gain clients from surrounding villages.

. Despite minimal formal educational, all TMPs apprentice for 5-10 years with senior practitioners. This system for handing down traditional medical knowledge involves certain rituals. Probably for economic reasons, this knowledge was formerly handed down only to family members, but this pattern of transmission seems to be waning.

. The TMPs in the study used opium or cannabis in medications they prepared for an average of 81% of their patients in the month preceding the interview.

. All of them buy opium or cannabis from the black market or tell their patients to bring the materials. Thus, the costs have gone up for the patients and the medications based on them are reported to be less efficacious due to adulteration, eroding the people's faith in these TMPs. In the long run this will destroy centuries of traditional wisdom.

Listed below are the conditions for which the responding TMPs prepare medications containing opium or cannabis:

Medicinal Uses of Opium and Ganja

DISEASE	Opium	GANJA	OP+GANJA
Jaundice	6	2	1
Delivery	4		
If the child is in wrong position prior to delivery	2	1	1
If the child is not coming out despite labour pain	1		
First time delivery	4		
If the mother is very weak	2		
Unbearable pain during delivery	1	1	
Excessive bleeding during delivery			1
If the girl is very young, on the first night	1		
Asthma (kada dham) occasional		3	
Chronic asthma			1
Paralysis/muscular pain	4		5
Fracture of bones	2		3
Hairline crack in bones	1	2	
Hand/shoulder Slipping from joints	3		1
Children crying unable to express complaints	2		
Children with stomach-ache	1		
Children vomiting			1
Insomnia among children	1		
When cough is choking the child (barni)	2		
Children with constipation		1	
Children with diarrhoea	2		
Children who do not digest food	3		
Children with cold	3		

(42) Given the World Bank-IMF dictates on privatisation of health services and the constantly shrinking health budgets of municipalities and state governments (in Bombay, nearly 90% of the annual municipal health budget goes for staff salary and maintenance), there is little likelihood that in the next two decades our people living in half a million villages will have access to, or affordable, allopathic health care. TMPs will continue to serve our people.

We also point out that the international community should either provide the resources to enlarge the health infrastructure of developing nations to give the entire population access to affordable allopathic medicine, or stop interfering in the practice of medical systems that cater to the poor in the name of narcotics control. *One wonders whether pharmaceutical companies are financing these anti-drug campaigns at the international level.*

Besides, the TMPs, *fakirs, sadhus, tantriks* have an enormous wealth of knowledge that needs to be documented before they die. We need to set up an idea bank and register as many ideas as possible from these TMPs. These ideas can be tested, and if new medicines can be developed from them these TMPs should enjoy the fruits of such developments.

(43) Legal Provisions of Medicinal Use of Opium and Cannabis.

The NDPS Act, section 9-A subsection (1) states: *"If the Central Government is of the opinion that, having regard to the use of any controlled substance in the production or manufacture of any narcotic drug or psychotropic substance, it is necessary or expedient so to do in public interest, it may, by order, provide for regulating or prohibiting the production, manufacture, supply and distribution thereof and trade and commerce therein".* Sub section of the same section reads, *"Without prejudice to generality of the power conferred by subsection (1), an order made there under may provide for regulating by licences, permits or otherwise, the production, manufacture, possession, transport, import inter-state, export inter-state, sale, purchase, consumption, use storage, distribution, disposal or acquisition of any controlled substance".*

Section 10 under subsection (1) says: *"Subject to the provisions of section 8, the State Government may, by rules — permit and regulate the possession, consumption and use of poppy straw, ... opium, cannabis, manufacture of medical opium or any preparation containing any manufactured drugs from materials which the maker is lawfully entitled to possess..."*

Section 8: *"No person shall ... cultivate the opium poppy or any cannabis plant or produce, manufacture,*

DISEASE	Opium	GANJA	OP+GANJA
Breathlessness in dogs (hafri)			1
Paralysis in dogs (lakwan)			1
Dog does not eat much			1
Bloating of the stomach of the dogs (affri)		3	
Jaundice of dogs (Kamri)	2		
Dogs which go to bite anyone (hadakwa)			1
When the horns of the cattle gets worms or other insects inside, one has to cut it off (Kamboi)	2	1	4
When insects or worm accumulate under the hoofs of the cattle (Karwa)		7	
Cow gives less milk	1		
Cattle do not eat much	1		
Bloating of the stomach of cattle (affri)		4	1
Cattle develop cold (Vallo)	4	3	
Cattle bone fracture	3		
Cattle bone crack		1	2
Slipping of limb from socket among cattle	1	1	1
Paralysis of cattle	1		
Swelling on ankles on account of slipping		1	
Injury in cattle		2	1
Fertility problem among cattle			1
Lion (Karva)			1
Any injury of the lion (including the claws)		1	
When a lion develops any boils		1	

. None of the interviewed TMPs have registered with any authority. Just as India has recognised the *dais*, created mechanisms to upgrade their skills and ensured the availability of birth attendants across the entire country at minimal government cost, we need to recognise TMPs' roles and provide them with training and other support. This issue goes far beyond our concerns about narcotics and their proper use⁽⁴²⁾.

. None of the responding TMPs knew anything about the provisions in the NDPS Act, which enables them to apply to the Collector or his nominee to register and apply for a license to obtain pure opium or cannabis, nor did they have any information on the official forms they had to use for the application.

- . Policy makers and administrators should.
- . Evolve simple procedures along the lines of the Sri Lankan system.
- . Publicise these legal provisions to all TSM practitioners through Village Councils.
- . Indian Law, Sri Lankan Law and the UN Single Convention do not prohibit the medical use of these substances⁽⁴³⁾.
- . Considering that China, India, Pakistan, and Sri Lanka, just to mention a few countries that constitute a third of humanity, have over several millennia evolved a wealth of preventive, primitive and curative knowledge in various systems of medicine and folk/aboriginal medicinal practices, it is imperative that the Division of Narcotic Drugs (DND), the International Narcotics Control Board (INCB), the United Nations International Drug Control Programme (UNDCP) et al. immediately issue a clarification to all member States that the definition in all UN narcotics conventions of the term "medicinal use" includes traditional systems of medicine.

. Our national councils for research in Ayurveda, Siddha, and Unani medicines were established to strengthen and promote their use for the welfare of the masses. To date, none of these national councils examined the damaging impact of the non-implementation of certain provisions of the NDPS Act relating to the TMPs in India. The councils' involvement in this issue is essential.

. The Indian Council of Medical Research (ICMR), the Narcotics Control Bureau (NCB) and other relevant national bodies should declare that TMPs come under the 'eligible group of persons' and undertake a process akin to the one in Sri Lanka.

. Since under the NDPS Act, owners of cattle or domestic animals are already eligible to obtain opium or cannabis for medicating these animals, there is no reason to deny the TMPs their quota of pure drugs at controlled rates.

. Official involvement of village councils in identifying authentic local TMPs will prevent exploitation of this system by spurious entrants or persons from the underworld.

. Since TMPs may be uncomfortable going to the Collectorates, which are highly guarded formal structures, it may be useful to follow the Sri Lankan system of registering TMPs at district hospitals. Also, they should be able to pick up their supplies from the hospitals where they are registered.

. It is important to note that continuing to deny TMPs their

possess, sell, ... except for medical or scientific purposes and in the manner and to the extent provided by the provisions of this Act or the rules or orders made there under and in a case where any such provision, imposes any requirement by way of licence, permit or authorisation also in accordance with the terms and conditions of such license, permit or authorisation".

The Narcotics Drugs Rules, 1985, Rule 16 reads

1. Any registered medical practitioner desiring to possess opium for use as an ingredient in any medicine and to sell medicines containing opium on prescription shall make an application to the collector or authorised officer for a license on that behalf.
2. On receipt of an application under sub-rule (1), the Collector or authorised office shall make such inquiries as he deems necessary and if he is satisfied that there is no objection to grant the license applied for, he may, subject to the orders of the State Government and the Commissioner of Prohibition and Excise, if any, grant the applicant a license in Form O.P. I on payment of a fee of rupees ten.

Rule 21 reads

An owner of cattle or any domestic animals desiring to possess opium for administering it to his cattle, or domestic animals on medical grounds may make an application for a permit to the collector or the authorised officer. ... On receipt of an application under sub-rule (1) the collector or the authorised officer ... grants the applicant a permit in Form O.P.IV on payment of a fee of rupees ten.

Rule 40 reads

1. Any registered medical practitioner desiring to possess ganja for use as an ingredient in any medicine and to sell medicines containing ganja on prescription shall make an application to the Collector or authorised Officer in that behalf.
2. On receipt of an application under sub-rule (1), the Collector or an authorised officer ... grant the applicant a license in Form B-I, on Payment of fee of rupees ten.

Rule 45 reads

1. An owner of cattle or any domestic animals desiring to possess ganja for administering it to his cattle or domestic animals on medical grounds may make an application for a permit to the Collector or authorised officer in this behalf.
2. On receipt of an application under sub rule (1), the Collector or authorised officer ... grant the applicant a permit in Form B IV, on payment of a fee of rupees ten.

(44) The role of opium in the subjugation of China, ceding of Hong Kong, and the Opium Wars, and the volumes of money made by the British from Chinese and Indian consumers, is too well known to repeat here except in passing.

required quota of opium or cannabis pushes them to black marketers, whose goods may be adulterated, harming the efficacy of their medicines and the people's faith in TMPs.

. Also, if opium and ganja is not provided at controlled prices, the increased costs to patients will gradually choke off the traditional systems of medical practice.

. It must be noted also that TMPs use almost all parts of the cannabis plant for various purposes: the root is used in some preparations, the leaves in another, and ganja proper has its uses. Thus, the definition needs to be modified.

. The Government of India organised a seminar at the SAARC level a few years ago on traditional systems of medicine and opium/cannabis products; the focus was on the application of TMPs for treating addiction. A similar meeting is needed to work out modalities for supplying medicinal opium and cannabis to TMPs.

The Creation of Modern State Structures and Changes in the Drug Scene

We have so far described India's cultural complexities, which govern the lives of numerous communities, castes, tribes and other homogeneous communities. We have also touched upon the religious, social, functional and medicinal use of opium and cannabis in this vast country. Although it has not been possible to go into much detail, partly because this chapter is only meant as an introduction, and partly because more research is needed, we suggest that cultural norms in India are far more efficient means of drug control, and have far fewer negative side-effects, than the legislations inspired by global norms.

Expansion of legal system on drug matters

Though we had Ashoka and other great emperors who brought within their authority vast portions of what is contemporary India, all the communities retained their own norms for living. In the context of drug production and use, the relevant legal and formal institutional framework across the empire began to arise during the Mogul period when the opium trade became important. In the sixteenth century, the Emperor Akbar

made opium a state monopoly. With the decline of the Mughals, the State lost its hold on the monopoly.

Colonisation and Opium

The British policy with regard to poppy cultivation in India was linked to their trade relations with China⁽⁴⁴⁾. Since the British had developed a taste for tea, the East India Company was buying and selling fifteen million pounds of China tea per year by 1785. The problem in trade arose because the British had no balancing commodity that China wanted to buy. China's emperor dismissed British arms as white barbarian toys and scorned their textiles, showing them China's silk. In the period 1710-1759, Britain's Treasury was sending China 26,833,614 pounds sterling in silver and gold, and only 9,248,306 pounds worth of goods. The British needed something that the Chinese would buy to restore the trade balance. Opium became that merchandise.

The British promoted poppy cultivation in various Indian provinces under their direct control, and went about opium trading systematically, controlling its cultivation, consumption, production, sale within India and export⁽⁴⁵⁾.

. The first step was to gain control over poppy-growing areas, and then to increase the area of cultivation as needed. For example, the 1757 Battle of Plassey (in Bihar Province, which produced top-quality opium on a large scale), led to the Company's monopoly over "Patna opium". This began in 1773 when Warren Hastings abolished free trade in it⁽⁴⁶⁾. The area of cultivation reached 51,500 acres (80.47 sq. miles) in 1872-1892, and then 145,000 acres (226.56 sq. miles) in 1914-1918.

. The British used many means to block competition in the opium trade by the native states. Opium from Telengana, Hyderabad, was around one-third the price of the British opium from Malwa and Patna, so the British told the Hyderabad government to stop opium production. After that, opium for consumption in Hyderabad had to be bought elsewhere.

. While Malwa was still mostly under the rule of Indian princes, before the region came under full British control, opium cultivation was free and extremely profitable. Malwa merchants

(45) The British had made agreements with many kings and princes, letting them continue as rulers in so-called native states, which thus were rather autonomous enclaves. At the time of independence in 1947, 562 such Princely States existed.

(46) Bengal Regulation VI of 1797 made eastern India opium a direct state monopoly.

(47) Opium smuggling was the basis of capital formation in western India. Around 220 business establishments of Parsees, Gujaratis and Marwaris smuggled opium from the Malwa region to China by passing the British in this period. An economic historian, Amar Farooqui, in his seminal work, *Smuggling as Subversion* — Colonialism, Indian Merchants and the Politics of Opium (1998) has delved into the details.

(48) For example, consumption of rice beer, or *madhu*, was part of the Rengma Nagas culture on the Myanmar border. Its daily use did not affect their activity. In fact it was extremely nourishing, so much so that old men used to live almost exclusively on rice beer with little or no solid food. The Ao Nagas also consumed rice beer regularly. Christian missionaries discouraged drinking the beverage and encouraged the use of unfermented grape juice from America and tea. The neo-Christians began to identify themselves as those who abstained from rice beer, and it became a hallmark of their new faith. In one village (Molugyimen) founded by the missionaries, within a few years there was hardly a house that did not use opium. They mixed opium with betel (pan) leaves, dried the mixture over the fire and smoked it in a pipe. Travelers used to keep an opium ball in their mouth until it dissolved. Opium consumption was unknown to the Aos and it had no cultural base in this tribe.

(49) Chopra, 1996, *Ibid*.

priced their produce lower than the Patna opium controlled by the British. In response, the British levied a heavy transit tax on opium passing through British-controlled territory en route to China. At first, the tax on Malwa opium was collected only at Indore, but subsequently tax-collecting stations appeared at Ujjain, Jaora and Udaipur.

. The British also ensured that production of opium was controlled. For example, they permitted poppy cultivation in Hoshiapur Tahsil in Punjab province but prohibited opium manufacture; the produce was sold in the form of poppy heads and the British sold opium from other places for local consumption.

. The British also profited from opium taxes within India. The revenue collected from opium rose from 38,837 pounds sterling in 1773-1774 to 78,300 pounds in 1783-1784. By 1793, the revenue reached a quarter million pounds.

Opium Smuggling: Origins

Local cultivators began to see the poppy crop differently, as an important cash crop, fetching incomes from three to seven times those of cereals such as wheat, and in exceptionally advantageous weather and soil conditions, profits could be twelve to twenty times as much.

Despite multiple transit taxes by the British, Malwa opium merchants found the trade extremely profitable. Hence they began smuggling opium from Malwa via Bombay and Surat to China in partnership with the Dutch as early as 1770. This went on almost up to 1830⁽⁴⁷⁾.

Cultural change

British policy generally was to avoid interfering in Indian cultural life. India's vastness, variety and complexities also deterred them from tampering with cultural norms, though the rulers and missionaries did change cultural norms in some small pockets. Tampering with age-old practices invariably raises more complicated problems. In the case of some neo-Christian Ao Nagas, for example, the use of nutritious rice beer gave way to opium consumption⁽⁴⁸⁾.

Global Norms and the Drug Scene in India

After independence, India's drug abuse situation changed (as did other aspects of life). The Gandhians continued to promote addiction-free life styles; they often wrote on the evils of opium and liquor. But the anti-addiction programme was a weak element in the freedom struggle and in the Gandhian constructive programme. Various religious cults also contributed toward abstinence in different parts of the country.

Several developments at the international level affected the Indian situation. The effort to create common worldwide laws on drug consumption is worth studying as an experiment in human engineering by the US. Many international protocols, treaties and conventions were drawn up and India, especially after Independence, rushed into sign every one of them. We went about it with an air of moral superiority in the international arena (see *End Note for a brief description of the main protocols*).

Proliferation of alcohol

As a sequel in the post-independence period, the Indian government attempted to curb sales of opium and cannabis by reducing or cancelling retailing licenses, which led to an increase in alcohol consumption⁽⁴⁹⁾. In addition, ever-increasing revenue needs prompted state governments to promote alcohol sales. The state of Maharashtra, for instance, adopted policies that contributed to a tenfold increase in alcohol tax revenues from 1978 to 1996⁽⁵⁰⁾. In 2000, the government of Maharashtra raked in US\$475 million. The service sector's contribution to Indian economic growth in the last five years has been very significant; nearly 30% of this growth came from the bar and restaurant segments. It is interesting to note that alcohol companies are financing the present campaign against drugs such as cannabis. Today, alcohol outlets exist in areas that never had much of alcohol abuse. For example, numerous alcohol shops dot the villages of Rajasthan, which was never the case before. Liquor has increasingly replaced the market for cannabis and opium.

The Indian government shut down most of its outlets for opium supply for oral consumption by March 31, 1959. An

(50) Britto, 1996, *Ibid.* In the year 1978-79, only five star hotels and a few strip tease joints/discotheques permitted their patrons to drink alcohol in their premises. The country liquor shops were an exception where the poor quenched their thirst with potent but cheap alcohol. By 1983, many of the street corner Irani tea stalls were converted to beer bars and in many such cases, the ownership changed hands and these bars were open from six in the evening till eleven o'clock. Soon, to capture the workers on night shifts and the college students (most of the colleges close by 13.00 hrs), these bars began functioning from 11.00 a.m. to 11.00 p.m. Subsequently women were employed as waitresses. Dancers joined these bars and worked from 6.00 p.m. to 12.00 p.m. Then emerged "free service bars", which have only night lamps inside and women, sit with customers offering non-penetrative sex for a price. These women would also drink with the customers at the latter's cost. Nowadays you find several bars mushrooming around lodges, which offer rooms for 'hire by the hour and no-questions asked' basis. Some bars also have rooms attached to them where women play hosts to customers wanting to drink and have fun as a private party. Today, around 160,000 young women work in these bars in Mumbai.

The result of these for all to see in the tax income table of the Government of Maharashtra given below where we have converted INR to USD at a fixed rate of 1USD — 40 INR irrespective the prevailing rates in different years.

(51) Official statistics show 10,752 opium addicts still receiving government quotas of opium in the year 1996-97 (see table). If these data are correct there is a clear case for opening the register afresh and enumerating all types of opiate addicts. If over 10,000 of the opium addicts registered in 1957 are still alive in 2001, there is no case at all on the grounds of public health why an opium maintenance programme should not be introduced in the country.

(52) Initially, Nepal felt that banning cannabis would be a disaster, that measures against cannabis were culturally and regionally inappropriate. They attempted to integrate cannabis cultivation and trade within the white economy while controlling smuggling through regulations. These were abandoned under international pressure to enforce punitive approaches. They were told that the penalty for disobedience would be total withdrawal of developmental aid (Fisher, 1975, *ibid.*).

opium register was opened to enumerate chronic opium addicts and only registered addicts were eligible to purchase, possess, or consume opium (see table below). The intent was to close down this system as the addicts died off⁽⁵¹⁾.

Number of Registered Opium Addicts, INDIA (1992-1997)

No.	Name of State	1992-93	1993-94	1994-95	1995-96	1996-97
1	Delhi	150	135	123	109	93
2	Gujarat	45	12	n.a	n.a	29
3	Haryana	n.a	70	90	90	91
4	Himachal Pradesh	82	64	64	61	60
5	Jammu & Kashmir	25	25	27	21	21
6	Karnataka	n.a	n.a	n.a	2	Nil
7	Kerala	122	n.a	74	n.a	41
8	Maharashtra	262	272	321	355	351
9	Madhya Pradesh	11	9	8	n.a	n.a
10	Nagaland	3	3	3	3	3
11	Orissa	n.a	2,506	2,506	2,506	1,536
12	Punjab	753	679	586	438	n.a
13	Rajasthan	71	63	59	59	45
14	Tamil Nadu	330	300	n.a	289	282
15	Uttar Pradesh	n.a	1	n.a	n.a	1
16	West Bengal	13,139	12,717	11,465	11,497	8,199
All India		14,993	16,856	15,326	15,430	10,752

SOURCE: The Narcotics Commissioner, as cited in UNDCP: ROSA, *South Asia Drug Demand Reduction Report* — 1988, New Delhi: UNDCP Regional Office for South Asia, 1998, p.268.

Especially since the 1960s, the US and its allies have applied various pressures on developing countries to comply with UN mandates on drug-related matters. We described above how the Sri Lankan authorities were forced to quit providing opium to vedaralas⁽⁵²⁾.

Changes in the perception of cannabis

The influx of "flower children" from the West suddenly increased demand for cannabis. This provided an opportunity for some to make quick money, with the retail price of *charas* rising from US\$15 per kilogram to about US\$70 in 1973. Once

Nepal criminalised drug use, the profile of cannabis users changed. Youngsters began to use it as a novel and pleasurable experience, imitating a distant culture; middle-class families were alarmed as their youth turned into hippies.

The influx of western tourists in the 1960s changed Indian drug-use patterns similarly. Cannabis, which had received little attention from Indian youth, became a sought-after substance in certain strata of society. Its use was initially limited to certain classes and tourist spots. The increased profits were an incentive to sell more.

The move from cultural to secular use

A new pattern of "secular" drug use emerged after criminalisation. This may be defined as drug use by individuals, alone, without ritual or ceremonial significance. Traditionally, drugs were almost always consumed in group settings, and drug preparation and consumption followed specified elaborate rituals. For instance, each session had a leader. This set and setting controlled the quantity, timing, frequency, and mode of drug consumption.

We shall not commit the post hoc, ergo propter hoc fallacy here, but this secular use began around the time of the NDPS Act. A 1987 study⁽⁵³⁾ found that most drug users did it in group settings most of the time. In the nineties, secular drug use became the predominant mode for heroin addicts most of the time. Society's present discordant relationship with brown sugar may be an outcome of extensive secular use. Experiences of altered states of consciousness depend as much on the users' dispositions and the cultural setting as the substance. Previous studies have illustrated norms for the use of traditional drugs, but traditional norms do not exist for derivative and synthetic drugs⁽⁵⁴⁾.

Entry of pharmaceutical drugs

Pharmaceutical drugs have recently made major inroads among addicts. They are cheaper, easier to obtain and the supply is regular. These include morphine, codeine, Tidigesic (buprenorphine, a narcotic antagonist often used for detoxification and maintenance), tranquilisers, stimulants, hypnotics, hal-

(53) NARC, 1987, *A Profile of Drug Users in India*. An unpublished report on drug users in nine areas of India submitted to the Ministry of Welfare, New Delhi.

(54) Charles, M. et al. 1998, *A new Slavery: An ethnographic Study of Heroin use in Bombay*. (under publication).

(55) The government orders ran something like this: "No one shall cultivate poppy in more than 25 hectares of land".

In the following years, a 10% reduction in the land area under poppy cultivation was ordered. In one year, they even announced "a cut holiday". The government reduced the commission payable to the lambardars (officially recognised middle men who collect opium from farmers and bring it to the government depot) from 3.5% to 1.75%. The price per kilo that the government paid to the farmers was also reduced marginally. Though the government did not save a great amount of money, the signals were clear: "we do not want to stock more opium".

(56) In the late 1990s, the UNDCP advised the Gol to increase the acreage to 30,000 hectares.

(56) In the late 1990s, the UNDCP advised the Gol to increase the acreage to 30,000 hectares.

(57) For further details, see Charles et al. 1999. Ibid

(58) Ratnayake, Y (1998), National Dangerous Drugs Control Board, *Report of the Asian Multi-city Epidemiology study group meeting, Penang*, (November).

Arlington (1987), *Asia Regional Narcotics Awareness Survey*: Washington : USAID.

lucinogens and even anaesthetic agents such as ketamine. In some places, people are injecting crude heroin with pharmaceuticals. We have few mechanisms for controlling addicts' supplies of legal drugs that fall under the NDPS Act. Some 95% of pharmaceutical shops do not normally ask for prescriptions or retain the prescriptions after dispensing drugs, so the same prescription can be re-used. This is part of the general malaise of a disorganised society where following proper procedures is not the "done thing".

The shift from cannabis and opium to heroin

Wherever the global norms were enforced, mostly in cities and border areas, many cannabis and opium users shifted to heroin, probably for the following reasons:

- . Availability: 1979 was an important year in the dynamics of Indian drug use. Afghanistan began producing large quantities of heroin during the fight against the USSR, in which the US used Pakistan as a conduit for its cash, arms and training/logistical support. Authorities in both countries either connived with or ignored the heroin trade since larger strategic interests were involved. Parts of India were used as transit points to traffic heroin to the West, especially after the Shah of Iran fell. It is a well-founded cliché that transit points become consuming places.

Within India, the large inventory of unsold opium prompted three government strategies⁽⁵⁵⁾.

- . Reduce poppy acreage by administrative fiat
- . Marginally reduce the retail price of opium
- . Cut commission rates to authorised middle-men

The government tried to reduce the area under poppy cultivation from over 114,000 hectares in 1970 to 14,000 hectares by 1980⁽⁵⁶⁾. This was necessary because mechanised, large-scale poppy cultivation using the poppy straw method in a few countries (e.g. Australia, in Tasmania) allowed production of morphine at highly competitive prices. Whether the government's low price for opium and the black market demand at ten times that amount induced diversion is hard to say since we have no research on it. In any case, since 1985 we have had

three types of heroin (*000, 555, 777 or Afghani, Paki or Deshi-Indian*) on the streets of Bombay and Delhi.

- . Astute marketing: From 1980 to almost 1995, crude heroin (brown sugar) was sold in small plastic vials for around US\$0.12, which is affordable for anyone smoking *beedis* (low-cost "country" cigarettes made of tobacco and leaf)⁽⁵⁷⁾.

- . Reduction in the supply of raw drugs: India had thousands of grassroots vendors of cannabis and opium prior to the NDPS Act. After this law was passed, this had to be done secretly. Traditional vendors had three main choices: quit selling the drug, sell heroin for high profits and bribe law-enforcement officials, or face long jail terms. Smoking cannabis attracts attention because it has a powerful aroma, but one can smoke a heroin-filled cigarette without being noticed; cannabis and opium are bulky and thus risky to transport; heroin gives higher profits at less risk. Besides, heroin processors created high demand for opium. Hence, supplies of cannabis and opium decreased while their cost rose to that of crude heroin in places like Bombay.

- . Sri Lanka too has had a shift from opium to heroin use since the 1980s. This substitution was natural, as opium was no longer available through licensed shops. Earlier, itinerant Chinese and Muslim traders sold opium and cannabis along with other commodities. When opium was not available legally or in the black market, opium eaters suffered and some committed suicide. In 1982 several persons died after consuming heroin adulterated with arsenic⁽⁵⁸⁾.

Drug use in India has been a benign phenomenon up to this point, and we must do everything possible to keep it that way. Most cannabis users have continued to use it, as have most opium users. Only repression-related scarcity of these traditional drugs may push some of them to opt for harder drugs. In Bhubaneswar in Orissa, medical records of addicts treated at the Centre for Youth and Social Development indicate that in 1988-90 hardly any heroin addicts came for treatment; most patients were opium addicts who also used cannabis. By 1995, over 30% of the patients had resorted to occasional injecting of tidigesic when brown sugar was not available. It is also possible that large-scale diversion of opium to heroin production is making raw opium scarce in the black market.

The shift to injecting drugs

Again, we contend that drug use/abuse in India has not reached the alarming stage that is claimed⁽⁵⁹⁾. Though much publicity has been given to the WHO-supported project in Manipur, it must be remembered that the number of addicts in that entire state does not exceed 25,000. In Bombay, not even one percent of addicts are injection drug users (IDUs). Injecting has emerged significantly in small pockets, but most areas have not even a single IDU. Again, this is important for policy formulation. Addicts are not yet contributing significantly to the spread of HIV in India. We need to study why addicts in cities like Bombay are not resorting to injection, and why some addicts start injecting drugs. The answers may vary from region to region, so we should seek situation-specific solutions. In the city of Madras too, injection of tidigesic (a pharmaceutical opiate) began after a major crackdown on organised criminals across the state for three months after a former prime minister was assassinated near the city (Personal communication to Britto by Dr. M. Suresh based on his analysis of the drug de-addiction centre he heads, which is attached to the Kilpauk Mental Health Institute⁽⁶⁰⁾).

We need to stop the trend of opium users moving to heroin or pharmaceutical opiates, taken orally or by injection. A well-planned maintenance programme can prevent the very real danger that opium and brown sugar users will be pushed to inject pharmaceutical opiates or crude heroin. If we had registered opium addicts and issued them licences to procure pure opium at controlled rates from approved outlets we could have averted this situation. It is not too late to implement the provisions of the NDPS Act that sanction this practice.

What criminalisation does to urban youth

In this subsection, we use case studies and field observation to describe the evident consequences of criminalising drug use in places such as Bombay. We need to draw lessons for the country at large. On the fronts of crime and addiction, we are lucky to be in a benign phase, despite 20 years of heroin proliferation. Bombay, despite its many addicts, is one of the safest cities in India. We need to take preventive measures to ensure that the situation does not deteriorate.

(59) The exceptions are Nagaland, Manipur and Mizoram, where injection has become a popular mode of drug intake. We can only surmise the reasons for the popularity of injecting drugs in this region. This could be partly because:

- . White heroin available there is of very good quality and the youth may want to ensure that every bit of it enters their body (in the chasing mode which is common for heroin users in most parts of the country, some vapour is lost to the wind).

- . The influence of films that the youth see there. The Nagas and the Mizos love music and dance. Contemporary films that attract the youth in this region are mostly imported ones, often portraying discotheques, gang wars, and dancing, with "heavy metal" music and drug peddling and injecting drug use.

- . They may learn it in the company of foreigners who studied with them in various universities in India. Many youth from this region have studied in different Indian universities where they feel totally alienated from the locals, who invariably think that they are Japanese, Thais or such eastern people. Thus they stick with foreigners from developing countries including several from African countries. Drug-using foreigners seem to have a predilection for injection.

- . Maybe in their cultures, bearing pain without flinching an eye lid is a way of showing manliness.

The process of criminalisation

The lives of the marginalised, who are especially visible users, revolve around the drug more than with less marginalised users. Users retreat to private spots to smoke brown sugar (a practice known as "chasing the dragon") and avoid the associated stigma. They find it difficult to continue with their occupation once their daily heroin requirement increases beyond their financial capacity, and they cannot remain a part of "the system".

Many identifiable users are self-employed in activities such as rag-picking, begging and manual labour. Another means of earning a living is theft of private and government property. Some users who pilfer government goods do not consider it a crime since they are not harming a specific person.

Petty drug peddling has become an important income source for some users. This takes various forms. One petty peddler may regularly collect money from a group of users to obtain drugs for them from another locality, in return for some of the brown sugar. At times, he may take the drugs he purchased for others and lie down somewhere, completely lost in his own world, while the others await his arrival. Another may buy drugs for a rich person or another peddler and get paid in drugs, or perhaps merely get to "chase" the leftovers in the foil.

Petty peddling can also include selling one drug to purchase another. One female peddler's brother is addicted to several drugs; she gives him a certain daily amount of brown sugar. He and his two assistants sell the brown sugar to purchase liquor and Nitrated tablets (a pharmaceutical opiate). As multiple drug use has harmed his health, he is totally dependent on his assistants, who are happy with the arrangement, since they get their day's requirement of drugs and food in return for their services.

Some become regular assistants to peddlers, often receiving in return drugs, food and a place to sleep.

While some specialise in dealing with stolen public goods, and others sell their family assets. The purchasers or intermediaries who arrange for sales of stolen goods make more money

(60) In Bombay, it may be because of the liberal availability of brown sugar (crude heroin) in the city for full two decades in the city, almost continuously at very low rates (affordable even by rag-picking children); for US\$ 1.00 you could get three 'quarter-gram' packets. Is it because of the general aversion of Indians to taking injections?

Why did the injecting practice begin in Bombay at all? Again, we have only key informant opinions on this: It *could have begun* due to a repression-related scarcity of heroin in Bombay for two short periods. Bombay generally has had a *laissez faire* attitude to most underworld dealings, including drugs. There were two occasions when there could have been a temporary shortage of heroin due to excessive police/army presence in the city coupled with imposition of curfew in select places: During the Hindu-Muslim riots which began on 6 January 1993 as a sequel to the demolition of the Babri Masjid in Ayodhya on 6 December, 1992, and after the serial bomb blast that shook the city on 6 April 1993. On both occasions, the police were swarming all over the city, and curfew had been imposed in sensitive places. It is possible that hard-core addicts could not manage their withdrawal symptoms and reached out to pharmaceutical shops and started injecting.

A significant number of addicted foreigners who come to India are familiar with and opt for the injection mode of drug intake. Injection drug use may have been introduced especially by addicted foreigners stranded in Bombay (See an End Note on *Stranded* foreign nationals and the drug problem).

Inappropriate drug prevention materials may have introduced ID use in Bombay. When Bombay had practically no IDUs, most of the audio-visual and print material showed the addict invariably with a long needle poking a vein with the caption "Drugs kill".

than the addicts who steal the objects. Knowing the users' desperate needs for drugs, the intermediaries cash in on their plights⁽⁶¹⁾.

While poor users face problems when they become part of the marginalised segment, marginalisation can be extremely painful to persons from the richer strata of society. They find it difficult to adjust to street life, such as using open spaces as toilets.

Some drug users are among Bombay's petty thieves. Violent crime related to drug use is not unknown in India, but is still rare, unlike New York, Chicago and London. Addicted thieves are seldom arrested nowadays. Indeed, bad experiences with users undergoing withdrawal in the lock-up (e.g., breaking light bulbs and swallowing the pieces, or trying to commit suicide) the police now tend to avoid arresting addicts, not wanting the added workload of having to rush them to hospital. Some users have died in custody. To avoid arrest, some slash themselves with razor blades, usually on the chest or hands. They use a new blade each time since "it is safer". Police officers fear such "crazy" behaviour and would rather avoid them. Others apply human excrement or filth from the gutters to their bodies to avoid the police. *Is this what we want for the millions of traditional drug users?* It appears that law enforcers do not want it since *de facto* they are only implementing the law in a token manner in most of the country.

While many policy makers look to the law for solutions, few have bothered to understand the extent to which lives are wrecked by criminalising drug use.

Widowhood and paediatric HIV-positive cases

Although we indicated that the problem of injection-related HIV in Manipur has been highly exaggerated to skew the national policy, the reality there is a pointer to all of us as to what can happen if we do not prevent the benign drug use from becoming a monster gobbling up our youth across the country. Hangzo Manzachin (2000) is worth quoting here:

"The rate of incidence among IDUs of sero-positivity for HIV in Myanmar is 75%. It is 71% in Manipur, 63% in Mizoram, and 69%

in Nagaland. ActionAid India has brought out a document "Widows of IDUs in Manipur"⁽⁶²⁾. According to the existing NGOs in Imphal, the years 1997-99 witnessed maximum numbers of deaths (1200-2000) among IDUs who were injecting heroin since the late the 80s leaving behind as many widows in the age group 18-30 yrs. Manipuri women in general are becoming exposed to HIV/AIDS through their sexual partners (such as husband and boyfriends). A large number of females are also into injecting drugs and are involved in a growing complex industry of commercial sex, spreading the HIV virus to many more. Women in Manipur are finding themselves faced with the burden of caring for their husbands and sexual partners who are ill with AIDS. When they become widows, they experience a lack of economic/emotional/social supports from the in-laws. In some cases, their children are taken away from them and are looked after by their husbands' families. This gives them theoretically the option of remarriage by their families. These young widows are already stigmatised, and victimised by society. Some widows resort to commercial sex or continue to have multiple sexual partners. Since this is a clandestine activity, it puts their sexual partners at the risk of contracting HIV infection. Such behaviour further aggravates their health because they themselves are liable to contract several diseases from such sexual partners (sexually transmitted diseases, hepatitis B, tuberculosis... Such co-morbidities have adverse impact on their health, economic and social condition".

An Alternative Paradigm

Overall, the drug situation is still in a benign stage in India, though moving in dangerous directions. The country still has diverse patterns of drug use; cultural norms in rural areas control drug use to traditional forms. Drug-related HIV too is extremely minor in the national context of drug use, as are crime rates related to drug use. Our premise is to find the best strategies to contain the drug situation at the present stage.

In this section, we explain why the current approach is impractical, harmful and directionless, a mere copy of western models or submission to western dictates. We must define the

problems and find solutions for ourselves. We propose opium maintenance as a practical, effective and cost-effective measure, and deplore attempts to institute buprenorphine maintenance. We conclude by recalling several recommendations already made above.

Current approach is impractical

Many factors make it impractical to implement global norms for drugs among the Indian people:

- Very few laws are implemented effectively. Consumption behaviour is so intrinsically cultural that the formal legal system seldom manages to change it overnight.

- India does not have enough jail space or human resources to house all users of traditional drugs. The NCB has 230 operatives to cover a country of billion people, though several other agencies are empowered to enforce drug laws.

- Law and order is a state matter in India, in contrast with federal (central) government functions. Successful implementation of the central government's NDPS Act depends upon co-operation from state enforcement agencies.

- Local enforcement personnel (constables) share the cultural values of their communities; to live in peace, they must be subservient to the local power structures.

- Many constables do not perceive opium or cannabis use as a crime because it has enjoyed cultural sanction for centuries.

- At best, in the cities, the enforcement personnel can use the law to extract supplementary wages.

- No Indian will tamper with the religious use of cannabis. Imagine anyone preventing the Sadhus and Sadhvis from their spiritual use of cannabis (meditation purposes).

- Thousands of itinerant Muslim and Hindu priests preach at each of their halts; imagine anyone going and disturbing them from smoking cannabis!

The current approach is harmful

- We have powerfully demonstrated that the mal-interpretation of "medicinal use" in the Single Convention — confining it to allopathic medicine — is pernicious, destroys human

heritage, and is a crime because it erodes traditional medicines, undermines the credibility of traditional practitioners and deprives millions of their only accessible medicines.

- In a structurally unequal society such as India's, the powerful will use draconian laws such as the NDPS Act to oppress the poor and the marginalised, and equally poor constables (vested with state authority) will use the laws to make economic gains.

- The emerging scenario is ominous. Criminalising traditional drugs causes a shift to more dangerous substances that lack cultural moorings, such as brown sugar (heroin) and alcohol, as seen in Rajasthan and parts of Gujarat.

- The situation of the cities and northeast will recur in more of the country and force India to manage large amounts of secular drug use which will be hidden because of criminalisation, making users more vulnerable to infections such as HIV.

