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INTERNATIONAL DRUG SUPPLY, CONTROL, AND INTERDICTION

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BEFORE THE
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CRIME AND CRIMINAL JUSTICE
OF THE
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INTERNATIONAL DRUG SUPPLY, CONTROL, AND INTERDICTION

THURSDAY, JULY 15, 1993

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CRIME AND CRIMINAL JUSTICE,
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2226, Rayburn House Office Building, Hon. Charles E. Schumer (chairman of the subcommittee) presiding.

Present: Representatives Charles E. Schumer, Don Edwards, David Mann, F. James Sensenbrenner, Jr., Lamar S. Smith, Steven Schiff, Jim Ramstad, and George W. Gekas.

Also present: Andrew Foiss, counsel; Gabrielle Gallegos, assistant counsel; Rachel Jacobson, clerk; and Lyle Nirenberg, minority counsel.

OPENING STATEMENT OF CHAIRMAN SCHUMER

Mr. SCHUMER. OK. Good morning, and the hearing will come to order.

The Chair has received a request to cover this hearing in whole or part by television broadcast, radio broadcast, still photographer, or by any similar methods. In accordance with committee rule, the permission will be granted unless there is objection.

And without objection, permission is granted.

Today's hearing is the first of several that this committee will hold examining issues in the area of drugs. As you know, we have a significant part, clearly not all, of the jurisdiction in this area. And I was fortunate enough to be able to hold a summit on drug policy a few months ago which had some very, very interesting revelations.

While, unanimity was not reached at that summit, there was a growing consensus in a number of areas. And one of them, it seemed to me, was that we ought to reexamine our efforts at interdiction, at what drugs, the effort to halt the flow of drugs into this country that start where these are grown out of the country and go up to our borders.

That is really what we are examining today. In other hearings, we will examine both on supply side and demand side, what is happening within our borders, the issue of controlling the supply of foreign illegal drugs at and beyond our borders. We invest over \$2.25 billion a year in an effort to control the flow of drugs into our country.

And, of course, every day we live with drug violence in our streets and casualties in our hospitals and drug lords at our doorsteps. And so there is one question that we all ask: Do our supply-side efforts at or beyond our borders work? Are we getting the bang for the buck?

And I am mindful of the fact that there are many different types of efforts involved here. There is eradication; trying to prevent the drugs from where they are grown. There is trying to break up the drug cartels where the DEA has been very active and, in fact, has had some success in, for instance, Colombia. And then there is the policy of interdiction itself, the many patrols both by air, sea, and land preventing the drugs from crossing the borders from out of the country into the country itself.

I for one feel that a good amount of our interdiction dollars are wasted.

Now, let me just—a fact that just sticks in my mind and doesn't go away, four-fifths of the illegal drugs, including almost all of the cocaine and heroin, come from foreign countries. And this is the fact that I would leave with everybody. It takes only 20 square miles of poppy plants, four Boeing 747's full of pure cocaine, to enter the U.S. market and supply it for an entire year. That shows you the difficulty of the job, particularly when it is outside of our borders.

If we are dealing with eradication—and eradication has worked better with poppies than cocaine—if it is only 20 square miles, are we going to be able to prevent the 20 square miles from being grown at every place in the world?

In terms of interdiction, if it is four Boeing 747's or let's say 40 containers on ships or 60 truck loads, are we going to be able to stop all of those from coming?

And so now is the time to seriously reassess whether the billions of dollars we spend to interdict and otherwise control the flow of drugs and crime into this country are doing much good. If not, should we continue to throw the good money after the bad?

It is my judgment—and I remain to be persuaded, and we will have strong advocates of both points of view—that we should direct some of this money to other parts of the supply-side effort, law enforcement in this country, breaking up of drug rings, out of this country; and to the demand side, rather than spend the \$1.6 billion we do, or all of it, on the actual interdiction mainly spent by DOD and Coast Guard.

As I mentioned, we held a summit on this drug problem, on the whole drug problem including this; and there, the goal was to bring together people who, over the years, have been addressing the many aspects of this problem: domestic and foreign, supply side, demand side, law enforcement and treatment specialists. And no one there suggested we completely abandon our efforts to control the supply of drugs flooding our country or that we ignore the needs of our southern neighbors in helping resist the waves of drug-related violence that threaten their countries.

But many question the value of continuing to invest large amounts of our scarce resources into the foreign interdiction effort, particularly in the expensive radar and other military-type of hardware that don't seem to be getting many results. In fact, as I men-

tioned, something of a consensus emerged at a summit, which was rather than simply continuing our current strategy, we must find better, cost-effective ways to spend the drug control dollars. We have to examine every program, every priority in which we are investing and see where we should go.

So with that, let me say that I welcome this hearing as the first of a number of hearings in the drug area. My ranking minority member, Mr. Sensenbrenner, suggested we have this series of hearings, and I appreciate his concern and interest. And I will ask him to make brief comments.

Mr. SENSENBRENNER. Thank you, Mr. Chairman, very much.

Mr. Chairman, first of all, let me say that as a member of the former Select Committee on Narcotics Abuse and Control, I believe that the international interdiction phase has been worthwhile.

In the last several years, the Congress and the two Republican administrations jointly have changed the emphasis from an almost exclusive supply-side reduction interdiction and police effort in the United States to one that is balanced between supply interdiction as well as treatment of addicts and education programs designed to reduce the demand in this country.

The sum and substance of these two efforts has been to use the law of supply and demand to try to drive the price of drugs on the street up so that it is more expensive and so that the purity declines and as a result, people who might be interested in buying drugs would be dissuaded from doing so. And I support that type of balanced program.

The real concern that I have is that if the international interdiction efforts are defunded or significantly crippled, then, in effect, what we are going to be doing is allowing more drugs into this country. And I believe that it will be much more expensive to try to interdict them once they are here rather than to try to stop them at the source or try to stop them at the border.

I think that the cost of U.S. police activity is definitely more than attempting to get crop substitution and crop eradication programs in producing countries as well as to provide the sophisticated radar techniques that are used on our southern border, particularly to try to stop drugs that might be in the smuggling route when they arrive in the United States.

Recent reports noted encouraging progress or declines in illicit drug use for most sectors of the population of current drug users, except for hardcore drug addicts. Current users of drugs have decreased 50 percent since 1979. Since 1988 current users of cocaine decreased 45 percent and since 1985, by 80 percent. Since 1988, current adolescent users of cocaine decreased by 76 percent and by 86 percent since 1985. Adolescent drug use is now at its lowest level since national data collection began in 1975. Yet hardcore drug use remained relatively unchanged and thus represents an increasing percentage of overall drug abuse.

In response to those results, my chairman is quoted as saying, "These results confirm a need to change our priorities. We've been doing a lousy job of reaching and treating the worst drug abusers. That's why I propose taking money out of international interdiction, which has failed, and put that money into effective drug treatment programs."

Mr. SCHUMER. Couldn't have said it better myself.

Mr. SENSENBRENNER. I am just taking words out of your mouth. Over the last 2 years, interdiction is said to have removed about a third of the total world production of cocaine. Between 1989 and 1990, in apparent contrast to statements by the GAO, the street price of cocaine significantly increased and its purity decreased. Cocaine availability decreased from 1989 through 1992 with slight increases from 1990 to 1991 and decreases in 1992 to their lowest levels. There were associated improvements in use; that is, decreased usage. The same was true with marijuana and the opposite with heroin, increased availability and increased use.

An aim of interdiction can be summarized as: to decrease supply and thereby reduce availability and increase price with a related decrease in purity. There is much disagreement on the efficacy of interdiction. Even with successful interdiction, it may be that there is more than enough supply of cocaine and heroin on American streets. What we need is a combined, comprehensive approach of interdiction, prevention, and treatment.

Federal treatment spending has doubled over the last 4 years. President Bush's first budget contained a 40-percent increase in funding of drug control programs. And during his administration, funding for drug programs increased almost 80 percent to \$11.9 billion in fiscal year 1993.

Funding for domestic law enforcement increased 90 percent, for international cooperation and interdiction by 38 percent, and for demand reduction by 99 percent since fiscal year 1989. Bush administration initiatives included drug prevention initiatives in public housing, funding for school systems, treatment services, research and the development of treatment protocols, and experimental programs, as well as increased use of boot camps and the expanded funding and encouraged use of community policing.

