

become an important new transshipment point in the European route.

## Lowering the price of death

What does the future hold for the coke trade?

Take a look at **Figure 6**, which shows how the U.S. coke market was created. You can see that the average retail price of a ton of cocaine was \$640 million in 1977, and dropped dramatically to \$182 million in 1987, a decade later. In other words, the 1977 price was more than three times greater than the 1987 price.

As a result of this *deliberate marketing decision* by Dope, Inc., the amount of coke sold to American kids increased by almost six times in the same period! This price slashing is the typical way in which any cartel creates and seizes a market. So, coke went from being a high-priced drug for the upper middle class in 1977, to being a cheap dose of death, especially in the form of crack, for a mass market of millions of working-class and poor youth in the 1980s. Of course, Dope, Inc.'s total revenue from coke also rose substantially in the process.

But the picture gets worse. As the American market be-

gins to reach "saturation" levels, as an entire generation is destroyed by this epidemic, Dope, Inc. is turning its attention to what it hopes are the markets of the future: Europe and Japan.

**Figure 7** shows the cocaine price and quantity trends for Europe over the last five years: a precise replica of the tragedy that has swept the United States.

In 1987, the retail price of cocaine in Europe was \$510 million per ton, about what it was in the United States in 1979-80. In the last two years, the European price has plummeted to \$262 million per ton, half of what it was in 1987. What took a decade to achieve in the United States is being executed in Europe by the drug mafia in one-third that time.

The consequences are identical. European consumption of cocaine is skyrocketing, as can be seen in the graph.

If one compares Figures 6 and 7, the similarity of the process is striking—only it is happening far more quickly in Europe.

**Figure 8** compares the rate of price decline, and the rate of quantity increase, in the United States and Europe over the indicated years.

It should be noted that, when we refer to Europe, until

## Chinese opium to Colombian cocaine

by Valerie Rush

The narcotics trade has a history that goes back to the eleventh and twelfth centuries, when mind-deadening narcotics were used ritually by various religious sects and cults of assassins. Broader use began in the mid-1700s, when the opium trade became a profitable business controlled by Britain's East India Company. By 1830, opium was the largest commodity in world trade, with the British selling it to targeted populations in China and elsewhere.

When the Chinese emperor tried to stop the flow of opium into his country, the British launched the famous Opium War against China. Britain cynically argued that China was violating Adam Smith's sacrosanct economic laws of "free trade" by refusing to import the deadly drug. The British won that war, and as a result, tens of millions of Chinese were subjected to the misery of narcotic addiction.

For the rest of the nineteenth century, British finance—backed by British guns—employed the totally legal world narcotics trade as an instrument of state policy, converting entire sections of the globe into producers and/or consumers of the opium poppy.

It wasn't until the Hague Convention was made effective in 1919-20 that trafficking in opium was made illegal. But this did not get in the way of the Anglo-American bankers. The same financial crowd that traded it legally before 1920, continued to trade it illegally afterwards, up to the present day.

However, beginning in the 1950s, the Soviets and the Chinese got in on the action. Nikita Khrushchov was convinced of Mao Zedong's war strategy of using drugs to corrupt and destroy the West. The Communists' gradual expansion sped up after 1967, when Yuri Andropov took over the Soviet KGB. Andropov's policy was to aggressively promote drugs in the West, and to use Soviet-sponsored terrorist groups as part of this effort.

The Anglo-Americans provided the Sino-Soviets the golden opportunity they were waiting for, with the Vietnam War. Tens of thousands of American soldiers in Vietnam pumped their veins full of Chinese heroin, and brought their addictions back to the United States. The U.S. was then flooded with heroin, marijuana, and such experimental drugs as LSD, and with the rock-sex counterculture that spread the drug plague. By the last half of the 1970s, large amounts of marijuana were entering the U.S., from Mexico, and later Colombia.

In the 1980s, cocaine became the top drug, and as the debt crisis swept Ibero-America and whole economies were destroyed by the creditor banks, the bankers' drug cartel stepped in to fill the economic vacuum.