The current approach is inadequate

Drug abuse is now seen as a disease or habit with moral and criminal aspects, which can be controlled and eradicated through enforcement and medical or psychological assistance. This approach ignores the cultural reality of controlled use that existed for centuries in India and in many other countries.

The approach to drug control known as "harm minimisation" consists in most countries of little more than needle exchanges and/or methadone/tidigesic maintenance for those addicted to injecting heroin. This approach would be overly restrictive in India, where such people make up a tiny minority of drug users. India needs an approach to harm minimisation that would consider other forms of drug use.

In India, the first focus in harm minimisation should be on preventing the millions of opium users from shifting to brown sugar heroin or pharmaceuticals, and to help prevent heroin "chasers" from shifting to injection.

The country needs to conceptualise programmes that are sensitive and relevant to regional cultures and that address the issues of development in the given localities. This is the most effective

(61) An illustration: One user explained to us that it is difficult for people like him to pretend to be ordinary vendors and sell their goods, because they do this when they are in urgent need of money for drugs, and seldom wait for a good bargain. Besides, they are afraid of being noticed by the police or any other person in authority, as they have the telltale signs of their habit: black marks on their fingers (resulting from burns from the match sticks used to heat up the heroin). The sale of stolen goods can occur on a very small scale, but on a continuous basis, it can be a financially viable proposition for the buyer. We actually witnessed a scene where an addict tried to sell a pair of spectacles for INR 75 (USD 1.7), kept reducing the offer price, and when he came down to INR 10 (USD 0.23), the customer grabbed it.

(62) Bangalore: ActionAid, 2000.

framework for drug control. India does not need supposedly all-encompassing, valid-for-all, global legislation that is alien to the cultural settings. We comprehensively reject the global common code and strategies and argue for culture-specific policies and programmes.

The situation can still be salvaged

The above description of addicts entering the world of crime in urban areas such as Bombay shows what will happen throughout the country if we seriously enforce the NDPS Act. Despite the onslaught of brown sugar and pharmaceuticals, cannabis remains today the "poor man's liquor" in most of the country, and opium is still smoked, drunk and eaten in rural areas.

Respect India's cultural kaleidoscope

India's policy makers should consult the many brilliant works by the country's anthropologists and sociologists that elucidate India's complex social organisation. Traditional culture still effectively controls drug abuse in most parts of the country. Unfortunately, most planning of drug policies and programmes to date has merely included a few patchy studies *in major cities*, which do not reflect the realities of the country as a whole. Thus, despite considerable local variations in typology of drug use, we have uniform, national strategies and campaigns. The policies lump all drugs together under one rubric, ignoring variations in addictive potential, linkages to cultural controls, and variations in the degree of danger that different drugs present for individuals and society.

The vast majority of India's drug users still prefer opium and cannabis, despite inroads by alcohol, heroin and pharmaceuticals. Thus, damage control at this stage must be on the following lines:

- . Acknowledge that the complex reality of the drug problem requires a sophisticated response, not short cuts.
- . India needs to develop its own solutions to the drug problem; importing policies blindly will only complicate the problem.
- . Tailor programmes to specific drugs, cultures, and intake modes.

. India uncritically acquiesced to the "graduation" theory, banning traditional cultural, religious, recreational use of cannabis and opium. Of course, most current habitués of heroin previously used drugs such as tobacco, alcohol, cannabis or opium, but most of the millions of tobacco, alcohol, cannabis and opium users have not "graduated" to heavier drugs, and will not do so unless forced by the legal system.

. Study "brand" loyalties: analyse the process of graduation from traditional drugs to synthetic/derivative drugs. *More than half the battle is won if we can prevent the millions of cannabis and opium users from switching to pharmaceuticals or heroin, and if we can prevent heroin users from adopting injection as a mode of intake.*

. *Do not complicate the situation by introducing maintenance programmes with pharmaceuticals; re-introduce opium/cannabis maintenance. The law already provides for opium/cannabis maintenance.* The Act also provides for registering addicts, issuing them licenses (for fees that vary from state to state) and establishing depots to supply them with opium and cannabis on a weekly basis. Our talks with officials have revealed that collectors in different states are lifting quantities from the central depots for the above purposes. But international pressures have prevented the official institution of registering opium addicts and cannabis users and selling them quotas of pure quality, and at controlled rates. Despite plentiful evidence of numerous opium addicts in India (a single treatment centre in Rajasthan treated over 30,000 opium addicts in ten years), government registers show only 10,000 opium addicts, and no one is sure whether these old addicts are being supplied with opium.

. *Stop taking worst-case scenarios seen in tiny pockets as the basis for national planning.*

. The pandemic of HIV/AIDS calls for area-specific programmes. In some parts of India the connection to drug use is very high: in Manipur, 72% of injection drug users are HIV-positive⁽⁶³⁾.

. Question the process of stigmatising and criminalising drug use, which has revered traditions in this country.

. *Making drug use a serious crime pushes the trade into the hands of organised crime syndicates and makes reintegration all the more difficult.*

(63) That brings up the probability of a new entrant acquiring HIV with the first intake, since newcomers are taught to use the needle and syringe by veterans. In the northeast region, due to police and military frisking people all the time and everywhere, addicts hide their equipment and share it.

. Young addicts put in prisons, where sodomy is common and supply of condoms is yet to be contemplated, are likely to acquire STDs, hepatitis and HIV. Drug control is not a proper role of the criminal justice system.

. *Taken to its logical conclusion, criminalisation of drug use requires a totalitarian government.* Even assuming that all Indians accept the global norms and that the government has enough institutional framework to prosecute and incarcerate all addicts, it would be impractical. There is just no way that the government can arrest over 60 million cannabis users, around five million opium users and probably a million heroin users across the country, keep them in jail for years, feed them, ruin their educations and careers, introduce them to the criminal world and subject them to the forced homosexual life style that prevails in prisons.

. The ruling class would not agree to make India a police state, for many reasons. Indira Gandhi and her party were trounced in the elections after she imposed an internal emergency, centralised all authority, arrested many people and ruled as if the country had no civil liberties. That is a lesson no politician will ever forget. Also, several rich, famous and powerful Indians have children who are addicted. The government may pass laws under international pressure, but implementation will be subject to a host of variables. These are dealt within another paper⁽⁶⁴⁾.

. *Why be hypocritical on international platforms?* Let us state our position without fear. If India can defy the international community by detonating an atom bomb, we should have the moral authority to say "no" to international dictates that complicate rather than help contain the drug problem in our country.

Feasibility

The government of India supports over 370 drug-treatment centres. Doctors at these centres can determine if an individual can become drug-free, or whether opium/cannabis maintenance would better prevent harm to himself, his family, and society. Also, the large, government-run hospitals in each district can take up the task of certifying local addicts, in cooperation with medical associations and NGOs.

Certified addicts can be given licences to obtain drugs. In any case, district officials must maintain depots to provide these substances for medical treatment of cattle and human beings.

Efficient

Traditional drug-control methods are cost-effective. The idea of introducing methadone maintenance to India was squarely rejected at a joint consultation the USA's ADAMHA and the National Institute of Mental Health and Neuro-Sciences at Bangalore, India, in 1987, on the following grounds:

- . We have mountains of unsold opium stock;
- . We have a long tradition of registering and maintaining opium addicts.
- . We cannot afford to import methadone (methadone was still under patent at that time).
- . Even if the government were to adopt a prohibitionist stance, present narcotics and opium/ganja laws allow addicted persons to be licensed on medical grounds of addiction.
- . Cannabis or opium under licence would cost some US\$2 per week, compared to a daily cost of US\$1.25 for crude heroin "on the street".

. The proposed remedy in a pilot program sponsored by the European Commission at seven locations is atrocious. These centres use three tablets per person per day of buprenorphine, sold by an Indian company, Rhusan Pharma for about INR 40 per tablet, or about US\$0.95. Thus, the tablets alone cost US\$3.00 per person per day. In contrast, an average addict spends about US\$1.50 per day on crude heroin.

Note that this tablet is to be administered under the observation of qualified medical personnel, so the addict has to sit in the clinic for about two hours. Addicts, lacking time sense, come throughout the day, so the professionals have to be available. All this adds to the costs of the program. In addition, what prevents the drug company from periodically increasing the price? Three discussions with a company executive produced only non-committal responses: if all the centres in India adopt the drug and all addicts are put on it for maintenance, economies of scale would bring down the cost.

(64) Britto G. 2000. *Predictors of Drug Trafficking in India*, Bombay: NARC (Unpublished Monograph).

It is fine for the seven centres to dish out buprenorphine while EC funding continues, though only 18 months remained of the EC's funding commitment as of this writing. More seriously, this creates a new population of persons addicted to an expensive prescription drug that has to be taken under observation. Unless the EC provides perennial funding, this will create a grey or black market for yet another drug, and an expensive one too.

Conclusion

As part of the UNESCO-MOST programme on the drug problem, we undertook this research as a continuation of our earlier work on culture and drugs under a similar project of the International Catholic University Federation. In this chapter we have presented the dimensions of culture in India, its power of the communities, its variety, its role in defining consumption behaviour with a focus on drug consumption. Traditional uses of drugs sanctioned by culture were pointed out. Medicinal use of opium and cannabis received special attention. We proceeded to describe the kaleidoscopic nature of drug use in the country and the inadequate manner in which we are tackling it shown to be because we are culturally insensitive in planning; that we ape the west and that we are slavish in accepting their dictates fully realising that these measures are making the problem more difficult and dangerous in legal, medical and social dimensions of the life of our youth. It is a clarion call for social scientists to assist the policy makers with appropriate data and models including opium maintenance.

END NOTES

1. Traditional Drugs of India (Unless otherwise specified, this note is extracted from Charles, 1999 and Chopra and Chopra___.)

Cannabis sativa

This plant is considered native to Western and Central Asia and it is growing wild in the sub-Himalayan tract in abundance in Punjab, Bengal, Bihar, the Deccan plateau, Kashmir, Kerala and in the hilly areas of Tamil Nadu (in recent times in some of these states cannabis has been grown as an illicit cash crop supplying to trafficking networks).

The drug is obtained from the dried leaves and the dried flowering and fruiting tops of the pistil late plants, and it is the resin that contains the active ingredient. Male plants are removed as soon as they are detected in order to increase the secretion of resin on the unfertilised female plants. The use of the plant and its products varies from one part to another in the country. But broadly speaking, the Cannabis sativa plant is processed into three main products before it is consumed: *bhanga*, *ganja* and *charas*.

Bhang

The other names for this product are *Siddhi*, *Sabji* and *Patti*. The mode of preparation varies from one region to another. One common method uses only leaves. Tender leaves of cannabis are ground into a paste and rolled into small balls called bhang. To prepare this mildest form of the drug, plants growing wild in the states of Tamil Nadu, Bihar, Bengal, Assam, Uttar Pradesh and Punjab are used. Collection and storage of the leaves are allowed only under government license. It is interesting to note that the Indian lawmakers have left out bhang from the purview of the Narcotic Drugs and Psychotropic Substances (NDPS) Act. The plant is harvested before it matures. It is then dried through exposure to sun and dew. To separate the stem from the leaves and flowers it is struck against a block of wood. Later, the leaves are pressed and stored in earthen vessels. By the end of process what remains is a coarse powder with 15 percent moisture.

Bhang is mixed with milk, dry fruits and other nutrients; boiled and drunk. In some parts, bhang is also an ingredient in eatables.

Ganja/Marijuana

This form of the drug is made from the dried flowering and/or fruiting tops of the cannabis plant with a resinous exuding from the glandular hairs due to lack of pollination. The plant is harvested when the lower leaves fall off and the flowering tops begin to turn yellow. After the floral spikes are removed, the agglutinated mass is called Ganja. This is further treated to prepare the different types of Ganja: flat Ganja, round ganja and choora ganja. The difference lies in the methods of production, which are supposed to affect potency.

Charas/hashish

Charas is the resinous matter collected from the leaves and flowering tops of the female plant. Six months after the sowing, big tufts of flowers appear on top of the plant and this is the time for harvesting. The tufts are collected and the female flower heads are dried before being broken and crushed. This powder is then kneaded with wooden rods to form the greenish mass with a characteristic odor — charas. After being compressed, it is sold as lumps of various shapes. The resin content of good quality *charas* is around 40 per cent. Since the cannabis plant grown in India does not yield large quantities of resin, it is slightly different from the hashish produced in other countries such as Morocco or Afghanistan, which is made up exclusively of resin (Chopra, 1990). Because Indian domestic production of charas is limited, most of the *charas* consumed in the country is smuggled in from Nepal, Afghanistan and Pakistan. In the past, before charas was banned in India, a major source of import was Central Asia. For instance, Yarkand in Chinese Turkestan, was long reputed in India for its high quality *charas*. The Indian Government has prohibited this trade.

Other forms of Cannabis use

Certain cannabis users mix it with other substances that they eat or smoke. It is also mixed with active ingredients such as alcohol, datura, opium and seeds of nux vomica to make psychoactive beverages. Users of long standing in order to increase the narcot-

ic effects of cannabis commonly add datura. Grassroots traders often mix datura seeds with Ganja to increase the volume (There have been several cases where datura seeds have been crushed and drunk to commit suicide). Other substances used less frequently include juice of *Calotropis gigantea*, bamboo shoots, arsenic (As₂O₃) and strychnine.

To make cannabis decoctions more potent, copper coins are sometimes boiled along with bhang leaves. *Madra*, a drink made from cannabis, contains datura, opium, bhang and alcohol. This was common in Baluchistan in West Pakistan as well. Another alcoholic drink called *boja*, consumed in Sholapur district of Maharashtra, is made by fermenting jowar (*Sorghum Vulgare*) grains, cannabis and seeds of nux vomica.

Papaver somniferum

The earliest description of poppy in Indian literature is available in Dhanwanti Nighantu, ca. 1000 AD. Some authors claim that the plant was introduced in 300 BC by Alexander the Great, the Greek conqueror. Another theory is that it was the Mongols who brought poppy to India during the 13th century. Indeed, the influence of the Mughals was much stronger, as can be seen by the close resemblance in both Arabic and various languages of India of words for opium, poppy seeds and poppy plant (Husain, 1983). Its medicinal value for diarrhoea and sexual disability was described in texts of traditional systems of Indian medicine such as *Shodal Gadanigarha*, ca. 1200 AD, and *Sharargdbar Samhita*, 1400 AD (Husain, 1983). Although opium was in use prior to the Mughal era, it is they who developed cultivation of poppy and sale of opium trade in a systematic manner thus creating a base for the British to expand.

Forms of Opium used

Over the years, crude opium, *afim*, has been prepared in a variety of ways. Three common methods of preparing *afim* were *madak*, *chandu* and *dross*. *Dross*, which had a low demand, has disappeared from the present Indian drug scene. The preparation of both *madak* and *chandu* involved the recurrent washing and filtration of *afim* followed by heating over a slow fire to get *kimam*, which is the base for both products. *Kimam* mixed with an equal quantity of *jesu* (a semi-solid mixture made by boiling

guava and *betel* leaves in water, filtering it and heating it over a slow fire) forms *madak*. *Madak* is then made into pills, which are smoked in a hubble-bubble pipe, or water pipe, known as *hukka*. Similarly, *chandu* is prepared by mixing half-burnt ashes of both *madak* and *kimam* in equal measures and then smoked by a special long pipe with a brass or tin bowl at the far-end. Another product, "bonda chai" (*bonda* tea), is prepared from capsules of powdered opium, which are brewed with tea. The use of *bonda* chai is still prevalent in the states of *Punjab* and *Madhya Pradesh*, mainly among truck drivers and bonded labourers.

Opium is eaten in many parts of India in the form of a pill. In certain areas of Saurashtra, in northern Gujarat State, and in Rajasthan, an opium pill is pounded and mixed with water and other ingredients (*saffron*, *musk*, *sugar*, etc.) to form a drink called *kasumba*. From Kashmir to Andhra Pradesh, from Assam to Maharashtra, opium is smoked while it is placed below the tongue in the *Punjab* where Sikh religion prohibits smoking anything.

2. International Protocols

In 1906, Britain agreed to stop its opium exports to China, provided China also ceased opium cultivation. In 1909, on the initiative of US president Theodore Roosevelt, a commission called at Shanghai to investigate the problem of opium abuse marked the beginning of international action on this issue. Representatives from 13 countries, without powers to sign agreements, discussed the problem in broad perspective and passed resolutions.

This was followed by a series of conventions (1912, 1925, 1931, 1936, 1946, 1948 and 1953) and protocols called under the auspices of the League of Nations and then the United Nations (UN). The successive meetings achieved the emergence of effective regulations on certain dimensions of the problem and expansion of the body of member nations. In 1961, the Single Convention was formulated by codifying all the existing provisions in the previous treaties into one. Several new provisions were also included. This came into force in December 1964. The major provisions are as follows:

a. Narcotic drugs of plant origin, namely, opium, cannabis and cocaine, their salts and derivatives and other synthetic drugs known to cause addiction came under the control of the convention.

b. To limit cultivation, production, manufacture, sale and distribution of these narcotic drugs strictly for medical and scientific purposes only.

c. Introduced a system of import certificates and export authorisations with governmental approval for each consignment from both the import and export authorities.

d. To provide statistics and regular reports concerning production, manufacture, consumption, stocks of drugs and import and export of such drugs.

e. To have quantitative limitation over each substance. The nations are to send their annual requirements of each drug in advance to the International Narcotic Control Board (INCB).

f. In accordance to the estimate, poppy cultivation is regulated by nominating a few countries for production of required crop. The farmers have to procure licenses for cultivation.

g. INCB can apply embargo on not only drug importing countries but drug exporting countries also.

h. Such traditional practices as opium smoking, opium eating, coca leaf chewing, hashish smoking, or the use of cannabis for non-medical purposes are prohibited.

i. Medical treatment and rehabilitation to be provided to the abusers.

j. To designate as punishable offences, all intentional violations of its control provisions regarding cultivation, production manufacture, trade distribution etc. drugs laid down in the treaty.

k. Extradition recommended in cases of offences against convention and if extradition is not possible, a foreign offender is to be prosecuted in the country in which the offence was committed of in the country in which he was found.

This new treaty also streamlined the control machinery, which was an important step in strengthening the impact of the international community's efforts. The Single Convention was further strengthened by the 1972 protocol with further amendments, which came into force in August 1975. This protocol emphasises the necessity for renewed and increasing

efforts to prevent illicit production, trafficking and use of narcotics. It enhances the role of INCB by giving it the additional responsibility of ensuring a balance between supply and demand of narcotic drugs for medical and scientific purposes and the efforts to prevent illicit cultivation, production, manufacture, traffic and use. In order to carry its mission successfully, INCB gained wide powers to make recommendations to the concerned governments. The UN as an international advisory body is taking steps to co-ordinate and facilitate the smooth operation of the various national and international agencies working towards this goal.

The Convention of Psychotropic Substances, 1971 included many new substances, including psychedelics such as LSD and Mescaline, as well as stimulants, sedatives, and tranquillisers. So far the strategy was to control the spread of drugs through the licit market. This was not adequate to check the illicit flow. Recognising the need for effectively combating, the UN also expanded its machinery. Special bodies were formulated with increased cooperation between the nations and the United Nations Fund for Drug Abuse Control (now renamed as United Nations Drug Control Programme, UNDCP) came into existence. Its primary function is to provide financial aid and supervise major anti-drug projects and programmes.

In 1984 UN passed a declaration on the control of drug trafficking and drug abuse. In 1987, at the initiative of the UN Secretary General, an international conference called to discuss the global menace of drug abuse and illicit trafficking produced a framework of guidelines for dealing with reduction of both supply and demand of drugs and suppression of illicit trafficking under the title, "Multi-disciplinary Outline of Future Activities" in relation to the problems of drug abuse and illicit trafficking. Despite the efforts of all the countries to combat it, the flow of drugs only increased. The need was felt to streamline the areas where concerted efforts were required, in response to this alarming increase. The United Nations convention against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances was convened in 1988. It addressed the various aspects of illicit drug trafficking, particularly those not envisaged in the previous international drug control

treaties. The articles of the 1988 convention cover the following areas (UN, 1990):

- a. Adequate sanctions for offences relating to drug trafficking.
- b. Identification, tracing, freezing, seizure and confiscation of proceeds and property derived from drug trafficking. Courts are empowered to make available or to seize ban financial or commercial records. Bank secrecy cannot be involved in such cases.
- c. Extradition for offences relating to drug trafficking.
- d. Provision of mutual legal assistance in investigations, prosecutions and proceedings.
- e. Transfer of proceedings for criminal prosecution.
- f. Other forms of co-operation, particularly among law enforcement agencies, in fields such as training.
- g. International co-operation and assistance for transit states.
- h. Monitoring of substances used in the illicit manufacture of narcotic drugs and psychotropic substances.
- i. Prevention of diversion of materials and equipment for production of illicit drugs.
- j. Measures to eradicate illicit cultivation of narcotic plants and to eliminate demand for illicit drugs.
- k. Measures to ensure that commercial carriers are not used to transport illicit drugs.
- l. Suppression of illicit traffic in free trade zones, ports and by sea.
- m. Suppression of the use of the mails for illicit traffic.

Most of the affected countries are members of the UN and they either make amendments or formulate new laws following the UN conventions and protocols. The legal edifice and the mode of enforcement vary from country to country depending on the specific nature of the problem.

The 1988 convention is a major achievement in the march to control illegal supply of drugs, but only if followed to the letter. In order to realise this, legislation is not enough. The governments of all the nations have to make firm determinations to check the illegal trade.

In 1998, the UN convened a Special General Assembly to discuss the control of money laundering. Since India agrees to everything in the drug field, our law ministry formulated the Money Laundering (Prevention) Bill. The Lok Sabha has passed it but the Rajya Sabha has sent it to a select committee for review. The business tycoons of our country through their organizations (FICCI, IMC et al.) have protested loudly to bring money laundering under the purview of criminal law.

VIOLENCE IN RIO DE JANEIRO: STYLES OF LEISURE, DRUG USE AND TRAFFICKING

Alba Zaluar

Introduction

This chapter discusses the present view on crime and violence in Brazilian cities, specifically in Rio de Janeiro, considered as one of the most violent cities in the country. This perception derives from the supposedly mounting poverty and inequality that would account for violent crimes such as homicides, as well as crimes against property. However, one cannot understand the tremendous increase in the rates of crimes, especially homicide, without linking it to drug trafficking at the local and transnational level. This assertion is mainly supported by fieldwork research that I undertook during the eighties and nineties in poor neighbourhoods of Rio de Janeiro where most crimes are related to personal and commercial conflicts involving people who were connected to drug dealing gangs (Zaluar, 1994). Statistical data from other studies in Brazil (Adorno 1990; Zaluar et alii, 1995; Soares et alii 1996; Beato et alii, 2000) are not yet conclusive, though they all point to high proportions of homicides related to drug dealing (from 25% up to 52%).

Assuming that many poor young men have been in a state of vulnerability as a consequence of crisis within families, estrangement between adults and youths, an inefficient school system, a lack of professional training, and insufficient employment possibilities, I will present arguments that further the idea of "perverse integration" (Castels, 1998: 166-180) already discussed in a previous paper (Zaluar, 2000). In it I argued that changes in the infor-

mal market in Rio de Janeiro due to the presence of drug traffickers in the city, especially in the *favelas*, has criminalised the informal sector, given that the drug trade for cocaine and marijuana is illegal and has developed a violent style of trafficking. This very risky economic activity, which is fatal for most young people who join the drug gangs, has also prospered inside a hierarchical and ruthless fluid organisation and should not be equated to a "survival strategy".

At the macro social plane, despite intense debates, there has been a certain agreement that post-war society has been subjected to an accelerated process of economic, political and cultural transformations, the central points of which would be social fragmentation and the increasing importance granted to leisure and consumption activities as means of defining new social identities. As a result, gambling, drug use and pleasure-seeking activities have become most important for many people, especially the younger ones. This makes the businesses that exploit their illegal consumption highly profitable. Inside the globalised networks of business crime, those who are in strategic positions in the large ring of transnational connections may profit quickly as a result of a combination of none or few institutional limits, and the use of violent ways of conflict adjustments⁽¹⁾. This prosperous sector of world economy constitutes the illegal production and distribution of goods and services that are part of the "mass consumption of style"⁽²⁾. Besides, Mafiosi contracts damage third parties and, although they may avoid conflicts, are based on the participant's instrumental interests. The relationships of personal loyalty are not the outcome of a personal free act, but are forced upon mainly by the threat or use of physical violence. A chief may be magnanimous sometimes, depending on the whims and caprices of his personal power. Yet, the mixture of fear, respect and affection that surround him does not cancel the despotic trait of his power, for it nullifies his subjects' autonomy.

Since social, economic and institutional inequality remains, these new globalised forms of business configure a perverse social and economic integration for those who suffer exclusion. The question yet to be properly discussed is how the effects of poverty and accelerated urbanisation or immigration are linked to the presence of networks⁽³⁾ and fluxes of more or less organ-

(1) All over the world, the existence of prohibiting laws and of strong moral censorship inflicted on such activities compels organisations that are underground to react violently in commercial or private disputes (threats, intimidation, blackmail, extortion) or in the conflict resolution (aggressions, murders, terrorism).

(2) Style is a concept used for substituting culture and subculture, which have theoretical consequences inapplicable in times of very rapid changes in social identities and practices. Used first at the Centre of Cultural Studies of Birmingham to designate what was called "youth culture", style then became the most suitable term to characterise the swift and transitory novelties in music, clothing, art, and language fashions, and other juvenile behaviour that could no longer be exclusively interpreted on the holistic perspective of religion or of class culture, although not entirely disconnected with them (Hall, 1980). Now they are part of the market of symbolic or cultural goods in the so called "consumer society" (Featherstone, 1995: 36-44).

(3) The concept of network is used in two ways in studies concerning drug traffic nowadays. Firstly, it is anchored in the concepts of territoriality and hierarchy with which Geography has envisaged international, national and regional cities in order to study the flux of information and products that pass from one to the others through knots and strategic points of interconnections. Secondly, closer to the anthropological concept of social network, it is used to study and understand the illegal activities that function as a continuous flow of interpersonal relationships based on secrecy and trust always under proof, in other words, on knowledge and vigilance people have of each other as well as taken for granted arrangements and rules between them. In this second meaning, it applies notably to the lower levels of drug dealing that have an intricate and decentralised web hardly controlled, contrary to what happens with the wholesalers and financiers of the traffic, who tend to create centralisation and hierarchy in Cartels e Mafia (UNDCP, 1997).

(4) The concept of organised crime is entangled with the concept of Mafia and has been the object of an unfinished debate which started during the last century: the former referring to its organised or disorganised character, and the latter pointing to its condition of crime, work or enterprise. In any case, there is no doubt that one is dealing with a set of activities spread in networks that have components of economic endeavour, that is, it needs repetitive activities, (though without the discipline, regularity and rights of regular work), a goal of which is profit (easier and higher the better at the wholesale networks), using variable methods and currencies for exchanges typical of underground relationships.

(5) The research team included undergraduate and graduate students under my supervision at NUPEVI. Funds came from the Ministry of Justice, Brazilian Federal Government, and NUSEG, Government of the State of Rio de Janeiro.

ised crime⁽⁴⁾ (Schiray, 1994). Although poverty and accelerated urbanisation are clearly connected consequences and causes of exclusion, organised crime cross all social classes, have bonds with organised legal business and do not survive without institutional support from state agencies. By studying the networks that link legal and illegal business, one can finally connect the micro and the macro dimensions, and the local and the global levels of transnational narcotics economy in which poor people work perilously at the retail trade in order to assure the enormous profits obtained at superior nodes of the wholesale trade. The latter thrive on the risky and many times fatal activity of those small dealers.

Because of the very high prices of illegal drugs, which, in the case of cocaine, is more expensive than gold as soon as it penetrates Brazilian territory, their trade has become a source of enormous and rapid profits, as well as great violence. The demand that guarantees high profits is created by changes in lifestyles associated with individual consumption, which is characterised by style consumption (including the use of illegal drugs) and which is more expensive than post-war family consumption due to the comfortable domestic patterns of middle class families. Such changes in consumer habits have been partly accompanied by new conceptions of work and suffering, leisure and pleasure. Furthermore, these changes have taken place simultaneously with the impressive increase in certain crimes "against property" — thefts and mugging — as well as "against life" — aggressions and homicides (UNDCP, 1997). However, the local and micro mechanism by which this has come about is yet to be properly studied.

The Research

The main hypothesis was based on the interactive character of circuits, networks, leisure styles and more diffuse social processes that culminate in a criminal activity — drug trafficking — as business, that is, accomplished in some form of organisation that at retail level may be regular or irregular, a way of life or of enrichment, as well as an intermittent, temporary or permanent activity. These different forms could be related to the distinct in-

cidence of some crimes observed in three districts of Rio de Janeiro, i.e., the style of trafficking would be a determinant. Data on crimes were those known to be connected to organised crime, such as robberies and thefts (for paying debts users have with dealers) or homicides, which may be, and often are, forms of internal conflict resolution, especially in what has been called systemic homicides (Beato et al, 2000). The research team⁽⁵⁾ studied trafficking styles and networks in each of these districts, which were chosen because they had several legal establishments for bohemian life and many shanty towns (*favelas*), besides significant socio-economic differences. In them, links between favela and "asphalt" dealers, as well as users and traffickers were observed, that is, the research had a qualitative more than quantitative character.

According to the 1991 Census, Rio de Janeiro had 570 favelas spread all over its territory where 16,1% of the total population of the city lived. Inside *favelas*, population density is 341 inhabitants per ha., that is eight times the mean density of the city. During the eighties, traffickers succeed in taking over local power in most of them, ousting dwellers' association leaders and union leaders who were important before (Zaluar, 1994).

Since the late seventies, there have been two contending criminal rings or "organisations" that linked several favelas, splitting their residents into friends and enemies: *Comando Vermelho* and *Terceiro Comando*. Despite the label of organisations, from the business point of view, "commandos" have been in fact horizontal reciprocity networks through which gangs in each *favela* help one another to acquire drugs and guns when they lack them. Nowadays there are four rings — *Comando Vermelho*, *Comando Vermelho Jovem*, *Amigos dos Amigos* and *Terceiro Comando* — but the former enmity is still the most severe. Although "commandos" are not family business and have no big chief, their networks are not always horizontal. There is a great inequality in it in regard to power relations and division of profits. The drug trafficking organisation (criminal gangs or *quadrilhas*) inside the *favelas* is simple: there is an "owner of the outlet" (*dono da boca de fumo*) or "the trafficker" (o traficante), two or more "managers", one for marijuana another for cocaine, and several more or less important middlemen, some of whom are employed

(bookkeepers, "vapours", "soldiers"), and many "little aeroplanes" (go-between sellers), the first getting variable salaries or different percentages on the sales, the latter just a small part of the drug they get to sell elsewhere at a higher price. Where the political and military process has been accomplished, the chief "trafficker" becomes "the owner of the hill" (*o dono do morro*), another name for shantytown.

Still, in their interviews, youngsters mentioned that the *quadrilhas* provided more security for their members; since they assure juridical assistance that increases the chance of not being sentenced the higher the youngster is in the organised crime hierarchy. Since money can buy defence, and guns offer the protection that emerges from fear, it is rational to practice more and more crimes in order to always have money, guns and the respect as well as the protection of the gang. Actually, their preference for armed robbery is explained by the fact that they can silence possible witnesses by terror, inflict fearful respect on accomplices and offer the gun as a "treat" to the policemen, multiple ways of escaping arrest and making condemnation more difficult, as I analyse in another text of this review. Anyhow, such calculation may prove ineffective in so far as it does not eliminate the fact that a poor bandit may be beaten up, tortured or extorted for a sum of money he cannot provide. His gun and the stolen goods may be removed from him and yet he may be arrested if the policemen prefer to increase their bets in the corruption game or to do their job right. He may also be accused of crimes he did not commit as a way of speeding the "solution" of crimes. There are work pressures and efficiency orientations inside the institution along with the secular practices of violence and corruption. Cases of "revolt", that is, the decision to take up guns and follow criminal careers, were due to these perilous encounters with policemen.

However, during the fieldwork research we discovered that dealers, especially in Copacabana, were not limited to young men from *favelas*, supposedly the only poor enough to be attracted by this survival strategy. Women (manicures, prostitutes, shop attendants), as well as adult workers of the services sector (street vendors, taxi drivers, doormen, and even tradesmen or shopkeepers) also sell illegal drugs to customers.

The other main discovery was that criminality incidences in the three districts could not be explained either by socio-economic data or by anomie. Crimes against property (robberies and assaults), which are related to the victims' richness, and crimes against people (homicides) related to poverty, reach their highest rates in Madureira, the district with the poorest population. Copacabana has a homicide rate of 8.8 per 100.000 inhabitants, whereas Tijuca and Madureira have around 21 and 34 respectively. Thefts occur in greater number in Copacabana, but are also very high in Madureira. Yet, Copacabana is the district that presents the highest income layers: 65% of the heads of families earning middle and upper incomes, 40,58% at three highest income layers and only 11% below the poverty line (two minimum wages). Tijuca, although less rich than Copacabana, has an income distribution concentrated on the medium layers: 59% of the heads of families earning middle and upper incomes, 35,44% at three highest income layers, 17,2% below the poverty line. Madureira displays a contrasting income distribution: 40% of the heads of domiciles have income below poverty line, 33% earn more than two till five minimum wages, only 22% have middle and high earnings, of which just 5,4% are in the highest layers. Inequality, then, is smaller in Madureira than in the other two districts, for there are fewer rich people living close to poor people. Thus, in Madureira the poor steal, rob or kill other poor.

On the other hand, Copacabana has the bigger contingent of old people (25%) in the city, although its population amounts to half the population of Madureira: 43 thousand people with 60 years or more out of a population of 170 thousand. Adults sum 41%. Young people — from zero to 29 years old — amount to 33%. This could explain why the district has the highest rate of thefts since preferential victims of this crime are old people. Tijuca is again well balanced in terms of age distribution for it is a residential district: 40% are young people, 40% are adults and 20% are 60 years old or more. Madureira presents a picture according to its poverty: 47% out of 373 thousand dwellers have from zero to 29 years old, 23% of which are children and adolescents between zero and 14 years old, that is four times more than Copacabana; adults correspond to 40% of the total and old people 13%. That is, there is more need to educate and entertain the young ones in the district of Madureira.

Despite its old population, Copacabana is far from being a conservative or conventional district. On the contrary, it is the most important tourist and bohemian centre of the city. Anonymity, cosmopolite ethos and tolerance, besides license, distinguish the district since the beginning because people of different ages, sexual options, ethnic groups, races and social classes meet in the same space. Many foreigners from other parts of the city, the country and the world go there in order to have fun. Prostitutes, in hundreds of bars, restaurants, nightclubs and kiosks, offer sex and drugs. Numerous dealers ("vapours" and "aeroplanes") and numerous drug users cross the streets searching for varied fun.

Tijuca has always been mainly a residential and familial district. Despite the three important samba schools that make their festivals there, there is no agitated nightlife in it, nor anonymity is part of its style. It is a district known for its conservative population. There is a provincial atmosphere in its quiet streets at night, except in the points the youths have chosen for their meetings. Still, it is considered one of the most violent districts in the city. During the eighties there was a boom of musical bars, a characteristic of the district as well as a boom of cocaine use, what could easily spread for it has 13 *favelas* very close to each other. In all its hills there are irregular dwellings with traffickers dominating them. Since they are close to each other and the traffickers belong to different commandos, it is impossible to go anywhere without concern. Thus, men who live in one *favela* cannot go anymore to the samba parties (*pagodes*), funk balls or samba rehearsals in another one if they belong to enemy "commandos". To do otherwise may mean the death of the young trespasser looking for fun.

In Madureira, illegal drugs are not so visible and easy to get outside the *favelas*. One cannot stroll in its streets either. People walk with a known place to go. The streets, and not only the *favelas*, have been militarily divided by the commandos that control the hills where irregular dwellings are. One needs much attention not to fall in the hands of enemies or, as they say, "Germans". Besides, the streets have little light and patrolling. Preferential leisure activities for youths are charm balls at the clubs, samba parties at the schools of samba and funk balls at the *favelas*. For

those youths, as they hardly can go outside the gang controlled turf, the district is divided between "friends" and "Germans". They can only go to the areas with the same or allied commandos.

But there are big differences in terms of the youth style chosen. Although charm and funk are musical styles copied from Afro-American music since the end of the seventies, dressing and dancing styles at charm are very different. At charm balls there is no violence and no drugs inside the clubs. The youths view themselves as fantastic dancers and music aficionados who dress elegantly in a conservative style as a way of marking contrasts with funk fans. To the charm balls go people from different generations and social layers, what does not happen at funk balls. Thus, there is some social control inside them wielded by adults over youths, what is an antidote to the strong and closed loyalties one finds within youth groups, such as gangs and *galères*. People who go to charm balls are more oriented to work and do not adhere to gangs, although the social identity acquired in this leisure activity is also very important to them.

On the contrary, *galères* are constitutive of funk balls. Divisions between sides A and B entice disputes in dancing and violent fighting inside the room during the ball. Their customers are younger and have no strong links with work, school or profession. They develop the masculinity ethos asserted by the lyrics of their music and the DJ's speeches that encourage them to show prowess during the balls, enough to fight till death if needed. During the balls, despite prohibition, 15 minutes of fun, that is 15 minutes of blood thirst fighting, are allowed. Thus, they become an indirect form linking youth violence to illegal drug commerce, in as much as they share the values and practices of the warriors' ethos (*Elias & Dunning*, 1993: 138) that link symbolically male pride and dominated turf.

The presence and sometimes the interference of traffickers are easily detected in funk balls, more so in those called "community balls" because they are performed inside a *favela* allowed and financed by "the trafficker". The use of the local dwellers' association is necessary for the official permission given by the Military Police. The "association", in fact already controlled by traffickers, also engages disc jockeys and other

members of the technical team. There is less tension and conflicts in this ball because everyone knows each other and belongs to the same commando. The DJ on the other hand may find himself in difficult situations suffering constrictions from "the owner" and from corrupt policemen, sometimes risking his own life.

Despite many distinctions found in the leisure circuits, drug consumers were not distinguished due to different styles of consumption. In all these districts, they showed themselves concerned with privacy and discreet use so as not "give themselves away" nor frightening other customers of the same bohemian establishments. Police repression and the fear of having their addiction known by their families and neighbours, especially in the districts where social networks are closely knitted, may explain this caution. Thus users try not to exceed the dose so as not be "easily spotted": eyes wide open, agitation, loss of oneself control and so on. In fact the style of use observed in public spaces where youths and adults have fun within the three districts could be described as predominantly of social use. At kiosks, restaurants, bars and wine-cellars, users' controlled behaviours are much valued by all, including the local traffickers themselves. This is not to say that there are no heavy users, but they may have serious difficulties in their relationships with other users and dealers at public points due to the disturbances they may cause, either because of police surveillance or because of increasing debts with dealers. In those places, use is simplified, agile and adapted to urban rhythm, all transactions occurring quickly so as not to be seen.