While the chairman calls for a change in priorities relative to treatment, this has happened with Mr. Clinton deemphasizing and cutting treatment and prevention as compared to the previous administration. In fact, the whole war against drugs appears less important to the current administration. Recently when the Labor, HHS, and Education appropriation bill was passed, \$231 million was cut from treatment and prevention. These cuts were made with the acquiescence or at the suggestion of OMB.

The President was apparently unaware of the cuts and forcefully repeated his support for treatment during the swearing-in ceremony for Lee Brown as drug czar, according to the Washington Post on July 2.

During the campaign, the President pledged to fund treatment on demand.

Of the \$231 million cut from the House-passed bill, \$131 million was cut from the Department of Education drug-free schools program, \$33 million was cut from block grants to States for alcohol and drug treatment programs, and \$67 million was cut from capacity expansion programs aimed at directing treatment funds to inner-city areas, that is, addicts and hardcore users.

The Post also notes that the cuts could have a crippling effect on programs for cocaine and heroin addicts. The newspaper says that Herb Kleber, executive vice president of the Center for Addiction

and Substance Abuse, who oversaw drug treatment programs during the Bush administration, stated, "This is a shameful retreat from the fight against drugs," and would deprive about 45,000 addicts of treatment services.

The Post also quotes an OMB official as saying that, "While the drug programs are considered worthy, they are not as high a priority as Head Start."

In sum, an approach with solely treatment is unlikely to succeed. One witness will make the following analogy: No one ever says deal with gun violence by only building more hospitals. Hardcore addicts are not very receptive to prevention, education, or treatment, especially when given outside the criminal justice system. Most have already been in treatment at least once. The drug use will not decrease as long as prices are low and the drugs are readily available.

A combined approach of the education, prevention, and interdiction seems warranted, and special notice must be given to the burgeoning abuse of heroin.

Thank you.

Mr. SCHUMER. Thank you.

Mr. Edwards.

Mr. EDWARDS. I just want to compliment the chairman and Mr. Sensenbrenner for scheduling these very important hearings. I think it is something that our country needs badly, and I want to compliment you on your summit. I watched it on TV, and it was helpful.

I want to apologize. I will have to be in and out, but I do want to attend these important hearings.

Mr. SCHUMER. Thank you.

Mr. Ramstad.

Mr. RAMSTAD. Mr. Chairman, I too appreciate your efforts and those of the ranking member in holding this oversight hearing on international drug supply and U.S. drug interdiction policy. I hope it will help us focus on how to better coordinate our international interdiction strategy among the various Federal agencies involved in it and represented here today.

As a member of the Hazelden Foundation's National Advisory Council and a grateful recovering alcoholic myself, thanks in large part to chemical dependency treatment, I want to join you in calling for increased emphasis on reducing the demand for drugs, for treatment, and prevention programs. I applaud National Drug Control Policy Director Lee Brown for his outspoken efforts to restore the funds eliminated in the recent House-passed cuts in drug treatment and drug abuse prevention programs—that the Clinton administration officials had accepted. It was certainly refreshing as one who said many times that people in Washington should act more like they are at an AA meeting where people say what they mean and mean what they say.

It was refreshing to hear Director Brown admit that he was, "not in the loop" when the administration agreed to the \$131 million in cuts that Mr. Sensenbrenner referred to from the drug-free school program and the other \$100 million in cuts from treatment programs.

This action, of course, came on the heels of the administration's directive in February slashing the staff of the drug policy office by four-fifths mandating it be reduced to 25 positions.

And Director Brown also had something to say about that when he said in this article from the Washington Post that, "Twenty-five people are simply not sufficient to carry out the mandate of this office." So I certainly applaud Director Brown and his honesty, his straightforward talk, and straight talk in dealing with this problem which certainly requires that kind of talk and action as well.

But it is no wonder that antidrug advocates are questioning the administration's commitment to continuing the antidrug effort, especially when the President pledged during last year's campaign to fund treatment on demand.

Finally, I believe, Mr. Chairman, it is important that we have, as Mr. Sensenbrenner called it, a complete, balanced antidrug strategy.

I also want to mention something else in reference to the recent cuts by the House. I don't think many Members of Congress realize that over the last 5 years, 50 percent of the adult treatment facilities in this country for chemical dependency have been closed. And more alarming is the fact that over the last 3 years, 60 percent of the adolescent treatment centers for chemical dependency in the country have been closed.

So I think this is an alarming trend and something that we in Congress need to be aware of and need to deal with if we are going to realize any sort of a comprehensive or balanced approach, because we do need that balanced approach. I believe interdiction programs need to be reformed, not eliminated. We should not overlook the achievements of United States interdiction policy including the encouraging results in Colombia, Bolivia, and Mexico.

I look forward to the testimony of the witnesses today. And hopefully they can help us in developing this balanced approach to dealing with illegal drug use in the country.

Thank you, Mr. Chairman.

Mr. SCHUMER. Thank you, Mr. Ramstad. And I think the committee values your experience. We hope to work with you and rely on you.

We all want more dollars; we aren't going to get as many as we want. So we ought to get the best bang for the buck. I was mentioning to Mr. Sensenbrenner that eradication seemed to have some good success in certain countries, and I tend to agree with that. My focus is going to be on the actual interdiction crossing the borders, the DOD and Coast Guard activities, \$1.1 billion. And we don't seem to get much bang for the buck on those.

Mr. Gekas.

Mr. GEKAS. Recently I was listening to a talk show, and the guest was the former drug czar—and the first, I suppose—Bill Bennett. When asked questions similar to the ones being raised here today, specifically, are we winning the war on drugs, he felt, very candidly, yes and no; but on balance, he felt yes. And he cited many of the trends that the gentleman—that my colleagues here on the panel have already put into the record.

He did, however, reemphasize—and I believe that is the core of my position thus far—that the balanced approach, the three-

pronged approach in this war, the assault on drugs through interdiction and law enforcement domestically and the treatment arena, must be continued. I believe that he has summoned enough expertise over the years in launching the original effort in the first place that I want to place credibility on the opinions of the former drug czar.

We have seen former treatment plans like the methadone heroin syndrome fail largely because—at least in the communities that I have witnessed the events of that phenomenon—because the addicts themselves many times are neither serious about nor care about the final solution to their problem.

And so, if we sacrifice some of our efforts in interdiction or in law enforcement in return for accenting the treatment, which has a historic failure quotient, I am worried that maybe we are missing the point and sacrificing something that might be working for something that we have evidence may not be working.

In any event, I, at this point, subscribe to the three-pronged assault and will wait to hear the testimony.

I thank the Chair.

Mr. SCHUMER. Thank you, Mr. Gekas. And I think you make a good point, just as not all supply-side efforts work, neither do all demand-side efforts work. And we have to be, I think, careful.

One of the other things we will have a hearing on later on down the road is treatment in the context of the criminal justice system, in prison, before and as a condition of probation.

Mr. GEKAS. We could come to New York.

Mr. SCHUMER. We could come to New York to do that. You did once.

That was another thing at the drug summit where there seems to be a growing consensus that that was the place where there was the most effectiveness.

We are ready for our first panelist. And I know he has a busy schedule. We are happy to have the Deputy Attorney General for the Department of Justice, Philip Heymann. He comes to us from having served in a number of high-level positions in both government and academia.

Before being selected to serve as Deputy IG in Justice, Mr. Heymann served as Deputy Assistant Secretary of State, Associate Special Prosecutor for Watergate, Assistant Attorney General for the Criminal Division, and an active faculty member at Harvard Law School where I was fortunate enough to be in his first criminal law class in 1972.

And, Jim, you can blame him a little bit for some of my views, if you like. And he has also been at the John F. Kennedy School of Government. And I want to personally thank Mr. Heymann for coming. He was an excellent teacher and an excellent government servant, and we are lucky to have him.

I know you are busy. Your prepared remarks will be read into the record without objection. And you may proceed in any way you wish.

**STATEMENT OF PHILIP B. HEYMANN, DEPUTY ATTORNEY
GENERAL, U.S. JUSTICE DEPARTMENT**

Mr. HEYMANN. Thank you, Mr. Chairman. It only seemed like my first year of teaching in 1972. It was probably my third or fourth then. I was a slow learner.

Mr. Chairman and members of the committee, the recent appointment of Dr. Lee Brown as Director of National Drug Control Policy has, of course, started a process through the administration to develop and formulate what this administration's policies will be on the major issues of supply, demand, overseas domestic prosecution, treatment, State and Federal.