Copacabana has at least three different trafficking rings linked to the bohemian places: 1) the sea edge; 2) the night clubs and prostitution circuit; 3) the restaurants, bars and wine-cellars close to one of the shanty towns where a big trading point exists. In the first two settings "vapours", as their name implies, are in constant movement, never stopping for a long time in the same place, "evaporating" when necessary as a consequence of police control, despite the collusion scheme with some of them, or in search of new customers. In these rings they are much more discreet than at the one near the accesses of *favelas* or nearby streets in the districts of Tijuca and Madureira. In the main streets or, as they say "at the tracks" (*na pista*), prices remain several times

higher: from five up to ten times. The variation is linked to the occasional gap between offer and demand.

In the second ring - the one that runs in leisure and prostitution locations - the majority of illegal drug dealings are ordered previously, since "vapours" and "aeroplanes" avoid carrying the goods. The "vapour" receives the request and goes to the place where the drug is hidden, whereas the "aeroplanes" have to steer towards the hills where they get cheaper prices for purer drugs. Nevertheless, customers do not fear cheating so much since this is not very common between people who already know each other. Trust serves both parts that need to maintain transactions. Swindlers are indicated and quickly lose credibility. In this ring there are also dealers who employ the phone call system, attending their customers by request made by phone to the flats where they live. They do not stay in the streets.

This is one style that contrasts with those found in the other districts. Anyhow, this is not a feature of all parts of Copacabana. In another area, closer to one of its *favelas*, differently, there is an intense sociability and interaction between users from the "asphalt" and traffickers from the *favela*, as it is common in many areas of Tijuca and everywhere in Madureira. At this particular point, the style of trafficking is not so quiet, cautious and peaceful; in it one can observe the same violent dynamics that arises from territory control found in the two other districts where there is a constant overflowing from the traffickers' turf inside *favelas* to the rest of the district. Yet, since in Copacabana this is limited to a few streets very close to a particular *favela*, it is not surprising that the district presents a much smaller homicide rate than the other two.

Tijuca exhibits a peculiar geography for its streets are inside valleys surrounded by many hills. This feature has benefited those who deal illegal drugs there. Social differences between urbanised areas and the several *favelas* disappear when we enter the world of illegal drugs. Users from "asphalt" stroll more easily up the hills where they go to buy directly in the fixed selling place a better and cheaper drug, although taking more risks than the middle class customers in Copacabana who buy at "the tracks". Users, no matter the degree of addiction, have to calculate the

risks that ensues from police repression and corruption, which go side-by-side in favelas and nearby streets, as well as the dangers resulting from the transactions with dealers of the hills. Of the latter they say: "one must know how to enter and how to leave the dealing with them in order not to lose one's life".

Besides, shanty town's traffickers rule more easily over the streets of Tijuca, either as a way of hampering independent dealers to sell drugs there, or as a way of showing their fire power. It is common to see armed traffickers walking by. When the "owner of the hills" spots an unauthorised vendor, they are threatened. If they insist, competing with the criminal gang, they are killed. It is necessary to have respect and permission from the owner to sell drugs in Tijuca. Because the hills are so close to each other across the narrow gulfs where "asphalt" housing is, gang warfare and intermittent shootings invade the houses inside and outside the favelas. They shatter the tranquillity of this conservative and familiar district. Sometime the shots reach the houses and kill people who watch television or sleep.

Easy access to the hills intensifies drug retail commerce there. However it does not stop dealings in bars and corners for "one sells drugs everywhere". Some bars are well known as selling places where brokers go back and forth the hills bringing drugs to their customers. Those who climb the hills assume the risks but take advantages at the same time, though they do not profit very much. They form a stable group of people who gained reliance from the "owner" or his "managers", a condition they call "having reputation". They buy previously a certain amount of drugs in order to sell them at a higher price in bohemian settings. When they acquire drugs frequently for paying later, they become "aeroplanes". In this case, trust is even greater and, in the process of gaining respect and consideration from the owner, they buy increasing quantities of drugs and may achieve the status of "vapours". Simultaneously, they are compelled to engage increasingly in other criminal activities of the gang and may get entangled in mortal conflicts. From their point of view, the ideal situation would be to remain as someone that has consideration, friendship and respect but does not get involved, nor becomes "enemy", "dog", "weak head" as other dealers do. Equally, one should not be very ambitious, because gaining too much money

in the streets as middleman may call the attention of traffickers or of policemen. Then "the guy is marked" and his situation "becomes sinister". He either kills for not being killed or leaves the district, even the city. He must "disappear".

The style of trafficking in Tijuca, as well as in Madureira, is therefore one directly controlled by favela traffickers who make constant shootings to guarantee turf or monopoly over commerce, and to halt legal repression. For this, they threaten possible competitors, violently coerce debtors, make fragile agreements with the policemen who extort them, and intimidate witnesses. There is a militarised control of the area more clearly associated to local metaphoric expressions of maleness. This style diverges with the one predominant in Copacabana, i.e., a discreet style where the dealers assume they are clandestine and cannot control territories.

In Madureira, it is common to see people smoking, sniffing or selling marijuana and cocaine in strategic points inside favelas and in the "asphalt". As a matter of fact, there is no clear-cut division between these areas and no prejudice against shantytown dwellers (*favelados*), for most people are poor. Anyone may acquire drugs up in the hills without suspicion. In this district the edges between trafficking networks and leisure styles are fluid. The major and dreadful split is the one related to the "commandos". Hence, access to drugs does not depend on middlemen who buy them in the favelas. Because there are no clear limits to the latter, users say they have no need for them as it happens elsewhere. Usually users openly consume the drugs at the same place they buy them, in a small alley inside the favela or in a nearby street, avoiding a *flagrant delit*. As for the price, in Madureira cocaine and marijuana are eight or ten times cheaper than at the "tracks" in Copacabana. However, users likewise talk about the tension that exists when buying directly from the trafficker. They equally mention the trafficker's truculence and their need to submit to his dictates so as not risking their own lives.

Some *favelados* say it is impossible not to meddle in the gangs' occasional transactions, refusing common invitations to participate in parties, barbecues, and balls. Others wish to remain as persons deserving consideration and respect in order

to sell increasing portions of the drug during a limited period of time. They dream of gaining some money, leaving the illegal dealing to open a legal small business. Yet, all agree that no one is forced to enter the gang. The youth offers himself showing loyalty and "disposition to kill", another way of acquiring respect and trust. If he is good at shooting, he becomes a soldier and a member of the gang that dominates the hill.

From the military point of view, antagonistic "commandos" compete violently for turf or business control, and prohibit people that live in areas dominated by their enemies to trespass their territories, sometimes even for simple visits to friends or relatives. Because of this, *favelados* in Tijuca and Madureira refer to an "unending war" that engages traffickers belonging to belligerent commandos or that involves policemen and traffickers. In this war, not only gang members, but also young men who live in the same or in friendly *favelas*, are compelled to help whenever enemies attack another gang in the same commando. The recruits then form a band (called *bonde* or "bond") that will respond to the attack of the other band likewise formed.

When there is draft of "soldiers" for the traffic, it is directed to the youngsters who have managed to override the regulations now existing in the Brazilian Army that avoid recruits from *favelas*. They have been officially trained as soldiers in the military service, which is still obligatory. Even when they are not members of traffic gangs, these youngsters are "invited" to mount and dismount guns, train new soldiers, confront enemies when the *favela* where they live is invaded by the police or a rival gang. They must accept the "invitation" not so much because they are coerced to do so but because they feel they should collaborate with the gang that controls the neighbourhood where they live. Anyhow, they know that, in the case of refusal, they will face moral and physical problems. They will lose reputation and respect from the "owner of the hill", they may be expelled from the *favela* or, worse, they may be executed. Sometimes they are even "invited" to form the "bonds" that are going to invade enemy neighbourhoods.

This is the context of a masculine warrior ethos bred in traffic gangs, in which boys grow. It helps to understand the grow-

ing appeal to violence in such places. For youths have been partly socialised in this figuration (Elias & Dunning, 1993: 10-11) sharing their codes through which they search respect, reputation and consideration from members of the traffic gang. Many think this social context is a natural and eternal component of social interaction. Several have friends or relatives who have been part of the traffic networks. Since these youths try not to breach its main rules, they become conformists and lose autonomy, and are therefore called "guided by remote control" (*teleguiados*).

Yet, some older people in Madureira and Tijuca feel they should maintain a distance vis-à-vis gang members. One hears commonly sentences such as "they respect us and do not impose themselves on us" or "we do not convene with these boys" from neighbours who belong to traditional samba schools, some religious groups or have clear work orientations. This speech also comes from people who are long time dwellers and have seen the changes that deeply affected social relationships inside the family and the neighbourhood. They tend to have leisure styles that integrate several generations, that is, they have their children and grandchildren under their control during some activities. Usually they just prohibit dealers of selling drugs or exhibiting guns in at their doors where children play, as a way of pointing to the difference between them. They are the ones who resist intimidation and forceful agreements with the latter. Such attitudes in fact stress the tradition and respectability of the neighbourhood in comparison with others.

Unfortunately, they have not yet been granted support from governmental agencies nor the police. However, several governmental and non-governmental organizations have established new projects, or supported their voluntary neighbourhood associations to attend youngsters who have problems at school or at home. As yet, no projects have envisaged the pacification of gang warfare or the troubled young men who live at the cutting edge, killing and being killed because of it.

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THE SOCIAL CONSTRUCTION OF THE IDENTITY OF THE TRAFFICKER

Luis Astorga

Introduction

The era that began early in the 20th century, with the prohibition of drugs such as opiates marijuana and cocaine, created a new group of social agents — the traffickers. Nearly a century has passed since then, during which the identity and characteristics of traffickers have been acquiring shape, and they have come to constitute groups that are more or less extensive and consolidated and have more or less influence in various fields, according to the given society. As their activities are illegal, they have broken the established laws governing life in society. In the economic sphere they have shown entrepreneurial skill, although methods used by some groups to arrive at their ends in recycling their earnings in the legal economy have sometimes been violent. Force — and even armed force — has been used in some fields of the economy in some countries. Traffickers have also resorted to bribing social agents responsible for law enforcement in different fields involved in the success of their activities. As for ethics, the traffickers' values system places gain above all and at any cost, and lawbreaking and contempt for the lives of others above values that make for a peaceful life in society. In the social field, perceptions of their activities include acceptance and re-

jection, or can be ambiguous, according to how close ordinary people are to the traffickers, and also to how long such traffickers have been active in a given community. As for the political aspect, each producing or transit country has had different types of relations with the drug-trafficking field and its main social agents. These can involve subordination and relative autonomy on the part of traffickers with regard to the State, or independence and confrontation with the State at all levels. And in the field of symbolic production, the traffickers' own social development, the perception of their activities and of their tastes and values, and lastly of their ethics, aesthetics and mythology, have also been reflected differently, with varying intensity and via different media, according to the society concerned.

The objective of this chapter is to describe the origin, development and characteristics of the symbolic production around illegal drug trafficking and traffickers, from both outside and inside the field in the case of Mexico. It is in this area of symbolic production that legal and physical confrontations between traffickers and authorities — or cooperation between them — are reconstructed in the discourse, and that the meaning of these relations is prepared. It is here that the categories and patterns of perception that enable social agents to find their place in the world are synthesised, that social agents find their reason for existing and that they build and rebuild their identity. The legitimacy of the authorities' position has made it possible for them to create over time a universe of meaning that classifies traffickers and attributes certain characteristics to them. Consequently, they judge the traffickers according to experience, suppositions, prejudice and the values shared by certain social groups, or the laws in force in a particular society. They also rely on the appropriate media to disseminate their symbolic production. It is difficult to obtain any direct information as to how traffickers perceive their business and how they see themselves, given the illegality of their activities. Access to their symbolic production is always partial and fragmentary. It is easier to find out what is said about them in the "legal" world than to obtain voluntary testimonials from traffickers giving their view of the field in which they operate and of their relations with other fields. This methodological difficulty leads us to seek other media in which much might be reflected of their special way of seeing the world. In the case of

Mexico, one very useful symbolic production for approaching the traffickers' world view is the *corrido*, which is oral history in verse put to music, and a grassroots tradition that has been preserved through the ages⁽¹⁾.

Historical Context

Traffickers in illegal drugs emerged as a social category at the very moment when trading in certain drugs became a criminal activity and when laws were issued banning such commerce and establishing penalties for offenders. This initial division between what was good and bad, permitted and forbidden and legal and illegal was the point of departure for the creation of arguments justifying the new measures and condemning those who did not respect them. Because prohibition was an act by the State that had permanent validity in a given territory, the legitimate social agents in charge of preparing and applying these laws were legal specialists, legislators, politicians and the police. Certain journalists did help, however, with the groundwork for the creation and application of prohibitionist laws by reproducing and disseminating State arguments, and even adding some of their own. On the one hand lay the offending substance — one of a number of drugs to which negative properties were attributed. On the other lay the activities that enabled such drugs to be produced and marketed. Lastly, there were the social agents who carried out these unlawful activities and were therefore the object of a social declassifying and reclassifying process. They stopped being what they had been and became criminals. The entry into the world of these offenders required the transformation of the personal attributes that had characterised the same social agents when they had been legitimate. The stigma of their new condition was established as the dominant value. The authorities and the communication media that served them took care to reinforce those attributes valued negatively by legitimate society. Thus, with time there would exist a long list of descriptions that would serve to identify them publicly. These constituted value judgements that would place traffickers in opposition to dominant ethical codes, and interpretations of their origins, intentions and ways of life. They were named, classified and interpreted from outside their own world, but their own perceptions of their

field of action and of themselves from their position as active social agents would generally be confined to their own universe and would rarely transcend this.

In the early years of prohibition, which had different stages (*marijuana*, 1920 and *opium poppy*, 1926), individuals trafficking in illegal drugs came from different social categories and classes. They were mainly peasants from the mountains, which was where most of the forbidden crops were grown, and traders of various levels in the country and city who stored the production and acted as intermediaries between the producers themselves and distributors in the United States. The United States market was where the demand was greatest, and what made the business so profitable. In the country, the peasants who sowed the opium poppy, or later marijuana, often knew nothing about the prohibitions. They lived in zones where State presence was practically non-existent and the only law was that of survival. In addition, the producer was not necessarily the person who marketed his harvest in the cities, or the person who took care of its transport to the frontier or smuggled it into the United States. He was a link in the chain, attached to the earth and the person who earned the least, although profits were higher than for the legal crops that continued to be part of his family economy and were necessary for survival. After a time, certain rural traffickers who had more business flair and were not too worried about legal repercussions started to specialise in these forbidden crops and took over the other stages, ranging from commercialisation to the final market. In their places of origin, entire families opted for illegality. They focused their skills on illegal crops and became professional suppliers. They accumulated wealth and regional power, while all the time they were tolerated, watched over, contained and protected by the local and federal authorities⁽²⁾. The urban intermediaries did not disappear, although some of them only stayed in illegal trafficking long enough to accumulate some capital and invest it in legitimate business, or reinvest it in businesses that they had already been developing before they had ventured outside the law. Since they were connected with trade, legitimate agriculture for export and politics — particularly in Sinaloa — the traffickers were known, but at the same time "invisible" because of their situation in the social hierarchy and their protection networks. Attention focused on the originally rural

(1) See Luis Astorga, *Mitología del "narcotraficante" en México*, Mexico, UNAM-Plaza y Valdés, 1995.

(2) For further details on this aspect see Luis Astorga, *Organized Crime and the Organization of Crime* in John Baily and Roy Godson (editors), *Organized Crime and Democratic Governability: Mexico and the US — Mexican Borderlands*, University of Pittsburgh Press, 2000, pp.58-82.

traffickers who had settled on the outskirts of Culiacán, the capital of the state. There they recreated the lifestyle of the mountains, of regions forgotten by the State in terms of infrastructure or productive investment and where representatives of the law were permanently absent. Personal and business differences were not settled by legal institutions, and even less so when such activities were unlawful. Gun battles were frequent and the law of the mountains reigned, which meant the law of the strongest and fastest to draw his gun. If they were "wanted" by the law, they could always escape to the mountains, which was their natural territory and where it was difficult to capture them. The traffickers' professional activity and their frequent use of armed violence, mainly among themselves, were the features that distinguished the district of Tierra Blanca where they settled in the early years of their move from the country to the city. Or at least, those were the aspects identified by people who lived elsewhere. In the city, and in that district in particular, people uninvolved in the illegal trade appeared to have no great problems in coexisting with the traffickers. After all, the traffickers were not promoting the market locally or obliging anyone to participate in the business and they were still only killing each other. Value judgments by law-abiders were not absolute. They could change, above all in private life, if the conditions implicit in tolerance were broken. The laws and discourse of the authorities were seen to be too rigid when attempts were made to apply them in everyday life. The trafficker was not a complete stranger. He could even be a neighbour, friend or relation. The city was still relatively small and it was fairly easy to know about a person's background and activities. In practice, the authorities themselves were more flexible and did not consider traffickers a danger to society.

It is important to stress the "naturalisation" of the drug-trafficking phenomenon that took place in certain parts of Mexico, especially in states where illegal crops began to be grown very early on, before the prohibition orders. Before large-scale production for export, there were no widespread social uses of forbidden drugs. This was a factor that helped to make ethical attitudes more flexible, both among people who were in favour of the illegal business and in other groups in society. It was difficult to understand why the State was banning something that had almost no effect on the local population — something that could

be a business like any other. Moreover, this was an activity that representatives of the law, who were supposed to do their duty, fought against or protected according to the occasion and how it suited them. Why, then, should prohibition be respected when in practice the authorities themselves had no firm position, and when the drawbacks connected with consumption were symbolic in terms of the local population? Even the violence levels during the early years of the business were fairly insignificant. The idea had not yet become widespread that the business had to be defended with shoot-outs against anything representing an obstacle, including representatives of the law whose role it was to combat traffickers. On the one hand, there were social agents whose ethical inclinations broke with the established legal framework, but they were ready to accept the risks in a tolerant society where, apart from the government, there was no organised force recognised as a permanent moral force opposed to illegal business. There is no evidence that the Church played such a role. On the other hand, there exist testimonials from people who in their time held government posts and who admit that the authorities knew about the traffickers, and knew perfectly well who they were and where they lived⁽³⁾. Moreover, they were friendly with some of them, and did not suffer any moral conflict as a result. Apparently even government officers were fairly unconvinced by the content of the prohibitionist laws.

According to the authorities and the press, traffickers were marginal beings whose low passions or poverty levels had led them to such illegal activities. In reality, not all traffickers were poor; and their activities were not completely marginal. The drug-trafficking business was linked with and dependent on the political authorities from the outset. The lowest links in the hierarchy of the drug-trafficking field served as the raw material for the social construction of the archetypal trafficker. Those higher up the scale passed unnoticed, since they were known for their legal activities. As a result, official declarations and suspicions voiced in newspaper articles never actually named highly placed members of legitimate society. The lower-classed trafficker had a first name, a family name and an alias, as demanded by the criteria of traditional criminology. His equivalent in the higher social strata was only mentioned by his legal activity as a trader, politician, army officer or member of the pro-

(3) See Manuel Lazcano Ochoa, *Una vida en la vida sinaloense*, Los Mochis, Sinaloa, Talleres Gráficos de la Universidad de Occidente, 1992, pp.203-208.

fessions. There was a kind of tacit agreement not to point at people in same social class as government officials and journalists. Exceptions regarding government officials came from the United States authorities and as a result of internal struggles among the political elite in power⁽⁴⁾. For people at the top of the social pyramid, this was just another business opportunity available to people in power, and a minor deviation judged by their peers according to a double standard. For people at the bottom, however, the results were a public seal of disapproval for life, a stigma and a social destiny.

It is not known whether texts exist containing the language used by traffickers in referring to themselves, their lifestyle and their perceptions of the social agents with whom they had to co-exist in order to succeed in their illegal business. Except for people who were born into the business or were close enough to write down its oral tradition, an inside view has not so far been possible of symbolic production in the first five decades of the forbidden trade. Its public identity was defined, modelled and imposed by the State and the media. Nevertheless, in the nineteen-forties, at a time when the business and the number of participants were growing fast, a word that had been created in the illegal drug-trafficking field to designate traffickers was adopted by the press. The word had already been part of the everyday language of inhabitants of regions where the forbidden plants were grown – especially the opium poppy, from which opium is extracted. The milky substance extracted from the *papaver somniferum* was known as *goma* — meaning "rubber" — in the mountains of Sinaloa. People trading in the product called themselves *gomeros* (literally, "rubber tappers"). In the mountains of Chihuahua, the same product was known as *chutama* ("*chutar*" means "shoot"), and producers were called *chutameros*. In Sinaloa, newspaper articles often referred to opium traffickers as *gomeros*. The national press also used the word, although to a lesser degree. It mainly preferred to use the official discourse, with its own categories of perception created by jurists, politicians and the police. The foundations of this official discourse had been established decades earlier. Changes usually tended to reinforce the initial view. The eruption of the word *gomero* into a language that had until then been a State monopoly marked the beginning of a symbolic production generated inside the drug-

trafficking field, with its own categories of perception, its own classification systems and its own values. The word was stigmatic or emblematic according to the field in which it was used. Without even realizing it, traffickers were just starting on the social construction of their own group identity.

Alcohol smuggling in the United States produced organised gangs that specialised in the business and whose fame crossed national frontiers. Al Capone and his gangsters became models to be imitated by other criminals. In their turn, journalists writing about crime also had Al Capone and his gang in mind when designating leaders and gangs engaged in other unlawful activities. One of the first drug traffickers to be constantly in the press in the nineteen-thirties was Enrique Fernández Puerta, known as the "Al Capone of Ciudad Juárez". The symbolic weight of other personalities from the "dry" period in the United States never equalled that of the famous "Scarface". Drug traffickers could be called different names, which included "hateful drug dealers", "international narcotics mafia", "poisoners", "intoxicators", "riffraff", "small fry", "sharks", "smuggling racketeers", "traffickers" or "mafiosos", *gomeros*, "*huarache gangsters*" (gangsters in sandals) or "thugs". The term best known today, *narcotraficante* or "drug trafficker", was first used in the press at the end of the nineteen-fifties⁽⁵⁾. The cities where traffickers were most visible were compared with the Chicago of alcohol prohibition. Just like Capone and the Chicago of his day, today's Sicilians and the Colombian cocaine traffickers have been the inspiration for stereotypes named after the most outstanding criminals and the cities from which they have operated. The number of shoot-outs, executions and gang reshuffles — basically the levels of armed violence — have been the common elements on which attention has focused in an attempt to compare situations that are dissimilar in quality in different countries.

The language of the law universalised the categories in which traffickers were perceived and watered down the specific differences between them. The law-breakers were criminals and nothing else. In the world of the police and in the press, the opposite was true; their particularities were given in detail, but always with a pejorative slant that was contrary to the meaning attributed by traffickers and people in their world. For example, reference to a

(4) See Luis Astorga, *El siglo de las drogas*, Mexico, Espasa-Calpe Mexicana, 1996, pp.68-83.

(5) See *Excelsior*, 10/11/1956; *Novedades*, 19/8/1957.

major trafficker as an "Al Capone" had a different connotation according to whether it was made inside or outside the trafficking world. Such differences in the meanings of the same words and in the values associated with them form part of the process of building ethical codes in the camps of legality and illegality. Deviation from the socially accepted norm creates a new norm within the deviant world, with its own codes of conduct, rewards and sanctions. And it is not necessarily easier to base one's actions on such precepts that differ from those of conventional society. However, the trafficking field does not create a world that is completely hermetic and alien to conventional society. It is a sub-group belonging to a broader universe with which it shares joint activities and spaces. What is more important is that the emergence of the trafficking field from inside or outside the legal power structures results in a greater or lesser confrontation between the traffickers' ethical codes and those dominant in conventional society. And this also explains the varying degrees of acceptance or rejection, of relatively peaceful coexistence, of tolerance, or of permanent conflict. Authorities whose corrupt practices were better known than their work for the community would not have the grassroots support required to confront the lawbreakers, and their sanctions would lack credibility. To an extent they share common ethical codes with the traffickers that they have protected and promoted. The difference in status is legal, not moral. That is why the "naturalization" process is more noticeable in societies where there is greater tolerance for traffickers, or coexistence is easier, and cyclical tensions are reasonably well controlled. The attitude of such societies is pragmatic, and their not entirely disinterested resignation is induced by the possible economic benefit to certain sectors of the economy that are favoured for recycling unlawful earnings. Organized groups have, however, sometimes come forward to protest at the collusion between authorities and traffickers and at the level and characteristics of the violence, which they feel has exceeded the limits that they formerly considered tolerable. In recent years, the established categories for classifying politically subordinate social agents and legal sanctions have turned against the very people who were accustomed to using these from positions in which they monopolised political power. It is not, however, the judicial powers that have set off this incipient boomerang effect. It is transformations in the correlation of political forces at national level that have shaken the inertia and complacency of the

judicial authorities and have been gradually modifying their historical dependency on the executive power, thus opening the way for real autonomy. These changes create the conditions in which members of the political field, who have always exempted themselves from anti-trafficking laws — it was always "the others" who were traffickers — can also be placed in the categories that they themselves helped to create.

Illegal drug trafficking in Mexico is eight decades old. In all that time, apart from the official speeches, archives, newspaper articles and oral history connected with the trade, no other traces have been found to give us a better understanding of this national phenomenon. For example, before the nineteen-eighties, there seem to have been no memoirs, autobiographies, short stories or specialised academic works published to record the different phases of its transformation. In fact, academic production on the theme regarding Mexico started in the nineteen-eighties and was undertaken by researchers from the United States. Before then, the official discourse of governments prevailed. At one time there was criticism of the policies in force, but even then the dominant discourse came from civil servants under those same governments. For the social agents active in drug trafficking, the rule was to remain silent or to transmit oral history within their own field. This attitude contrasts with that of famous personalities in the criminal world such as Al Capone, who used to call press conferences when he wished to say something important. That ability to express views in public and to use the communication media could also be observed in Colombia, and was demonstrated by Carlos Lehder, Pablo Escobar, Gonzalo Rodríguez Gacha and Gilberto Rodríguez Orejuela, amongst others. Radio and the press in Colombia and the United States recorded their views of the business that they were engaged in and of other connected issues. In Mexico, there have been few such examples since the beginning of the different prohibitions, and these were initiatives by journalists. First there were the 1988 interviews in prison with Caro Quintero⁽⁶⁾, accused of the 1985 murders of DEA agent Enrique Camarena and the Mexican pilot Alfredo Zavala. In one of these he talked about his love affair with the niece of a member of the State party's political elite, who was one of the PRI leaders, Mayor of Mexico City and Governor of Jalisco. As a result of his declarations he was punished in prison

(6) See Luis Astorga, *El siglo...*, op.cit., pp. 144, 150.

and obliged to retract. The supernatural power that the media had attributed to him vanished when faced with the force of the State. Then there were the interviews, one by telephone and the other by mail, with Benjamín Arellano⁽⁷⁾, chief of one of one of the organisations accused of having assassinated Cardinal Posadas in Guadalajara in 1993. He said that he and his brother Ramón had met on different occasions with Gerónimo Prigione, representative of the Vatican in Mexico. On one of these, the nuncio had telephoned the President, the Minister of the Interior and the Chief Attorney of the Republic. Inexplicably, the authorities did nothing to arrest these people. These are the only times when traffickers' voices have transcended their own world, and when the public has heard even part of their side of the story. In the other cases, even when Juan García Abrego was extradited to the United States and the press speculated that he would probably reveal important secrets connected with politics, nothing happened. The law of silence prevailed⁽⁸⁾.

The Traffickers' Corridos

Since the 19th century at least, the *corrido* has had a significant place in the cultural life of the Spanish-speaking poorer classes on both sides of the border between Mexico and the United States. It was one of the vehicles most used to give shape to the life history of these classes and their view of the world. As a general rule, composers of *corridos* came from the same social background. They were able, therefore, to use a language that was accessible to and understandable by the vast majority in synthesising the ideas, feelings and values of people from these social groups who were attached to the soil and barely literate, at least at the beginning and for several decades. There are hardly any areas of social life that have not been written into a *corrido*. It has been a permanent method of writing history from the bottom of the social pyramid. Nevertheless, not every social phenomenon has been encoded in a *corrido* as soon as it has appeared or in the early years of its development. At the same time, certain phenomena, upon inclusion in a *corrido*, have acquired a degree of visibility beyond the frontiers of the geographical areas from which they have emerged. The dissemination of this history in verse, which is put to music and sung, has benefited from the

growing importance of the media. In return, the stories reproduced by the same media have broadened the themes of the *corridos* produced, which thus go beyond local outlooks.

The type of music that accompanies the traffickers' *corridos* is known as *norteña*, and instruments can include the accordion, the guitar, the double bass, the *bajo sexto* (a Mexican bass guitar resembling a twelve-string guitar, but tuned to an octave lower), the *redoba* (which is a wooden board hung around the neck and used as a percussion instrument) and the clarinet. This type of music is traditional on the northern frontier and in Northern Mexico generally. The Northwest, and particularly the state of Sinaloa, was where forbidden plants were grown and illegal drug trafficking took place, and the place of origin of the major traffickers. Here, the local traditional music known as the *tambora*, which is composed for wind and percussion instruments, has also been used as a musical accompaniment. In the same way, the traffickers' arrival in Jalisco and the increase from the mid-seventies in activities connected with the trade led to *corridos* being performed to the accompaniment of *mariachis* — the musical groups that brought international fame to the state of Jalisco. The traffickers' liking for these folk groups helped to identify them even more with people of their own social origins.

For some time now the mariachi has been a symbol associated with everything Mexican, both inside the country and abroad. Groups playing *norteña* music and the Sinaloan *tambora* have not acquired the same degree of fame. Nevertheless, they have been gaining ground over recent years and they are already listened and danced to in other parts of the nation. Familiarity with these styles of music beyond their own regional frontiers obviously has to do with the media, but also with the themes of the songs and their performers. Music associated with the tastes of the poorer classes in its regions of origin has first crossed geographical barriers and, later, barriers of class-connected aesthetic appreciation. In certain social circles unused to this kind of music, people tend to associate it with traffickers' tastes, since they first became familiar with the *norteña* and *tambora* music through the traffickers' *corridos*. The mariachi is above suspicion because it has long been appropriated as one of the symbols of national identity. On the one hand, the traffickers' themes in-

(7) See *ibid.*, pp.157-158.

(8) See Andrés Oppenheimer, *Salinas' name came up before drug lord's trial*, *Miami Herald*, 19/1/1997; Francisco Rojas, "Cadena perpetua a García Abrego y multa superior a US \$128 million" (Life imprisonment for García Abrego and a fine of over US \$128 million), *El Universal*, 1/2/1997.

(9) "Carga Blanca" (White Cargo) by José C. Valdés, a *corrido* of the nineteen-forties:

They crossed the Rio Bravo/ while night was almost falling/ with a big white cargo/ that they had to sell/ All went well and they arrived in San Antonio/ and went straight/ to Navidad Street/to a stone house/ José and Ramón went in/ with Simón waiting for them in the truck/ Don Nicanor paid them/ Ten thousand eight hundred pesos/and they gave him the cargo/ and it was the best/ They were just arriving/ at Veracruz street/ when a black car with lights out / barred the way/ Don't move/ if you don't want to die/ give us the money you've just received/ Several pistol shots/ and screams of pain/ were suddenly heard/ that night of terror/ The ambulance took away/ Two dead and three wounded/ but the roll of notes/disappeared/ In that place, according to what they say/people have seen how/all the money/returned to its master / I would kiss it good-bye/ but I've already lost it/ I've dropped the crooked business/ you can see what happened.

(10) See Luis Astorga, *Cocaine in Mexico* in Paul Cootenberg (editor), *Cocaine*. Global Histories, Great Britain, USA and Canada, Routledge, 1999, pp.183-191.

(11) "La banda del Carro Rojo" (The Red Car Gang); by Paulino Vargas (1975):

"They say that they came from the south/ in a coloured car/ carrying a hundred kilos of coca/ on their way to Chicago/ or so the informer said/ that shopped them/ They had already gone through customs/ in El Paso, Texas/ but right in San Antonio/ they were waiting for them/ it was the Texas Rangers/ that rule the county..." "Contrabando y Traición" (Smuggling and Betrayal), by Angel González (1975):

"They were leaving San Ysidro/ coming from Tijuana/ they had the car tyres/ filled with grass/ there were Emilio Varela/ and Camelia "The Texan".../ They arrived in Los Angeles/ they passed through Hollywood/ in a dark alley/ they changed the four tyres/ there they delivered the grass/ and they were paid on the spot..."

cluded in the corridos contributed to the mass dissemination of the oral history of a high-impact social phenomenon and of its accompanying music. On the other hand, there was no doubt that the theme increased the fame of performers that were already known, and made the unknown famous. In addition, authors discovered an as yet unexplored and profitable source. Demand increased for norteña and tambora music. It awoke the entrepreneurial spirit of people who started to set up small recording studios, and the interest of large recording companies that — unburdened by the moral reservations of certain authorities — could see promising business prospects in the cultural phenomenon. Radio noted the demand and helped to create it, while live concerts left no doubt as to the cultural impact of the new symbolic production. Obviously, not all those who listened to such music were traffickers or wished to be traffickers. And among the traffickers there were those who had not merited a *corrido* because they were too low in the hierarchy of the trade, or because their adventures had not been overly spectacular or original. Nevertheless, they too wanted their share of immortality, and decided to pay composers for a made-to-measure *corrido*. A trafficker without a *corrido* was likely to go to his grave as the "unknown trafficker". And what the traffickers wanted was social visibility — or at least symbolic visibility after death.

When we take into account the moment when illegal drug trafficking started in Mexican society, we realise — although decades late — that a *corrido* made a passing mention of the theme in the nineteen-forties. The title of the song was "Carga Blanca"⁽⁹⁾ (White Cargo). The words do not mention the name of the drug alluded to in the title. We have to refer to the drug market of the day to understand that this was heroin, as those hearing the song at the time would have understood. Cocaine, although it was used and could be associated with the title, was neither the preferred drug nor the drug with the greatest circulation or importance⁽¹⁰⁾. After that *corrido*, it is not known whether there were others of the same type recorded before the mid-seventies. From then on, songs mentioning drug trafficking have flooded the music market.

As the market in the country itself was not significant, illegal drugs were mainly produced for consumers in the United States.

As these were forbidden goods, the only way to get them to their final destination was by smuggling. The Mexico-United States frontier was the natural setting for all types of illegal commerce between the two countries. The *corrido norteño*, which was a great tradition on both sides of the frontier, once again recorded the phenomenon of illegal drug trafficking. On this occasion, however, it did it with such force and frequency, and in such detail and quantity, that its impact was immediate on the frontier population and on that of non-border states in the North that produced the forbidden plants. In the latter, the poorer classes were used to listening to the songs of these musical groups. During the seventies, the demand for marijuana in the United States grew to hitherto unknown levels. The Viet Nam war and counter-culture movements were the catalysts. In the same decade, the structure of the drug market in the United States diversified and a growing demand for cocaine from South America was observed. The first traffickers' *corridos* pinpointing the moment when these themes took off were officially recorded in 1975 and reflect the presence of marijuana and cocaine. In addition, they mention the two frontier states, California and Texas⁽¹¹⁾, where smuggling has been most prevalent. As in other *corridos* that speak of different phenomena, there is a mixture of real and fictitious characters. At the beginning, the most important social agents in the story, embodied by the traffickers, were imaginary. Later, fictitious characters moved into the background, with the names of real traffickers taking their place. Nevertheless, stories of their exploits, which were based on real events, continued to contain imaginary elements that would help turn them into legends.

Corrido writers were close to the poorer classes and their perceptions, and sometimes to the world of traffickers themselves. When written into their *corridos*, all the characteristics that made the traffickers undesirable in the eyes of the legal world were transformed into attributes and emblematic symbols of the personalities of social agents who were the object of so much admiration and fear. The traffickers in their turn recognised themselves in the descriptions of characters that feared nobody, or only God and the government on certain difficult occasions. Some of them asked for songs in their honour, since they considered that their exploits should be known, as well as their ori-

gins, career path, values, friends, horses, cars and weapons. Others preferred songs to be composed or recorded when their active life had ended, due to forced retirement in prison or death. While they were alive and free, some preferred to keep a low profile and make themselves invisible; by not calling attention to themselves they were able to continue doing profitable business. The drug lord down to the smallest street dealer has had his composition and his hour of fame. The trafficker's *corrido* started as a kind of spontaneous sociology on the part of composers of popular music. It turned into the fastest and most efficient vehicle for broadcasting the minimal attributes that anyone aspiring to recognition as a trafficker had to possess, and the ethical codes that he would have to respect in his field and that would guide his activities and life projects. It also identified dangers and enemies inside and outside the country, those who were faithful to the rules of the legal game and those who were ready to sell themselves at the first tempting offer — even members of institutions with reputations for honesty such as the army.

If we wish to obtain versions that differ from those issued by government antidrug offices, *corridos* are an easily available means of obtaining parallel versions of certain major milestones in the history of drug trafficking. Examples include the capture of famous leaders or the deaths of certain representatives of the law of Mexico and the United States. Although use of the communication media is the basic vehicle for official versions, part of the media have been instrumental in revealing stories that were contrary to and just as implausible as those defended repeatedly by the government. The *corrido* combines popular music with direct, simple language, and offers a different interpretation of events reflecting perceptions shared by people outside the law and by others who — while not delinquents — empathise with certain aspects of the traffickers' lives. These variables, added to an expanding market for this kind of symbolic production, have been instrumental in making the traffickers' *corridos* into one of the most important forms of competition for the legitimate viewpoint of trafficking and traffickers. This is why there have been various attempts at censorship in Sinaloa and Chihuahua, and more recently in Sonora, Baja California and Coahuila. These states have for decades been renowned for the cultivation of unlawful plants,

for the trafficking on their territory, for the traffickers who were born there and for the permanent nature of their activities. The authorities' aim was to prevent the spreading of the values transmitted in the words of many *corridos* of this type, since they turn lawbreakers into heroes and their lifestyle into a myth. The trouble is that, despite the authorities' desire and the moral measures that have been suggested, there are more and more people who like this type of music. However, this is not necessarily because they identify wholly with what is said in the *corridos*, nor because they need to know what to do in the drug-trafficking world if they are already in it or wish to enter it. There can be many reasons, including simple curiosity, a desire to hear stories that differ from the official ones — or even the catharsis that many people experience with similar symbolic productions in films, on the television, on the stage or in books. People who base their criteria on spontaneous sociology and psychology think that the traffickers' *corridos* effect a magical change in the ethical orientations of their audience. Adopting Bourdieu's reasoning on other examples of symbolic production, it can be said that the content of traffickers' *corridos* only convinces the already converted. This means that it probably represents the equivalent of the word of the Gospel to people born in the trafficking field, who have appropriated all its ethical dispositions and are extremely unlikely to leave it. It can also apply to people born outside it whose ethical inclinations nevertheless coincide with those prevailing in the field of trafficking.

There is no reference in the drug trafficking *corridos* to the history of the trade at its outset. History starts at a given time, the nineteen-seventies, as if the phenomenon had developed spontaneously. The composers usually used the word *traficante* (trafficker) to designate the main characters. Other significant synonyms refer to different criminal milieus and organisations, such as "Mafioso", "gangster" or "member of Costa Nostra". At the beginning, not even the word *gomero* was known, and those social agents were designated variously in the absence of a single, universal name for them. Nor did the organisations that they belonged to or headed have a special name. Composers, whose references for the criminal world perhaps came from Hollywood films, presumed that the organisations must be similar to the

(12) *El chaca* ("The Jackal"), (Mario Quintero Lara): "A brand-new truck / is driving through the state/ it has darkened windows/ and a big shot driving it/ the Michoacan Jackal/ that's what they call him/ Poverty made him/ choose that path/ by his valour he changed/ his miserable destiny/ first he was the godson/ and now he is the godfather..."

(13) *La fiesta de los perrones* (The top-dogs' party) (Francisco Quintero):

The "dogs" party is in full swing/ there are chiefs from Sinaloa/ from Michoacan and Durango/ from Jalisco and Sonora/ from Chihuahua and there are Colombians/ The accordion and the tuba/ it's the fun of the party/ they turn bright red/ and even the sleepest wake up/ with drugs of all kinds/ and everything cool round the table.../ In big brand-new trucks/ others in bullet-proof cars/ they arrive in luxurious limos/ and even in private planes/ there's no doubt about it, gentlemen/ these are top dogs.

(14) *"Cuerno de chivo"* ("Goat's horn" [AK7]) (Paulino Vargas):

"I paint the stripe in the water/ said Timerio Monares/ if they want my skin/ they'll have to risk their cash/ with my "goat's horn"/ I'm not afraid of the federal soldiers..."

(15) *El gallo de San Juan* ("The cock from San Juan") (Apolonia Alvarez):

"In Nuevo León I went to a cock-fight/ in the village of Cadereyta/ I heard a corrido/sung by Manuel Salcido Uzeta/ a local gallo (cock) from San Juan/ who has his knife at the ready..."

Caro Quintero (Jesús María Leal Leyva):

"... For having killed a police officer/of the American government/for having robbed a woman from Jalisco/ now he's been tried/ the lion is king of the wild beasts/ even though he's been gaoled..."

(16) *"Pista secreta"* (Secret track) (Mario Quintero Lara):

"he took out a bag of powder/ and took three fast snorts/ he clicked the barrel of his gun into place/ and tied his shirt/ he told his companions/there is trouble on the track/ Coming from Colombia/ a small plane was coming/ to the Sinaloan mountains/ where it was going to unload/ but the Law had found/ the secret track.../ The man burst out laughing/ and kissed the packets/ So they thought they could get me while I was high / they don't know who they're dealing with/ if it wasn't for the coke/ I wouldn't have saved the cargo".

Italian ones because they were concerned with illegal business, smuggling and armed violence. The activity itself was not classified under a single word. In other words, an activity and the social partners engaged in it were being talked about, but they were not being perceived in a single, original way. Universal designations would come from outside the trafficking world. The terms *narcotráfico* (drug trafficking), *narcotraficante* (drug trafficker), or just *narco* for short, and *cartel* later became the basic categories used in the official discourse on drug trafficking. They would be used in *corridos* but would not have the same, central position as in the original discourse. In fact, *corrido* writers would continue to use all the synonyms that came from the trafficking world itself. For example, a trafficker would be a *chaca*⁽¹²⁾ (jackal), a *perrón* (a dog) or a *perrón pesado* (a top dog)⁽¹³⁾. The words of *corridos* do not break completely with officially perceived categories. These are used, not consistently and exclusively, but as part of existing designations and as identifying symbols produced outside that are sometimes adopted by the traffickers themselves in their everyday language. In their declarations, detained traffickers refer to themselves as cattle breeders, traders, farmers or any other profession, but never as *narcos* or *perrones*. Neither do they talk of being part or head of an "organisation", a "mafia" or a "cartel". They may admit to being members or to leading a *banda* or *pandilla* (a gang). The coexistence in the *corridos* of categories of perception of different fields probably demonstrates a permanent symbolic tension and a struggle to impose legitimate classifications, in Bourdieu's meaning, that is endlessly defining itself.

Stories about traffickers are full of means of transport for persons and goods, weapons, zoological metaphors, friends and enemies and the attributes associated with totemic animals and men of valour. Favourite drinks are also mentioned with — for the last few years — the drugs that they use. Vehicles include luxurious cars and vans and planes big and small. The weapon that stands out is the AK-7, commonly known as the *cuerno de chivo* (goat's horn). It has a *corrido* describing its special properties⁽¹⁴⁾. The animals most frequently associated with traffickers are the cock and the lion, from which they derive their bravery and fighting spirit⁽¹⁵⁾. With their friends they are sincere and faithful, with their enemies, implacable. The traffickers' enemies are the police, the army, informers, the United States government and traffick-

ers in rival gangs. Buchanans whisky and beer seem to be their favourite drinks. In early traffickers' *corridos* the social uses of drugs are rarely mentioned. In recent ones cocaine is talked of quite naturally and more often, even in rural zones⁽¹⁶⁾ not covered by national addiction surveys. Although the field of drug trafficking usually concerns persons of the male sex, the women who are actively involved have the same attributes as their male colleagues. They are capable of brutal murder, and even of cutting off heads⁽¹⁷⁾, or of disguising themselves as nuns⁽¹⁸⁾ so as to achieve their objectives.

The traffickers' musical tastes accompany them to the grave and beyond. The *corridos* have a very special way of recalling the goods that made a trafficker famous. According to the composers, the crosses on their crypts are made of poppies⁽¹⁹⁾ and marijuana⁽²⁰⁾. They do not deny their own parish cross. At their funeral, they prefer to be sent off with fistfuls of dust on their coffins. However, the dust is not earth; it is white and the dust of their trade in life. "When I die I don't want/ to take a fistful of earth with me/ I want a fistful of powder/ and a crate of bottles/ but it has to be Buchanans/ and the dust must be the queen of powders..."⁽²¹⁾. *Funerals are fiestas and the aim is to continue the party in celestial company, and not with the king of darkness. "And if I die sniffing coke/ I just want to ask you/ to give me some more/ so I don't suffer up there/ and I want to invite Saint Peter/ to try some of what we use down here..."*⁽²²⁾.

Francisco Labastida was governor of Sinaloa from 1987-1992. One of his explicit concerns during his mandate was public safety and the "glorification of violence" on the radio, television and in the written press. He assembled the radio owners and asked them to remove traffickers' *corridos* from their programmes. This was a personal request, because no law was passed to ban them. During the mandate of his predecessor, Antonio Toledo Corro (1981-1986), Sinaloan traffickers who had left the state to set themselves up in Jalisco during "Operation Condor" (1975-1978) had returned home to Sinaloa. Violence, trafficking, kidnapping, murder and rape increased under the nose of a passive state government, which was accused by the political opposition of protecting the traffickers. The *Corridos* of those years record the phenomenon precisely. "The gunmen are back/ the people over there

(17) *La rubia y la morena* ("The blonde and the brunette") (Fiden Astor):

"A hundred pounds of grass/they passed in a crate/ they said it was only a corpse/ it was the father of both of them/ they were the blonde and the brunette/ and very brave females/ They sacrificed a man/ they cut off his head/ when they arrived at customs/ they pretended to be very sad/ so that even the guards cried/ expressing their sympathy/ Inside the head/ they placed a kilo and a half/ of the valuable white powder/ to take it to Chicago/ and thus leave poverty behind them/ crossing various states.../On the banks of the Bravo/ there is a headless man/ and the customs guards/ crying behind bars/ and the brunette and the blonde/ in search of other heads".

(18) *"Las monjitas"* (The nuns) (Francisco Quintero): "a truck left Durango/ at two or three in the morning/ two very pretty girls were carrying/ pure coke and also marijuana/ but they were disguised as nuns/ to be able to take it to Tijuana.../In Durango they are looking for two nuns/ who have still not returned to the convent/ and of one thing I can assure you/ that they arrived with the cargo/ over there they say that they are real big shots/ and that they're living in Sacramento".

(19) *La cruz de amapola* (The poppy cross) (Silvestre Solano):

"...I know that one day I'm going to die/when my time comes/ I want my cross/ to be a poppy flower/ and I want you to play Los Capos for me/ and for there also to be tambora..."

(20) *"Mi último contrabando"* (My last smuggling job):

"...Decorate my whole grave/ with goma (poppy/cocaine) and bouquets of "grass"...";

"Cruz de marihuana" D.A.R. (The Marijuana Cross):

"...On my grave /raise a cross of marijuana/ I don't want tears or prayers/ or holy ground/ bury me in the forest/ with lions from my pride/and I'm off, friend. Oh man!/Water that marijuana cross/ with wine and liqueurs/seven days a week/ and play me my music/ norteña music/ sing my songs there..."

(21) *El puño de polvo* ("The fistful of dust") (Mario Quintero Lara).

(22) *Me gusta ponerle al polvo* ("I love to sniff the powder") (author unknown).

(23) *Han vuelto los pistoleros* ("The gunmen have returned"), performed by Indalecio Anaya.

(24) *La mafia vuelve* ("The mafia is coming back"), performed by Indalecio Anaya.

are saying so/ they are ready for anything/ because they are brave men/ they are returning to Culiacan/ the Sinaloan capital...⁽²³⁾. "The Mafioso vultures are back/ in Tierra Blanca, their nest/ cutting off itchy fingers/ and informers in revenge/ in districts of Culiacán/ you can hear the roaring of sub-machine guns...⁽²⁴⁾. Viewed in the context of Toledo's legacy, Governor Labastida's request was understandable, but it does not seem to have had any practical effects. Since it did not become law, the business world acted with an eye to the economy rather than to the moral concerns of the state governor. The cassettes and records continued to circulate freely and everyone did according to the dictates of their conscience and of market demand.

The censorship idea was not specific as to whether it was aimed exclusively at *corridos* where the traffickers were the heroes or whether it also included those that praised the exploits of the police⁽²⁵⁾. This distinction was important because although most songs enhanced the role of the lawless, the same record or tape would include stories of officials who had carried out their mission perfectly and whose attributes were similarly recognised, celebrated and magnified. In addition, there were *corridos* that spoke of drug trafficking but ended with moral preaching, pointing out the risks that people would have to face if they chose to break the law⁽²⁶⁾. Neither was it said clearly whether the blacklist would include old songs such as "Amapola", which means "poppy" — the plant from which opium is extracted. The song, rediscovered during that period, had become a great success performed by a well-known Spanish singer. And what about songs in English, such as the popular "Marijuana Boogie" by Lalo Guerrero, "Cocaine" performed by Eric Clapton, "Sister Morphine" sung by the Stones, or the numerous rap themes connected with drugs and traffickers? If we follow the reasoning of the governor and his advisers, censorship would have to cover simultaneously any symbolic production that, in his opinion, glorified violence. This would include the content of books, journals, newspapers, radio programmes, stage plays, films and television. The censors' task would have been impossible. In fact, market forces prevailed. The large record companies and national television channels gave space to *grupos norteños* that were famous in Mexico and abroad, who sung traffickers' *corridos* as naturally as they performed romantic songs. Nobody felt offended. *Los Tigres del Norte*

were the first to achieve success with traffickers' *corridos*, and are known even in Japan. At the end of 1999, the government of the Federal District, which was in the hands of the opposition (PRD), invited *Los Tigres del Norte* to give a free concert in the Main Square of the republic's capital. This was part of a programme of concerts involving groups from various countries playing different kinds of music. The group from Sinaloa had a crowd of admirers from the capital singing and dancing to love songs and traffickers' *corridos* in the *norteño* style, just as it had done on countless occasions in live concerts in Northern Mexico and in the south of the United States. A quarter of a century after the first recordings connected with drug trafficking, these songs have been incorporated into popular culture throughout the country, perhaps because cultivation, trafficking and consumption are phenomena that no longer belong exclusively to regional history, but to the entire nation.

The words of the early traffickers' *corridos* reveal a degree of linguistic reticence and self-censorship on the part of composers, who seem to have feared that to refer to forbidden business in direct terms would attract official censorship. References to the most common drugs in the illegal trade were therefore less frequent, less open and more metaphorical. Compositions in recent years include high-sounding words and dramatic narration to introduce the theme or similar effects between the verses. There is frequent mention of cocaine, of the social uses of the drug in rural zones and the properties attributed to it. The main characters seem to be more cynical in these *corridos*, which also reflect modern market strategies, use of the latest technologies for their communications, transport systems adapted to the global economy, and an internationalised industry. The leader of the *Tigres del Norte* criticised the use of strong language and pointed out, without naming anyone, that the new groups performing this particular style of *corrido* were damaging the market⁽²⁷⁾. The main composer and spokesperson for *Los Tucanes de Tijuana*, another famous Sinaloan group that could be considered to have initiated this new trend, responded to the most general criticisms by pointing out that if finishing with the traffickers' *corridos* meant finishing with drug trafficking, they were ready to retire. In his opinion, hiding reality does more harm to people⁽²⁸⁾. Certain critics of the group claimed in the press that the Arellano brothers

(25) For example, El comandante Ventura ("Police chief Ventura") (*Sepúlveda*):

"It was Florentino Ventura/the terror of traffickers/ who with great bravery confronted/ dealers and raiders/ he was a very brave police officer/a police chief at Interpol.../The mafia trembled because it knew/ that Florentino knew/ about corrupt politicians/ crimes and all sorts of tricks/and they laid him a trap/ killing him in cold blood"

(26) *La hierba mala* ("Grass"):

"... Gentlemen as I say goodbye/ I am going to recommend/ that you leave smuggling/ because it can kill you"

(27) See Martha Brant, "Drug Balladeers", in *Newsweek*, 23 March 1998. Examples of strong language by some *corrido* singers follow: *El cabrón* (*Silvestre Solano and Alexis Anaya*):

(translator's note: "cabrón" literally means "male goat". It is used variously to indicate a bad person or a skilful or clever one, depending on the context.)

"Since I was small/I've looked like a cabrón/ I was already sniffing coke/and marijuana even more/ because in my Mexico Lindo /today anyone can be a cabrón./ I like to be stoned/ to smoke plenty of marijuana/ I light up all the time/ I enjoy being high/ I sniff kilos at a time/ don't think I'm joking/ I'm more cabrón than handsome/ this is how I'm going to die/ heroin, rocks or coke/ I even take them to bed/ I'm a real cabrón for coke/just ask me..."

and "El chingón de Durango" (The big shot from Durango) (*Silvestre Solano*)

"... And it was not evil tongues/that made Durango famous/it is because he sorted out anyone/ that messed around/ they came up against the big shot/the biggest shot in Durango..."

(28) See the article by María Rivera in *La Jornada*, 4 January 1998. And the interview carried out by César Romero Jacobo in *Reforma*, 24 May 1998.

(29) See the article by Francisco Ortiz Pardo and Carlos Puig in *Proceso*, n° 1083, 3/8/97.

(30) *Sinaloa cowboys*:

"Word was out some men in/ from Sinaloa were looking for some hands/ well deep in Fresno county/ there was a deserted chicken ranch/ There in a small tin shack on/ the edge of a ravine/ Miguel and Louis stood cooking/ methamphetamine..."

(31) *El gran mexicano* ("The big Mexican").

(32) *Por fortuna o castigo* ("Luckily or unluckily").

(33) *Tupumarú*.

(34) *El rebelde* ("The rebel").

(35) *El corrido de Pablo* ("Pablo's corrido").

— a powerful organisation of Sinaloa traffickers with its headquarters in Tijuana — had given them their costumes, as they had done with other groups. And one member of the organisation pointed out that there are clues in the group's songs for people in the business: *"There is a promoter who I believe is called Quintero (Mario Quintero, composer for the Tucanes). He writes all the corridos. I don't know how the information gets to him, but with the corridos you get the philosophy and how all the members of the cartel have to behave. In one song you hear how they have to behave, another tells you what they did wrong and why they were killed. So you already know what you must avoid doing if you don't want to get killed, and what you have to do to earn points, just by listening to the music"*⁽²⁹⁾. Insinuations about the presumed relation between the musicians and the Arellanos have not been proved. What is true is that their songs have been very successful commercially and the group has made enough money not to have to rely on anyone other than their audience. The songs indeed reflect codes of ethics that the traffickers themselves have created. The composer sends these codes back to them, in verse and set to music. Greater or lesser recognition of such codes depends on the composer's capacity to identify their most significant aspects. And such sensitivity will depend on the composer's particular observation skills, his strategies to obtain information or to process information circulating in the media, and also the degree of his own proximity with the world that he is describing. If there are traffickers that really do rely on such corridos as a guide, then by the time the songs have been composed, recorded and launched on the market, their message would probably arrive too late and the recipient would no longer be of this world.

The popular success of traffickers' corridos in Mexico has crossed national frontiers, travelling northward to the states on the other side of the Río Bravo in the United States, and southward to Colombia, where this symbolic production can be heard with norteña music and mariachis. In "Sinaloa cowboys"⁽³⁰⁾, the popular singer Bruce Springsteen uses a different style of music, but a narrative similar to that of the *corrido*, to tell the story of Mexican methamphetamine traffickers in northern California. In Colombia, Mexican music has long been popular. And Gonzalo Rodríguez Gacha's fascination for things Mexican, added to his direct contacts with Sinaloa traffickers — who he is said to have

visited several times —, have probably been instrumental in making traffickers' corridos known and appreciated in his country and promoting their import. He would take cocaine into Mexico and come back with dollars and corridos. Several corridos talk about this personality and his life. Gonzalo Rodríguez Gacha was popularly known as "The Mexican", for obvious reasons such as his symbolic naming of his country estates after Mexican cities, and because of other tastes of his that are narrated in the corridos. *"Although he was born in Colombia/ they called him 'The Mexican'.../ he was born in Pacho and was the king"*⁽³¹⁾; *"He was always wild/ about everything Mexican/ Chihuahua in little old Pacho/ names like this everywhere/ and he loved to listen/ to norteños and mariachis"*⁽³²⁾ *"Money and a gun/ also good cocks/ tequila and mariachis/ and a fine horse/ those were Rodríguez Gacha's pleasures"*⁽³³⁾; *"They called him 'The Mexican'/ because he came as far as my Mazatlán"*⁽³⁴⁾. The reference to this Sinaloa port is perhaps not quite innocent. It was the zone of influence of Manuel Salcido Uzeta *El Cochiloco*, the trafficker who seems to have the most corridos in his honour, both spontaneous and commissioned by him. Both shared the same notoriety for savagery and a taste for songs narrating their exploits. Both came to ends as violent as their lives had been. In Colombia, there were also obviously compositions relating the adventures of Pablo Escobar Gaviria. *"The hardest among capos.../ An immense crowd/ gathered at his funeral/ because although he was bad/ he helped a lot of people"*⁽³⁵⁾; *"It was Pablo Escobar Gaviria/ the most popular man of the century/ he was a man of courage/ intelligent and daring.../ From the United States/ he brought a lot of money/ with the help of the poor people/ of his people, his people.../ On his forty-fourth birthday/ and not one day more/ the Search Block tracked him down/ and that was his end/ from dust you came Pablo/ and you returned to dust"*⁽³⁶⁾.

There are several reasons that might explain why these *corridos* became a kind of indirect representation of the symbolic universe of the traffickers. One of these was connected with the origins of the illegal drug trafficking field in the Mexican context, as subordinate to political power and removed from political activity. In other words, traffickers had no way of expressing themselves publicly and were reduced to acting on the fringes of society. For decades of the illegal trade, generations of spe-

cialised groups of traffickers were forming and silently creating their own symbols of identity. In their places of origin these symbols were easier to recognise, even on sight, since in many cases their wardrobe, cars, attitudes and lifestyle gave them away. Another reason was the dizzying increase in the demand for drugs in the United States from the end of the nineteen-sixties, and the speed with which traffickers accumulated wealth. If they were visible before, extraordinary quantities of fast money were immediately invested in outer symbols of wealth comparable or superior to those of the upper classes in their places of origin. These included houses, cars, ranches and legitimate businesses in the services sector. Neither the authorities nor legitimate society placed any visible barriers against this influx of hot money into the regional economy. Social barriers became more flexible, but the political barriers remained. The traffickers learned the limits of the double moral standard, and were increasingly present even in social circles where formerly they had not openly mixed. In other words, they were acquiring de facto recognition of their fortune, independently of the methods used to acquire it. All this was part of the process by which — again in Bourdieu's terminology — the stigma was transformed into an emblem. The traffickers' *corridos* arrived on the music market in this very context, which explains the multiplier effect of the process and the commercial success of that symbolic production in regions of the country where the phenomenon was occurring in more or less the same way. What the traffickers could not express openly in the public arena because of the double politico-legal obstacle was beginning to be said in the sphere of grassroots culture.

In Columbia, the drug trade started to become important fifty years after it had started in Mexico, but it developed at a surprising speed. Colombian traffickers were neither part of the political power structures, nor subordinate to them. Some of them, such as Carlos Lehder and Pablo Escobar, formed political associations and engaged in legitimate politics. In fact, Pablo Escobar managed to become deputy representative. At the beginning, there was apparently nothing to stop them expressing their interests via political channels, although subsequent investigations, terrorist acts and pressure from the United States soon changed the rules of the game. Until this happened, traffickers

did not need intermediaries; they spoke for themselves and for whoever shared their views, and more openly than Capone had been able to do. In Mexico, traffickers have historically remained in the relative clandestinity that permits dissimulation and official protection. And politics as a field is forbidden to traffickers, since it has for decades been the monopoly of those who have contributed actively to their existence, development and permanence. That is why, in the symbolic competition, the trafficker's voice was heard in a field that was different, but no less effective for practical purposes, even though its creation was largely independent of his will. This was the field of oral history put to music and aimed at the mass market. In the case of Colombia, the expulsion of well-known traffickers from direct political action is perhaps one reason that explains at least partially the success of traffickers' *corridos* in recent years. After all, Colombian traffickers used to be accustomed to expressing themselves in public, and such opportunities nowadays are becoming increasingly rare. Traffickers in both countries have not only learned to do business together, but also to develop symbolic strategies to construct an emblematic identity.

Al Capone was a jazz enthusiast, but this did not result in jazz songs about his life or the lives of other gangsters. In some circles jazz musicians were associated with the use of cocaine and heroin. Composers did not spontaneously write songs about Al Capone's exploits, values or lifestyle. Neither did he pay them to do so. He was also an opera fan, like the *Mafiosos* in the Puzo novels, but there is no known opera that talks of the history of the Mafia and the adventures of the *capos*. The social circle in which they evolved and their cultural legacy modelled their musical tastes. Because of their social and geographical origins, a large majority of Mexican traffickers were born with the *corrido norteño*, the Sinaloan tambora and the mariachi as part of their social and regional identity. Urban traffickers in the middle or upper classes with greater cultural capital, or from other parts of the country and younger, probably prefer another type of music. Nevertheless, if they do not mind being talked about and want to be remembered in songs, they will not reject the *corridos*. For example, such variables as social origins and cultural capital were reflected in the known musical tastes of two Colombian traffickers: Rodríguez Gacha loved the

(36) *La ranchera de Pablo* ("Pablo's ranchera") [a ranchera is a typical Mexican song] Another corrido, El rey de los capos ("The king of capos") says: "This is the story of a man/ who was wanted by the law/ for drug trafficking/ he was the king of narcos... The hardest man/ in the Medellín cartel/ was the most wanted man/ until he arrived at his end... Tears, sadness and pain/ everywhere/ Antioquia lost its friend/ all Colombia cried/ the good works he did/ will go down in history/ and may God keep in his glory/ Pablo Escobar".

traffickers' *corridos*, while Carlos Lehder preferred John Lennon's music. As for Mexican traffickers, it is their inclination for *corridos* that is best known, but those who have other tastes have not considered it necessary to make them known and no one has bothered to ask them. In any case, for the time being the *corrido* is the only category of music that provides them with a reflection that is so close to their view of the world.

Other Symbols of Identity

Music was not the only area in which part of the traffickers' symbolic universe was reflected. Their religious beliefs were also the object of attention, and once again the vehicles that made these known were the *corridos* talking about the figure of their devotion. One of these was a social bandit of the Robin Hood variety, a bandit-hero who operated in and around Culiacán, the capital of Sinaloa, in the first decade of the 20th century — the latter years of Porfirio Díaz. People marked a grave with stones in the place where, according to legend, the authorities hanged him in 1909. Jesús Malverde⁽³⁷⁾ became one of the best known local myths among the people, because he had robbed the rich to share the spoils among the poor and because of the miracles that they began to attribute to him after his death. He was worshipped outside religion for having the same attributes as Saint Jude Thaddaeus, a Catholic saint who was believed to solve difficult problems. The cult already existed when the field of drug trafficking began to form — a field in which Sinaloans were prominent from the outset. Many of the traffickers who came down from the mountains to settle in Culiacán or who passed through were of the same social extraction as the followers of Malverde. So when the traffickers adopted Malverde, the soil was already prepared for the cult to take root among their beliefs.

The figure, the cult and the particular characteristics of a type of social agent who worshipped him attracted media attention because the traffickers themselves made sure that their lifestyle and beliefs were ostensible. The *corridos* about Malverde, the offerings in the chapel built in his honour and the *tambora* and *norteña* music that accompanied certain traffickers on their visits led to the press calling Malverde a "narcosaint", as if the traffickers had initi-

ated the cult or it was their exclusive heritage. The press, with its publicity-seeking tendency to label, was insensitive to the historical and sociological roots of the cult, and made no difference — nor did such a difference interest them — between believers outside the field of trafficking and traffickers that were believers. Traffickers were in search of their historical lineage as one of their symbols of identity, while they were active agents in an illegal field that was condemned by the dominant morality. They found in this bandit-hero the antecedents of their own odyssey according to their perceptions, which were already reflected in a certain fashion in the *corridos* that talked of them. As time passed, the traffickers' increasing social presence and the expansion and diversification of their legal businesses helped to modify the beliefs of some, probably those who had best integrated the lifestyles of the middle and upper classes in legitimate society. For example, Saint Jude Thaddaeus, a saint of the legitimate religion, is becoming an object of devotion for traffickers, who sometimes use the same outer symbols — *tambora* and *norteña* music — to express their fervour. Amado Carillo's devotion to *El Señor de los Cielos* (The Lord of the Heavens) was also well known. He travelled to Jerusalem and was photographed carrying a cross, like Jesus Christ, along the Via Dolorosa, accompanied by his mother and other members of his family. Rafael Caro Quintero had a special church built and dedicated to the Sacred Heart of Jesus inside "La Noria", his house deep in the mountains in Badiraguato. In Colombia, belief is very popular among the traffickers and hired assassins of Antioquia in *María Auxiliadora*, the virgin of Sabaneta⁽³⁸⁾. It has not occurred to the media to apply the same labels as in the case of Malverde. The Catholic Church would be quick to react. Perhaps there is some truth in the words of a *corrido* that tells of a famous trafficker who says that he only respects God and the government. It must be specified that in the case of Mexico, this respect also applies to civil servants from a certain level up in the hierarchy.

The first traffickers to arrive in the city of Culiacán from the country settled in a district on the northern outskirts called Tierra Blanca, on one of the routes leading to the mountains. This position combined characteristics of the country and the city. In some parts it appeared to be a shanty-town annexed to the capital, with streets unpaved and lacking urban infrastructure services. In this landscape, large mansions contrasted with neighbouring shacks

(37) *La muerte de Malverde* ("Malverde's death") (Seferino Valladares):

"In 1909/ what a terrible thing happened/ in Culiacán, Sinaloa/ Jesús Malverde died/ and when they heard the news/ the people shuddered/ It was in the time of Porfirio Díaz/ that this story took place/ for ambition and money/ his companion gave him up/ but he who betrayed was paid back/ and heaven punished him.../ All that he stole/ he shared among the poor/ and that is why today/ he is honoured so greatly/ with music and candles / and bunches of flowers..."

(38) See Alonso Salazar J., *No nacimos pa' semilla*, Bogota, CINEP, 1993; Alonso Salazar J. and Ana María Jaramillo, Medellín. *Las subculturas del narcotráfico*, Santafé de Bogotá, CINEP, 1996; Mary Roldán, *Colombia: cocaine and the "miracle" of modernity in Medellín*, in Paul Gootenberg (editor), *Cocaine. Global Histories*, op.cit., p.169.

and modest houses, as did cars with United States number plates, at a time when the control of such vehicles was stricter. It looked like a frontier zone. From the nineteen-seventies, a new middle-class housing estate in the west of the city, called *Lomas del Bulevar*, was commonly known as *Lomas del Gomerál* because of the traffickers who lived there. In reality, from the seventies onwards, traffickers could be seen to settle in other residential zones of the city where they built enormous, ostentatious mansions that rivalled those of the rich local farmers and merchants in magnificence. The traffickers copied the outer symbols of wealth of the upper classes in residential areas where they had not formerly been present. In both the buildings and in their decoration a trafficker's personal touch reflected the level of his cultural capital, making the newly rich easier to identify. The constant presence of armed guards, police protection and endless parties left no doubt as to the activities of these awkward neighbours. In addition, their way of dressing, a *ranchero* style with gold jewellery and precious stones, did not go unnoticed. It was paradoxical that they engaged in an illicit activity while simultaneously doing all they could to ensure social visibility, instead of remaining clandestine. The only explanation possible was the historical tolerance, both official and social, towards people who were certainly to be feared in their field of activities but who, in other fields, acted like ordinary people. They were neither more nor less arrogant than certain traditional wealthy people and politicians in power. In addition, it was decades before they encouraged a local market for the drugs in which they dealt and they were careful not to spread the violence in their field to the rest of society. At the same time, their children attended the same schools and went to the same parties as children from the classes with which they coexisted daily. Money laundering in the legal economy was accompanied with strategies for social laundering. From the second half of the seventies, conditions changed rapidly. Large cracks started to appear in the mechanisms for institutional containment, the violence of the drug-trafficking field moved onto the streets, society was assaulted and the local market for drugs began to grow. The coexistence continued, but fear and insecurity gained ground. The laundering processes continue. Now, the political opposition, human rights organisations and other bodies in civil society have helped to create the conditions that should enable social hypocrisy to be limited and the rule of law asserted.

The traffickers' houses in the mountains and valleys of their places of birth are even more impressive than the houses that they built in urban zones. Sometimes it is not so much their size and luxury that impress, but the contrast between the countryside and these settlements in the middle of nowhere. Some of these belonged to traffickers who contributed to their own legend during their lifetime by helping their neighbours economically. Sometimes they built decent houses, a square or a church. Or they might invest in hitherto non-existent facilities, such as the diversion of a riverbed to provide drinking water and electricity, or medical care for the villagers. Such actions did exist, but were not as frequent as legends of the trafficker's philanthropy would have us believe, and were prompted by the individual dispositions of a few traffickers, the size of the villages and the degree of consanguinity and solidarity among inhabitants. For after his death the trafficker built luxurious marble mausoleums in a vaguely Greek style and chapels in a Roman style, like miniature reproductions Saint Peter's in the Vatican. He had these built in the cemetery of the village where he was born, in the city, and in his own house. In that area the trafficker went further than the traditionally wealthy, who did not consider it necessary to invest overmuch in the comfort of their soul in the afterlife.

As for the cinema, the adventures of certain mythical personalities from the traffickers' *corridos* have been brought to the screen. But, unlike gangster films in the United States, drug-trafficking films have ignored real cases and the best directors in the country have shown no interest in the theme. Television started to deal with drug trafficking and relations between this field and the political field in series such as *Nada personal* (Nothing Personal) and *Demasiado corazón* (Too Much Heart), which met with immediate popular success. The stage play *Contrabando* (Smuggling) by Victor Hugo Rascón Banda from Chihuahua, is a rare event in this field. In literature, significant Sinaloan writers include Elmer Mendoza with *Cada respiro que tomas* ("Every breath you take") (1991), César Lopez Cuadras with *La Novela inconclusa de Bernardino Casablanca* (The unfinished novel by Bernardino Casablanca) and Leonides Alfaro with his novels *Tierra Blanca* (1996), for which the director Felipe Cazals bought the filming rights, and *Los ministerios del miedo* (The ministries of fear) (2000), written in collaboration with Héctor López Palma. Also out-

standing are Gonzalo Martré from Hidalgo with his *El cadaver errante* (The wandering corpse) (1993), and Gerardo Cornejo from Sonora with his *Juan Justino Judicial* (Juan Justino the judge), advertised as a "novel-corrido". Despite these exceptions, the cultural world seems impervious to the artistic re-creation of a phenomenon that is eight decades old and has for at least 30 years had a social impact beyond the regional limits of producing and trafficking zones. The authors mentioned are mostly from states in which the cultivation of forbidden plants and the trafficking business are part of twentieth century history. And although Martré is not from Sinaloa, the story in his novel takes place in that region. The beginning of the end of the monopoly of the legitimate discourse about drug trafficking in Mexico corresponds with the traffickers' *corridos*. The television series, with their penetration and impact, have made their mark on the public by tackling the theme in its connection with politics and the army, after the real-life scandals that had shocked even the most imaginative novelists. This was hardly surprising, since analysts of the country's political history had ignored that relationship in its different phases of development throughout the twentieth century. They refused to see the history of crime as an important part of the history of power in Mexico.

In the United States, the drug culture has given rise to the mass production of numerous objects with the names of drugs on them, and the same has happened in Sinaloa. For several years now, tee-shirts, shirts, baseball caps, hats, belts, boots, pistol holsters, knife sheaths, cartridge holders, handbags, key-rings, jewels, transfers and so on, have been widely available with engravings, drawings, print or machine- or hand-embroidery in the form of marijuana leaves, poppies or AK-47 submachine guns ("goat's horns"). These products are sold in local markets frequented by people from the mountains of Sinaloa and Durango. A baseball cap embroidered with a parrot, a cock or a nanny goat does not mean anything special to the ordinary consumer. But anyone who knows the *corrido Mis tres animales* (My three animals)⁽³⁹⁾ will know that these are metaphors for cocaine, marijuana and heroin respectively. Representations of the coca leaf have not been observed, perhaps because it is not cultivated in Mexico and therefore outside the craftspeople's knowledge of local flora, and is less appealing aesthetically. In one of the confiscated residences

in Cuernavaca of Amado Carillo, whose fortune, according to the authorities, was acquired by cocaine trafficking, there was a swimming pool with a mosaic poppy on the bottom. A white swimming pool would not have attracted attention. In Chicago, a museum on Al Capone was open to the public for three years before it was closed. With the enormous number of houses, vehicles, weapons and jewels confiscated from the traffickers, added to the objects mentioned above, there is sufficient material to equip at least one exhibition on the phenomenon of which they are the principal social agents. In fact, the DEA inaugurated a museum in its main building dedicated to the impact of drugs on society in the United States. Objects belonging to traffickers from different countries are on display, along with records of *corridos* about Mexican traffickers⁽⁴⁰⁾.

Conclusions

In talk of illicit drugs, attention focuses mainly on the negative properties associated with these and their effects on health. It also focuses on the activities of those social agents who break the prohibition laws, whether to produce, sell or consume. Statistics are prepared on the destruction of illicit crops, on drugs confiscated or burnt and of people imprisoned for offences against health. There are constant references to the measures that governments have taken to try and solve problems connected with forbidden drugs. Less — or almost nothing — is said about the symbolic production generated in the cultural field to speak of the lawbreakers from a perspective that is closer to their world and values, or of the social impact that this phenomenon has had in certain regions of Mexico.

The illicit commerce has been punishable under the law since the second decade of the twentieth decade. Despite that, the phenomenon has boomed. Since its beginnings, the business has attracted people of different social origins. Nevertheless, the figure that has been constructed of the trafficker is based essentially on the characteristics that the authorities attributed to smugglers of humble origin. So instead of being a legal classification, generally applicable without distinction to members of any given social class or territory, "trafficker" implies an archetype associated with

(39) *Mis tres animales* ("My three animals") (Mario Quintero):

"I live on three animals/ that I love as my life/ with them I learn money/ and I don't even buy them food/ they are very fine animals/ my parrot, my cock and my nanny goat/ In California and Nevada/ in Texas and in Arizona/ and also over in Chicago/ I have quite a few people/ who sell my animals/ more than hamburgers in McDonald's..."

(40) See: DEA press release, "DEA opens museum to the public with inaugural exhibit on *illegal drugs in America: a modern history*", 30 April, 1999; Dolia Estévez, La mafia mexicana, star en el nuevo museo de la DEA ("The Mexican mafia, star in the new DEA museum"), *El Financiero*, 10/5/1999.

outer symbols identifying him more closely to people from the country. Recent cases of politicians, military men and bankers connected with drug trafficking have not effected any qualitative changes in this archetype, which has been under construction for decades. Traffickers are still "the others", the ones whose number and demographic weight may give the impression that they make most of the profits from the illicit trade and that they hold in their hands the mechanisms to do so. However, all this is not necessarily true, or not absolutely so. For decades, the social perception of traffickers and of their history and characteristics was constructed by the State, which had the monopoly of legitimate representation during all that time. There was no other symbolic production at the time that could compete with the categories and patterns of perception that officers of the State and the journalists that backed them had created around the traffickers and their world. The beginnings of the break with this monopoly began to show fifty years after the prohibition laws for marijuana, opium and cocaine. This started with the *corrido norteño*, a grassroots tradition with a high cultural impact on both sides of the Mexico-United States border — precisely the region where most of the legal and illegal commerce between the two countries takes place — and generally in the North of Mexico. For the first time attitudes were made public that differed to those generated daily by State representatives on drug trafficking and its main social agents.

The period when the traffickers' *corridos* exploded onto the existing music market coincided with a stage of rapid accumulation of wealth in the trafficking field and a diversification of the demand for drugs in the United States. It was also a phase when the traffickers consolidated as a specialised social group, clearly differentiated but integrated in many ways with the legal economy as well as with various aspects of the social life in their communities of origin and other parts of the country. They had been subordinated to the political field and removed from political activity from the outset. Recognition outside the field of the group's identity had been ambivalent — positive for all those who benefited economically and negative for those who disapproved for moral reasons or had been physically hurt. Now this group identity had found a way of indirect public expression outside the political field itself, and the symbolic weight that it had acquired in

the field of popular culture was such that the phenomenon could not be politically ignored. And in their turn, other social groups recognised characters in the *corridos* that were closer to their immediate world, who could be friends, acquaintances, family members, neighbours, and the archetype of all the fantasies and myths of a fascinating and feared universe.