A large part of that process will involve addressing the overseas activities of the U.S. Government in its battle against drugs; the subject of today's hearing.

Therefore, in testifying today, well before the completion, very near the early stages of the executive process now underway, I can state as clearly as possible the questions that I think we have to address; but I will not be able to provide the answers to these questions.

First of all, they are very hard questions. Second of all, we will have administration answers in due course.

Still, understanding what I think are no more than eight or nine major questions is a very important part of understanding the issue of overseas enforcement. We are focusing—I am focusing not completely on supply-side questions. Of course, not because I regard the demand side with any less interest than Mr. Ramstad, Mr. Gekas, Mr. Sensenbrenner, and the chairman. It is very, very important.

But today's subject is supply side, and I am going to be focusing on overseas, initially concentrating on cocaine and crack. I am not sure that I see any great difference with regard to heroin, but I think heroin is the drug problem of the future coming up quickly on cocaine. And, therefore, we ought to keep it very much in mind. Heroin is cheaper and purer than we have seen it for a long time in the United States today.

As a number of the members of the committee have indicated, the list of ways to try and deal with the supply of drugs from overseas include three major categories: eradication of the drugs; an attempt to destroy the major organizations themselves or undermine their capacity to engage in the activities that drug processing, producing, growing, and distributing organizations have to engage in; and interdiction of the drugs as they come into the United States.

I am going to be talking about those three things.

The first question is a very general one, and I am going to be trying to state what I think are the seven or eight major questions that are going to have to be addressed by the subcommittee and by the executive branch.

The first question cuts right through both eradication and interdiction, to a lesser extent, efforts to deal with the major supplying organizations. And that question is: How quickly and easily can our efforts be replaced? How quickly can the drug lords compensate for our efforts? It is clearest with regard to eradication and interdiction.

I think you are going to hear from Peter Reuter. He has written extensively on this subject. It is going to be very important for us to decide on each of these questions. I don't have judgments, and the administration doesn't have conclusions on all of them yet. It is important to decide whether our success in eradication or in interdiction results in a disruption of the drug business for a significant period of time, not forever but for a period of months or a year or 2 years, or whether it simply results in an increase in the cost of what is, after all, only a very small part of the cost of drugs on the streets of New York or Philadelphia or Los Angeles or New Orleans. That is the cost of getting them into the United States. The cost of drugs, Peter Reuter will remind you, at the port of entry, is very small compared to the cost of drugs on the streets when sold to an addict.

So we have to know whether either eradication or disruption—we have to reach judgments as to whether eradication and interdiction disrupt the drug traffic or simply increase the cost of a small part of the total cost.

Now, let me switch to eradication. The second question: We have to distinguish in eradication between voluntary eradication programs, crop substitution programs where we have to assess how successful they are, recognizing that we are trying to compete with a very lucrative drug in the case of coca and in the case of poppies too. We have to assess the evidence as to whether, when we pay farmers, through a foreign government, not to produce either cocaine or heroin, we are, in effect, simply paying them to close up one set of fields and open up another or whether we are having a real effect there. That is the big question with regard to that form of interdiction.

There is involuntary interdiction which involves spraying or movements into an area and cutting down plants. That works in the sense that it does surely eradicate coca or poppies. But we have to assess the political costs there.

The third question is take a hard look at what the political costs are. They depend very much on where we are and the cooperation of the country and how severely the country is in internal turmoil of its own.

Let me move to a fourth question. Soon I will lose count of them. Interdiction of airplanes and ships. Here I want to call your attention to the fact that we are going to have to distinguish—and I am sure the committee is aware of it and is going to want to distinguish between targeted interdiction—targeted interdiction is going after a ship or plane which we have some reason, from investigations or intelligence, to suspect may very well be carrying drugs. The same thing across the border with Mexico with vehicles or people, that is almost certainly cost-effective and ought to be maintained. And untargeted interdiction, which is patrolling, largely with military equipment, when we don't have any particular reason to believe that an identified ship or plane or vehicle is going to come across with drugs.

Patrolling, whether it is on the streets looking for burglars or on the seas looking for drug smugglers, always has a relatively low return of arrests or seizures to the cost of it. That is the nature of patrol. But patrol does have certain advantages. It is the item of

our overseas efforts that is most under question now, as the chairman commented. It does have certain advantages. It does signify a concern for our borders, and its randomness, when it does make a hit, may tell us about new organizations that our previous investigations and intelligence didn't know about. That is something of a bonanza, and it undoubtedly does increase the cost of avoiding our ships and planes and radar. It makes drug smuggling more expensive.

I have, so far, talked about two of the three major areas, eradication and interdiction, trying to raise what are the major questions there.

The final area is the one where we are, in some ways, giving our most attention now, and that is trying to destroy the major cartel organizations, particularly in Latin America and Colombia. And that requires primarily being able to capture, prosecute, and send away for some period of time the leaders and a number of members of those organizations. In an only secondary way, it involves seizing their cocaine processing plants, seizing their money assets, using money laundering statutes, using forfeiture statutes, money laundering technique, investigation of money laundering techniques, to get at the organization.

I think the major—much to my surprise and pleasure, it seems to me that we are really quite effective at gathering information and evidence abroad about the major trafficking organizations, particularly those dealing with cocaine.

I think the question that we have to look at very hard and that the committee will have to look at also is whether we are going to be able to successfully turn information or information gathering capacities into a prosecution capacity. We are not very good at extraditing people because Colombia and many nations in the world will not extradite their own nationals. It is a long tradition in many nations. And that means that if we are going to successfully get an organization, even after we have gotten the information about them, we are going to have to be able to get prosecutions abroad, for example, in Colombia or Bolivia or Peru.

We all know that those judicial systems are often very troubled. Sometimes they have notable successes, but it means that this strategy—in deciding about the value of this strategy, we have to make estimates of our capacity to bring the judicial systems of Colombia, Bolivia, and Peru into a state where they can prosecute at least when aided by the United States, both in institution-building and in furnishing of information.

To disrupt the organizations, we are going to have to rely on the judicial systems of Colombia, Bolivia, Peru, and other countries.

I should note at this point that the amount of assistance that is given to the building of judicial institutions abroad is relatively cheap compared to the figures that the chairman mentioned for drug enforcement. It may be \$20 million or \$40 million a year. That turns out to be a crucial investment if we are going to rely on this strategy.

Let me just close by saying a word or two about prosecution, because prosecution in the United States—I have left out, in talking about eradication, interdiction, breaking up the organizations, I have said very little about prosecution. That is because our pros-

ecutors don't work overseas much. But let me just say a word about that.

We are going to need successful prosecutions overseas. I have just mentioned that. That is going to have to be done largely by countries overseas. There is a great deal to be said for arrest and prosecution of street dealers. It makes it hard investigating and prosecuting street dealers, makes it hard for new users to make contacts safely with street dealers, and it makes it hard for street dealers to know who to trust. That is, obviously, going to be a local function. The first is a foreign function, and the second is a local function.

Prosecution will concentrate in two areas: One, the Colombian cartels themselves have integrated to the point where they now will bring the drugs into the United States, the cocaine, and carry it past the port of entry to the city of final distribution. Those are generally, I understand, Colombian-dominated organizations.

The transportation and handling in the United States are matters that deserve the very substantial attention of the Federal Government in its investigations and prosecutions. That has to be a Federal function. It is interstate. We can't rely on local prosecutors and investigators to handle it. It is a major part of the enterprise of bringing drugs into the United States and thus of the enterprise of keeping drugs from coming into the United States.

Second of all, in our cities and in our towns, there are distribution groups which are sometimes business organizations and sometimes gangs. In Chicago and Los Angeles, and other cities, we are talking about very large gangs of young people who handle the distribution business. In that area, I think the Federal Government and the local governments have to work together. We have combined task forces in operations addressing the local organizations that distribute in the cities and towns of America, what is brought in by a largely Colombian and vertically integrated operation. And those joint task forces seem to me to be the right idea.

I guess I can close by saying only that I would like to pick up a point Mr. Gekas made. This is an area, particularly the overseas enforcement, where two things are necessary. I have been emphasizing one of them. The one I have been emphasizing is that there is a hard set of factual questions, about eight or nine; and you have to answer them. Or we have to answer them and you, too, to get a pretty solid idea of what you and we think about overseas enforcement.