The traffickers' economic activity and their use of violence in connection with the trade are not the only things to be condemned by law-abiders and by those who would like to see the rule of law enforced. The aesthetics of the traffickers' field have also been criticised, censored, stigmatised and rejected by other groups that do not share their tastes. For example, their music, their way of dressing, the architecture of their homes and burial places and their religious preferences are visible symbols of identity whose contents determine the social divisions and differences between those who are inside and those who are outside the trade. Symbolic conflicts move beyond the field of ethics to the fields of aesthetics and mythology. It is a whole way of seeing the world and living in it. It is a subculture in which we see a certain level of self-awareness under construction, in a permanent state of tension with the dominant and legitimate cultural models. Formerly, a person who dressed like a cowboy was immediately identifiable as a country person from the North. If his clothes were of superior quality — for example boots in exotic leather, trousers and shirts with international labels and expensive hats —, if in addition he had gold and precious stones around his throat and wrists, on his fingers and in his belt buckle, and if he travelled in an expensive car, then in all probability he was a trafficker. Nowadays, in nightclubs where they play *norteña* and *tambora* music in cities of the North and in the federal capital, it is common to see a great many people — usually young and middle-or upper-class — who dress in this way without necessarily being traffickers. But before young people started to dress like this, officers of the Federal Judicial Police (PJF) sent to the North were already copying the style, and not just for carrying out under-cover operations. From their way of dressing and acting, it was difficult for ordinary people to distinguish between a federal police officer and a trafficker. While the trafficker dressed as a cowboy has not disappeared, all the major traffickers who have been ar-

rested in recent years were dressed so ordinarily that no one could have suspected them because of their clothes.

The traffickers' lavish lifestyle is an imitation of the outer symbols of wealth of the regional bourgeoisie, carried to the extremes that fast-earned money and megalomania can achieve. It competes with these classes in terms of economic capital⁽⁴¹⁾. The traffickers' fortune or liquidity is often greater. They try to increase their cultural capital by investing in the education of their children, who attend the same elitist schools in Mexico and abroad. Their political capital has been limited by their historical subordination to the State party. Should this party disappear or weaken and not be replaced by one or several political forces with the capacity to control the traffickers, then the likelihood would immediately increase of traffickers gaining greater independence to reap the profits of their investments in political capital. Their symbolic capital, meaning recognition and admiration for what they represent to certain social groups, what they have done for such groups or what the latter attribute to them, and their economic capital, are the most striking aspects of the traffickers' life in Mexico that the corridos have recorded and encoded, and converted in large part from their cultural capital and their emblematic identity.

(41) For a more detailed explanation of the different kinds of capital, the structure of this capital and its transformations, see: Pierre Bourdieu, *La Distinction: Critique sociale du jugement*, Paris, Les éditions de minuit, 1979.

CERTAINTIES AND UNCERTAINTIES AS REGARDS ILLICIT DRUG TRAFFICKING: RESEARCH IN THE CASE OF FRANCE

Michel Schiray

Introduction

For economists, quantification is an immediate need, whether they are calculating at a micro-economic level or, even more, at a macro-economic level. In a covert area like illicit drug trafficking, quantification tools are lacking. They would presuppose the existence of regular administrative records or general and systematic complementary investigations of the kind that are carried out very patchily in only a few countries, on the basis of the still limited example of the United States. Available quantitative data is partial, liable to fluctuation and circumstantial, when it is not governed by political or more directly operational considerations, at both national and international level. It therefore often lends itself to varied forms of methodological and political manipulation which greatly complicate scientific investigation. My experience of research in this area has led me to believe that it is a field which requires much greater investigative efforts than official areas of the economy and of social activity, which are more easily subjected to routine checks and therefore to scrutiny. Qualitative research forms the basis of this approach⁽¹⁾. It should make it possible to check the quantitative calculations that any economist is capable of making from available basic databases, by formulating fairly sophisticated and complete series of hypotheses. The process of gradually refining hypotheses depends directly on the knowledge that one is capable of producing and developing.

(1) I first tried to explain this, in succinct form, in Michel Schiray, *Illicit drug distribution organisation in France: methodological experimentation at three levels of research*, in Fountain, J. (ed.): *Understanding and Responding to Drug Use: the Role of Qualitative Research*, European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) Monograph. EMCDDA: Lisbon, 2000.

On the basis of research experience carried out on this topic in France, I shall first explain the institutional context that has a crucial bearing on how the subject develops, then I shall discuss the choice of methods and their experimentation, which poses difficult problems in this covert area, and lastly I shall summarise some of the findings of successive studies which illustrate our present state of knowledge.

The Institutional Conditions Governing the Development of the Topic

It was only at the end of 1993 that the first investigations were initiated in France into the new and complex phenomenon of illicit drug trafficking. It was possible to carry them out thanks to the support of the National Cities Council (CNV), an institution with very firm roots in the field that is directly faced with a set of new problems arising in socially and economically deprived areas of large cities. This institution represents the mayors of medium-sized and large cities in their relations with the Prime Minister. It is of course no coincidence that it was the CNV which took an initiative that institutions normally in charge of drug and addiction problems, or even of law and order, apparently did not dare to take. As regards the first group of institutions, the most important of which at the time was the DGLDT (General Interministerial Delegation against Drugs and Drug Addiction), now called the MILDT (Interministerial Mission against Drugs and Drug Addiction), the conventional legitimacy of aspects involving health, mental health and preventative factors, and the unwieldiness of the professional bodies that have sprung up around them have, it seems to me, stifled efforts directed at the other, probably more sensitive aspect of the drugs and addiction issue, i.e. the supply or the distribution of products and their impact on public health (which goes without saying) and more particularly their economic, social, cultural and sometimes even political repercussions. The discreet presence, not to say mistrust, of police representatives in that institution and their intervention in very specialised problems did not until recently make it possible to bring out the real importance, for thinking on the subject and for research, of issues directly or indirectly connected with

(2) To my knowledge, the only significant step taken by the DGLDT at the time was the setting up in 1991 of a working party, initiated and coordinated by Joao Fatela, into *The Underground Drug Economy in Europe: a Comparative Study of Large Cities*. It produced a report which was presented to the Council of Europe with the aim of launching a European study programme on the subject. Although the idea was very well received, the project never saw the light of day. The only plausible explanation for that is that it did not get the necessary institutional support, primarily from French representatives. Other initiatives of which I have been informed were on a much smaller scale than was originally planned for the topic. It was only in 1998 that a very modest project was launched by the European Union's European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) in Lisbon and the Max Planck Institute in Freiburg. Headed by Hans-Jörg Albrecht, it focused mainly on two large cities in Germany and Italy, and in 2000 incidentally included three others in France, Denmark and the Netherlands.

(3) Pierre Kopp and Christophe Palle, *Les Coûts publics de la drogue en France*, MILDT, Paris, 1997.

(4) "Géopolitique et économie politique de la drogue", special issue of *Futuribles: Analyse, Prévision, Prospective*, N° 185, March 1994.

(5) It was only when forced by other initiatives, and then very tardily and very cautiously, that the CESDIP, the CNRS team attached to the Justice Ministry that had authority to do so, was eventually forced to collaborate on these subjects — which it did unenthusiastically. These subjects are however extremely relevant from an international point of view, even in their institutional, diplomatic and legislative manifestations.

the trafficking and distribution of such products⁽²⁾. This may seem all the more paradoxical given that empirical attempts to evaluate the public cost of drugs and addiction clearly show that far more money is spent on repressive police and judicial action than on health-service and preventative action, which only confirms that France⁽³⁾ is now in the situation that has been experienced by the United States⁽⁴⁾. It is true that most repressive action is still directed at users and only part of it at trafficking and distribution. The way that this action breaks down could be usefully revealed by an assessment of the cost of government action.

As regards the law and order authorities, it can only be deplored that there has been no tradition of joint work by police institutions and researchers. It is only now that such cooperation has really begun to get off the ground. Researchers specialising in legal questions have paid scant or very superficial attention to the question of serious crime, in particular crime connected with drug trafficking⁽⁵⁾. The IHESI (Institute of Higher Education on Internal Security), which was set up at the beginning of the 1990s, should normally have fulfilled the function of supporting research into questions of serious crime. But despite the numerous contacts that were made on the subject, that institution long postponed its decision to include in its work programme a survey or research project aimed at making a real effort to discover how the trafficking and illicit distribution of drugs in France, and indeed serious crime in general, operate⁽⁶⁾. It did so only in 1999, with the launch of several major research projects. The Interior Ministry and other government departments more directly concerned with the repression of drug trafficking, the Army Ministry (National Gendarmerie) and the Economy and Finance Ministry (Customs), did not for their part directly initiate or support research work in this field. They remained very reluctant to collaborate with researchers, whereas experience in other European countries has shown that such cooperation, as long as there is mutual trust and respect, can prove extremely fruitful for both parties⁽⁷⁾. Above all, it answers a need for controlled knowledge on the part of society in general. It is hardly surprising therefore that this line of work on drug trafficking eventually got more support from another institution, this time European-based, specialising in security issues, the European Urban Security Forum. Once again, this is not strictly speaking an official body. It brings to-

gether mayors and officials in charge of major European cities who are directly confronted with the concrete problems found in urban areas. But it has not yet been given the necessary resources for it to be able to support a veritable research programme, at either national or European level. At most, it has resulted only in training and in local authorities being able to compare their experiences.

On the basis of my experience of what will soon be ten years of observation, discussion and negotiation on this subject in the field of research, let me formulate a series of conclusions for discussion, which may be defined in simplified form as follows:

- At local level, drug trafficking, combined with the immediately visible problems of drug addiction, creates tensions which can prove intolerable for local inhabitants and authorities, who have no alternative but to confront the problem, to get to know it, to understand it and to come up with solutions. They were among the first to be interested in stepping up research into drug trafficking and its economic and social effects.

- At national level, the repercussions of trafficking, despite the sometimes astoundingly high profits it generates, seem much more diffuse and less visible. Profits can be invested and indeed sometimes even create jobs. More usually they help to fuel monetary and financial movements. To simplify matters, it may be said that such movements, which take place at macro-economic and macro-social levels, do not cause any clearly visible immediate victims, at least in France, where such trading only rarely results in murder. French legislation on money laundering and the controls effected by TRACFIN, a specialised department of the Economy and Finance Ministry, are certainly still too recent, even after ten years of existence, to have created a truly significant deterrent force, as can be seen from the final results of the operations carried out, despite all the efforts put into the task, which have to be recognised. The Health and Social Affairs Ministry is in charge of the drugs scene. As is only normal, it focuses its interest and efforts on questions of treatment, prevention, risk management and drug use management. However, its approach seems to be very narrow and cautious when it comes to product supply strategies, in particular those of the pharmaceutical companies

(6) Attempts were made in the early 1990s to organise a research programme into money laundering with the IHESI, involving the setting up of an ad hoc group made up of representatives of the institutions most directly concerned, including those in the banking sector. But in the end only one member of the IHESI collaborated. The resulting work, which was not directly disseminated, owes its existence solely to the determination of the person concerned that there should at all costs be something to show for his efforts. All the indications are that that person received very little support from within the institution. The findings of this unpublished "grey" literature were important at a French level and opened up a considerable field of study, on which several researchers have gradually focused. See in particular Pierre Glorieux, *Le Blanchiment en France, textes et territoires*, a roneotyped IHESI document, 1991, and *Le Blanchiment de l'argent occulte en Europe*, a roneotyped IHESI document, 1992. Those findings were partly used by Michel Schiray (ed.), in *Les Marchés interdits de la drogue*, "Penser la drogue, penser les drogues", vol. 2, Paris, Edition Descartes, Sciences Sociales series, 1992; and some of them were reproduced in full in Pierre Kopp (ed.), *L'Economie du blanchiment*, Paris, Caisse des Dépôts et Consignations — Association d'Economie Financière — Cahiers Finance, Ethique, Confiance, 1995. (2) To my knowledge, the only significant step taken by the DGLDT at the time was the setting up in 1991 of a working party, initiated and coordinated by Joao Fatela, into *The Underground Drug Economy in Europe: a Comparative Study of Large Cities*. It produced a report which was presented to the Council of Europe with the aim of launching a European study programme on the subject. Although the idea was very well received, the project never saw the light of day. The only plausible explanation for that is that it did not get the necessary institutional support, primarily from French representatives. Other initiatives of which I have been informed were on a much smaller scale than was originally planned for the topic. It was only in 1998 that a very modest project was launched by the European Union's European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) in Lisbon and the Max Planck Institute in Freiburg. Headed by Hans-Jörg Albrecht, it focused mainly on two large cities in Germany and Italy, and in 2000 incidentally included three others in France, Denmark and the Netherlands.

that supply synthetic psychotropic products, which are now in greatly increasing demand. An ever larger proportion of those products end up in illicit distribution circuits. And yet it is the ministry's job to control such companies and their products. The specialised departments of the Interior, Army and Economy and Finance Ministries in charge of monitoring the supply and distribution of illicit products remained, true to their tradition, discreet and cautious throughout the 1990s and even now do not seem very keen to engage in direct cooperation with researchers — even if they receive all the necessary ethical and moral guarantees — in such a way as to describe and make available to them the information in their possession, or simply to admit and specify what they do not know. A gradual clearing up of this basic difficulty would help to better identify the specific subjects of the researcher's work, to the benefit of all concerned. Conditions now seem to be more favourable and to be moving in that direction.

. At the international level, the importance of drugs in worldwide relations and in relations between States resulted in major information systems being developed in a number of countries from the 1970s on and above all from the 1980s on. Most prominent of these countries was the United States, which now acts as a world provider of information and even hands out annual reprimands and rewards to each country depending on its performance as regards the fight against drugs, notably in the area of production and trafficking. At international level, these information systems were set up by United Nations institutions, such as the United Nations International Drug Control Programme (UNDCP) and the International Narcotics Control Board (INCB), and by international police and customs organisations, chiefly Interpol. Other organisations like the G7, by setting up the Financial Action Task Force (FATF) to deal with money laundering issues, have also contributed complementary information at the international level. This means that there is now available a certain amount of working material at this level which makes it possible to better identify the routes that goods have taken before entering a country. The picture is by no means complete, and this body of information contains many mistakes and approximations which open the way to all sorts of statistical, informational and political manipulation, as can be seen from many available examples. In France, we have a reasonable knowledge of the main geographical supply routes of illicit drugs of

natural origin and, increasingly, of those taken by synthetic products. That does not mean we have identified the organisations and the people who use such routes or the scale of the traffic. We have a certain degree of knowledge, though that does not mean the situation is under control. But supplies reaching the French border remain institutionally, and therefore informationally, more under control than those which, in France itself, are distributed to regions and to towns and cities, whatever their size⁽⁸⁾.

The Choice of Methods and Their Experimentation

It is worth remembering that the first investigations carried out in France into illicit drug trafficking at the end of 1993 were prompted by a straightforward question about problem suburbs which first started as a rumour, then was repeated by local authorities, in the press and eventually in several official reports, notably emanating from the National Assembly. It was believed that such suburbs were increasingly dominated or at least affected by drug money and by the appearance of mafia-like practices. It was an issue that cropped up again and again in the press and in debates. One of the hotly debated consequences of this was that it became increasingly difficult to implement social development policies, particularly those aimed at some of the groups of youngsters most concerned, who were thought to be more attracted by the easy money to be made by trafficking than by public integration programmes. Social policies had a hard time confronting illegality.

As well as trying to come up with an answer to such questions, those initial investigations provided an opportunity to try out methods thought likely to provide some rigorous information about this field of activity, which is all the more subject to all types of rumours because it is itself hidden, subjected to government repression and above all occulted by most of the social actors that come into contact with it. To quote an argument no doubt used by both police and magistrates, but less often by social scientists: "You never know if the person you're talking to knows nothing, won't say what he or she knows, or is inventing a story (possibly to please you⁽⁹⁾), but most often because people like that invent

(7) It should be mentioned in this connection that Pino Arlacchi, the present head of the United Nations International Drug Control Programme (UNDCP), who is also in charge of investigating organised crime, is a sociologist who in the 1980s specialised more particularly in the study of Italian mafias. Several of his publications were translated into French. At the end of that decade, he and Roger Lewis embarked on the first major European research programme into the drug markets of several Italian cities (Bologna, Naples and Venice). Their findings were reworked and analysed in France by Maria Luisa Cesoni, in *Les Marchés interdits de la drogue en Italie*, in Michel Schiray (ed.), *Les Marchés interdits de la drogue, Penser la drogue, penser les drogues*, vol. 2, Paris, Edition Descartes, Sciences Humaines series, 1992.

(8) It should be remembered that in this respect an exceptionally useful source of information has been available, particularly in France: the work and publications of the Observatoire Géopolitique des Drogues (Geopolitical Monitoring Centre for Drugs) (OGD). This NGO is notable for its remarkable achievement in gathering, analysing and disseminating information in France and worldwide throughout the 1990s. Its work was at all times an indispensable source for the most strictly academic research institutions. It was most unfortunate that it was forced to close down at the beginning of 2000 because of inadequate institutional support. The OGD's staff intended to continue their work by trying to streamline its international network, which was present in almost 100 countries. I naturally urge readers to consult the ten or so volumes published by the OGD and its staff, who throughout those years performed the invaluable task of bringing out an annual report on the state of the drugs problem worldwide (under various titles and with different publishers). This recent turn of events must be a source of concern, at a time when companies mushroom out of nowhere and financial aid is lavished on information and communication start-ups. The OGD is regarded, even at very official levels, as the only source of independent international information on the subject, alongside that of the United States administration and the United Nations Organisation.

(9) This has sometimes been historically true of the discipline of ethnology in particular and, as far as I know, of the French specialists who so effectively thought and theorised about the Dogon legends they were told by local people in Mali a few decades ago.

such stories for themselves)." This is the fundamental methodological trap for which the researcher needs to be prepared when gathering information in this area, from both private and public actors. Fear of retaliation, the negative image of denunciation (of being "a grass"), illegality and more generally taboos, and the imaginative potential of the subject are all factors that make direct investigations more complicated than in an ordinary field of study.

As for the choice of methods, there are two broad options open to the researcher: methods that can be described as direct, and, in contrast, indirect methods. Direct methods are probably more in the tradition of ethnologists and sociologists, and involve gathering information directly from people involved in or close to trafficking (drug traffickers and users, first of all, then their family, friends and acquaintances, and finally their neighbours and people present in the territorial, social or commercial environment of trafficking, including such curiously powerful figures as apartment block caretakers and supermarket staff in the case of local investigations). The ethnological approach tends mostly to focus on a small population group in a restricted space. Such methods require rather a lot of work and time. The volume of observations and analyses carried out, which are without doubt broadly significant at a social and cultural level, does not however tell us much about the organisation and workings of drug markets in France, not even at city level⁽¹⁰⁾. Based on thorough investigations in some communities, research revealed remarkably well the movements that were characteristic of certain urban, interurban and cross-border spaces⁽¹¹⁾. The fact remains that there is always a clear discrepancy between researchers' aims. The ethnological approach provides us with information about a rather small segment of the market, whereas the economic approach requires an understanding of the organisation and dynamics of the whole system. Simpler questionnaire-based investigations carried out with users, and sometimes dealers or friends, produce conventional, very selective and in the end superficial answers. Above all they demonstrate that each person taken individually, even someone fairly deeply involved in the distribution of drugs, knows very little about aspects that go beyond their strictly personal contacts. This is a logical result of the extreme segmentation of information that is characteristic of a systematically com-

partmentalised, closed and impenetrable market. The direct approach would therefore require the specification of a complex methodology of multiple-level interviews fulfilling at least three essential functions: a range in the choice of interviews that makes it possible to follow and gradually piece together the logical sequence of the information gathered; a comparison of information through contradictory interviews in order to ensure permanent verification; and a repetition of interviews at a later date in order to complement and broaden them, by increasing the relationship of trust with the interviewee. This methodology is therefore both very sophisticated in its conception and practice, and very onerous in its overall execution.

Indirect methods are based on forms of knowledge chiefly acquired and developed by specialised institutions or institutions that come into contact with drug problems. The police departments, the National Gendarmerie, Customs and the justice departments are of course those most concerned with trafficking problems. It should be noted in passing that both in institutions which treat drug addicts and in social institutions specialising more particularly in the social development of young people, staff are careful, in order not to jeopardise their own mission, to keep their distance, particularly in terms of knowledge, from the area of the drug problem that is the subject of the greatest repression: distribution and trafficking. This accurately reflects the conflicts which exist in the field between repressive policies and policies designed to treat drug addicts or social policies aimed at prevention and integration. It also points up the difficulties involved in weaving together problems which should, particularly at local level, be subject to a single policy. That would seem to be confirmed, in the case of France, by the disappointing results of the highly promising experiment of the CCPD (Communal Delinquency Prevention Councils).

The working experience I have had over a period of years in this field has shown that, despite the imaginativeness and enthusiasm of researchers, the lack of resources allocated by research institutions and bodies in charge of drug and drug addiction problems make it increasingly impossible not to have to rely on a working relationship of cooperation with repressive bodies such as the police and the judiciary as a methodological basis

(10) The most significant work done in France includes Patricia Bouhnik's thesis on a group of users/dealers, *Le Monde social des usagers de drogues dures en milieu urbain défavorisé*, a sociology thesis supervised by Robert Castel, Paris VIII University, 1994. See also the article derived from it, *Consommateurs d'héroïne en milieu urbain défavorisé*, in *Vivre avec les drogues*, Communications, N° 62, 1996, Le Seuil.

(11) See the work of Alain Tarrus, *Fin de siècle incertaine à Perpignan: drogues, pauvreté, communautés d'étrangers, jeunes sans emploi et renouveau des civilités dans une ville moyenne française*, Perpignan, Editions du Trabucaire, 1997, and, more recently, Alain Tarrus and Lamia Missaoui, *Héroïne et cocaïne de Barcelone à Perpignan: des économies souterraines ethniques de survie à la généralisation des trafics transfrontaliers de proximité*, OFDT report, 1999. These remarkable works seem to me to make the most directly useful contribution to research of an economic nature.

(12) This extension of research is more or less the same as that suggested in Michel Schiray, *Les filières stupéfiants: trois niveaux, cinq logiques. Les stratégies de survie et le monde des criminalités*, in *Géopolitique et économie politique de la drogue*, a special issue of *Futuribles: Analyse, Prévision, Prospective*, N° 185, March 1994.

(13) This research resulted in a publication: National Cities Council, *L'Economie souterraine de la drogue*, Paris, 1994. The research, coordinated at the Maison des Sciences de l'Homme (Human Sciences House) by Michel Schiray, brought together four teams of researchers: the Groupe de Recherche et d'Analyse du Social et de la Sociabilité (the Group for the Research and Analysis of Social Issues and Sociability)(GRASS/CNRS), headed by Michel Joubert and Monique Weinberger, the LASTREE-IFRESI/CNRS headed by Dominique Duprez, the Clinique Liberté (Liberty Clinic), headed by Anne Coppel, and the CIREN (International Centre for Research into the Environment and Development)/CNRS (National Scientific Research Centre), headed by Michel Schiray.

aimed at acquiring a rigorous and significant knowledge of drug markets and their organisation. Even if the police and the judiciary do not use the same investigative methods as social science researchers, the resources made available and the results obtained are so disproportionate that researchers have no option but to recognise their limitations, to be modest about their ability to learn and reveal, and to learn to exploit information they have at their disposal or have obtained from specialised institutions, by reinterpreting and complementing it in line with their own objectives.

Information produced and published by police departments is restricted to a statistical enumeration of arrests resulting from the use, trafficking and seizure of narcotics. The OCRTIS (Central Office for the Repression of Illicit Trafficking in Narcotics) collects all the data put together by the police department, the National Gendarmerie and Customs. This enumeration indicates routine, basic and individualised data, and says absolutely nothing in particular about such phenomena as networks, organisation or market dynamics. But it does nevertheless suggest the main routes and geographical channels taken by products entering the country, and makes it possible to localise the main national markets. This extreme caution in putting out information does not properly reflect the potential and the reserves of knowledge that exist in such institutions. But that knowledge is diffuse, unexploited, fragmented and used for exclusively operational purposes. The scientific challenge seems to me to be that we must learn to share that public asset among bodies with different aims.

Research Experience in France and its Findings

Field research experience as regards drug trafficking began at the end of 1993, with some exploratory research carried out in problem city areas, with the National Cities Council. It was gradually extended to a wider territorial area so that a start could be made on describing and better understanding the configurations of the organisation of trafficking at the national level, with its international link-ups⁽¹²⁾.

That first and totally exploratory work aimed, within a very limited three to six-month period of investigation, to test from a methodological point of view the quality and relevance of all the information sources likely to be exploited in order to acquire knowledge of this secret area of activity. Sources were tested intensively in six districts of three large cities (Marseille, Paris, Lille) by four highly specialised teams of researchers⁽¹³⁾, and all sources could be used within a restricted time for gathering the information necessary for a reasonable knowledge of the subject. It emerged from the very extensive interaction of direct and indirect methods that some of the most stable and most accessible, if very incomplete, sources were court records, as long as they included police investigations. Direct methods, involving investigations with questionnaires or individual interviews with drug users, their friends and even individual people or institutional staff in charge of their medical and social treatment, confirmed that this is an area where their knowledge is very patchy. Direct methods applied to traffickers required complex and lengthy investigations. This led me to construct a methodology which used court records, complemented by police information, to acquire knowledge of the field in question. Its results can subsequently be broadened and filled out by using direct methods.

At the beginning of the 1990s, attention in France focused intensely on the scale that drug trafficking had taken on in certain deprived areas on the outskirts of large cities. While confirming the powerful social impact of such activity on life in the suburbs, especially among young and very young people, investigations did not bear out the importance that had been attributed to it on a financial plane, notably as regards income distribution, the circulation of money and local investment. It emerged that there were two main organisational models. One of them represented local markets predicated on the coexistence of small groups of traffickers who shared out points of sale, replaced each other when there was a police crackdown, and consisted mainly of young people with firm roots in those areas. No marked tendency towards concentration or the formation of structured dominant groups was observed at the time — though in the light of my latest investigations this would no longer seem to be the case. Links with the outside world were mostly fragmented, and it could not be argued that such groups were integrated to

(14) This second phase of research, entitled *Activité illicéales liées au trafic de drogues au niveau local*, was carried out in the wake of the preceding exploratory research with the National Cities Council and help from the DGLTD (Délégation Générale à la Lutte contre la Drogue et la Toxicomanie/ State Organisation in Charge of the Fight against Drugs and Drug Addiction). Coordinated at the Maison des Sciences de l'Homme by Michel Schiray, it brought together five teams of researchers from the GRASS/CNRS, headed by Michel Joubert and Monique Weinberger, the LASTREE-IFRESI/CNRS headed by Dominique Duprez and Michel Kokoreff, the Ethnology and Mediterranean Research Centre/CNRS, headed by Marc Mariottini, the IREP, headed by Rodolphe Ingold and Mohamed Touffirt, and the CIRED/CNRS, headed by Michel Schiray with Nacer Lalam. It was not possible to complete that research because of problems of relations between institutions. It nevertheless formed the basis of five unpublished reports, produced in 1995 and 1996, which can be consulted at the MILDT (formerly DGLDT), at the French Observatory of Drugs and Drug Addiction (OFDT), at the Maison des Sciences de l'Homme, at the "Psychotropes, Politique et Société" GDR of the CNRS, or by applying to the various teams involved.

Some of the work was expanded, at this level of research, as for example in: Dominique Duprez and Michel Kokoreff, *Le Monde des drogues*, Paris, Editions de l'Aube, 2000.

(15) It was carried out as part of the research project, *L'Organisation du trafic et des marchés de drogues illicites et leur liaison avec les économies officielles et non officielles — Rapport sur l'état de la recherche*, CIRED/Maison des Sciences de l'Homme — Higher Education and Research Ministry, Paris, December 1998. This research, headed by Michel Schiray, was carried out with Nacer Lalam and with the help of Chokri Bensalem.

any great extent in criminal organisations operating at a higher territorial level. This widespread model would seem to confirm the hypothesis of open and competing local markets. It seemed rather typical of the organisation of trafficking by young people in the suburbs. While it was clear that such traffickers showed a marked tendency to act with increased professionalism in their particular area of activity, there were no signs that they were capable of becoming integrated into local economic life through investment.

The other model frequently observed consisted of more integrated groups formed along ethnic, family and community lines. This model was more stable in nature, and had a greater tendency to generate local monopolistic situations. It was more structured, and tended more to rely on outside and dependent labour, chiefly made up of illegal immigrants (or people claiming to be so) recruited from their communities of origin. This model used a more explicit strategy of financial accumulation. But as was shown by investigations in the suburbs of both Lille and Marseille, that accumulation was not channelled into the areas where the traffickers operated, but rather towards their countries of origin. This model tallied, then, with typical strategies and organisational models used by immigrants planning to return to their home country or to settle there in the short or medium term.

The open and competitive model of young people in deprived suburbs was capable of generating violence as a means of occupying markets, but investigations in several places showed that in French suburbs such violence, in its extreme forms (notably murder), was mostly of a sporadic nature and shortlived. In the suburbs, groups of traffickers sometimes showed themselves capable of coming to agreements with each other, or even cooperating. That was understandable because of the youngsters' origin and their shared knowledge of their area. In this respect, the most typical example studied was that of the market in the commune of Bagneux — mainly a heroin supermarket — on the southern outskirts of Paris, where the last major clash between traffickers took place as long ago as the beginning of the 1990s. But it was a case of heroin pushers replacing cannabis dealers, who have now been largely excluded. The French police's methods of interven-

tion, which have so far not been the subject of much study, certainly go some way towards explaining this situation. The coexistence in a single locality of that model and the model of ethnic groups in the suburbs is certainly more liable to cause conflict, because the conditions of competition may sometimes be changed, notably as a result of lower prices made possible by slimming down distribution circuits or lowering product quality.

Investigations carried out in the suburbs, then extended to larger areas of the outskirts of the three large cities⁽¹⁴⁾ did not clearly reveal any involvement by traditional criminal organisations, notably from the "underworld", in these drug markets. Local distribution networks seemed relatively disconnected from them. These networks of a new kind seemed rather fragmented and not very well structured, apart from a few exceptions which were not studied comprehensively enough. At most, there were a few isolated cases of people once active in more traditional criminal areas, such as holding up banks or procuring, who went over to drug trafficking. But they tended to act in an individual capacity and not as a member of an organisation. These findings led serious questions to be asked, particularly in Paris and Marseille, about the role of suburbs in the drug markets of large cities and the position of the various networks in distribution channels.

A second phase of research accordingly set out to extend the local approach to the suburbs and the whole urban area. This was attempted, in an exploratory way, in Paris on the basis of court records⁽¹⁵⁾. It was in fact in the city itself — the centre of the capital — that the most significant cases and networks as regards the criminal organisation of drug markets were found. The main characteristic of this city-centre trade was a surprising internationalisation of networks: traffickers who came before the courts within a single year were of 47 different nationalities; one third of the networks were "national" networks of various nationalities, and two thirds of the networks were "mixed", i.e. made up of people of different nationalities, with a majority of French. The traffickers' trade links with countries outside France were much more marked and diversified than in the suburbs. Transactions and most seizures were greater in volume, which would suggest that the city centre played a more important role in intermediate dis-

tribution than the suburbs. Finally, various cases in the capital showed that the "underworld" and traditional organised crime were active in wholesale distribution in Paris and the greater Paris area, but that Paris was also a centre of redistribution from the producing countries to other European and even North American markets. These were transactions which led to veritable money laundering operations: property investment in France and abroad; currency, banking and financial investments; and above all investment in companies, not only in the gambling and entertainment sectors, but in industry, even in such traditional areas as textiles and clothing. These are the kind of transactions which those leading the fight against money laundering at the Economy and Finance Ministry do their best, against all the odds, to unmask by financial means.

A third phase of research, this time not restricted to specific locations, made it possible to improve even further the study of the various networks' coexistence, competition and interpenetration. This very recent research⁽¹⁶⁾ approached the organisation of the drug trade from the angle of a new social phenomenon, the "techno" music movement. It revealed the existence of new distribution networks among music producers, organisers of events and drug users. In this sector of the drug market, it was clearly shown that a multiplicity of "direct cross-border networks" specialising in ecstasy and involving new traffickers, most of them young, had sprung up. Those traffickers got their supplies of ecstasy from sources mainly in the Netherlands, but also in Spain, and distributed the pills during rave parties. Other products were included in this movement's specialised networks. The most important finding of that research was to my mind to have shown how, around those new and marginal networks, other more specifically criminal networks were organised by the "underworld" of traditional crime in large French cities, more particularly in the south. Those networks are currently believed to dominate markets in many regions, as regards not only ecstasy but a good proportion of the other drugs consumed during such parties — in particular hashish, marijuana and cocaine. One of the explanations for this would seem to be that the "techno" movement is a much more important phenomenon in discos and night clubs, very often run by the "underworld", than at rave parties, which are organised more sporadically by the originators of the movement.

This is a new and important research finding in France. It confirms that serious criminals in France are also involved in the French drug market, alongside networks of traffickers from an immigrant background and young people in the suburbs. The specialised authorities have difficulty in publicly recognising this state of affairs. The methodology devised to arrive at this finding combined direct and indirect techniques more exhaustively than I have ever had occasion to do before. This methodology could very usefully be applied more broadly to all the drug markets in France and would make it possible to understand better the relationships and hierarchies which may exist between the various types of networks that share out the markets and their various segments — mainly made up of local youth networks, ethnic immigrant networks, and the both traditional and new networks of organised crime. It is along those lines that research is now directed. It is focusing on and getting to know better the organisation at the top of the system of illicit drug distribution in France — an organisation about which very little is known — and its economic and financial repercussions. Finally innovative research⁽¹⁷⁾ has recently been undertaken on the place of traditional French organised crime (the "grand banditisme" in administrative French terminology) in drug trafficking. It shows — what we were not able to reach at local levels the strong presence at the upperlevel of the business, since the beginning of the drug-story, of the organised and traditional networks specialised in all types of criminal activities, highly connected with international criminal groups and organisations, largely associated with representatives of official economic sectors and of public specialised institutions, even also to some politicians at the local and national level.

(16) Colombié thierry, Lalan Nacer et Michel Schiray: *Drogues et techno, les trafiquants du rave*, Paris, Stock, 2000. This book resulted from a research carried out with the Observatoire Français des drogues et de la toxicomanie (OFDT).

(17) Colombié Thierry, Lalan Nacer, Schiray Michel, *Les acteurs du grand banditisme français au sein des économies souterraines liées au trafic de drogues : populations, organisations, pratiques, mécanismes de contrôle des marchés et gestion des espaces de trafics régionaux et transfrontaliers*, Institut des Hautes Etudes de la Sécurité Intérieure (IHESI), Paris, 2000.

FROM THE DISCOVERY OF DRUG TRAFFICKING TO THE RECOGNITION OF ECONOMIC AND FINANCIAL CRIME: THE VARIOUS STAGES OF A DECADE OF FRANCOPHONE STUDIES ON THE SUBJECT

Michel Schiray

In France — despite some surprising delays — as well as in other European countries and elsewhere, the 1990s eventually proved to be a fruitful decade as regards successive discoveries of the major impact of drug trafficking and of economic and financial crime on the economic, social and political development of societies in both the North and the South. It is interesting to note that, while drug trafficking was initially the main focus of attention, it was almost immediately related to other broader issues, such as the proliferation of major criminal organisations, some of them Mafia-like in nature, regional conflicts and other phenomena like money laundering, corruption and tax havens. But during the 1990s, in addition to studies more specifically focused on drug trafficking and its various related issues, a much wider range of work soon began to be published on very varied types of activity and illegal economic and financial practices that can be defined as coming under the heading of "economic and financial crime". This covers a much greater and more varied range of phenomena. Drug trafficking could constitute one of the traditional forms of criminal activity, with which — in the case of certain groups specialising more particularly in crime — it was often connected, such as hold-ups, armed robbery, procuring, extortion, protection rackets, kidnapping, illegal gambling, trafficking in arms, human beings and live organs, and smuggling.

(1) The United Nations Drug Control Programme (UNDCP) published the first major report on drugs, entitled *World Report on Drugs*, London/New York: Oxford University Press, 1997. The report contains a wealth of information and issues for debate. Nacer Lalam's analysis of it in the review *Monde en Développement*, N° 158, 2000, is well worth reading. There is no discussion here of work on drug trafficking in France. It is discussed in Michel Schiray's article in the present issue, "Certitudes et incertitudes sur le trafic illégal de drogues: enseignements de la recherche en France".

"Economic and financial crime" embraces the more reassuring sphere of official activities, companies and public or State administrations. This world is of course very different, as are the illegal and criminal practices involved. And yet many interconnections can exist between the two, as will be seen from the present chapter, in particular the way that all profits from these criminal activities, whether based in a legal or an illegal framework, are channelled into the same money-laundering circuits and, sometimes, into genuine investment. This is what makes present anti-money-laundering policies particularly difficult to implement, and research increasingly complicated.

Drug Trafficking and its Economic, Social and Political Implications ⁽¹⁾

The "war on drugs" that has been waged in the United States — for the first time more than 80 years ago — has spread throughout the world as a result of the imposition of a global prohibition system. Its intensity has however varied geographically and above all historically. The increased use of drugs in the 1960s and 1970s led President Nixon to call for a new "declaration of war" in the early 1970s. His initiative remained modest and controversial during that decade, in the course of which many North American states even decriminalised marijuana. But the drugs issue had already become a worrying enough concern to be regarded as a "major problem" for society and the international community.

It was at the beginning of the 1980s that the "war on drugs" was abruptly given a new boost by President Reagan. It has since gathered momentum, as can be seen for example from the increase in public spending on it, involving direct intervention in the producing countries and an intensification of the crackdown on trafficking, both internationally and at home. That new impetus affected European countries only later, and in a consistently contradictory manner, since some of them have always tried out more liberal and less repressive solutions, alongside the Dutch model of permissiveness and supportiveness as regards drug addiction. This has been a constant subject of debate in national and international forums.

Whereas the volume of work on the various aspects of drugs increased very sharply on the other side of the Atlantic from the 1960s on, European and, more particularly, French literature focused mainly on the clinical aspects of drug addiction. It is interesting to note, therefore, that, from the end of the 1980s on, there began to appear works by journalists, militants, professionals and researchers which extended the debate to the social, economic and political aspects of drug use and trafficking, with a particular emphasis on their international dimensions. Those works form an essential part of a public debate which is now highly topical, but was long restricted to specialised circles.