But Mr. Gekas quoted the former Director of the drug programs, Mr. Bennett, as saying yes and no as to the success of drug programs. There really is a half-empty, half-full quality to this question. That is not very satisfactory. But there is the glass is half-empty or half-full quality to it, as I am often reminded by the people that are doing it.

Sometimes I look at the programs, and I say, my God, there is no way we can make the glass full. There is not a good way to put it. No matter how hard we try, we will never get our glass of enforcement to the place where it would stop what we want it to stop.

On the other hand, if you think what would lapse if we abandoned all overseas programs—which none of you is recommending, I know—the glass suddenly looks half full. So when you are all

through, we have to ask hard questions about it and then make hard value judgments of a set of programs that will, for the foreseeable future, be half full and half empty both.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Heymann follows:]

STATEMENT OF PHILIP B. HEYMANN
DEPUTY ATTORNEY GENERAL
BEFORE THE SUBCOMMITTEE ON CRIME AND CRIMINAL JUSTICE
JUDICIARY COMMITTEE
U.S. HOUSE OF REPRESENTATIVES
JULY 15, 1993

Mr. Chairman, Members of the Committee, the recent appointment of Dr. Lee Brown as Director of National Drug Control Policy has initiated a process through which the Administration will develop its policy from the answers to a large number of important and difficult questions. A large part of that process will involve addressing the overseas activities of the United States Government in its battle against drugs. Therefore, in testifying today well before the completion of the executive process now under way, I can state the questions we will have to address but cannot provide many of the answers.

Still, understanding the right questions is a very important part of understanding any issue. Let me tell you what I think they are with regard to the issue of programs at or outside our borders to deal with the problems of dangerous drugs. I will try to define the issues starting with the growing and processing areas abroad and moving towards the United States, initially concentrating on cocaine and crack, turning to the growing danger of heroin at the end.

We are talking about efforts to reduce supply and efforts that are focused abroad. A relatively complete list would include eradication, attempts to destroy the major organizations themselves or undermine their necessary resources and structures, and interdiction of transportation of the drugs to the United States.

There is an initial problem that is common to both eradication and interdiction. It is important to decide whether success in either of these efforts does more than require the producers and transporters of the dangerous drug to bear the cost of replacing what has been destroyed or seized. An increase -- even a significant increase -- in that relatively small fraction of the cost of getting cocaine to the streets of Washington, New York, or San Francisco -- cannot increase the street price of cocaine significantly enough to bring about any sizable reduction in use. This question must be addressed, however difficult it is to reach an indisputable conclusion.

In dealing with eradication, it is important to distinguish between voluntary eradication programs based in part upon funds furnished for crop substitution or involuntary programs such as spraying from the air. As to the former, we must assess the evidence bearing on whether payments to abandon cocaine are in fact only useful to shift the location in which cocaine is grown, perhaps by the same farmers. That is not a problem with regard to involuntary eradication, but here the political consequences

can be severe for any country agreeing to spray the coca crops, even if the spray is a very safe herbicide. Assessing the political cost in different countries even of acceptance of U.S. assistance in eradication must be part of our process. In some Latin American countries, for example, it can be a substantial problem.

Interdiction of airplanes or ships moving across our ocean borders or of individuals' vehicles crossing the Mexican border also has two forms. Targeted interdiction, where we know from law enforcement or intelligence sources of the shipment, is far less expensive in terms of its use of American equipment and people. It also can have a significant payoff, not only in the drug seized and the cost that imposes on drug distributing organizations, but also in the opportunity that comes with such knowledge to pursue the networks in the United States responsible for receiving, transporting, and distributing the drugs.

The other form is interdiction without advance information by random patrol which like most other random patrol does not produce a high ratio of successful seizures to cost. There are, of course, other benefits to random patrol. It signifies our concern for our borders; its randomness produces seizures that can tell us new information about new organizations; and it undoubtedly imposes costs of avoidance that increase, at least marginally, the cost of drugs on the street. Still, we must look carefully at the relative benefits and costs of untargeted

patrol.

A third and final set of options involves efforts to destroy the major organizations operating abroad. It is essential that any country's use of the military or the police to help disrupt, dismantle or destroy trafficker organizations must be done in a fashion fully consistent with fundamental principles of human rights. Therefore, destroying a powerful drug dealing organization requires successful prosecutions and the seizure of equipment and proceeds.

As to successful prosecutions, I believe that the United States is now quite effective at gathering the necessary information and evidence even abroad. But successful prosecution also requires honest and effective prosecutors, courts, and prisons. These are often lacking, to a greater or lesser extent, in the countries of Latin America. The alternative -- extradition proceedings followed by trial in the United States -- is often barred by the practice of some civil law countries of refusing to extradite their nationals. Seizures of processing plants are rarely permanently disabling. Seizure of even substantial funds may only temporarily affect the capacity of a drug dealing organization, but can nevertheless be effectively disruptive to the operations of such an organization.

What I have described so far largely bears on the use of

several resources other than prosecution. Our prosecutorial resources should be allocated among the tasks of pursuing major cartels or other drug organizations abroad; the distribution network in the United States which receives those drugs and transports them to the city where they will be used; the gangs or other organizations which handle distribution from the vertically integrated drug producing and transporting syndicate; and the dealer on the street whose prosecution can make it more difficult for a purchaser to find drugs -- this allocation presents a separate set of questions. In the absence of effective extradition or other means of apprehension -- consistent with the principles of international law and practice -- only foreign prosecutors may actually be able to conduct prosecutions of some members of trafficking organizations, and local prosecutors must play the equally crucial market disrupting roles reflected by the last. The federal government can assist in both areas, but may not be able to play a leading role.

However, setting aside the uncertainties about federal prosecutive efforts at those two extremes of the narcotics trafficking and distribution chain, it is easy to recognize a crucial federal role to the investigation and the prosecution of those who, for example, receive drugs at a port of entry and transport them to the place of sale. The interstate character of the transaction and the likelihood the crucial information will come from investigations of activities abroad make the resources

and assets of the federal government indispensable in this area. As to the category of sizable organizations or gangs managing distribution in a city such as Chicago or Los Angeles, we must look more carefully at the allocation of responsibility between federal, state and local prosecutors. A variety of federal/local drug task forces are at work in this area, reflecting the present sense of joint responsibility.

Mr. Chairman and Members of the Committee, these seem to me to be the major questions with regard to interdiction and other overseas activities of the United States in the field of drug enforcement. They reflect the problem of cocaine and their formulation reflects, in some ways, the problem of cocaine and the location of distributors and transporters in Latin America. The situation may differ in relatively minor respects, if we attend to the growing and frightening problem of heroin. So I think that is enough of the description of the questions that we must address. I look forward to responding to your questions.

Mr. SCHUMER. Thank you, Mr. Heymann, I will try to keep my questions brief, because I know you have to hurry along.

First, when will your review be completed and will the administration announce its policies on this issue?

Mr. HEYMANN. I would like you to check with Director Brown when he is here. I believe he said that the first cut that would be made public would be due sometime in September, and the program for the year 1994 would be available later in the year. But he is the one who set the deadlines.

Mr. SCHUMER. The second question I have is: Are you looking at any major reorganization of this effort?

For instance, on the interdiction, we have about five different agencies all doing different types of interdiction. Even overseas, we have the State Department in the INM program. We have DEA. And a lot of it—some of it stems from necessity.

You can see that you somehow need the State Department going overseas, but you also need law enforcement. Some of it is good old-fashioned turf.

Without some central direction from Mr. Brown, from the White House, and, I guess, from Justice as the primary agency involved, these kinds of turf, not only battles, but just synapses that make the effort less easy to prosecute get in the way.

Is the administration considering any changes there? Are you looking at that? Is that part of the first review or second review or anything?

Mr. HEYMANN. I think the answer is that it will be a part of the second review. I think we ought to get an idea what are the major ingredients of the policy and look at organizational structures in light of the major ingredients of the policy.

I should say that anyone who knows the Attorney General as well as you do knows that she is a virtual crusader against duplication of Federal efforts. I have been around the Federal Government so long that I have become accustomed to multiple Federal agencies doing very similar work. She has experienced that as a hardship for 15 years as DA of Dade County. And she is a crusader on this subject. So we are going to be looking at organizational duplicity.

Mr. SCHUMER. That is good news. The final question in the area that I am most interested in terms of the eradication efforts, which were cut by a third, I think, in this budget—and the prosecutorial efforts are relatively cheap. I think it is only \$20 to \$40 million in the prosecutorial effort, although it is a long-term job.

On the other hand, the interdiction efforts are up to \$2.1 billion, which dwarfs it. You mentioned the two types of interdiction, one targeted and one random.

Do you have any idea where the cost breakdown is there—approximately?

Mr. HEYMANN. I think you will get more precise figures from Mr. Wankel of DEA. But I think that you will find that about two-thirds to three-fourths of the cost are in random interdiction, and a quarter or a third of the costs are on targeted interdiction.

Mr. SCHUMER. Would it be your guess there is more bang for the buck in the targeted than the random?

Mr. HEYMANN. I would want to look at it. But I think, at the moment, that is the general sense, yes.

Mr. SCHUMER. Mr. Sensenbrenner.

Mr. SENSENBRENNER. Thank you, Mr. Chairman.

Mr. Heymann, I appreciate you coming here. And I also appreciate your candor in stating that since this is a new administration, you really have not sorted out exactly how to approach these questions.

Let me say, I hope that this is a top priority, because the sooner these matters get sorted out, the better we will be able to deal with this scourge that is plaguing our society.

Mr. HEYMANN. It is a top priority, Mr. Sensenbrenner.

Mr. SENSENBRENNER. Good. That is good news. Let me make three points and ask you to amplify them.

From my experience on the former Select Committee on Narcotics Abuse and Control—I will confess that most of my efforts on that committee have been in the heroin area because I have seen heroin usage increase as cocaine usage has decreased. And I have taken several trips to Southeast Asia to look into matters. The first concern that I have is that coordination between the various Federal agencies dealing with this problem isn't very good. And this is more so overseas where turf battles seem to be more accentuated than in the United States or within our borders.

And I would hope that when the administration announces its policy, people from the Departments of State, Justice, Transportation, and Treasury—Transportation having jurisdiction over the Coast Guard—and Treasury over the Customs Service and other relevant agencies, get together and get the message of whatever the policy is and who is in charge and what the chain of command is to the folks overseas as well as the folks who are in the United States and who are on the borders.

There have been some pretty dicey turf fights that I have seen develop in Southeast Asia that serve no useful purpose to refight. But it seems to me that somebody ought to call the shots when these things develop, whether it is an ambassador or somebody else; and that Washington should be able to quickly back up whatever type of decision is made or consult with whoever is in charge of making the decisions so that the turf fights are kept to a minimum.

My second concern is that very frequently foreign policy concerns work at cross purposes to drug interdiction overseas. I can use the two examples of Burma and China. When the military coup occurred in Burma, the United States foreign policy was to keep the military government in the deep freeze because of their ignoring of the election results. A lot of the heroin production and the original refining of the poppy seeds simply moved across the border from Laos and Thailand into Burma.

When the United States and the People's Republic of China have had foreign policy disagreements following the massacre on Tiananmen Square, the favorite export routes of heroin have been through the southern provinces of China rather than out through Bangkok.

So as our Government's influence with the Burmese and Chinese Governments has gone down, the production and transportation of

heroin in those countries has gone up. And there ought to be some way that we can work on a dual-track basis where we can continue to pressure the Burmese and Chinese Governments on the issue of democracy without completely blowing our influence on the issue of drug production and drug transportation.

Now, the final point I would like to make is that there is an increasing tie between drug trafficking into the United States and illegal immigration. Illegal immigrants that are attempting to sneak across our borders have been used increasingly as mules and carriers simply because the drug lords really have nothing to lose if some of these folks get caught at the border by our interdiction operation.

And there is no way that we can slacken our efforts in attempting to interdict drugs without it having an impact on people who are illegally crossing our southern border. Those things are becoming increasingly tied as Siamese twins and to try to split them apart, in my opinion, is an impossibility.

Thank you.

Mr. HEYMANN. I will try to be brief in responding.

I agree with all the concerns that you are expressing, Mr. Sensenbrenner. My only qualification about the concern with regard to multiple agencies is that I think that the concern is least when we are in the foreign country where DEA seems to have been given a clearly controlling role. And it becomes greater as we approach our borders from the foreign country. When you get to borders, there we have a variety of agencies doing the same thing and perhaps sometimes all over each other.

As you know, the State Department has undertaken or is undertaking a major reorganization, with Senator Tim Wirth now having a responsibility, a major responsibility, here. I hope and believe that will help.

It will also help a little bit on your second question. There is a real conflict unavoidable between concern about human rights or other aspects of foreign policy and narcotic dealing with our effort to put pressure on a country to stop narcotics dealing from its borders.

As to human rights and narcotics dealings, Tim Wirth has both of them now under his responsibility.

Mr. SENSENBRENNER. I have already discussed some of these matters with him.

Mr. HEYMANN. So you have him in a position where one person has to decide on those issues.

The illegal immigration of drugs, they go together with Asia and from our southern borders, and they are creating a major problem in our prison system. They go together. And 25 percent of our prisoners are illegal aliens who have been convicted for something else, not immigration. And most of them were involved in some way with drug smuggling. And it is a very heavy burden at the prison level.

Mr. SENSENBRENNER. Thank you.

Mr. SCHUMER. Mr. Edwards.

Mr. EDWARDS. Thank you, Mr. Chairman. And I join my colleagues in welcoming Mr. Heymann back into the Department of

Justice. We missed you, and we are delighted that you are the Deputy.

Mr. HEYMANN. Thank you, Mr. Edwards.

Mr. EDWARDS. I herald with joy the announcement made by the Attorney General—and, I am sure, subscribed to by you, Mr. Heymann—that you are going to take another look at the whole problem of drugs in America.

Let me tell you, statistically and emotionally and economically, we are not doing a very good job. We are filling our prisons; we are building new prisons. We built 29 new prisons, and they are overcrowded. And prisoners are piled on top of each other, and people are not getting treatment. Diversion is impossible because of these mandatory sentences.

So violent criminals are being allowed to plea bargain and walk the streets while first-time nonviolent drug offenders are locked up for long, long periods of time where they come out of prison violent even though they didn't go in that way. The average that we have added to drug sentences by mandatory sentences is 4 additional years per prisoner.

It is not working, and I am glad that you and the Attorney General are going to help us take another look at the issue.

Mr. SCHUMER. Thank you, Mr. Edwards.

Mr. Ramstad.

Mr. RAMSTAD. Thank you, Mr. Chairman.

Mr. Heymann, one thing that struck me as a former member of the Select Committee on Narcotics Abuse and Control and the hearings that we had with the various agency officials, was the duplicative efforts involving interdiction: DOD, DEA, and branches of the Service—

Mr. HEYMANN. Coast Guard, Treasury, Customs.

Mr. RAMSTAD. Exactly. Stumbling over themselves, not because of any fault of their own, rather because I don't think that the respective missions were clearly delineated.

And I am just wondering, given the fact that the Defense Department receives the lion's share of Federal funding for interdiction efforts, what your feelings were about having DOD direct and coordinate our interdiction strategy.

I mean, is DOD the correct place where the strategy should be directed? Should it be directed elsewhere? Should it be decentralized? More centralized? How do we coordinate it better?

I don't think we are doing a good job. There is too much duplication of efforts.

Mr. HEYMANN. Mr. Ramstad, I am sure that I don't know enough to answer that question well.

I do think we need a single coordinating point with regard to interdiction. DOD is not the agency that has the expertise on drugs, on drug flows, on drug dealers, on all those issues. My own reaction, which may be, for the moment, parochially, Justice oriented or perhaps Lee Brown oriented, is to want the control of that to be in the hands of people whose major work is narcotics.

DEA controls the assets, and we probably can't tell them very well how to use the interdiction assets. But I think someone else should tell them where to use them and what the targets should be.

Mr. RAMSTAD. Mr. Heymann, I couldn't agree more. And that was one point that came home even with respect to eradication efforts when members of the select committee were in the Middle East at Syria, Lebanon, the Bekaa Valley—one of the biggest producers of poppy seeds—Israel, Pakistan.

In that Middle Eastern visit, drug officials from those various countries also were confused and requested that if we do one thing, that the efforts be more coordinated and the responsibilities better defined. So it is refreshing. And that is where—as I pointed out to Chairman Rangel in those hearings—I think that is where the responsibility more properly lies. So I am really glad to hear you say that.