And yet pioneering work was done in France, from the beginning of the 1970s on, which cannot be ignored, and whose full significance has perhaps become clear today. First of all, two researchers, Catherine Lamour and Michel Gutelman (1972), clearly demonstrated in their book, *Les Grandes manoeuvres de l'opium*, the economic, military and above all diplomatic stakes in, and implications of, opium and heroin trafficking on the evidence of Southeast Asia, at the initiative of the United States. While making all the necessary qualifications, they undoubtedly laid the foundations of a prospective vision of what can still be observed today at international level. At a completely different level, in his analysis of the French experience of the "French connection" between the Marseille "milieu", the Sicilian mafia and its more powerful North American counterpart (heroin trafficking), Alain Jaubert (1973) painted, in *D comme drogue*, a hitherto unparalleled picture of the connections that existed between serious crime circles, economic circles and local political circles. Despite its inevitable limitations for academics and professionals, this exceptionally courageous piece of investigative journalism at least threw considerable light on the problems that contemporary societies have more than ever to face. Jaubert's work has so far helped one to understand the present sociopolitical structuring of the city of Marseille and its regional, national and international ramifications. But it is even more significant for our understanding of how real society works. And yet neither of these two works was followed up by other researchers. On the contrary, such unacademic subjects were surrounded by a deafening silence in France, particularly on the part of criminologists and political analysts. Economists understandably felt somewhat unqualified to deal with such questions.

In this respect Coca Coke, by Alain Labrousse and Alain Delpirou (1986), marked an important new step forward in France. It broke that silence. On the basis of thorough fieldwork in the Andean countries (coca/cocaine), it demonstrated that a rigorous approach is possible in this dark and dangerous area of study, and that one can, with all due caution, lay the foundations of an economic, social and political analysis that transcends the circumstantial analysis of individual and local contexts.

Between the end of the 1980s and the beginning of the 1990s a series of other works on drugs in general were published in France, notably *Le Droit de la drogue*, a brilliant work by Francis Caballero (1989), but also more specifically on trafficking, its geopolitical implications and the criminal organisations that operate internationally. A work by two investigative journalists, Jean-François Couvrat and Nicolas Pless (1989), also greatly helped to get the debate going by producing the first overview of the economic implications of drug trafficking, arms trading and tax havens.

One book in particular, *La Drogue, une économie dynamisée par la répression*, by Charles-Henri de Choiseul Praslin (1991), broke new ground in France by offering an in-depth approach to the role of supply in the growth of drug markets and to the actual effects of repression. He re-examines, from a fresh angle, the debate on prohibition systems initiated by American authors and more recent French authors, such as the already mentioned Francis Caballero. Three sets of arguments are set forth which call into question the repressive policies currently implemented by governments. First, repression has both a boosting effect on demand (high prices force consumers to become dealers, which intensifies sales efforts and increases demand), a regulatory effect on prices and markets (depending on police action), and an effect which helps the world of crime to become integrated in the official economy as a result of the profits it makes. Secondly, with prohibition, drugs have constituted an unparalleled source of reinforcement for all major criminal organisations in the various regions of the world. That source has helped to create a "narcocracy" capable of confronting States or coming to terms with them. The third set of arguments against prohibition concerns the creation for society of the

drug addict problem through products which earlier societies customarily controlled. The drug addict is today faced with four forms of dependency: in addition to physiological and psychological dependencies, there are economic and socio-cultural dependencies. Choiseul Praslin, who became president of the Observatoire Géopolitique des Drogues (World Geopolitics of Drugs — OGD), asks us to take a long hard look at drugs and at the foundations of current policies. A lawyer by profession, he draws on a very wide range of areas, from the economy and sociology to history and anthropology, to draw up the arguments that are needed for an analysis of the complexity of the drug phenomenon in our contemporary societies. But he also calls on us to think more about the economics of drugs, since "*our societies want to sacrifice everything to economics*". This book, which was published by the CNRS, will remain a benchmark work, even though it very soon attracted controversy from every quarter.

The European drug information campaign, which was initiated at the end of the 1980s by a large number of NGOs with the support of international, European and national official organisations, undoubtedly mobilised public opinion and governments. Its effect was soon visible as regards publications. The book that grew out of the campaign, *Géopolitique de la drogue*, which was edited by Guy Delbrel (1991), contains a series of contributions written during the campaign. The book illustrates the diversity of issues raised by drugs from the point of view of use, production, trafficking, policies and regional conflicts all over the world. It constitutes a corpus of heterogeneous material, of varying and often local interest, which can be used as a basis for debate on many issues, and in particular on the policies that should be implemented, by drawing attention to substitution policies in the producing countries and the legalisation of drug use.

That same year saw the publication of *La Drogue, l'argent et les armes*, by Alain Labrousse (1991), who was one of the organisers of the campaign. Whereas his earlier book, mentioned above, was restricted to the question of cocaine in the Andean countries, Labrousse takes us this time on a journey round the world and provides us with completely new information about the situation in the various regions. The book comprises not only

extremely sophisticated fieldwork studies but overall analyses of certain countries and regional areas. The point Labrousse makes in this work is spelled out much more clearly than in his previous book. His investigations show that in all parts of the world, whether they are areas where poppies, coca or cannabis are grown, drugs that are a survival crop for many Third-World farmers have now attracted the interest of major criminal organisations. Drug trafficking is widely tied up with arms trading. Together, they enable such organisations to grow rich and thus increase their economic and political power in government circles. Some States are directly involved, and others, even in the North, turn a blind eye. Fortunately, this very rewarding and stimulating journey does not restrict itself to the countries of the South. A large part of the book is devoted to trafficking, money-laundering and policies in the United States and Europe. The work certainly remained for a long time one of the best documented books on the subject, containing much new and, on the whole, rigorously selected information. It has now become an international reference work, even if it is bound to raise some points of controversy as to the authenticity and analysis of certain facts. It makes lively and very stimulating reading.

A qui profite la cocaïne?, the work of two investigative journalists, Mylène Sauloy and Yves Le Bonniec (1992), is also of interest to academics. As the title suggests, the book focuses on the situation resulting from coca/cocaine production in the Andean countries, which is chiefly linked to the United States. But the argument vigorously defended by the authors is more general. Drug money does not just benefit traffickers. Drugs are also a weapon for leading States and international financial circles. In the case of Northern States such as the United States, the "war on drugs" is a pretext used to justify their intervention — sometimes armed intervention — in their zones of influence. It is above all a foreign policy tool. For financial circles, drug trading is an extraordinary source of capital accumulation which they are reluctant to combat. Today, the East/West confrontation has been replaced by a North/South confrontation. Cocaine is part of that trend and is used to heighten that confrontation in Northern public opinion. To back up their argument, the authors have marshalled a considerable amount of documentary evidence, the fruit of several years of investiga-

tions, a systematic study of newspapers, and an analysis of works and publications. The quality and the wealth of information in the book are certainly remarkable, and make it very enjoyable to read. From beginning to end the book bristles with incisive observations and interpretations. The radical axe the authors have to grind can be irritating and may be regarded as "over the top" in some quarters. But it does nevertheless pose a number of fundamental questions that need to be included in the debate.

In 1991, the Observatoire Géopolitique des Drogues (OGD) was set up in Paris. Throughout the 1990s, this NGO was an exceptional and regular source of information, analysis and, on occasion, research on the subject of drug trafficking and its national and international repercussions. When the OGD was closed down at the beginning of 2000, its management very legitimately contended that it had gradually come to be recognised, even by national and international authorities, as the only independent institution in the world which provided information about the global drug situation, alongside the two only other official sources of information, the United States Administration and the United Nations Organisation. Even today, it still has specialised correspondents in almost 100 countries.

Two years after being set up, the OGD published two books. The first, *La Planète des drogues*, edited by Alain Labrousse and Alain Wallon (1993), was a collection of papers given at a symposium attended by some of the greatest specialists on such subjects from various parts of the world. The book provided a powerful introduction to the various aspects of the subject, particularly as regards the future work of the whole research community. The OGD's second book (1993), *La Drogue, nouveau désordre mondial*, was already designed to be a first annual report on the geopolitics of drugs. It was put together on the basis of information regularly supplied by a network of correspondents in every region of the world. Some of that information was published each month in a trilingual bulletin sent out to very specialised subscribers, *La Dépêche Internationale des Drogues*. The book, then, was of a new kind and introduced a new working method. It contained an assessment of the state of drug production and trafficking and of their consequences in every re-

gion of the world. But unlike reports put out by international organisations such as the UNDCP and national organisations, mostly in the United States, such as the NNICC and the INCSR, the book did not focus mainly on general data as regards production, consumption, seizures and epidemiological indicators. Its aim was rather to make available previously unpublished information in an area that was strictly filtered by national and international administrations. It strove, therefore, to select data and carry out analyses which made it possible to assess the changing role of criminal organisations in drug production and trafficking, their increased economic and political power, the circulation of dirty money, the stance of governments and the role of drugs in regional conflicts. The book showed, for example, that 1992 was a year when production increased sharply and spread to new countries in every region of the South and East, when new criminal organisations rose to prominence, particularly in Eastern Europe and Africa, and when drug money was used in new regional conflicts in such areas as the former Yugoslavia, Somalia and the Caucasus. The book was rounded off by some general analyses (of regional conflicts, the fight against money laundering and the domestic policy of the United States). The work was an invaluable working tool for any reader interested in monitoring geopolitical developments and the situation in countries most affected by such problems.

During that same period, there were also several initiatives that attempted to devise some more deliberately scholarly approaches to the problem. "*Drogues et Développement*", the special issue of the *Revue Tiers-Monde* edited by Pierre Salama and Michel Schiray (1992), broke new ground in this respect. Noting that the social sciences both in Europe and in France had lagged behind in their treatment of the subject, the editors set out to present a series of contributions, some of them theoretical, others more applied, aimed at stimulating research efforts in economic and sociopolitical areas. Three articles in particular attempted to make an overall evaluation of the drug problem at international level. German Fonseca made an economic assessment of the situation on the world drug market, and attempted to quantify volumes. Pierre Kopp proposed a theoretical interpretation of the way supply is structured, based on the notion of networks. Ethan Nadelmann showed how the international system of narcotics

prohibition came to be set up historically, with the United States playing a leading role. Two other articles brought economic theory into play. Pierre Kopp sought to define the theoretical bases on which the economics of drugs could be founded, and concluded that caution was needed in the use of available decision-support instruments. In his examination of the economics of corruption, Jean Cartier Bresson showed for the first time the limitations of the neo-classical approach and explained why the economic theory of corruption has yet to be elaborated. The special issue was rounded off by four case studies of a more applied nature dealing with regional questions. Blandine Destremau demonstrated the traditional role played by khat in Yemeni society. Maria Luisa Cesoni assessed drug use and trafficking on the African continent. Alain Labrousse, focusing on one region of Pakistan, analysed the reasons for the increase in poppy growing and its place in the peasant economy. Vincent Brakelaire gave an overall assessment of the programmes for encouraging farmers to grow alternatives to coca in Bolivia, which pose more general problems of international cooperation. This issue of the *Revue Tiers-Monde* was the first example of a leading academic review normally devoted to development issues focusing on the drug problem. It showed that despite the methodological difficulties specific to this field of research it is an area that can be subjected to theorisation, treated with rigour and even assessed. In answer to the often journalistic or militant literature, so necessary to the theme of drugs, that was beginning to flourish at the time, the *Revue Tiers-Monde* helped to demonstrate that such issues were legitimate subjects of investigation by universities and research institutions. The field is so vast that the two approaches, far from cancelling each other out, can easily complement each other and be mutually beneficial.

That same year, Michel Schiray (1992), in collaboration with Maria Luisa Cesoni, produced *Les Marchés interdits de la drogue*, the groundwork for elaborating an "economics of drugs" to which scientifically reasonable analytical instruments could be applied. This is a field which undoubtedly poses a challenge to scientific knowledge. Invisibility is the chief characteristic not only of supply and demand, but of the financial flows that result from profits and of the organisation of markets. The work's prime aim was to gather all the data and research available, without ruling out cer-

tain unofficial sources of information. It was based on research specially carried out in four European countries, the United Kingdom, Italy, the Netherlands and France, as well as in the United States. It showed as precisely as possible the limitations of available information sources, whether official or unofficial. Above all, it revealed the gulf that separates the United States from European countries as regards the elaboration of tools and research for examining such phenomena — though that did not mean that the United States should serve as a model for the European countries. The book, then, stressed the need for Europe to make an effort to construct a basic information infrastructure, a perfectly feasible project once any institutional barriers have been removed, so that these complex issues can be investigated and subjected to theorisation. The book was produced as part of the Association Descartes' "*Drugs and psychoactive substances*" programme, which was carried out in 1991 and 1992, and which resulted in a much-remarked structuring of research in France's various social sciences disciplines on the theme of drugs, with, notably, the setting up in 1994 of the CNRS's "*Psychotropics, Politics and Society*" research group, which is still active today. Unfortunately, what was originally an interesting and original initiative has in the past few years attributed less importance — probably under the pressure of state funding bodies — to such issues as supply, trafficking, product markets and serious crime, as well as the international relations and economic and social development issues that are related to the problem.

Two years later, Pierre Kopp and Michel Schiray (1994), in "*Géopolitique et économie politique de la drogue*", a special issue of the review *Futuribles*, which they edited, gave a first report on the advances made in "*academically and scientifically orientated*" thinking on the subject. The issue set out to deal successively with questions of geopolitics, drug supply at micro- and macro-economic levels, drug use and drug control policies. On the geopolitical front, Alain Labrousse emphasised the startling contradictions that exist between talk about the "war on drugs" and the compromises that are unobtrusively concluded in international relations between States leading the fight against drugs and those which quite openly condone such trading. He also showed how trafficking had increased in order to support most regional armed conflicts, and sometimes even to become their

main factor. In a broad analysis of the production and distribution networks of naturally produced drugs, Michel Schiray was careful to distinguish between the differing situations and motivations of traffickers. He contrasted the motivation of drug-producing farmers (economic survival) with that of users, and the socio-economic integration of small dealers at the end of the line with the situation of major criminal organisations and other intermediaries, which operate for financial gain, and which alone supply the drug money laundering circuits. The author wondered what relationships exist between the members of each network and what different kinds of policies could be applied to them. On the basis of very advanced work by researchers in the Andean countries, Pierre Salama set out to demonstrate that a macro-economics of drugs is possible, and that it should play an important role in the analysis of the effects of drugs on both industry, foreign trade, public revenue and increased exchange rates. He pointed to the differences in this respect between three countries, Bolivia, Colombia and Peru. In the absence so far of any significant French research into drug use, the issue also included an article by Nicholas Kozel et al., of the National Institute on Drug Abuse (NIDA), whose function is to assess and analyse changes in demand for drugs in the United States. By describing the investigative apparatus that has been in operation for many years, he suggested that a reasonable knowledge of the facts is possible and could be sufficient to sustain macro-social and economic research. In his investigation into the effectiveness of drug control and repression policies, Pierre Kopp first showed that an empirical observation of the situation in various European countries does not seem to confirm that a greater degree of repression has a significant deterrent effect on use, and vice versa. As for theoretical analysis, it too does not always show that repression causes the price of drugs to increase, and, worse, it demonstrates that any such increase can reinforce the more organised groups of traffickers by boosting their profits. He repeated this argument in his more general book, *L'Economie de la drogue* (Paris: La Découverte, Repères series, 1996). Finally, two opposing views on drug prohibition systems were briefly presented in the form of a debate. One of them, which favours prohibition, reiterated the position that Catherine Trautmann adopted in her 1990 report to the prime minister in the spirit of the official French position. The opposing view was put forward by Ethan Nadelmann, a promi-

nent and long-standing leader of the anti-prohibitionist movement in the United States, who now heads the Lindesmith Center in New York, one of the movement's most active centres in the world.

Some other works were subsequently published. Worth mentioning is *Stupéfiants, prix, profits: l'économie politique du marché des stupéfiants industriels*, by Marie-Christine Dupuis (1996), which sets out to reformulate and re-exploit internationally available data. Although not very innovative and based on conventional data, her work does nonetheless help to lend greater academic legitimacy to the subject.

The whole subsequent period up to the beginning of 2000 was above all marked by works regularly published by the OGD. On the basis of unpublished research, and in the best tradition of investigative journalism, Dimitri de Kochko and Alexandre Datskevitch (1994) were the first to show, in *L'Empire de la drogue: la Russie et ses marchés*, the extraordinary way drug production and trafficking has boomed in the Republics of the former Soviet Union. Among other things, they concluded that regional criminal organisations were reinforced as a result. That same year, the OGD (1994) published its second annual report, *Etat des drogues and drogue des Etats*, in book form. In it, the institution opened many new files, including ones on various States it defined as "narco-States (eg Myanmar, Haiti and Nigeria), "States under the influence" (eg Turkey, Thailand and Mexico), "sensitive States" (eg Italy, Poland and the Netherlands), and crumbling or "non-States" (eg Afghanistan and Liberia). It also noted that at the time very few States in the world could regard themselves as not being at least "drug-sensitive". Those distinctions were later widely reiterated and debated (see Christian Geffray's chapter in the present file). The OGD's third report (1995), *Géopolitique des drogues*, also published in book form, not only analysed general developments during the year, but focused on an assessment of the impact of the Soviet system's collapse on drug trafficking and the penetration of international circuits by new organisations, particularly in Europe. It is in Europe that the report revealed in particular the concept of "short networks", to describe the use of various diasporas all over the world, notably in Western Europe, by regional criminal organisations, which thus develop new, direct, rapid and

selective forms of intervention on markets. At the same time, in a work entitled *Géopolitique et géostratégies des drogues*, Alain Labrousse and Michel Koutouzis (1995) further developed their thoughts on the existence and definition of a specific disciplinary area that could cover the "geopolitics of drugs". This concise work summarised the history of the subject and the work that has been done on it worldwide. It went on to propose some well-documented cases that could serve as a basis for that "discipline", with the emphasis on regional conflicts, geostrategies and North/South economic and political relationships. It was an utterly convincing and extremely useful overview of subjects which remain very little known. The following year, the OGD (1996) published its *Atlas mondial des drogues*, edited by Michel Koutouzis. Based on some remarkable map-making by Pascal Perez, this book presented an overview of all the OGD team's work in an extremely pleasant, accessible and striking form. It constituted a highly didactic basic document on the subject. After that, the OGD continued to make its contribution by dealing each year with new issues that seemed original in the light of the way drug markets were developing. Its final report, presented last March and entitled *La Drogue, un marché de dupes*, was published in 2000. It also brings to a close an undertaking that was particularly fruitful for the light it threw on the subject throughout the 90s, not only in France but even more at international level. The network set up throughout the world will doubtless be integrated into another form of organisation so that its vital task of providing independent information can be pursued in a field where dissimulation and media manipulation are notoriously widespread practices. This fact is also one of the main obstacles preventing the development of research and academic work.

Criminal Organisations and "Economic and Financial Crimes"

It has to be admitted that the criminologists and sociologists who know so much about the law and "deviancy" apparently failed to prepare us properly for the sudden proliferation of criminal organisations and of economic and financial crime in general that has had such an impact on public opinion and researchers over the last two decades in France, as in most other

countries. Once again, it was journalists and professionals, mostly in the judiciary and more rarely in the police, who both drew attention to the phenomenon and provided the evidence that made it possible to get some idea of its scale. That is why I shall first introduce some of the essays which have played a pioneering role in making people aware of the problem over the last decade.

Major criminal organisations have formed the subject of books which in many cases were published a long time ago. Some countries, such as Italy⁽²⁾ and the United States, have much more abundant literature on the subject, to which we should refer. Books on the various mafias do not directly concern drugs. Some of them hardly mention them. But today most mafias play a central role in narcotics trafficking. It is well known that the profits it generates is one of the favourite sources of finance for such organisations. In this respect, it remains useful to tie in the study of drugs with the study of mafias and other major criminal organisations, as has already been seen in the earlier section.

In *L'Europe des parrains: la mafia à l'assaut de l'Europe*, Fabrizio Calvi (1993) followed up the work he had started in his *La Vie quotidienne de la Mafia de 1950 à nos jours* (Hachette, 1986). His diagnosis was disturbing. The Mafia has blighted the whole Italian social fabric, even in its highest echelons. It has mounted an assault on many European countries, where it is now well established. It has penetrated the heart of the European Community's economic and political institutions, from which billions of francs are siphoned off to finance organised crime. The Europe of "godfathers" preceded the opening up of the borders of the single market. The Mafia's organisational skills are not affected by such obstacles as the signing of treaties. Drug trafficking is not specifically dealt with in the book. But, in the countless examples described by the author on the basis of his direct investigations, drugs are involved in labour and arms trafficking, property speculation, extortion, smuggling of all kinds, money laundering, corruption and business dealings of the most official kind. When looked at from that angle, drug trafficking can be seen to be just one activity within a range of much more complex strategies aimed at increasing the major organisations' economic and political

(2) Several authors have remarkably documented and analysed the mafia phenomenon in Italy. As far as french language publications are concerned, I refer you to my technical note on economic theory and, in particular, to Pino Arlacchi's fundamental work, *Mafia et compagnies, où l'éthique mafiosa et l'esprit du capitalisme* (grenoble PUG, 1986).

power. Those organisations are also shown to be enormously complex. They cannot be compared with traditional types of companies, since they are constantly changing, and it is always difficult to identify decision-making centres, hierarchical relationships, rivalries and alliances within them. The author provides such an abundance and diversity of details arising from his thorough investigations that it is not easy for the researcher to tackle the task of theorising and clarifying the organisation and strategies of major criminal organisations. A lengthy bibliography of books on mafias, most of them Italian, is provided. It includes a long list of works by the Parliamentary Commission on the Mafia.

With *Les Mafias contre la démocratie*, Admiral Pierre Lacoste (1992) set the alarm bells ringing. Given his background — he was head of the *Direction Générale de la Sécurité Extérieure* (DGSE), France's foreign intelligence agency — his warning should be heeded.

Reassured by their "victorious battle against totalitarisms", democracies have now discovered a new threat to their security — the existence of an underground world of crime, violence and drugs. "The mafia syndrome" is right at the top of the scale of risks that face our societies. Whole regions on the world map, so-called "dark areas", remain uncontrolled by security forces. The same is happening in city suburbs and inner city areas. Although we have already achieved an "extraordinary control of complexity", these fresh challenges are becoming even more complex than in the past. The author applies all his experience of strategic studies in the field of foreign defence to this new internal enemy with outside ramifications. The warning he issues at the beginning of the book undoubtedly makes it worth going on this assault course, organised by a warfare specialist who takes us from defence to security. But to achieve that, Admiral Lacoste warns us that information and intelligence have to play a key role. He rightly argues that, even when placed in the service of democracy, they nevertheless raise moral and ethical problems that should be taken seriously. When the book came out, some people naturally wondered whether Lacoste had not tended slightly to overestimate the importance of this generalised "mafia syndrome", which he

based mainly on the example of Italy. But in fact his argument was borne out by Calvi's more descriptive book on the Mafia's assault on Europe and other subsequent works.

Several books have increased our knowledge of various major criminal organisations in a number of regions, and more particularly the Italian mafias, the Japanese Yakuza, the Chinese Triads, the new mafias in Russia and former Soviet countries, and the mafias in the Balkans among others. One of the more recent such books is *Les Seigneurs du crime*, by Jean Ziegler (1998). The author is one of the few sociologists to have raised and regularly monitored such issues; and he has done so since the 70s. He is interested not only in traditional organisations, but more particularly in the "new mafias", those that have sprung up since the 1980s, following the collapse of communism, the worldwide spread of neo-liberalism and financial globalisation, and those which are also centred on individual States but extend beyond national borders and sometimes, but not always, rely on the support of older mafias. On the basis of considerable documentary research and interviews with government officials in many countries, Ziegler first paints a general picture of the situation by going back over, and digging deeper into, certain major scandals that illustrate the subject well, some of them already well known, such as that of the BCCI. He concludes by emphasising the importance of the fight against money laundering and corruption, which are the two main practices that enable major criminal organisations to expand.

The laundering of money from drugs and from other criminal activities is touched upon in most earlier books on drug trafficking and organised crime. Some of them, however, make a point of looking more specifically into the phenomenon. All the work of the 1990s had an international point of reference, stemming from the G7's decision in 1989 to set up the Financial Action Task Force (FATF), which resulted in the publication of a work on the subject the following year⁽³⁾. This undoubtedly made it possible to open up a new, specific and particularly impenetrable area of study. It was on those foundations that Pierre Kopp (1995), in *L'Economie du blanchiment*, edited a first collection of French and foreign texts, many of them derived from "grey" literature — but

(3) FATF, *La lutte contre le blanchiment de capitaux*, Paris, Documentation française, 1990.

which had the advantage of existing — and from specialised institutions. He also presented the first economic analysis of the phenomenon, in addition to an analysis of the machinery both of money laundering, most of which was familiar to the FATF, and of the international institutional framework set up at the beginning of the 1990s to fight the phenomenon. In that way, he usefully helped to open up the topic for research. The following year Jean-Louis Hérail and Patrick Ramael (1996), in *Blanchiment d'argent et crime organisé: la dimension juridique*, explored definitions, legislation and legal methods of carrying out the fight by looking into some of the rare cases available for study in France. They also attempted to evaluate existing legal and operational measures and to suggest certain essential changes that could enable the phenomenon to be controlled and fought more effectively. It needs to be firmly stressed that, in relation to the far from negligible resources made available throughout the 1990s as regards structures, the law, techniques and investigative methods, results were disappointing. They reflected the considerable difficulty experienced in carrying out such action at both national and international levels. The phenomenon called into question some of the fundamental elements of the workings of our economies and our societies, which it is of course difficult to change. But it also made it virtually impossible to organise significant research on an experimental and documented basis, even though several researchers were interested in doing so. Work that depended heavily on access to available information — in this case, mainly cases already heard by the courts — was accordingly delayed.

The same obstacle — the lack of available direct information about concrete developments — has also considerably slowed down research into corruption. That makes the investigative work of journalists Fabrizio Calvi and Leo Sisti (1995), in *Les Nouveaux réseaux de la corruption: l'Europe de la combine et des pots-de-vins*, all the more remarkable and useful. They first describe the extraordinary achievements of the handful of investigating magistrates who committed themselves to the fight against corruption, that exemplary battle of the last two decades of the 20th century, chiefly in Italy, but also in Switzerland, Spain, Belgium, France and even, it would seem, Luxembourg. The documentation they gleaned from judicial sources and official European institutions is truly impressive. They round off their

book with an equally large number of interviews with people from various specialised circles. Anyone reading the book will be left in no doubt that corrupt practices are one of the basic mechanisms of the economic and, to a large extent, political construction of Europe. Links with international tax havens have not prevented such havens from expanding at the very heart of Europe itself. A considerable task awaits any researcher who might want to try to throw light on this now essential aspect of economics, the political economy and politics. But the problem of gaining access to information did not prevent a French pioneer of scholarly economic study of the subject from tackling it, or from constructing and elaborating a theoretical framework and some fruitful analyses from the beginning of the 1990s on. Jean Cartier-Bresson (1997), in *Pratiques et contrôle de la corruption*, which he edited, and to which he got 12 other French and European authors to contribute, tried to draw up an initial assessment of our state of knowledge. The authors dealt both with Western European contexts and with developing countries they called "tardy capitalists". Several chapters analysed for the first time the preventive and repressive measures that have been introduced, especially in France, with illustrations from the few cases available to researchers. The work also describes action initiated at European level, by the Council of Europe, and at international level, by the OECD. Lastly, it emphasises the scale of corruption in the international financial system, which encourages and feeds on all such money movements⁽⁴⁾.

1996 could well prove to have been a turning point in the approach to and action against economic and financial crime. Greater efforts were made to mobilise public opinion on the issue. "The Geneva Appeal", modest in form, but with a serious and powerful message to put across, became the watchword of the movement. The journalist and novelist, Denis Robert (1996), acted as its spokesman. In the book he edited, *La Justice ou le chaos*, he reported the words of the magistrates who had signed the Appeal — magistrates from Geneva, Milan, Brussels, Madrid and Rennes who decided to say "no" publicly to the way magistrates are hamstrung by completely outdated procedures and laws in their attempts to deal with corruption which, from companies to the highest echelons of State, has been growing faster and faster as a result of economic and financial globalisation. But they also

(4) Jean Cartier-Bresson also edited, *De l'ancienne à la nouvelle corruption dans les pays en développement, a special issue of Mondes en développement*, vol. 26, n° 102, 1998. The issue also contained articles on Africa, Latin America, Russia and China.

denounced — which is perhaps more serious — the pressure they undergo from "politicians" in the exercise of their profession and enforcement of the law. Even when they have the necessary material resources and can rely on inter-institutional and international cooperation — which is far from always the case — their investigations inevitably grind to a halt at the gates of the many tax havens that now also exist in Europe. At that point, no one helps them. 1996 also saw the publication of a work that originated in the police administration: Marcel Leclerc (1996), then head of the *Institut des Hautes Etudes de la Sécurité Intérieure* — IHESI (Institute of Higher Education in Internal Security), which depends on the Interior Ministry, edited *La Criminalité organisée*. The book set out to make a French contribution to questions posed at European level by the European Union's "Drugs and organised crime" group (notably in its 1995 report) and at international level by the World Conference on Crime organised in Naples in 1994. The book contains 17 contributions by French and non-French specialists who attempt to throw light on the question of how to define organised crime (which remains a very vague term) and on the various forms it can take, from mafia-like organisations to new "white-collar" organisations and many other forms of crime. They also discuss the importance of such organisations in financial flows, and conclude by focusing on the most appropriate way of curbing them, by looking more particularly at the experience of Italy, of the FBI in the United States, of Interpol and of the newly fledged Europol. *Un Monde sans loi*, a book by the magistrate Jean de Maillard (1998), is a wonderful example of how to popularise the topic: half the book consists of illustrations (colour maps, photographs, graphs and diagrams) and the other half of text. It reiterates the terms of the *Geneva Appeal* and sets out to provide an overview of the facts and figures on which it is based. It also clearly and succinctly summarises the policies that need to be implemented if the law is to be put back in the service of democracy. *Notre affaire à tous*, by Eva Joly (2000), is of capital importance as a further piece of evidence. Of course it is mainly aimed at the general public (as can be seen from its title). Of course it also lays much emphasis on her own personal itinerary, which is indeed exceptional in that she was born in another country. But this only serves to strengthen the evidence of a category of people and professionals — judges and magistrates — who now find themselves at the heart of the

debate, alongside the police and other "controllers" of society. It is they who keep us informed about society's reluctance to open its eyes to all these phenomena. They, too, will largely be responsible for the development of research on the subject.

A few words, finally, on *Les Prospérités du crime: trafic de drogues, blanchiment et crises financières dans l'après-guerre froide*, by my colleague Guilhem Fabre (1999). I have kept a close eye on his career, which is rather typical of the direction that research has tended to take over the past few years when approaching such issues. Initially interested in the drug trafficking which started to increase sharply in China at the beginning of the 90s, he soon succeeded in penetrating the networks through which money of criminal origin is laundered in Southeast Asia. In order better to understand those networks, he concentrated his research on two important countries in the region, Japan and Thailand, at the time of the Asian crisis. He was able to assess and analyse not only the interpenetration of criminal activities among themselves and with the official economy, but the important role played by dirty money in the crises that recently hit those two countries. In order to provide an element of comparison, Fabre also includes an analysis of the Mexican crisis which took place at the same period. This successive comparison of the phenomena that are pieced together by the book is to my mind one of its strong points. Finally, it is to be noted that in the present issue Fabre further explores the subject, focusing this time on China alone and the various kinds of economic crime that have now swept the country, and concentrating especially on corruption and smuggling alongside the other criminal activities that take place there both within and outside the State apparatus.

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THE RELATIONSHIP BETWEEN RESEARCH AND DRUG POLICY IN THE UNITED STATES

Laurent Laniel

(1) Galbraith, J.: *The Affluent Society*, 40th Anniversary Edition, Mariner Books, Boston and New York, 1998 (1958), p. 6.

(2) Report after a one-month field study in the United States, April/May, 1999. Paris, July 1999. I wish to express my gratitude to the taxpayers and the federal government of the United States, in particular Ambassador Felix Rohatyn and the United States Information Agency (USIA) — Caroline Gorse-Combalat, Maureen Cormack and Michèle Plawner of the US Embassy in Paris, and Carol Grabauskas of USIA in Washington — for inviting me to take part in the International Visitor Program. My gratitude also goes to Meridian International Center in Washington, DC, especially Melissa Phillips and Kandel Coorman for the excellent organisation and management of my program, and their hard work beyond the call of duty. Thanks should also be extended to Ahmed Scego, my escort officer. All the people whom I met during the trip deserve special thanks, but they are too numerous to be mentioned by name. Their patience, kindness and openness with comments and literature made tangible the diversity of the United States and testified to its democratic culture. I hope I have not wasted their time; they can be assured that they have not wasted mine. Last, but not least, I am grateful to the MOST Programme of UNESCO, particularly the project "Economic and Social Transformations connected with the International Drug Problem", implemented in collaboration with UNDCP.

(3) *Ibid.*, p. 15.

"In the interpretation of all social life, there is a persistent and never-ending competition between what is right and what is merely acceptable. In this competition, while a strategic advantage lies with what exists, all tactical advantage is with the acceptable. Audiences of all kinds most applaud what they like best."⁽¹⁾

John K. Galbraith

Introduction

Research, Policy and Conventional Wisdom⁽²⁾

Readers may find it paradoxical to see a quote from Galbraith's famous chapter on *"The Concept of Conventional Wisdom"* at the beginning of a chapter on drug trafficking and policy research in the United States. Indeed, conventional wisdom, or *"the structure of ideas that is based on acceptability"*⁽³⁾, has little to do with research, which is supposed to produce scientifically valid facts that are more than just "acceptable". In turn, these are widely recognised as "knowledge" or "truth", and most people will assume, or at least hope, that scientific knowledge inspires public policy. But if Galbraith, a sharp critical observer of US economic policy, has written several books

showing that this assumption/hope is overly optimistic, it is probable that he would have written even more if he had studied drug policy.

According to many studies and to American researchers interviewed during the field study, it would seem that public policy on drugs has been largely immune from the influence of research. Instead, conventional wisdom appears to have been a major shaping force⁽⁴⁾. Judging from what a large number of American social scientists say about it, the paradoxical impact of conventional wisdom seems to be a structural feature of US drug control policy. To a large extent, this chapter reflects the — so far largely fruitless — efforts of American social scientists to counter-arrest the influence of conventional wisdom on policy.

Because of the impact on policy of conventional wisdom and ideology, and sometimes of political convenience and racial or ethnic prejudice, leading American researchers have long viewed drug policies and what drives them as an important, even crucial, part of their country's "drug problem". Thus, books and articles about drug policy are far more numerous in the United States than are studies of the actual workings of the illegal drug trade. This is reflected in the bibliography provided with this chapter, in which "Drug Control Policy and Criminal Justice Issues" is the largest section, while much of the literature listed in the other sections also discusses policy explicitly or implicitly, and/or hopes to have an impact on it.

Regardless of the often ideologically-charged debate taking place in the United States itself, the field study has made it clear that, for a range of factors and in a variety of ways, U.S. drug policy and politics are a very strong, perhaps the strongest, determinant of what kind of research is done in America. An important reason for this is that US drug policy — or at least some aspects thereof — has been widely perceived by numerous researchers to be seriously flawed for a long time.

But, of course, the main reason for the centrality of policy in research on drug trafficking anywhere in the world is that policy is based on prohibition and the more or less aggressive enforcement thereof (which varies across time and space) that make

(4) Conventional wisdom about drugs is extremely pervasive; it may even contaminate scholarly work. For instance, Paul Johnson's highly regarded *A History of the American People* (HarperPerennial, New York, 1999), a major historical study of more than 1000 pages, mentions "drugs" only once while discussing social mobility in the United States: "And all the time pop music was crowding in to envelop the various styles and traditions in the phantasmagoria of commercial music geared to the taste of countless millions of easily manipulated but increasingly affluent young people. And, from the world of jazz and pop, *the drug habit spread to the masses as the most accelerated form of downward mobility of all*" (my emphasis). Although it cannot be denied that pop and jazz have provided, and continue to provide the musical environment for much drug taking in America (and elsewhere), and they may induce drug use by some young Americans, Johnson's statement is, to say the least, reductive. In a broad and morally-loaded generalisation of the links between drugs and modern musical forms associated with youth and Black Americans (both of which are widely perceived as "dangerous" groups by the rest of society, according to American sociologists), Johnson, a British historian, reproduces the conventional wisdom that all drug use is habit-forming and inevitably leads down the social scale, despite considerable scientific evidence to the contrary. Neither does Johnson seem to be familiar with the abundant literature on drugs in America produced by British and American historians (see *Bibliography*).

(5) On this, see among many others: Brecher, E. (ed.): *Licit and Illicit Drugs*, Little & Brown, Boston, 1972, pp.90-100; Wisotsky, S.: *Beyond the War on Drugs: Overcoming of a Failed Public Policy*, Prometheus Books, Buffalo, 1990, pp. 32-36; and Kleiman, M.: *Against Excess: Drug Policy for Results*, Basic Books, New York, 1992, pp. 104-126.

(6) Mill also opposed the use of law to keep individuals from doing harm to themselves, and it is probable that he would oppose present-day US drug policy. Marc Moore quotes the following passage from Mill's *On Liberty* (1859): "The only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others. His own good, either physical or moral, is not a sufficient warrant.", in Moore, M.: "Drugs, the Criminal Law and the Administration of Justice", in Bayer, R. & Oppenheimer, G.: *Confronting Drug Policy: Illicit Drugs in a Free Society*, Cambridge University Press, Cambridge and New York, 1993, p.226.

drugs illegal, and transform the drug trade into "trafficking" or "smuggling". The formal illegality of the drug trade established by policy creates an environment characterised by secrecy and danger, and it is the most important factor determining the forms in which drugs are produced, transported, sold and consumed. It is also an extremely significant factor in drug price formation and support⁽⁵⁾. Danger and secrecy also present significant methodological difficulties for would-be students of drug trafficking, and this may explain why most research has been focused on policy.

The American Leadership

For more than 100 years, "narcotics", as Americans often refer to banned substances whether or not they induce sleep or stupor, have been a policy concern and have attracted the interest of scholars. As a result, the United States today is probably the largest producer of social science research on illegal drugs in the world. This leadership can be explained by "physical" factors: the United States is one of the richest and largest countries in the world, it has many universities, and many independent and government research centres and foundations. Moreover, because drugs are a major domestic and foreign policy concern, and a subject of ideological and political debates, funding has been comparatively more forthcoming than in other countries, even if many of the social scientists encountered during the field study said that money was not that easy to find.