The only other question I have of Mr. Heymann is what grade Schumer got in that class?

Hey, I don't want to put you on the spot.

Mr. HEYMANN. I want to assure you that the chairman of this committee, whoever it is, would have gotten a wonderful grade, at least in retrospect.

Mr. SCHUMER. Mr. Heymann was in my third year that I took a course from him. The first year it was criminal law from Professor Bell, I was going to say, as I realized it after, what grade I got. But I won't since he was not the teacher.

Mr. Mann.

Mr. MANN. Mr. Heymann, thank you for being here today. I guess I want to know just how big this glass is that is half full. And I was struck by the portion of your written testimony that seems to concede that the eradication interdiction efforts that we can reasonably expect ourselves to be able to pursue don't have much impact on use.

Mr. HEYMANN. I meant to raise—I meant to say that there is a question there. I didn't intend to give an answer to it, Mr. Mann.

Peter Reuter, when he testifies before you later today, will emphasize a relatively small part of the cost of drugs on the streets is attributable to the cost of growing them, which is obviously relatively cheap—cheap land, cheap labor—or even attributable to the cost of getting them into the United States, which we make much more expensive by interdiction efforts. It is just that a great part of the cost is attributable to the difficulty of bringing the drugs from a seaport, Miami, some place else, to Cincinnati or Cleveland or Des Moines.

And that means that you have to worry about whether increasing the cost of the small part—doubling the cost of the small part will make much difference.

But I don't know the answer to that. You would have to make—you would have to reach some judgments about that.

Mr. MANN. My background is in city government in Cincinnati, and it is clear that the police officer on the street thinks that, for instance, it doesn't matter how many police officers you might add to a force as long as there are people in our society for whatever reason—and we need to explore those reasons—who want to use the stuff and pay for the stuff, then there is going to be somebody else to take the risks associated with providing this stuff and making a profit from it.

So my answer to the question, which I suppose is intuitive as much as anything, is that this set of efforts doesn't have much to do with our drug problem. What we really have to approach—and this is why I have been very pleased with some of the comments of the Attorney General and Mr. Brown—is why people are using drugs and what it is about their lives that leads them to want to spend what resources they have on using them.

And I am convinced personally that unless we address that question, we are going to continue to have a tremendous problem in this country.

Mr. HEYMANN. I think that is a crucially important problem, Mr. Mann. But the half-full argument is disconcerting for me. It has some validity to it. If I imagine no efforts against the major cartels in Colombia, no efforts to eradicate, no efforts to interdict, or no substantial efforts in any of those areas, I could picture a flow of drugs that would be much greater and much more dangerous than we are now facing. So there is a half-full quality to it.

Mr. SCHUMER. Mr. Gekas.

Mr. GEKAS. I thank the Chair.

There seems to be something in the questions and the testimony that shows a disparity between current White House policy with its budget recommendations and what we feel generally should be the effort. Has the White House briefed you on its general policy in this area? Or—

Mr. HEYMANN. I have sat down and had long conversations with the—with Director Brown, with Lee Brown.

Mr. GEKAS. I understand. You mean just in the last 2 weeks?

Mr. HEYMANN. Yes. I assume it was in the last 2 weeks. Maybe it was 3 weeks, but I have had long conversations with him about this.

Mr. GEKAS. Did you gather from that or infer or learn from these discussions that, indeed, there is going to be legislation to come up to reauthorize the drug czar's office and all the things that we have been determining?

Mr. HEYMANN. I think that you will find a somewhat reshaped program that is very vigorous in its attack on the drug problem in all dimensions, in treatment, in prevention through education, and very much so in supply. And I think it is going to be domestic and foreign.

Mr. GEKAS. So when we leave these hearings here today, we will be, as you would perceive it, continuing the war on drugs in the same parameters that we have established before and the same target areas?

Mr. HEYMANN. With an effort to, as the chairman has said, Mr. Gekas—with an effort to learn from experience and get the dollars where they matter most. A very—no reduction in interest, but an effort to get the dollars where they matter most because dollars are getting scarcer.

Mr. GEKAS. Tell me.

Mr. HEYMANN. I know.

Mr. SCHUMER. The reporter will show mutual commiseration.

Mr. GEKAS. One of your characterizations which has continued to astound me, because I have heard it in many different ways, is that a foreign national walks—brings the substance with him,

walks into our country, and goes to a target city practically unmolested.

Are you talking about somebody who comes in legally first? We know about the porous borders.

Mr. HEYMANN. No, I didn't mean to talk about an individual. I am told by the people who have been studying drugs for some time, that the organization of the delivery of cocaine is vertically integrated as if General Motors were owning and running the dealerships in Cincinnati themselves, and that the same organizations having the ability to hire and fire and kill people who work for them not only buy the drugs but process them, process them in Colombia, get them across the ocean and the sea to the United States, and move them from the port of entry to the city where they end up.

I am not talking about a mule—I mean I am not talking about the same person carrying it in a briefcase. I am talking about a complicated organization that is well enough—that is powerful enough and modern enough to move the drugs all the way from—

Mr. GEKAS. Colombia to Columbus?

Mr. HEYMANN. Very well said.

Mr. GEKAS. Thank you very much.

I have no further questions.

Mr. SCHUMER. Thank you, Mr. Gekas.

And thank you, Mr. Heymann.

Mr. HEYMANN. Thank you, Mr. Chairman.

Mr. SCHUMER. Will the second panel come forward.

Let me say that we scheduled a break at approximately 11 o'clock and a resumption at 12:15. We are going to try to get through this panel so they don't have to wait for the break.

So I am going to ask each of our people testifying, we will read the entire statements into the record. We will limit each of them to 5 minutes, and then the questions we will try to keep limited as well.

Let me introduce our panel.

First is John Walters. He is currently a visiting fellow at the Hudson Institute. He served as Deputy Director for Supply Reduction the Office of Drug Control Policy for the Bush administration. In that position, he was responsible for developing policy coordinating efforts essential to diminishing the supply of illegal drugs in America.

Mr. Peter Bensinger is president of Bensinger, DuPont & Associates, a professional consulting firm providing services to private industry, national and community organizations, and government on a host of drug-related issues. He served as the Administrator of DEA for the Ford administration.

And Dr. Peter Reuter who, as Professor Heymann mentioned, is the senior economist in the Rand Corp. and co-director of the Rand Drug Policy Research Center. Since 1983, he has worked primarily on drug policy issues and published a number of papers and studies on drug endorsement.

And Dr. Reuter is accompanied by Dr. Jack Riley who has written publications on drug policy. We are going to give each of you, Mr. Walters, Mr. Bensinger, Mr. Reuter, the 5 minutes.

And so, Mr. Walters, you may proceed.

STATEMENT OF JOHN P. WALTERS, VISITING FELLOW, THE
HUDSON INSTITUTE, WASHINGTON, DC

Mr. WALTERS. Thank you, Mr. Chairman. I won't repeat my testimony. I have tried to give you—

Mr. SCHUMER. Mr. Reuter and Mr. Riley are going to share their time.

Mr. WALTERS. I tried to give you a background for where I think we are, given my experience, and some detail on supply, interdiction, and its relation to demand reduction. But let me make a couple of general points, partly in relation to what happened earlier at this hearing.

First of all, there is no glass empty, glass half-full here. We have drained this glass big time. And the problem that you have and the reason that you see the cuts and the failure to create a policy and the talk about weakening a lot of areas is because the political pressure on an aggressive war on drugs has diminished. And the reason it has diminished is that use by the vast middle America has fallen through the floor. Now, 85 percent of the cocaine use in 1985; half the level of drug use overall in adolescents that we were most worried about in the 1980's when we heard reports of crack in the elementary schools. Those declines have been greater. I suppose that one of the reasons that the treatment centers have closed is that they don't have clients.

We didn't get everything that we asked for from Congress, and the current administration is reducing what it asked for. If you want to treat drug use effectively, you have to pay for and put the money where the drug addicts are. Now, 80 percent of drug capacity is being used, and 20 percent isn't, because the treatment slots aren't targeted where the drug users are. I put some focus on that.

If we put more money in here and cut it from some place else, let's make sure we are getting quality treatment and we have accountability. We have sent up proposals for that. There is a remarkable reluctance to make treatment focused and worked. And if it is not needed, we ought to stop wasting the money. Because if you waste the money, people won't support it and junkies are going to come in last unless you have a good case to make. And they just did a couple of weeks ago.

Second, supply reduction, and more directly the interdiction issue, we do have a drug problem. We still have 6 million addicts in this country, and we are not doing a very good job of reducing those in contrast to casual users.

How do we do that? We don't use supply reduction. We have to use treatment. That is the only thing that reaches them. I will point out, as I did in my testimony, most substance-dependent individuals have been through treatment already at least once. It would be helpful if it worked a little more effectively.

Second, what we need to do is remember that drug addicts spend most of their disposable income on drugs. When it gets more expensive, they use less. When we had a decline in cocaine flow in 1989 and 1990 through interdiction efforts, the number of people who showed up in emergency rooms and died according to medical examiner reports due to cocaine overdoses dropped by 20 percent. The single biggest decline in drug use that we had in this period

was for cocaine, and it was caused by supply efforts, not the doubling of treatment money.

Third, it is important the message that we send to them. Thirty percent of the people in treatment now are referred by the criminal justice system. We need strong laws. The Federal Government does not put users in prison; it puts traffickers in prison. State and locals do put users in prison, but there is a lot of deferral. And we are talking about reducing mandatory minimums and changing asset forfeiture laws, and the House just cut treatment.

I think what we are looking at here is the end of drug war. Now, I don't think that is necessarily good. I do think we need to restructure, given the successes that have been made. But we have to focus on what is going to work. Addicts are sensitive to supply. And the question is: Can we reduce supply, and can we do it better domestically or abroad? But the previous drug strategy tried to do both; encourage community policing and encourage attacks on organizations in this country which exist.

But none of those—with the exception of certain areas; the Chambers brothers in Detroit—did these programs significantly reduce the availability. The changes we saw in cocaine were as a result of interdiction and source country efforts. That is where you have to go. It is easier to interdict when the cocaine is in the metric ton quantity than when it is in the one-tenth of a gram quantity.

Can we do it? Yes, we can do it. But it is a question of, are we willing to pay the price? Can we eradicate the coca in this country? Of course we can. You use Round-Up on your lawn. It can be applied to the coca fields abroad. What is the diplomatic cost? It was thought to be prohibitive in the past.

Let me make one more point on interdiction. We also have the ability to stop small planes that bring the most cocaine from South America. We diminish it when we patrol. But the question is: Are we willing to pay the cost? We have to be willing to say: What are we willing to achieve?

My argument and my plea to you is, there are a lot of things that we can do that are incrementally effective. You've got to be willing to say: Does the population that is paying the price today for drugs, not the vast middle class but the inner cities—particularly black inner-city young people who are being killed and having their lives ruined and their communities destroyed—do they deserve their kind of hell?

The cartels are taking several hundred thousand dollars a month out of inner cities and sending it to Colombia. Do you want to have urban renewal? Stop the cocaine trade. That is sucking the money out. That is where the food stamp and welfare money is going. You have to be willing to strengthen intelligence, which the Congress cut. And you have to be willing to strengthen the organization and the determination and the mission of interdiction.

And I don't believe that law enforcement can direct DOD assets. I urge you to look at these assets before you go to the floor and offer to gut the DOD budget for interdiction. Go to the command centers. Talk to the people in the field. Many of them want to do a better job, but they are constrained because of rules of engagement, mission, and interdiction.

I will stop there.

[The prepared statement of Mr. Walters follows:]

PREPARED STATEMENT OF JOHN P. WALTERS, VISITING FELLOW, THE HUDSON
INSTITUTE, WASHINGTON, DC

Mr. Chairman and Members of the Committee I am pleased to testify before you today. As you know, I am here today as a private citizen.

INTRODUCTION

In order to understand the topic of this hearing properly, it is important to establish its context -- the drug war: where we are today and how we got here.

On September 5, 1989, President Bush delivered his first major televised address. The subject was illicit drugs, which the President called "the gravest threat facing our Nation today." Every major public opinion poll showed that by a wide margin Americans regarded the drug epidemic as the Nation's most serious problem.

Four years ago more than 14 million Americans were current, active users of such drugs as cocaine, marijuana, and heroin. Nearly 2 million adolescents were using drugs.

The drug epidemic was fueled by unprecedented quantities of cocaine flooding across our borders, bringing ever-lower street prices that fostered the seduction of new users. Abroad, narco-terrorists in Colombia were on the verge of bringing one of Latin America's oldest democracies to its knees with the brutal murders of a Presidential candidate and some 200 judges, including seven supreme court justices.

Throughout most of the 1980's, the Nation's response to the drug threat had been vigorous and well-intentioned, but it was not always well coordinated. Federal agencies with responsibilities for law enforcement, interdiction, and demand reduction had overlapping responsibilities and often worked at cross purposes -- sometimes erupting in so called turf battles. Communities hit hard by drugs often lacked the means and support for mobilizing against the threat. Many States had yet to marshal effectively their own resources to fight drugs or to form a productive and effective alliance with the Federal government. Insufficient attention was paid to drug prevention in the schools, and Federal support for drug treatment and research languished. Much remained to be done by the United States to work with source and transit

countries such as Peru, Colombia, and Mexico to control the cultivation, manufacture, and export of drugs.

President Bush's 1989 speech to the American people signalled not just a call for new resources with which to fight drugs, but also a new approach. To develop and coordinate the implementation of this new approach, the Office of National Drug Control Policy (ONDCP) was created within the Executive Office of the President. The Office was authorized by the Anti-Drug Abuse Act of 1988 to develop and advise the President on a national drug control strategy, a consolidated drug control budget, and other management and organizational issues.

The September 1989 Strategy and each succeeding Strategy were grounded on four key principles that made explicit the Bush Administration's understanding of the nature our Nation's drug problem:

1. The essence of the drug problem is drug use. Our ultimate goal, and the measure of our success, must be to reduce the number of Americans who use drugs. Heretofore, our progress in fighting drugs was frequently measured in terms of the number of arrests, conviction rates, and quantities of drugs seized. These are useful indicators, but they address only the symptoms, not the problem itself: drug use. Too little attention had been given to such indicators of drug use as drug-related deaths, injuries, and levels of drug use among various populations.
2. Because they are the heart of the problem, drug users must be held accountable. Although there are many reasons individuals offer for taking drugs -- such as unemployment, boredom, peer pressure, homelessness, and depression -- by and large, drug use is the result of bad decisions by individuals exercising free will. An important means of persuading individuals not to use drugs is to make it clear to them that using drugs will lead inevitably to specific adverse consequences and sanctions. These may and should include a range of civil and criminal penalties, from loss of professional license to court-ordered drug treatment, as well as social sanctions from family, school, employer, and community.
3. To be effective, the Nation's anti-drug efforts must integrate efforts to reduce the supply of as well as the demand for illegal drugs. No single tactic, pursued alone or to the detriment of others, can be effective in reducing drug use. Rather, to be fully effective, prevention and treatment programs need the support of programs to reduce the supply and availability of illegal drugs. I should also note, that a portion of the supply reduction effort contributes directly to reducing the demand for illegal drugs in two ways:
 - o by discouraging use through the threat of apprehension and punishment, and
 - o by directing substance-dependent individuals who enter the criminal justice system to undertake and complete treatment programs.

The remainder of the supply reduction effort contributes to reducing drug

use only if it can reduce the availability of illegal drugs -- that is, make them more difficult to obtain, more costly, and less pure.

4. We must have a national, not just a Federal anti-drug effort. Any national drug control effort that fails to energize and support State and local officials, the private sector, families, religious institutions, and community initiatives, is unlikely to get the job done. Part of the fight involves Federal resources expanded by Federal authorities, but an even bigger part of the fight involves Federal, State, local, and non-governmental resources expended by communities, neighborhoods, schools, workplaces, and individuals.

In response to the National Drug Control Strategy, more money, attention, thinking, research, legislative and government action, cooperative effort, and personnel were applied to the drug problem than at any time in our history. More citizens mobilized in their communities to battle drugs. More schools implemented drug prevention programs. More drug users were able to obtain treatment. And efforts to arrest traffickers, eradicate domestic drug crops, and interdict incoming drugs were intensified.