Other factors, which explain both the abundance of research and its overwhelming focus on policy, derive from the characteristics of American democracy. Indeed, although national security and *raison d'état* have ensured that American drug control is not totally devoid of "dark areas", policy is more amenable to research because it is public and generates a lot of official literature on which studies can be based. Public scrutiny and the public's right of access to official documents is taken much more seriously in the United States than perhaps in any other country. Public accountability is a central feature of American democracy and citizens, meaning the taxpayers who bankroll the government, have a right to know what is done with their money. The Freedom of Information Act (FOIA) provides a safeguard against excessive government secrecy. Thus, the government produces a lot of literature in order to explain and justify what it does, and care is

taken that this is easily accessible to anyone. For instance, an enormous amount of US government literature is available on the internet. Money is also a crucial element explaining why so much research has focused on policy. Indeed, on average the federal government has spent well above \$10 billion a year on drug control for at least the last ten years. There are presently 52 federal agencies with a stake in drug control, and each must justify their budget. The sharing out of the national "drug control cake", that is the annual allocation of funds by Congress, generates a bureaucratic and public debate where arguments are used to support requests for funds. The arguments thus put forth by the large American drug control bureaucracy in order to obtain funding, and therefore reproduce itself, this bureaucratic mechanics itself, and its impact on both the nature of policy and its implementation have given rise to much research. This is in keeping with a tradition that dates back to the very origins of the United States. The need to keep away from oppressive (European) forms of government was the main concern inspiring the fathers of the Constitution of the United States, which seeks to guarantee individual Liberty by establishing checks and balances and the separation of government powers. In addition, the writings of John Stuart Mill are a strong influence on American thinking. Mill was very wary of bureaucracy, which he thought tended to transform its activities — service to the people — into an end unto itself (self-reproduction)⁽⁶⁾. As a result, suspicion of government activity, and of bureaucracy in general, is widespread in the American research community and in society at large, and so is the perceived need to keep them under control. It can be argued that research into drug policy, often through the guise of searching for rationality, provides perhaps the best current illustration of such suspicion.

The U.S. and the MOST-Drugs Network

The drug "research/policy nexus", meaning the links between research, policy and politics in the United States is also an important issue as far as the MOST-Drugs Program of UNESCO (hereinafter referred to as "MOST") is concerned. Indeed, one of the specific objectives of MOST is to "*make comparative analysis (...) between the countries (studied within the MOST framework) and those geographical areas that already have experience in this issue, principally the United States and Andean*

countries⁽⁷⁾. Additionally, the "essential idea" behind MOST's setting up of an international network of researchers is that "increased use of social science knowledge leads to improved social policy formulation"⁽⁸⁾.

Two conclusions that can be drawn from the above provide the rationale for this chapter. Firstly, the research produced by MOST is destined to be compared with research done in the United States, because the latter is viewed as "experienced" in the field of drug trafficking research. This chapter provides a brief overview of what makes up the US experience, its origins and subsequent development. It hopes thereby to contribute to the comparative analysis of MOST's output based on new, updated, written material. Indeed, at present no specific literature exists on which such a comparison could be based, at least as far as this writer is aware. Secondly, MOST's central objective is to improve social policy through the provision of original research material. This implies that what social policy there is has been unsatisfactory until now and that research is needed to improve it. Therefore, it would seem important to examine the multi-faceted and rather controversial relationship between social science research and policy-making about drugs in the United States, all the more so because the U.S. is of special concern for MOST. Equally importantly, the United States is currently the world's only (and most powerful) "antidrug superpower", and what it does or does not do, both at home and abroad, has significant repercussions on the global drug trafficking and drug policy-making scenes. It is no exaggeration to say that as far as the modern drug phenomenon is concerned, the United States is where it all started in the late 19th century and early 20th century. Indeed, the present legislation of the majority of countries is modelled on, or in agreement with, international legislation, which is itself inspired to a large extent on the American drug control model.

The huge concern generated by drugs in American society since the 1980s, together with the scale, punitiveness and impact of drug control policies in the same period, have led many American scholars to look back to the origins of drug control in order to understand the historical roots of current issues. This "re-examination" of history in the light of present events

provides the backbone of this chapter. Indeed, following French sociologist Pierre Bourdieu, it is thought that history is, or at least should be, central to a study of a phenomenon such as drugs.

What are thought to be the central issues of American domestic drug problems are reviewed at some length in Chapter 1. Because the research literature on domestic problems far outnumbers that on foreign issues, this chapter has placed more emphasis on it. Finally, foreign policy problems reflect to a very large extent the structure of the internal debate. Hence American research on foreign issues is briefly summarised in the first section of Chapter 2, while the second section is dedicated to a brief review of two important forthcoming American books that contain contributions by a member of MOST.

To summarise, this chapter hopes to provide the MOST network with an overview of the social science research on drugs carried out in the United States as it was perceived by a French observer during a one-month field study⁽⁹⁾. Obviously, one month is too short a time to fully grasp all that is done in such a vast, diverse and active country. Even in a year, it would be impossible to identify, obtain, read and comment all the books and articles that American researchers have written about drugs. Therefore, choices had to be made, the spotlight was thrown on some areas while others were left in the dark, and generally it has not been possible to go into very much detail. Although this is bound to disappoint some readers, it is hoped that most readers will find the resulting overview useful.

Domestic Problems

Historical research on the origins of American drug control has shown that many of the current preoccupations of social science with drug policy have their roots in the 19th and early 20th centuries when the industrial revolution hit the United States, deeply transforming its economy and society. A shift in population distribution patterns, the simultaneous growth of large urban middle and working classes fuelled by a new wave of immigration, the emergence of new working conditions and

(7) See Carlos Sanchez Milani's introduction to the *Proceedings of the II Annual Conference, Rio de Janeiro, 19-22 October 1998*, of the UNESCO/MOST/UNDCP Project on Economic and Social Transformations connected with the International Drug Problem, mimeo, Paris, 1999, p.1.

(8) UNDCP: *Management of Social Transformations: Building in a Drug Component*, AD/GLO/98/D17, p.2.

(9) This paper is about *social science* research only; it does not cover the huge American literature from other fields such as pharmacology, chemistry, epidemiology, etc. Therefore, in this paper the word "research" means "social science research on drug trafficking and drug policy".

the progress of chemistry and pharmacology gave rise to new problems, new concerns, new scientific concepts designed to address them, new conventional wisdom, and new policies. However, it must be stressed that the bulk of research attention up until the 1960s and 1970s was focused on drug use and its consequences, not drug trafficking. This remains largely true today, for even if research on trafficking issues has taken off in the 1970s, the vast majority of the social science literature treats issues relating to drug use and drug policy and its enforcement.

This chapter presents a broad overview of the central drug policy and research issues in the United States. It examines some of the historical roots of American drug control policy and some concepts that are viewed as central in the current policy and research debates on drugs. The first section looks at the origins and present state of the prohibition/legalisation debate. The second section assesses the "Drugs and Crime" nexus, possibly the largest single source of research, and controversy, in the present US debate about drugs. Indeed, both drug prohibition and the links that American policy makers and general public have long perceived as existing between drugs and crime, provide the basis of present drug control policies in the United States and in much of the rest of the world.

When it all started

According to sociologist Harry Levine, the concept of "addiction" itself, and its definition by medical and moral authorities as a disease or disease-like condition, was initially developed for "habitual drunkenness" in the late 18th century (and did not exist before that date), and then expanded to cover what are now called "illegal drugs", largely due to the problematic use of opiates (mostly morphine) among veterans of the American Civil War (1861-1865) and middle to upper class (white) women⁽¹⁰⁾. Levine's and other socio-historical research suggest that addiction is in fact a moral and social construct, whose creation owes much to the Temperance movement of the 19th century⁽¹¹⁾. Medical and moral concern with "addiction" among white Americans led to legislative efforts aimed at controlling the domestic trade and use of drugs starting in the late 19th century. Medical concern with the widespread availability of psychoactive consumer goods (wines and sodas laced with

cocaine; heroin-based cough syrups, etc.), together with the outrage — and efficient lobbying — of crusading moral and religious leaders at their widespread use and abuse, led to the adoption of national legislation. The first federal law was the 1906 Pure Food and Drug Act, which required that psychoactive ingredients be listed on the labels of goods traded in interstate commerce; the second and better-known major statute was the Harrison Act of 1914, a federal law which taxed the trade in opiates and established that these drugs should be supplied to users only if prescribed by medical practitioners. The Treasury Department was in charge of enforcing the narcotic tax law. By 1920, it had set up a special office to do so: the Narcotics Division of the Prohibition Unit. This is the birth of the American drug enforcement federal bureaucracy, the subsequent expansion of which has been subject to fascinating historical research⁽¹²⁾. In July 1930, the Narcotics Division became the Federal Bureau of Narcotics (FBN), which until 1962 was headed by a commissioner, the well-known Harry J. Anslinger, who thus became one of the longest-serving senior government officials in American history. Anslinger later played a key role in making law enforcement the preferred means of treating the drug problem both at home and abroad (see *below*).

Back in the 19th century, a conventional wisdom formed around the effects that drugs have on minority groups. Nativist and racist fears of drug use among Chinese (opium) and Mexican (marijuana) immigrants and African-Americans (cocaine)⁽¹³⁾ initially led western and southern counties and cities to adopt punitive laws selectively aimed at minorities, while federal legislators soon passed laws limiting the importation of smoking opium into the United States (1883), banning Chinese immigrants from importing the drug (1887) and restricting its domestic manufacture to American citizens (1890). Restrictions on the trade in opium led to an underground market fuelled by smugglers. With the subsequent bans on cocaine and heroin in the 1920s, and marijuana in the late 1930s, drug smuggling increased. But, until the 1960s, drug trafficking did not attract scientific attention and it does not seem that it was viewed as a major social and political problem. A much more powerful and enduring form of organised crime emerged out the (alcohol) Prohibition era of the 1920s and early 1930s (see *below*).

(10) See Levine, H.: *The Discovery of Addiction: Changing Conceptions of Habitual Drunkenness in America*, in *Journal of Studies on Alcohol*, Vol. 38, N° 1, January 1978. On opiates use in the 19th century, see Courtwright, D.: *Dark Paradise: Opiate Addiction in America Before 1940*, Harvard University Press, Cambridge, 1982, pp. 35-42.

(11) Levine, op.cit., pp. 151-161. See also, e.g. Blocker, J.: *American Temperance Movements*, Twayne, Boston, 1989; and Gusfield, J.: *Symbolic Crusade: Status Politics and the American Temperance Movement*, University of Illinois Press, Urbana, 1963; Becker, H.: *Outsiders*, Éditions Métailié, Paris 1985 (The Free Press of Glencoe, New York, 1963), Chapter 8 on moral entrepreneurs.

(12) See e.g. McWilliams, J.: *The Protectors: Harry J. Anslinger and the Federal Bureau of Narcotics, 1930-1962*, University of Delaware Press, Newark, 1990; McWilliams, J.: *Through the Past Darkly: The Politics and Policies of America's Drug War*, in *Journal of Policy History*, Vol. 3, N° 4, 1991; Kinder, D. & Walker, W.: *Stable Force in a Storm: Harry J. Anslinger and United States Narcotic Policy, 1930-1962*, in *Journal of American History*, Vol. 72, N° 4, March 1986.

(13) See Kinder, D.: *Shutting Out the Evil: Nativism and Narcotics Control in the United States*, in *Journal of Policy History*, Vol. 3, N° 4, 1991; and Musto, D.: *The American Disease*, Oxford University Press, New York, 1987, especially pp. 5-6.

(14) Bertram *et al.*: *Drug War politics, The Price of Denial*, University of California Press, Berkeley and Los Angeles, 1996, pp. 61-65, quote from p.63.

(15) *Ibid.*, p. 65.

(16) The 18th Amendment was abrogated by the 21st Amendment on December 5, 1933. On the usefulness of the bootlegging infrastructure for drug traffickers, see OGD: *Atlas mondial des Drogues*, Presses Universitaires de France, Paris 1996, p. 60.

(17) Writing in the 1960s, Thomas Schelling framed the legalisation debate in the following way: "the question is whether the goal of somewhat reducing the consumption of narcotics (...) or anything else that is forced by law into the black market, is or is not outweighed by the costs to society of creating a criminal industry", in Schelling, T.: *Economic Analysis of Organized Crime*, in US President's Commission on Law Enforcement and the Administration of Justice: *Task Force Report: Organized Crime*, Government Printing Office, Washington, 1967.

(18) See Bibliography, section on "The Drug Policy Debate".

(19) Szasz, T.: *Ceremonial Chemistry: The ritual persecution of drugs, addicts, and pushers*, Anchor Press, Garden City, 1974; *Our Right to Drugs: The case for a free market*, Praeger, New York, 1992; Nadelmann, E.: *Drug Prohibition in the United States: Costs, Consequences and Alternatives*, in *Science*, September 1, 1989; and *Thinking Seriously About Alternatives to Drug Prohibition*, in *Daedalus*, Vol. 121, N° 3, 1992.

(20) MOST network members may be interested to know that the New York library of the Lindesmith Center (a branch of the Open Society Institute of billionaire George Soros) is extremely well-furnished in books and articles on various aspects of drug trafficking and drug policy in the United States and beyond. Those interested in following the legalisation debate in the United States from a "legalisationist's" viewpoint can check the Lindesmith Center internet homepage at <http://www.lindesmith.org>, where several bibliographies are available; see Hallingby, L.: *The Two Lindesmith Center Libraries on Drug Policy Reform: The Traditional Library and the Virtual Library*, in *Behavioral and Social Science Librarian*, Vol. 17, N° 1, 1998.

(21) Inciardi, J. & McBride, D.: *Legalization: A High-Risk Alternative in the War on Drugs*, in *American Behavioral Scientist*, Vol. 32, 1989.

"*Habitué*s", as white addicts were called, were viewed as the unfortunate victims of "greedy corporations and corrupt politicians" and of their own gullibility, but real and imagined drug use by minority groups was associated with crime and sexual promiscuity, and was generally perceived as a factor that made minority members forget their (inferior) place in society⁽¹⁴⁾. So while a medical approach was adopted to care for the former, drug use by the latter was mostly dealt with by police and courts. The differentiated treatment of users according to their racial and ethnic background was a source of concern in the 19th century. Bertram *et al.* report the following statement by an appellate court in Oregon that was assessing the constitutionality of a state ban on opium smoking by Chinese immigrants: "*Smoking opium is not our vice, and therefore, it may be that this legislation proceeds more from a desire to vex and annoy the "Heathen Chinese" in this respect than to protect the people from the habit.*"⁽¹⁵⁾

Several of the issues identified above, as transformed by subsequent developments during the 20th century, have been the focus of social science research in the present-day United States. Some scholarly attention has been focused on prohibition as the defining principle of drug control policy, while the relationship between drugs, crime and minorities has given rise to a wide range of research.

The Prohibition/Legalisation Debate

Addiction as a consequence of drug use has given rise to the prohibitionist policies that were gradually established in the first thirty years of the 20th century for opiates, cocaine and cannabis products. To be more exact, it would seem that laws and policies aimed at the suppression of drugs resulted from both the concept of addiction and the conventional wisdom that drug use leads inevitably to addiction and addiction to crime, and therefore is both morally reprehensible and dangerous for society. This piece of conventional wisdom was successfully propagated among political circles and society at large by moral and religious leaders. American social historians say that these "symbolic crusaders" and "moral entrepreneurs" achieved victory in the battle for the meaning ascribed to drugs. Since then, policy-making circles and the vast majority of the US (and

world) population have viewed drugs mostly as a dangerous individual and social threat. The same logic led to the adoption of the 18th Amendment to the American Constitution that established the prohibition of alcohol in 1909. Let us recall that the prohibition of alcohol fostered the development of large criminal organisations that set up industrial-scale smuggling infrastructure in and around the United States, which was then used by drug traffickers when Prohibition was repealed in late 1933⁽¹⁶⁾. But the point here is that prohibition as a basis of drug control policies has been subject to debate in the United States and has given rise to an abundant scholarly literature.

Two broad streams can be identified in this respect. Firstly, there are those who reject prohibition itself and advocate for legalisation and/or "harm reduction" policies along the lines of those in force in the Netherlands. The majority of these authors stress the failure of current policy to reduce drug abuse and insist on the negative consequences of prohibition, arguing that it creates a "harm-maximising" environment for drug use while leading to the development of a violent underground economy. They conclude that current drug policies have more drawbacks than benefits and should be repealed⁽¹⁷⁾. Other "legalisationists" make a more ideological, libertarian, case by arguing that in a free society, people should be free to choose whether they want to take drugs or not. It is not possible to list all the numerous literature in this category⁽¹⁸⁾, but probably the better-known authors and those who have developed the most influential arguments are Thomas Szasz (libertarian) and Ethan Nadelmann (negative consequences)⁽¹⁹⁾. The latter is the director of The Lindesmith Center, a research and dissemination centre on "drug policy reform" based in New York and San Francisco with a representation in the Netherlands⁽²⁰⁾. According to the field trip, independent researchers who support prohibition explicitly seem to be much less numerous than their "legalisationist" counterparts, but it may be that I have not come across them during the field trip because I have not looked in the right places⁽²¹⁾. However, it could also be because prohibition has been the rule for nearly 100 years, and currently enjoys the support of the majority of legislators and citizens. Consequently, anti-prohibitionists must work harder to shift opinion than do those who defend the *status quo*. In this respect, it is interesting

(22) DEA: *Speaking Out Against Drug Legalization*, (<http://www.usdoj.gov/dea/pubs/legaliz/contents.htm>). DEA also has a library, but would-be users have to obtain clearance before using it. Reports and testimonies on drug trafficking are available on the internet homepage of DEA (<http://www.usdoj.gov/dea/>).

(23) DEA: *Say it Straight: The Medical Myths of Marijuana* (<http://www.usdoj.gov/dea/pubs/sayit/myths.htm#political>)

(24) Zimmer, L. & Morgan, J.: *Marijuana Myths/Marijuana Facts: A Review of the Scientific Evidence*, The Lindesmith Center, New York and San Francisco, 1997.

(25) See Bibliography, section on "Marijuana".

(26) Office of National Drug Control Policy (ONDCP): *The National Drug Control Strategy*, 1998: A Ten Year Plan, 1998-2007, Executive Office of the President, Washington, 1998, p. 53.

(27) Lindesmith, A.: "Traffic in Dope: Medical problem", in *The Nation Magazine*, 21 April 1956; "Dope: Congress Encourages the Traffic", in *ibid.* 16 March 1957; *Opiate Addiction*, Principia Press, Bloomington, 1947; and *The Addict and the Law*, Indiana University Press, Bloomington, 1965. Anslinger, H. & Tompkins, J.: *The Traffic in Narcotics*, Arno Press, New York 1980 (1953); Anslinger, H.: *The Murderers*, Farrar & Strauss, New York 1961; *The Protectors*, Farrar & Strauss, New York, 1964.

(28) See e.g. MacCoun, R., Kahan, J., Gillespie, J. & Rhee, J.: "A Content Analysis of the Drug Legalization Debate", in *Journal of Drug Issues*, Vol. 23, N° 4, 1993; MacCoun, R.: "Drugs and the Law: A Psychological Analysis of Drug Prohibition", in *Psychological Bulletin*, Vol. 113, N° 3, 1993; non Rand examples include Kleiman, M.: "Neither Prohibition nor Legalization", in *Daedalus*, Vol. 121, N° 3, 1992; and Evans, R. & Berent, M.: *Drug Legalization: For and Against*, Open Court, La Salle, 1992.

(29) See, e.g. MacCoun, R. & Schelling, T.: "Assessing Alternative Drug Control Regimes", in *Journal of Policy Analysis and Management*, Vol. 15, N° 3, June 1996; MacCoun, R. & Reuter, P.: "Interpreting Dutch Cannabis Policy: Reasoning by Analogy in the Legalization Debate", in *Science*, Vol. 278, 3 October 1997; and Rydell, P., Caulkins, J. & Everingham, S.: "Enforcement or Treatment: Modeling the Relative Efficacy of Alternatives for Controlling Cocaine", in *Operations Research*, Vol. 44, N° 5, September-October 1996.

to note that the Drug Enforcement Administration (DEA) has felt the need to produce a document, "Speaking Out Against Drugs Legalization" (DEA previously had made public a similar document titled "How to Hold Your Own in a Drug Legalization Debate"), explicitly designed to provide arguments to those supporting prohibition⁽²²⁾. DEA also has developed a pamphlet, "Say it Straight: The Medical Myths of Marijuana", specifically aimed at countering the influence of the "medical marijuana movement", whose media campaigning and political lobbying has reportedly succeeded in changing the legislation in California and Arizona to allow marijuana use for AIDS and other patients in 1996⁽²³⁾. The Lindesmith Center has played a major role in the campaigns by providing arguments and money. The title of this DEA document closely resembles that of a book, "Marijuana Myths/Marijuana Facts", that was published by the Lindesmith Center in 1997⁽²³⁾. Both publications list "facts" and "scientific evidence" about the effects of marijuana, but obviously for opposite purposes⁽²⁵⁾. In addition, the latest "National Drug Control Strategy" issued by the federal government in 1998, contains specific provisions in order to "counter attempts to legalise marijuana"⁽²⁶⁾.

It is important to note that this debate partially follows the traditional rift separating the conservative and liberal forces of American society. Broadly speaking, and in spite of significant exceptions on both sides, while conservatives are staunch prohibition supporters, liberals would tend to be in favour of vastly reforming the current drug control system. At any rate, "legalisationists" often accuse "prohibitionists" of being "conservative", while "prohibitionists" say "legalisationists" are "liberals".

The present struggle opposing the DEA to the Lindesmith Center also has roots in history, and it could even be viewed as the second round of the "fight" that opposed Harry Anslinger to Alfred Lindesmith, a sociologist of the University of Indiana trained in the interactionist methodology of the University of Chicago, after whom the Lindesmith Center is named. Then as now, the "ring" was American public opinion and policy-making circles, and the fight was about deciding whether drug addicts should be treated as sick people or as criminals⁽²⁷⁾. Anslinger

eventually won the day, possibly even beyond his own expectations, as is evidenced by present-day US drug policies (see *below*).

Secondly, there are researchers who have taken the prohibition/legalisation debate itself as an object of study⁽²⁸⁾. Among those, a significant number of studies has been produced by the economic modelists of the Drug Policy Research Center (DPRC) of the Rand Corporation who have sought to assess the cost-effectiveness of current policies and proposed alternatives⁽²⁹⁾. On this and a wide range of other issues, the DPRC has been one of the most noted, trusted and prestigious sources of research. By and large, the conclusion of DPRC scholars is that policy, whether based on prohibition or legalisation, has a very weak impact on drug use and that solutions to the "drug problem" of the United States, should be looked for elsewhere, for instance in "broader features" of American society such as a comparatively higher "propensity for risk taking", weaker "informal social controls", "inadequate provision of health care for the poor, unequal income distribution and a high level of criminal violence generally", according to a 1997 article by Peter Reuter⁽³⁰⁾. But while Reuter stresses the futility of drug policies for treating the drug problem, he insists that the punitive "harshness" of current US drug policies has had extremely serious consequences on some groups of American society, charging that "one consequence of politicians' treating drug control as a moral crusade has been an absolute uninterest, bordering on gross negligence, in assessing the consequences, good or bad, of the emphasis on punishment"⁽³¹⁾. This latter statement suggests that, unlike politicians, American social scientists have focused much recent attention on the rationale for, and the consequences of punitive drug policies. This type of research is reviewed in the following section.

The Drugs and Crime Nexus

a) The Role of the Federal Government

At the origins of drug control, specific punitive legislation was developed for minority drug users because it was said that drug use led minority members to commit crimes. In fact, sociologists argue that this conventional wisdom was the vehicle of deep-rooted fears of immigrants and black Americans prevailing in "mainstream" American society at the time. Historians say that

Chinese and Mexican immigrants, together with the former slaves of the South were perceived as dangers to the economic security of the white working classes because they represented a cheap competitive workforce. Early legislation treated these minorities differently from white drug users. While the latter were viewed as victims of a "deathly habit", the former were perceived as criminals and (mostly local) punitive legislation was passed against them. For instance, in 1875, the authorities of San Francisco, California, banned opium smoking, "a practice closely identified with Chinese Americans"⁽³²⁾.

Later on from the 1930s onward, with the advent of FBN Commissioner Harry Anslinger as America's first (and longest serving) "Drug Czar" and the development of the antidrug bureaucracy, doctors' power to prescribe drugs became increasingly restricted, and the drugs and crime nexus was gradually expanded to cover all drug use which came to be viewed as "un-American". According to historians, this was achieved by a coalition of Treasury Department bureaucrats, a new generation of "antivice" activists and newspapers who, playing on racist, ethnic and ideological (of communists) fears, lobbied Congress into adopting a ban on marijuana in 1937. It is the debate that preceded the ban on marijuana that entrenched the notion that drugs lead to crime. Historians say that, in effect, Anslinger created and successfully promoted the idea — which has since graduated to the level of conventional wisdom — that drug use leads to crime in order to carve a larger turf, and therefore obtain more autonomy and prerogatives for his newly created Federal Bureau of Narcotics⁽³³⁾.

This is a crucial turning point in the history of drug control in the United States, and even in the world given the "americanisation" of international drug legislation and the Commissioner's influence in international drug control instances⁽³⁴⁾. Indeed, from then and up to the early 1960s, law enforcement became practically the only means through which the government attempted to control drug use and trafficking. This trend was somewhat reversed with the departure from office of Anslinger and the rise of a "health" bureaucracy in the 1960s, especially under the administration of John F. Kennedy, which temporarily imposed the idea that addicts should be treated first and foremost as medical

patients⁽³⁵⁾. But this was rapidly mitigated by the major anti-crime legislation that was passed under the Nixon administration in 1969, notably as a result of the youth movement that opposed the war in Vietnam and generally rejected the dominant socio-economic model of the "consumer society". This "counter-culture" of young rebels or would-be rebels was associated with marijuana, and called for its decriminalisation, thereby generating fear in mainstream society which has resulted in a tough reaction by the authorities. President Nixon who waged America's first "war on drugs" led the reaction. Nixon and the media put the drugs and crime issue at the centre of the political stage, identifying drugs as a major cause of crime and declaring America's "drug problem" a "national threat". One result of the Nixon offensive was to reform and expand the antidrug bureaucracy, notably by establishing the Drug Enforcement Administration (DEA) in replacement of the Bureau of Narcotics and Dangerous Drugs (BNDD). Then, the Bush administrations of the 1980s and early 1990s declared the new and much more famous "war on drugs", which by and large has been carried over by the Clinton administrations since 1992. The pendulum of state and federal policy swung back again toward law enforcement, now with a vengeance.

b) The Prison Problem

The tough federal antidrug legislation passed by Congress under the Bush administration in the 1980s and the Clinton administration in 1995, and similar state laws, have resulted in an astounding growth in the country's prison population. According to the National Drug Control Strategy published in 1998 by the Office of National Drug Control Policy (ONDCP), a.k.a the "Drug Czar's Office", there were 1,725,842 inmates in American federal and state prisons and local jails in June 1997⁽³⁶⁾. Between 1985 and 1995 three quarters of the growth in the federal prison population is accounted for by drug offenders, while "the number of inmates in state prisons for drug-law violations increased by 487 percent over the same period"⁽³⁷⁾. Although it stresses that "while crime in general continues to decline, arrests for federal drug-law violations are at record highs", the government lists the staggering incarceration figures under the heading "criminal consequences" of "America's drug problem" and states that "many crimes (...) are committed under the influence of drugs or may be motivated by a

(30) Reuter, P.: "Why Can't We Make Prohibition Work Better? Some Consequences of Ignoring the Unattractive", in *Proceedings of the American Philosophical Society*, Vol. 141, N° 3, September 1997, p. 263. See also Caulkins, J. Rydell, P. Everingham, S., Chiesa, J. & Bushway, S.: *An Ounce of Prevention, a Pound of Uncertainty: The Cost-Effectiveness of School-Based Drug Prevention Programs*, RAND, Santa Monica, 1999.

(31) Reuter, op. cit., p. 263.

(32) Bertram et al.: *Drug War Politics*, op. cit., p. 64.

(33) Musto, D.: *The American Disease*, op. cit.; Kinder, D.: "Shutting Out the Evil", op. cit.; McWilliams, J.: "Through the Past Darkly", op. cit.

(34) Bruun, K., Pan, L. & Rexed, I.: *The Gentlemen's Club: International Control of Drugs and Alcohol*, University of Chicago Press, Chicago and London, 1975, p. 161.

(35) Bertram et al., op. cit., pp. 87-93.

(36) ONDCP: *The National Drug Control Strategy*, 1998, op. cit., p. 17.

(37) Ibid.

(38) *Ibid.* Of course, here "crime" means unlawful acts — such as robbery, murder, rape, domestic violence, etc. — other than drug production, trafficking and use, which are crimes in and of themselves due to prohibition.

(39) Mauer, M.: *Americans Behind Bars: A comparison of International Rates of Incarceration*, The Sentencing Project, Washington, D.C., 1991; *Americans Behind Bars: US and International Use of Incarceration*, 1995, The Sentencing Project, Washington, D.C., 1997.

(40) Schlosser, E.: "The Prison-Industrial Complex" in *The Atlantic Monthly*, Vol. 282, N° 6, December 1998; Christie, N.: *Crime Control as Industry*, Routledge, London and New York, 1996 (1993). Schlosser defines the prison-industrial complex as: "a set of bureaucratic, political and economic interests that encourage increased spending on imprisonment, regardless of the actual need."

(41) See the campaign launched by Amnesty International against various abuses, including sexual assault, homicide and torture by U.S. police and prison authorities on <http://www.amnesty.org>.

(42) Human Rights Watch: *Cruel and Usual: Disproportionate Sentences for New York Drug Offenders*, Human Rights Watch Report, Vol.9, No.2(B), Human Rights Violations in the United States, New York, March 1997, p.9, quoting *Carmona v. Ward*, 576 F.2d, 405 423 (éd Cir. 1978) cert denied, 439 U.S. 1091 (1979).

(43) *Ibid.*, p. 3.

(44) Caulkins, J., Rydell, P., Schwabe, W. & Chiesa, J.: *Mandatory Minimum Drug Sentences: Throwing Away the Key or the Taxpayers' Money?*, RAND, Santa Monica, 1997.

(45) Dilulio, J.: "Against Mandatory Minimums: The Disaster of Drug-Sentencing Laws", in *National Review*, May 17, 1999, p.48. A "drug-only offender" is a person convicted of a breach of drug laws and no other crime.

(46) Human Rights Watch: *Cruel and Usual*, op. cit. p.2.

need to get money for drugs" (see the research by Goldstein et al. *reviewed below*)⁽³⁸⁾. In the period since 1980 the United States has built more prisons and incarcerated more people than at any other time in its history, largely as a result of the "war on drugs". About 60% of federal prisoners are drug offenders. In 1991, the United States was found by researcher Marc Mauer to be the country with the highest incarceration rate in the world, surpassing Russia and then-apartheid South Africa (since, Russia has become the first "incarcerator", the US coming second)⁽³⁹⁾. In spite of a massive investment in correctional facilities by state and federal authorities — resulting in the creation of a "prison-industrial complex" according to some journalists and scholars⁽⁴⁰⁾ — the growth of the US prison population has clogged up the criminal justice system. As a result, the conditions prevailing in US jails and prisons are inadequate in many instances and they have resulted in human rights abuses that have alarmed organisations such as Amnesty International and Human Rights Watch, which have also launched campaign against what they say is widespread police violence and abuse of power⁽⁴¹⁾.

A distinct human rights problem is arising out of recently-adopted sentencing laws, especially the mandatory minimum sentencing legislation now in force at the federal level and in all 50 states. Such laws require prison terms (as opposed to other forms of sanctions) for certain offences, including most notably drug-law offences, and most stipulate a minimum number of years the offender must serve. In many states, and most notably in New York, which pioneered the use of these laws against drug offenders as early as 1973 (and whose "zero tolerance" policy is currently seen by many in Europe as a model to follow), the required minimum for non-violent drug offences is equivalent to, and in some cases higher than, the sentences usually awarded for violent crimes such as murder, rape and arson. One federal judge commented "*it is difficult to believe that the possession of an ounce of cocaine or a \$20 "street sale" is a more dangerous or serious offense than the rape of a ten-year-old, the burning down of a building occupied by people, or the killing of another human being while intending to cause him serious injury*"⁽⁴²⁾. New York courts must give any adult convicted of possessing 4 ounces of cocaine or selling 2 ounces a minimum sentence of 15 years and a maximum of life in

prison⁽⁴³⁾. These laws deny judges their usual discretionary powers when imposing a sentence, forcing them to hand down the minimum required by law no matter what extenuating circumstances may be involved. Although these laws were intended at first to address the disparity between sentences handed by judges and the time actually served by those sentenced, and ensure that high-level drug traffickers be removed from the scene, they have resulted in the massive jailing of low-level, non-violent, drug offenders, such as street dealers and mere drug users, for very long prison terms. They have been found a costly and ineffective form of drug control, mostly because others immediately replace the minor street dealers they put away for a long time. Thus, a Rand Corporation study has concluded that: "*mandatory minimum sentences are not justifiable on the basis of cost-effectiveness at reducing cocaine consumption, cocaine expenditures, or drug-related crime*"⁽⁴⁴⁾. A conservative scholar like John Dilulio, self-defined as "*one of the few academics with a kind word for imprisonment*", recently wrote an article in the (conservative) *National Review* concluding that "*with mandatory minimums, there is no real suppression of the drug trade, only episodic substance-abuse treatment of incarcerated drug-only offenders, and hence only the most tenuous crime-control rationale for imposing prison terms — mandatory or otherwise — on any of them*"⁽⁴⁵⁾. A Human Rights Watch study of the impact of mandatory minimums on low-level drug offenders in New York state has found that they violate "*the inherent dignity of persons, the right to be free of cruel and degrading punishment, and the right to liberty*". The 1997 report adds: "*such sentences contravene the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the Convention Against Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment*"⁽⁴⁶⁾.

Similarly, the so-called "three strikes and you're out" laws enacted in many states have been denounced as morally questionable and shown by research to be costly and of disputable effectiveness. Such legislation mandates lengthy sentences for repeat felons, prescribing that felons found guilty of a third serious crime be locked up for 25 years to life. The California law, which went into effect in March 1994, is probably the most

(47) Greenwood, P.: *Three Strikes and You're Out: Estimated Costs and Benefits of California's New Mandatory-Sentencing Law*, RAND, Santa Monica, 1994.

(48) Duster, T.: "Pattern, Purpose, and Race in the Drug War: The Crisis of Credibility in Criminal Justice", in Reinerman & Levine: *Crack in America*, *op. cit.*, p. 262.

(49) DiMascio, W.: *Seeking Justice: Crime and Punishment in America*, The Edna McConnel Clark Foundation, New York, 1997, p. 13.

(50) *Ibid.*, p. 13

(51) Mauer, M.: *Young Black Americans and the Criminal Justice System: Five Years Later*, The Sentencing Project, Washington, D.C., 1995.

(52) Dilulio, J.: "Against Mandatory Minimums", *op. cit.*, p. 50.

(53) See, for instance, Huling, T.: *Injustice Will Be Done: Women Drug Couriers and the Rockefeller Drug Laws*, Correctional Association of New York, New York, 1992; Schiraldy, V., Kuyper, S. & Hewitt, S.: *Young African Americans and the Criminal Justice System in California: Five Years Later*, Center on Juvenile and Criminal Justice, San Francisco, Washington & Baltimore, February 1996; Roberts, D.: "Punishing Drug Addicts Who Have Babies: Women of Color, Equality, and the Right of Privacy", in *Harvard Law Review*, Vol. 104, 1991; Szalavitz, M.: "War on Drugs, War on Women", in *On The Issue Magazine*, winter 1998.

(54) Reuter, P.: "Hawks Ascendant: The Punitive Trend of American Drug Policy", in *Daedalus*, Vol. 121, N° 3, Summer 1992.

sweeping of these. Although the first two "strikes" accrue for serious crimes, the crime that triggers the life sentence can be any felony. In many cases, this felony has been a low-level drug offence. Furthermore, the law doubles sentences for a second strike, requires that these extended sentences be served in prison (rather than in jail or on probation), and limits "good time" earned during prison to 20 percent of the sentence given (rather than 50 percent, as under the previous law). A 1994 Rand study on California has found the legislation costly compared to alternatives⁽⁴⁷⁾.

Another problem linked to the boom of the prison population that the 1998 ONDCP drug control strategy fails to mention but that was revealed by research, is what Troy Duster calls "the darkening of US prisons"⁽⁴⁸⁾. This metaphor captures the fact that Hispanic — and above all African — Americans have been incarcerated at a much higher rate than their whites counterparts. There were an estimated 1,471 Black inmates per 100,000 Black residents in 1993 compared to 207 white inmates per 100,000 white residents in 1993, an incarceration ratio of Blacks to Whites of more than 7 to 1⁽⁴⁹⁾. In 1994, African-Americans made up approximately 12% of the general US population, but constituted 44% of the sentenced inmates in state and federal prisons; Hispanics (10% of the general population) provided 18% of inmates; while white Americans, who comprised 74% of the total population only represented 39% of state and federal inmates⁽⁵⁰⁾. All told, Black people of Hispanic and other origins combined made up 50% of the U.S. prison population. The disproportionate impact of recent "drug control" policies on Blacks is summed up in the following fact reported by The Sentencing Project, a Washington-based non-governmental organisation: on any given day in 1994, close to 1 in 3 African-American men aged 20 to 29 were under the supervision of the criminal justice system, in prison or jail or on probation or parole, and there were more Black males in prison than attending university⁽⁵¹⁾. Nation-wide average figures hide huge regional disparities. For instance, Dilulio reports that in 1997, "about 95 percent of all persons in New York prisons whose last and most serious conviction was for a drug offense were black or Hispanic"⁽⁵²⁾. New York is one of America's most populated states. This racial problem is compounded by the fact that half of prison and jail inmates reported an income of less than \$10,000

before their arrest. In other words, they were poor. A more recent but related problem has been the female prison population, which grows above the national average, while the group with the highest growth rate are Black women⁽⁵³⁾.

c) Rationale for Punitive Policies

Due to its status as the linchpin of present-day drug control, and in view of the above-mentioned impact of recent antidrug legislation, the relationship between drugs and crime has been the focus of abundant research in the United States, especially during the last ten to fifteen years. As mentioned above, here "crime" means unlawful acts — such as robbery, murder, rape, domestic violence, etc. — other than drug production, trafficking and use, which are crimes in and of themselves due to prohibition. Indeed, the "Hawk ascendant"⁽⁵⁴⁾ which has had the upper hand on US drug policy since the mid-1980s, and according to which the best means for the state to fight drugs is to arrest and lock up (for increasingly longer jail sentences) those who traffic and use them, has been largely supported and legitimised by the assumption that drug users and dealers are despicable criminals who can inflict incredible damages on society, and as such deserve to be dealt with toughly. In simple terms, the theory goes like this: drugs lead users to violently deny others their right to the safe enjoyment of life and private property; individuals are making a personal choice when they use drugs and therefore they should be held personally responsible for this choice and its consequences on others; imprisonment is an adequate means of dealing with them, especially because it acts (or so the theory goes) as a deterrent against initiating drug use. Those who supply drugs to others, and therefore induce them to crime while making a profit, deserve even tougher punishment because they are viewed as the vectors of the "drug scourge", and they have a strong incentive (money) to commit this crime; therefore the deterrent against them needs to be stronger. The following passage of a 1969 Supreme Court decision illustrates the point: "*Commercial traffic in deadly mind-soul- and body-destroying drugs is beyond a doubt one of the greatest evils of our time. It cripples intellects, dwarfs bodies, paralyzes the progress of a substantial segment of our society, and frequently makes hopeless and sometimes violent and murderous criminals of persons of all ages who become its victims. Such consequences*

(55) Turner v. United States, 396 U.S. 398, 426, 1969, quoted in Wisotsky, S.: "Images of Death and Destruction in Drug Law Cases", in Trebach, A. & Zeese, K. (eds.): *The Great Issues of Drug Policy*, The Drug Policy Foundation, Washington, D.C., 1990, p. 52.

(56) However, a volume edited by Michael Tonry and James Wilson, "Drugs and Crime", must be mentioned here. It seems to be quite an important compilation of research results on the issue since the papers published in it have been quoted as reference in much recent literature: Wilson, J. & Tonry, M. (eds.): *Drugs and Crime (Crime and Justice, Vol 13)*, University of Chicago Press, Evanston, 1991.

(57) On the role of television in the Reagan "war on drugs", see the excellent Media Studies research: Reeves, J. & Campbell, R.: *Cracked Coverage. Television News, the Anti-Cocaine Crusade, and the Reagan Legacy*, Duke University Press, Durham and London, 1994.

(58) Reinerman, C. & Levine, H.: "The Crack Attack: Politics and Media in the Crack Scare", in Reinerman, C. & Levine, H. (eds.): *Crack in America, Demon Drugs and Social Justice*, University of California Press, Berkeley, Los Angeles and London, 1997, pp. 22-23. The authors note that the press later discovered that, in fact, the crack bag in President Bush's hand had not been "seized" but bought for \$2,400 from an African-American teenager by undercover DEA agents. Moreover, the agents had to work hard at enticing the teenager to carry out the sale in the park mentioned by the president, and they did not arrest him...

(59) Goldstein, P., Brownstein, H., Ryan, P. & Bellucci, P.: "Crack and Homicide in New York City: A Case Study in the Epidemiology of Violence", in Reinerman, C. & Levine, H. (eds.): *Crack in America, op. cit.*, esp. pp. 115-122 and Table 6-1.

(60) ADAM collects data in county jails only, meaning that no data is collected in state, federal and city jurisdictions; see the latest annual report: National Institute of Justice: *1998 Annual Report on Drug Use Among Adult and Juvenile Arrestees, Research Report, Arrestee Drug Abuse Monitoring Program (ADAM)*, Department of Justice, Washington, April 1999.

call for the most vigorous laws to suppress the traffic as well as the most powerful efforts to put these vigorous laws into effect"⁽⁵⁵⁾. Although this theory has enjoyed bipartisan support in Congress since the mid-1980s and justified the allocation of about 70% of the federal drug control budget to law enforcement, it is more associated with the conservative forces of U.S. society, which traditionally favour a "law and order" approach to problems. On the other side of the political spectrum, liberal Americans lean toward a "social" approach and, as far as the drug issue is concerned, would prefer it if drug users were not treated as criminals (see *above*).

It is not possible for this chapter to present an overview that would be adequately general and accurate enough to reflect the extent and diversity of the research done on this issue during the last ten years⁽⁵⁶⁾. But an illustrative picture can be painted instead by focusing on an issue that has been subject to much scrutiny: the effects of drugs on individual criminal behaviour. It is widely assumed that drug users routinely commit crimes in order to fund their habit. Another piece of conventional wisdom is that when people are under the influence of drugs, they lose their inhibitions and commit crimes, especially violent crimes. These notions provide the basis of current policies that blame illegal substance abuse and trafficking — instead of other factors such as poverty — for the high crime rates prevailing in the United States. Through the media, senior U.S. officials routinely evoke them in order to rally support for, and justify the implementation of, the tough approach to drug control known as the "War on Drugs"⁽⁵⁷⁾. A very famous illustration is President George Bush's keynote televised speech on September 5, 1989. The president, holding a bag of crack he claimed had been seized "in a park across the street from the White House" a few days before his appearance on television, declared that crack was "turning our cities into battle zones and murdering our children" and announced his strategy for achieving "victory over drugs"⁽⁵⁸⁾. But a study carried out with federal funding by Goldstein et al. in New York City, "America's crack capital", in 1988, when the "crack epidemic" received its most intense media coverage, has shown that both assumptions are exaggerations of a much more ambiguous reality. Indeed, according to this piece of research on 414 homicides officially

classified as "drug related" by the New York Police Department (NYPD), "psychopharmacological crack-related homicides" (homicides caused by the effects of drugs on the body) made up only 7.5% of the sample and most were caused by alcohol, crack being blamed in only 1.2 % of cases; "economic compulsion homicides" (homicides caused by the need to fund a habit) represented a mere 2% of the sample, while the most numerous category of actually drug-related homicides was that of "illicit market system homicides" (homicides caused by the "exigencies of working or doing business in an illicit market") with 39.1%. One additional striking result of the study was that 47.3% of what NYPD classified as "drug-related homicides" were, in fact, not "drug-related" at all⁽⁵⁹⁾. Needless to say that the results of this study, which was funded by the National Institute of Justice (see *below*), are used by advocates of legalisation/harm-reduction as evidence that current US drug policies are based on erroneous assumptions regarding the links between drug use and violence, and that contrary to conventional wisdom prohibitive policies, not drugs, are to blame for the largest proportion of drug-related violence because they generate a violent underground market.

The National Institute of Justice (NIJ) has been mentioned by several researchers interviewed during the field study as the largest source of funds for research on the relationship between drugs and crime. The NIJ is a research institution that was established within the Department of Justice in 1969 by the legislation voted in reaction to the counter-culture movement (see *above*). Today, the NIJ manages what it claims (rightly, as far as I know) to be the largest research program on drugs and crime in the world. This program is called the Arrestee Drug Abuse Monitoring Program (ADAM). It was established in 1997, replacing a earlier similar project called "Drug Use Forecasting" (DUF), which was launched in 1987. ADAM is a huge national effort aimed at collecting and analysing data on drug use among people arrested by county police forces throughout the United States⁽⁶⁰⁾. Incidentally, and as an illustration of the influence of US methods world-wide, government institutions in Australia, Chile, England, Scotland and South Africa have initiated programs modelled on ADAM and requested technical assistance from NIJ. The latter has developed an international component,

I-ADAM, in order to produce comparative studies⁽⁶¹⁾. ADAM's results, like DUF's before them, show that drug use is far higher among arrestees than the general population, which establishes a strong connection between drugs and crime. In turn, this justifies the treatment of drugs as primarily a crime problem by the authorities. Drugs and crime are inextricably linked, officials have argued following the line of argument developed by Harry Anslinger starting in the 1930s. And indeed, if drug use is higher among offenders, it seems logical to deduct that drug use leads to the commission of crime.

Or is it? While readily admitting that a nation-wide data collection effort such as ADAM is positive, some researchers interviewed during the field trip added that ADAM betrays the US federal government ideological anti-drug bias and its willingness to associate drugs and crime for reasons that have nothing to do with scientific evidence. Indeed, independent researchers say that the causal relationship between drugs and crime is merely a hypothesis that has not been proven true. Two scholars from the Earl Warren Legal Institute of the University of California at Berkeley, Franklin Zimring and Gordon Hawkins, who have published a highly regarded study of drug control problems in 1995, even contend that it is untrue⁽⁶²⁾. Indeed, they argue that while *"it is beyond dispute that drug use and crime overlap and interact in a multiplicity of ways"*⁽⁶³⁾, the higher rate of drug use among offenders could be explained by factors in their personality, such as a higher propensity for taking risks and *"a willingness to ignore the threat of moral condemnation"*, that lead them to both commit crimes and take drugs. In this view, both drugs and crime are simultaneous but independent consequences of other variables; in simple terms: it is not drug use that causes crime but rather other factors that lead the vast majority of those who commit crime to also take drugs. Zimring and Hawkins add that if the propensity for taking risks and ignore condemnation varies across individuals, the same goes for the social environment of individuals, which is also a source of explanations for higher crime rates and higher rates of drug use: *"The same sort of covariation can be expected to occur in social settings. Conditions of social disorganization that invite high levels of predatory crime prove to be least resistant to the spread of illicit drugs."*⁽⁶⁴⁾

d) "Set and Setting": An Essential Concept in the American Debate

The concept of the social "set and setting" of drug use, or *"the characteristics of the conditions of use, the social conditions that shape such situations and impinge upon the users, and the historically and culturally specific meanings and motives used to interpret drug effects"*⁽⁶⁵⁾ is a product of American research and it is a crucial notion in the American "drugs and crime" debate. The concept was first developed by Norman Zinberg, Professor of psychiatry at Harvard Medical School, in his 1984 book "Drug, Set, and Setting"⁽⁶⁶⁾, but it can be viewed as the latest finding of a tradition in American social science research on drugs inaugurated in the 1940s and 1950s by sociologists Alfred Lindesmith and Howard Becker. Zinberg concluded from a comparative analysis of American and British heroin addicts in the late 1960s that the differences he found between the two groups were *"attributable to their different social settings — that is, to the differing social and legal attitudes toward heroin in the two countries"*⁽⁶⁷⁾. Following in-depth interviews with heroin addicts in the 1940s, Lindesmith argued that there was a cognitive side to experimenting heroin addiction: users had first to feel withdrawal symptoms, recognise them as such, and decide to take more heroin to relieve them before they became addicted. Without this discovery, heroin use alone did not always lead to addiction, Lindesmith concluded⁽⁶⁸⁾. Becker, in his famous chapter on "Becoming a Marijuana User" (first published in 1953) followed in the steps of Lindesmith, showing that in order to experience a marijuana *high*, new users had to be taught by experienced smokers how to smoke, how to recognise initially ambiguous effects, and then how to interpret the latter as pleasurable. Becker concluded that social interaction between users is more important than the chemical interaction of cannabis with the body in order to account for the effects of marijuana on users.⁽⁶⁹⁾ These concepts run contrary to an important assumption behind current US (and other countries) drug policy: drugs are addictive in and of themselves regardless of the context in which they are used. Hence the charge by some present-day scholars that policy is "pharmaco-centric"⁽⁷⁰⁾ or pervaded by "pharmacological determinism"⁽⁷¹⁾, because it claims that the problem lies with the substances, not the people and their environment.

(61) Although NIJ says that I-ADAM is still at the starting phase, it has already produced one comparative study: Taylor, B. & Bennett, T.: Comparing Drug Use Rates of Detained Arrestees in the United States and England, NIJ Report, Department of Justice, Washington, April 1999.

(62) See Zimring, F. & Hawkins, G.: *The Search for Rational Drug Control*, Cambridge University Press, Cambridge, New York and Melbourne, 1995, p. 138.

(63) *Ibid.*, p. 137.

(64) *Ibid.*, p. 140.

(65) This is the definition given in Reinerman, C. & Levine, H.: "Crack in Context: America's Latest Demon Drug", in Reinerman, C. & Levine, H. (eds.): *Crack in America*, *op. cit.*, p. 9.

(66) Zinberg, N.: *Drug, Set, and Setting: The Basis for Controlled Intoxicant Use*, Yale University Press, New Haven, 1984.

(67) *Ibid.*, p. x, quoted in Reinerman & Levine "Crack in Context", *op. cit.* p. 9.

(68) Lindesmith, A.: *Opiate Addiction*, *op. cit.*, quoted in *ibid.*

(69) Becker, H.: *Outsiders*, *op. cit.*, chapter 3.

(70) The term is by John Morgan, interviewed in New York on May 5, 1999.

(71) Reinerman & Levine: *Crack in Context*, *op. cit.*, p. 8.

(72) See the review of Paul Gootenberg's *Cocaine: Global Histories*, below.

(73) Clayton, R.: *Marijuana in the "Third World": Appalachia*, U.S.A., Vol. 5, Studies on the Impact of the Illegal Drug Trade, United Nations Research Institute for Social Development and the United Nations University, Lynne Rienner Publishers, Boulder and London, 1995.

(74) *Ibid.*, p. 61.

(75) Hagedorn, J.: *The Business of Drug Dealing in Milwaukee*, Wisconsin Policy Research Institute report, Vol. 11, N° 5, June 1998, p. 1.

(76) Bourgois, P.: *In Search of Respect: Selling Crack in El Barrio*, Cambridge University Press, Cambridge, New York and Melbourne, 1995; a shorter version of the study as been published in *Contemporary Drug Problems*, Vol. 16, 1989, but this paper's review of Bourgois' work is based on yet another version titled "In Search of Horatio Alger: Culture and Ideology in the Crack Economy", in Reinerman & Levine (eds.): *Crack in America*, op. cit. Other important contributors to the ethnographic school of American drug research (of which Howard Becker is the best-know representative) include Waldorf, D., Reinerman, C. & Murphy, S.: *Cocaine Changes: The Experience of Using and Quitting*, Temple University Press, Philadelphia, 1991.

(77) *Ibid.*, p. 66.

Although originally the concept of "social setting" was invented to account for differences in the behaviour of two sets of drug abusers, Zimring and Hawkings (see above) and other scholars⁽⁷²⁾, have used it to explain higher rates of criminal activity, especially drug dealing, in some communities. This is another extremely important element of the drug and crime nexus (and of the American drug control debate in general), as well as a major cause of disagreement between researchers and policy-makers. Briefly put, social scientists argue that drugs are singled out as a convenient scapegoat on which to blame problems that have other causes. These causes are to be found in the wider social and economic environment of the communities where drug activities are rife. Present policies are misguided because they view drugs as the cause of social problems, when in fact they are a consequence of these problems. This is mostly the argument made by Richard Clayton in his study of commercial marijuana cultivation in Appalachian Kentucky⁽⁷³⁾. Clayton argues that the marijuana industry is one of the ways that the inhabitants of the mountainous areas of Kentucky have found to survive in the economic poverty that characterises their region: "*chronic and crushing poverty have produced a pervasive sense of hopelessness about the future, an alienation and cynical attitude about the present, and a willingness to do whatever is necessary in order to get by*"⁽⁷⁴⁾. In another study of 28 mostly Black and Latino owned "drug businesses" in two inner-city communities of Milwaukee, Wisconsin, John Hagedorn argues along similar lines that "poor people in Milwaukee have responded to the loss of "good jobs" by starting thousands of new, mainly off-the-books businesses. The most profitable business in this informal sector of our economy, unfortunately, is the business of drug selling"⁽⁷⁵⁾. According to Clayton and Hagedorn's studies, poverty and marginalisation due to racial, ethnic and/or cultural differences are to blame for the involvement into drugs of residents of rural and urban economically deprived areas of the United States.

But probably the best research in this regard, and certainly one that was quoted as such by most of the researchers interviewed during the field study, is Philippe Bourgois's in-depth anthropological study of a group of Puerto Rican crack entrepreneurs in Spanish Harlem, an economically deprived

area of New York City⁽⁷⁶⁾. Bourgois's penetrating analysis of "*the complex relationship between ideological processes and material reality, and between culture and class*" broadly confirms that poverty, racial and ethnic prejudice and the absence of good job opportunities are major factors for the spread of drug use and trafficking in American cities. But, rejecting such "action-reaction" structural types of explanation as those advanced by Clayton and Hagedorn, Bourgois analyses the mechanisms by which some of El Barrio's residents seek to lead a meaningful and fulfilling life by getting involved in the crack business. Bourgois destroys the popular image of a badly socialised and therefore unemployable "underclass" ignorant of the values of mainstream American society, by portraying Spanish Harlem's crack businesspeople as "the ultimate 'rugged individualists'" who are "frantically pursuing the American dream" through hard work in the "dynamic, (...) multibillion-dollar underground economy". The American anthropologist shows how illegal entrepreneurship provides the "dignity" that the mainstream economy denies them. Indeed, given their social and cultural background, all the formal economy has to offer to inner-city dwellers is what they perceive as "demeaning exploitation" in low-level, poorly paid jobs, where their ghetto ways are mocked and frowned upon. But a successful quest for "respect" in the crack business "requires a systematic and effective use of violence against one's colleagues, one's neighbors, and to a certain extent, oneself". In the drug economy of the inner city, a reputation of ruthlessness is necessary for the smooth and secure running of one's business because it wards off aggressive competitors and thieves and enforces the "contracts" entered into with employees and business partners. In this view, violence is not a mark of their irrationality but rather "*judicious public relations, advertising, rapport building, and long-term investment in one's human capital*"⁽⁷⁷⁾. Their survival and success are dependent upon their capacity for terror. This could explain why "illicit market system homicides" was the most numerous category in the above-mentioned study of crack-related homicides in New York City by Goldstein et al. Bourgois also has developed a concept to account, at least partially, for the spread of crack abuse in inner-city ghettos starting in the mid-1980s — "conjugated oppression". This he defines as "*an ideological dynamic of ethnic discrimination that interacts explosively with an economic dynam-*

ic of class exploitation to produce an overwhelming experience of oppression that is more than the sum of the parts⁽⁷⁸⁾. All told, inner-city residents live in a "culture of terror" akin to that which was developed as "a tool for domination and a principal medium for political practice" by the military dictatorship in 1970s Argentina. The culture of terror affects even the residents who are not involved in criminal activity since it "poisons interpersonal relations throughout much of the community by legitimizing violence and mandating distrust⁽⁷⁹⁾. The tragic irony is that unlike Latin America, the inner-city culture of terror is not imposed by a repressive outside force but self-inflicted as a result of the pursuit of the American dream. Although Bourgois says that this is also a "culture of resistance (...) defined by its stance against mainstream white, racist, and economically exclusive society⁽⁸⁰⁾", his conclusion is profoundly pessimistic: "the objective, structural desperation of a population without a viable economy and facing the barriers of systematic discrimination and marginalization gets channeled into self-destructive practices⁽⁸¹⁾". In his view, present-day American society generates a "self-regulating" class of social outcasts fed by the illegal economy who are led to kill one another by their own culture (terror) and ideology — the American dream.

The interest of Bourgois's work is that it lends another dimension to the American "drugs and crime nexus". It could be argued that what he describes is a very ruthless type of "social usefulness" of the drug trade, in that it subsidises the economy of deprived areas while substance abuse and self-centred violence keep the "dangerous classes" at bay. Indeed, if drugs were not there would the "underclass" not direct its violence against the mainstream society and economy that reject them? Is the drugs and crime nexus a "modern" type of social management of the unemployed labour force resulting from the large-scale shifts in the American economy since the 1980s? These important questions will not be answered here, but it must be remarked that for a proportion of the United States population, drugs seem to play the same role as in parts of Africa, Asia, Latin America and Europe — subsidising the economy⁽⁸²⁾.

(78) Ibid., p. 72.

(79) Ibid., p. 68.

(80) Ibid., p. 63.

(81) Ibid., p. 63.

(82) See Laniel, L.: *Drugs and Globalization: An Equivocal Relationship*, in *International Social Science Journal*, N° 160, June 1999.

(83) Buell, R.: *The Opium Conferences*, in *Foreign Affairs*, Vol. 3, July 1925.

Foreign Issues

Early Narco-Diplomacy

The federal government of the United States pioneered international drug control efforts at the start of the 20th century, and to this day drugs remain an important foreign policy concern, especially toward Latin America and in particular NAFTA partner Mexico. As a consequence, the relationship between US foreign policy and drugs have been the object of much research by American social scientists, giving rise to a lively and diverse tradition that is briefly reviewed in the paragraphs below. The reason that U.S. officials have historically invoked to justify their country's "narco-diplomacy", is the perceived need to stop drugs before they enter the United States. "Supply reduction", as this strategy has been termed in policy and research papers since the 1980s, can be viewed as a recent avatar of the much longer standing domestic use of law enforcement as the favoured tool of drug control. Likewise, those who used to advocate for the "treatment" of addicts instead of their criminalisation, now talk of the need for "demand reduction" (admittedly, that includes prevention as well as treatment). Therefore, it appears that the concepts supporting the foreign drug policy of the US government are a modernised version (and one that sounds more "scientific") of the old ingredients of the American debate mentioned earlier in this chapter. The fact that these terms are now used throughout the international community is one more illustration of the influence the United States carries in the field of drugs.

The earliest trace of a paper about drug policy published in an American journal that this writer has found is Raymond Buell's 1925 critical assessment of the intransigence of American diplomats toward foreign counterparts during the conferences on opium at the League of Nations in Geneva in the 1920s⁽⁸³⁾. Buell wrote that American representatives at one of the conferences, which aimed at establishing a form of international control on the opium trade, were asking many important concessions, which their counterparts refused to grant. As a result, the American delegation angrily left the negotiating table. True, Buell's paper is better described as political commentary than as research, while *Foreign Affairs*, which published it, is more a forum for debating US foreign policy options

(84) See, e.g., Bagley, B.: *The New Hundred Years War? U.S. National Security and the War on Drugs in Latin America*, in *Journal of Interamerican Studies and World Affairs*, Vol. 30, N° 1, Spring 1988; *Colombia: The Wrong Strategy*, in *Foreign Policy*, N° 77, Winter 1989-1990; *After San Antonio*, in *Journal of Interamerican Studies and World Affairs*, Vol. 34, N° 3, Fall 1992; Bagley, B. & Walker, W. (eds.): *Drug Trafficking in the Americas*, Transaction Publishers, New Brunswick, 1994.

(85) For instance, Falco, M.: *Foreign Drugs, Foreign Wars*, in *Daedalus*, Vol. 121, N° 3, Summer 1992; Lee, R.: *The White Labyrinth: Cocaine and Political Power*, Transaction Publishers, New Brunswick and London, 1989; Reuter, P.: *The Limits and Consequences of U.S. Foreign Drug Control Efforts*, RAND/RP-135, Santa Monica, 1992; Smith, P. (ed.): *Drug Policy in the Americas*, Westview Press, Boulder, 1992; Perl, R.: *The US Congress, International Drug Policy, and the Anti-Drug Abuse Act of 1988*, in *Journal of Interamerican Studies and World Affairs*, Vol. 30, N° 2 & 3, Summer/Fall 1988; etc.; see Bibliography, section on the Americas.

(86) Craig, R.: *La Campaña permanente, Mexico's Anti-Drug Campaign*, in *Journal of Interamerican Studies and World Affairs*, Vol. 20, N° 2, May 1978; *Operation Condor: Mexico's Anti-Drug Campaign Enters a New Era*, in *The Journal of Interamerican Studies and World Affairs*, Vol. 22, N° 3, August 1980; Walker, W.: "The United States, Mexico and Narcotics Policy, 1930-1940", in *Pacific Historical Review*, N° 47, 1978.

(87) For instance, Drexler, R.: *Colombia and the United States: Narcotics Traffic and a Failed Foreign Policy*, McFarland, Jefferson, 1997; Andreas, P. & Sharpe, K.: *Cocaine Politics in the Andes*, in *Current History*, Vol. 91, N° 562, February 1992; Mabry, D.: *Andean Drug Trafficking and the Military Option*, in *Military Review*, vol. LXXI, N° 3, March 1990; Youngers, C.: *The Andean Quagmire: Rethinking US Drug Control Efforts in the Andes*, WOLA Briefing Series: Issues in International Drug Policy, Washington, D.C., March 1996; see Bibliography, section on "Andean Countries".

(88) For instance, Andreas, P.: *US-Mexico: Open Markets, Closed Borders*, in *Foreign Policy*, No. 103, Summer 1996; Doyle, K.: *Drug War: A Quietly Escalating Failure*, in *NACLA Report on the Americas*, Vol. XXVI, N° 5, May 1993; Olson, E.: *The Evolving Role of Mexico's Military in Public Security and Antinarcotics Programs*, WOLA Briefing Series: Issues in International Drug Policy, Washington, D.C., May 1996; González, G. & Tienda, M. (eds.): *The Drug Connection in US-Mexican Relations*, University of California, Center for U.S.-Mexican Studies, La Jolla, 1989; see Bibliography, section on "Mexico".

than a social science journal (although social scientists often write in it). Nevertheless, in retrospect Buell's scolding of the attitude of American officials in a diplomatic meeting on the question of opium control can be viewed as an important landmark. Firstly, it is the first occurrence of what would become a permanent feature in US research: criticising a federal government position because it makes things worse, not better. In this instance, Buell describes American intransigence in Geneva as irrational given the international context at the time because instead of working for a compromise, which would have meant a step toward fulfilling its objectives, the US delegation preferred to take a high moral stand and forfeit the furtherance of its goals. Buell describes this as a setback for international opium control efforts, which the United States itself had initiated some 15 years earlier at the Shanghai conference of 1909. A second and more specific reason why Buell's article is important here is that it is also the first recorded trace of scholarly commentary on American "narco-diplomacy", even if it was not yet named that at the time. Again, Buell's harsh criticism seems in retrospect to be the start of a stream in American social science writing that is still very much vivid today, albeit more diversified.

Present Research: Summary Review

The vast majority of present research focuses on United States-Latin American relations and is mostly concerned with cocaine, while in the 1960s and 1970s it was Asia and heroin that preoccupied researchers and policy-makers. Broadly speaking, present-day scholars working on US foreign policy all agree that it is flawed, but for different reasons. Three categories of research can be identified in this respect. The first and more numerous category is made up of what could be called the self-appointed "advisors" of the federal government. Probably the best-known representative of this category is Bruce Bagley, who is working in the field of International Relations⁽⁸⁴⁾. From a variety of angles, these authors evaluate the policies implemented by Washington and criticise US narco-diplomacy as ill-adapted to fulfil its officially stated objective of reducing the supply of drugs coming from Latin America into the United States. This is because the US strategy itself is flawed and because other, more important, US foreign-policy priorities, such as economic policy, are in contradiction

with it⁽⁸⁵⁾. In the late 1970s and early 1980s, most attention was focused on Mexico⁽⁸⁶⁾, while in the mid-1980s, with Reagan's and Bush's war on cocaine and the war against "communist subversion" in Central America, Andean countries came to the foreground⁽⁸⁷⁾. With the advent of NAFTA in 1994, Mexico has attracted much interest in both political and research circles (see below)⁽⁸⁸⁾.

A second category of authors are concerned with the negative consequences of US narco-diplomacy in Latin America, mainly its adverse impact on human rights and, with the US-promoted militarisation of the "drug war" in Andean countries and Mexico, on democracy⁽⁸⁹⁾. Perhaps the most consistent examples of such US narco-diplomacy critics are to be found in the Washington Office on Latin America (WOLA)⁽⁹⁰⁾, while human rights violations resulting from US-promoted drug enforcement tactics in foreign countries have also attracted negative comments from Human Rights organisations⁽⁹¹⁾.

Finally, the third category is made up of authors who study the links between American federal agencies, especially the Central Intelligence Agency (CIA), and drug trafficking outside the United States⁽⁹²⁾. Like their most famous representative, historian Alfred McCoy, these authors contend that recent American drug "epidemics" are due to CIA complicity with foreign drug producers and traffickers and denounce the war on drugs as a fraud.

MOST and the United States

One of MOST network members, Mexican sociologist Luis Astorga, has written chapters in two forthcoming volumes, which, judging from their introductions that the editors kindly have made available, appear as important contributions in contemporary US research on drugs. Astorga's participation and the originality of the books amply justify that they be briefly commented upon here.

The first volume, *Organized Crime & Democratic Governability in Mexico and the US-Mexican Borderlands*, is edited by political scientists John Bailey and Roy Godson⁽⁹³⁾. Its importance lies in the fact that, for the first time as far as this writer knows, leading

(89) For instance, Craig, R.: *Human Rights and Mexico's Anti-Drug Campaign*, in *Social Science Quarterly*, Vol. 60, N° 4, March 1980.

(90) For instance, WOLA: *The Colombian National Police, Human Rights, and US Drug Policy*, Washington Office on Latin America, Washington, May 1993; Peru Under Scrutiny: *Human Rights and U.S. Drug Policy*, Briefing #5, Washington Office on Latin America, Washington, January 1992.

(91) For instance, Méndez, J.: *The "Drug war" in Colombia: The Neglected Tragedy of Political Violence*, An Americas Watch report, Human Rights Watch, New York, 1990.

(92) McCoy, A.: *The Politics of Heroin: CIA Complicity in the Global Drug Trade*, Lawrence Hill Books, New York, 1991; McCoy, A. & Block, A. (eds.): *War on Drugs: Studies in the Failure of U.S. Narcotics Policy*, Westview Press, Boulder and Oxford, 1992; Scott, P.D. & Marshall, J.: *Cocaine Politics, Drugs, Armies and the CIA in Central America*, University of California Press, Berkeley and Oxford, 1991.

(93) Bailey, J. & Godson, R.: *Organized Crime & Democratic Governability in Mexico & the US-Mexican Borderlands*, in press, 1999.

(94) There are important, although not widely publicised, exceptions to this general rule, see for instance Brewton, P.: *The Mafia, CIA & George Bush*, SPI Books, New York 1992 for a well-documented, careful, journalistic study; for equally well documented and careful scholarly work, see Block, A.: *Masters of Paradise. Organized Crime and the Internal Revenue Service in the Bahamas*, Transaction Publishers, New Brunswick, 1997 (1991); and Block, A. (ed.): *The Business of Crime: A Documentary Study of Organized Crime in the American Economy*, Westview Press, Boulder, 1991.

(95) John Bailey kindly granted me permission to comment on a draft of his and Roy Godson's introduction.

(96) Gootenberg, P. (ed.): *Cocaine: Global Histories*, Routledge, London and New York, 1999.

(97) All quotations are from a draft of Paul Gootenberg's introduction to the volume, which he kindly permitted me to comment on in this report.

(98) Astorga, L.: *Mitología del "narcotraficante" en México*, Plaza y Valdés, Mexico City, 1995; *El siglo de las drogas*, Espasa Hoy, Mexico City, 1996; *Drug Trafficking in Mexico: A First General Assessment*, MOST discussion Paper N° 36

(99) For a more detailed discussion of this problem, see "Más allá del bien y del mal", chapter 1 in Astorga: *Mitología*, op. cit., pp. 15-22.

American political scientists critically examine the links between government and organised crime, not only in Mexico but in the United States as well. Although the book restricts its focus to the impact of organised crime in the American border area only (as opposed to the United States as a whole), it is significant because it can be seen as reversing a long-standing trend in American discourse on the drugs issue. Indeed, judging from most past press and research reports, casual observers could have thought that the United States was immune from the "threat" of large-scale drug trafficking and money laundering organisations that their politicians and bureaucrats have denounced so vocally in Latin America, especially Mexico⁽⁹⁴⁾. As Bailey and Godson understate in their introduction to the volume: "This is a point of some controversy, in that Mexican critics have long been skeptical that US-based, Anglo-dominated criminal groups would allow such immensely profitable operations to be run by Mexicans"⁽⁹⁵⁾. This is all we will say about this interesting forthcoming collective volume here, since its focus on one part of the world is perhaps too narrow to be of interest to all MOST members.

By contrast, the second collective volume, *Cocaine: Global Histories*, edited by Paul Gootenberg, Professor of history at the State University New York (SUNY), has a global scope and raises issues that should attract the attention of all MOST researchers⁽⁹⁶⁾. Alongside essays on the United States, Peru, Japan (and South East Asia), the Netherlands (and Java), Germany, the United Kingdom and Colombia, Astorga has written the chapter on Mexico. It must be noted that all the chapters are based on original archival research as the authors are convinced that "new stories lie hiding in archives around the world, that take us behind and beyond received narratives about cocaine"⁽⁹⁷⁾. Astorga's socio-historical studies of drug trafficking in Mexico are excellent illustrations of the usefulness of archives for new approaches to drug problems⁽⁹⁸⁾. *Cocaine: Global Histories* studies how cocaine has passed from the status of medical miracle to that of dangerous enemy of most countries and the international community in about 100 years or, as Gootenberg puts it, "just how is it that drugs get redefined as socially menacing". One of the book's many interests is Gootenberg's impressive historiography of scientific research

into cocaine since the 1860s. Building from this legacy, but firmly rooted in the present (the "Age of Crack"), the book sets out to inaugurate a "third wave" of research into cocaine, the foundations of which Gootenberg defines in the introduction. From the outset, the book announces its "skepticism about prohibition as sound drug policy and about the discourse and categories deployed and left by anti-drug crusaders, past and present", which are thought of as "social-scientifically futile, actively misguided or morally tragic". Dissatisfaction with US drug policy has been a historical hallmark of drug research in America, as this chapter has tried to show. However, Gootenberg stresses that his objective is not political advocacy, but methodological consistency by clearly identifying the object of the book, which is to study a "system —Prohibitions — so as to analyze its origins as a system and its systematic, if often unintended, consequences". The book thereby takes on board present research concerns in the United States, while its authors rely on concepts that have emerged out of American social science, some of which have been mentioned in this chapter. For instance, while explaining the "constructionist" epistemological approach of the book, Gootenberg calls forth the classic concept of "set and setting", which comes from American sociology and psychiatry (see above), and shows its relevance for history, too: "History and national cultures, in an enlarged sense, are arguably social set and settings of the largest kind". In this view, drugs are first and foremost social animals, which justifies the book's constructionist approach since, contrary to claims by American (and most other) policy-makers, "drugs are made, not born, and borne largely from cultural and political circumstances", while "naturalized notions of "good" and "bad" drugs and narcotic "control" (...) might well be about other things and cry out for critical insight"⁽⁹⁹⁾. Finally, possibly the most important contribution of the book, and certainly one that will please MOST members, is the notion that drugs should now be a "central" concern of historical research because they are "one field where the ongoing contest between structural and post-structural historical thinking might find some creative common ground". However, Gootenberg appears overly restrictive in limiting the usefulness of drug studies to opening new perspectives in history only. It is hard to see why the increasing relevance of cultural-studies and linguistic methodological approaches he evokes in support of

the volume's own approach should not also be useful in other spheres of social science in order to open much needed new fields of drug research, precisely because drug studies require "an appreciation of both the rational "interests" and irrational "passions" that met in their making, i.e. their realities and their representations, their settings and special powers". Gootenberg's well-crafted argumentation reveals the special research status of drugs, their uniqueness as a depository where both passion and reason meet and interact⁽¹⁰⁰⁾ ("drugs are protean and relational things and cultural magnets for charged meanings"), and that research times are ripe for such subjects. This will be heartening to social scientists specialising in drug studies worldwide, who are too often viewed as "mavericks" by their peers.

Conclusion

This chapter has attempted to present an overview of the problems raised by drugs in the United States by reviewing current issues and their historical sources. It has suggested that the United States is the largest producer of drug research in the world, while it is also the world's only "drug-control superpower". However, the simultaneous leadership in social science and world agenda setting is not the result of a symbiotic relationship between American research and policy-making. On the contrary, it was found that historically US policy has been largely immune from the influence of research, even government-funded research, while a vast proportion of American social science research on drugs has been focused primarily on policy, which has been viewed as a crucial element of America's drug problem. While it has not been able to achieve its official objective of reducing drug abuse, the current drug policy of the US has resulted in the imprisonment of a large proportion of the American population, mostly poor members of ethnic and racial minorities. Researchers have found that the causal relationship between drugs and crime that serves as the basis and "rationale" for present policies has been vastly exaggerated. In addition, the stringent law and order approach adopted by the various levels of US government has been found to be too costly in financial terms, while its enforcement has led to what appears to be widespread human rights abuse, and charges of racial and eth-

nic prejudice that historians say have been a permanent feature of American drug control since its origins in the late 19th century.

Other scholars (most notably those of the Drug Policy Research Center of the Rand Corporation), have argued that the drug phenomenon is not amenable to control by means of legislation. In this view, any drug control policy, whether based on prohibition or legalisation, is a futile effort. However, the same researchers have stressed that American policy-makers have been "negligent" in not properly assessing the consequences of the policies they have implemented.

Some scholars maintain that US drug policy is "pharmacocentric", meaning that it wrongly assumes that the problem lies with the substances, not the people and their social, cultural, ideological and economic environment ("*set and setting*"). Thus, many social scientists say that policy has been geared toward suppressing the symptoms of deeper social problems in US society rather than attacking the root causes, which explains the failure of government action. In their view, drugs have been singled-out as a convenient scapegoat on which to blame and explain away some of the more disturbing problems experienced by American society. The mirror-image of this charge could be to say that American drug policy has been "asociological", or even "anti-sociological" due to the general disregard it has shown for the social and economic conditions of the majority of those who are imprisoned under American drug laws. But yet another school of research suggests that this assertion is flawed by insisting that drug control policy is not aimed at controlling drugs but the "dangerous classes" that American mainstream society has historically associated them with. Bourgois's research has shed a different kind of light on the relationship between drugs, poverty and racial/ethnic exclusion in present-day America. By convincingly arguing that drugs have given rise to a "culture of terror" that could be viewed as an internalised and self-imposed mechanism of control, Bourgois joins Peter Reuter and his colleagues in concluding that, even for the purpose of class control, harsh law enforcement is a futile exercise.

Clearly, given the number and diversity of objective and subjective factors at play, there are no easy answers to the drug

(100) Incidentally, Gootenberg touches here on a problem that was raised during the MOST conference in Rio. Network members might recall a debate between Guillem Fabre and the present writer on that occasion: while Guillem argued that drugs should be studied as are any other (legal or illegal) commodities, I argued that drugs were unlike any other substances due to their historical links to religion and war (see *Proceedings of the II Annual Conference*, p.6). Gootenberg solves the problem by stating that the interest of drugs is, precisely, that their study requires *both* the "normalized" economic approach called for by Guillem, and the "special" social approach I favoured.

problem. But if one conclusion can be reached at the end of this chapter, it is that the drug issue has given rise to a century-long conflict between politics and research. The history of drug control in America seems to prove true Gutenberg's claim that drugs must be viewed as the locus of passion and reason. The fact that so far reason has failed to bring passion under "control" in the United States suggests that MOST's objectives will not be easily achieved and highlights the need for more programs like it.

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Caveat emptor: Although large, this bibliography does not claim to be exhaustive. The literature covered is that which I became aware of during a one-month study trip to the United States in April/May 1999. Apologies are offered to the authors whose work should have been listed here and is not.

Laurent Laniel, Paris, June 1999.

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