President Bush bolstered the National Drug Control Strategy by seeking unprecedented increases in Federal funding for virtually every facet of the war on drugs. His first budget alone proposed a 40 percent increase in funding for drug control programs. During the Bush Administration, funding for drug programs increased by nearly 80 percent to \$11.9 billion in FY 1993. Funding for domestic law enforcement grew by 90 percent, for international cooperation and interdiction by 38 percent, and for demand reduction by 99 percent since FY 1989. The Bush Administration projected a budget of \$13.4 billion, an 11 percent increase over the FY 1993 appropriation, to support the National Drug Control Strategy in FY 1994.

From the first to the fourth and last National Drug Control Strategy a number of initiatives were launched, including:

- o Creation of a \$100 million per year grant program to help communities mobilize against drugs.
- o Increased funding for drug prevention in public housing communities from \$8 million in FY 1989 to \$175 million in FY 1993.
- o Funding requests that would have doubled Federal funding for school systems ravaged by drugs and drug-related crime.
- o Doubled funding for drug treatment services and research, and proposed and signed into law legislation that improves state strategic planning for drug treatment systems.
- o Initiated the development of model drug treatment protocols and standards of care for treatment providers.
- o Pioneered multi-modality drug treatment campuses and experimental programs integrating drug treatment at Job Corps training centers.

- o Expanded funding and encouragement for community policing approaches by local law enforcement.
- o Increased the use of significant elements of the U.S. Armed Forces in the fight against illegal drugs.
- o Expanded cooperative programs with Colombia, Mexico, Bolivia, Peru, and other source and transit countries.
- o Increased the use of boot camps and other alternative sanctions for drug offenders.
- o Greatly increased the eradication of domestically-grown marijuana crops.

There is always a temptation to assess progress or failure in the fight against drugs by whatever happens to be the latest piece of good or bad news. But a strategy designed to fight a national drug problem requires a more systematic evaluation of its progress. It requires that we look beyond vivid anecdotal reports or piecemeal statistical data such as the number of arrests, the amount of seizures, or the number of people treated. This information is important, but as noted above, the only real gauge of how we are doing is the number of Americans using drugs.

Against this bench mark there has been significant progress. The number of current users of drugs (that is, persons reporting use of an illicit drug during the past month) declined steadily in the 1980's and continued to decline in the 1990's. Indeed, the number of current drug users is now half that in 1979. Since 1988, the number of Americans who reported using cocaine within the past month is down by 45 percent. Since 1985, it has declined by almost 80 percent. As impressive as these statistics are, declines in adolescent drug use are even more impressive. The number of adolescents who use cocaine on a current basis has declined by 76 percent since 1988, and by 86 percent since 1985. Adolescent drug use is now at the lowest level since national data collection began in 1975.

Behind these statistics is a sea change in Americans' attitudes toward drug use. For years we equivocated over whether drugs were bad or simply a lifestyle choice. A *Time* magazine cover from the early 1980's portrayed cocaine as the contemporary equivalent to the martini, and a number of States decriminalized the use of marijuana. Our national leaders did not speak about the drug problem, nor unite the Nation in an effective course of action against it.

But through the leadership of President Bush, President and Mrs. Reagan, key Democratic and Republican Members of Congress, the Partnership for a Drug-Free America, and many others -- and after many lives were lost or ruined -- the Nation finally made up its mind. We've come to understand that drug use not only is dangerous, it is wrong, and that drug use makes bad parents, unreliable co-workers, poor students, and erratic citizens.

The 1992 data show, as expected, there are two distinct fronts in the war on drugs. The National Drug Control Strategy was designed to curtail the spread

of drug use by dramatically reducing casual use -- the vector by which this pathology spreads. Recent data confirm that we have been successful beyond expectation on this front -- and reveals how wrong the critics and legalizers were. Hard-core addicted users -- those on the second front -- now probably constitute over 50 percent of all current drug users. Since they are more resistant to conventional anti-drug use measures than casual users, progress in this area will be difficult. Despite a doubling of Federal treatment funding since 1988, the available evidence indicates the addict population has not declined.

SUPPLY REDUCTION, INTERDICTION, AND DRUG USE

Your area of interest today is the interdiction and international portion of what is usually called our supply reduction effort. Interdiction attacks the supply networks that link domestic and international trafficking operations. Interdiction also complements investigative efforts. Post seizure analysis can determine the source of the narcotics and help initiate successful investigations of trafficking organizations. Also, controlled deliveries and informant development can lead to the trafficking kingpins and their money launderers.

In general, our interdiction efforts create numerous problems for traffickers:

- o Seizing large amounts of drugs from mid- and lower-level traffickers has a direct impact on the profitability of their operations, and may even cause them to go out of business. Interdicting drugs consigned to lower-level dealers creates mistrust within the trafficking chain of distribution and makes the supply of drugs to their customers erratic and unreliable.
- o At higher levels, trafficking organizations can absorb greater losses from interdiction seizures as part of their operating cost. At these levels, a particular interdiction success is more of a nuisance to drug trafficking organizations than a threat to their existence. However, even here interdiction creates uncertainty, increases the cost of doing business, and raises the chance of getting caught and punished. If interdiction efforts are sustained over long periods of time, the accumulated losses and increased difficulty of doing business begin to affect even high level traffickers.
- o From an investigative standpoint, individual interdiction efforts that lead to the seizure of drugs at our ports of entry provide law enforcement with the necessary physical evidence to prosecute high-level domestic and foreign traffickers. Such prosecutions eliminate traffickers and their agents and support our goal of disrupting trafficking operations and dismantling the organizations that control them.

Perhaps of greatest significance overall, interdiction efforts prevent substantial quantities of drugs from reaching our streets. The chart below shows, the hundreds of tons of illegal drugs stopped from reaching our

communities by Federal agencies working at or near our borders -- it does not include even greater seizures made abroad in a cooperative effort with our allies. Some of your other witnesses may be able to provide more detailed and current data in this regard.

FEDERAL-WIDE DRUG SEIZURE SYSTEM*
(in kilograms)

| | FY 1990 | FY 1991 | FY 1992 |
|-----------|---------|---------|---------|
| HEROIN | 815 | 1,374 | 1,121 |
| COCAINE | 107,300 | 109,500 | 137,800 |
| MARIJUANA | 227,460 | 307,845 | 354,994 |

* FDES contains information about drug seizures made within the jurisdiction of the United States by the DEA, FBI, Customs, as well as maritime seizures by the Coast Guard. Drug seizures made by other Federal agencies are included in the FDES when custody of the drug evidence was transferred to one of the four agencies above. Hence, FDES statistics reflect the combined Federal drug seizure effort.

THE ANDEAN STRATEGY

Our international drug war exists to reduce the availability of drugs here at home. The Andean Strategy, as it is known, has three crucial objectives: attack the major cocaine trafficking organizations headquartered in Colombia, disrupt the main transit routes (air, river, and road) of the cocaine trade, and establish sufficient enforcement presence in key coca growing areas in Peru and Bolivia to sustain a major reduction in the sale and processing of the coca leaf and thereby substantially reduce the incentives for illicit coca farming. To this source country effort was joined a partnership with Central American and Caribbean nations, with particular emphasis on Mexico, to attack secondary drug production areas and attack cocaine shipments from the Andes to the U.S.

What happened? Colombia mounted and sustained (against all predictions) a campaign to put the Medellin Cartel out of business. There were some ups and downs -- the escape of Pablo Escobar being the worst setback -- but the Medellin Cartel, generally described as the most powerful criminal organization in the world in 1988, has been almost completely destroyed. The courts and criminal justice system is rebuilding after assassinations on a wide scale by the cartels, attacks on the Cali Cartel were launched for the first time, and greater resources were deployed against the air traffic that is the transportation backbone of the cocaine industry. No nation can attack the cocaine trade's senior and key management as Colombia can, and as it has. Its peak pressure on the Medellin leadership in late 1989 and early 1990 resulted in sharply reduced cocaine availability in the U.S. -- and a

corresponding decline in cocaine use and in deaths and emergency room admissions related to cocaine use.

Bolivian enforcement efforts over the last four years have gone from inconsequential destruction of small coca-farmer leaf processing pits to a sustained disruption of trafficker operations throughout the Chapare. Major Bolivian trafficking organizations have been identified and apprehended, and towns previously used by traffickers as free operating areas have been raided and brought under government control. As much as a 50 percent disruption in the flow of coca products out of Bolivia may have occurred last year, with reports of Colombians arriving to reconstruct damaged Bolivian operations. Corruption and weak political commitment have required constant attention, but have been managed in almost all cases. According to the World Bank, the coca/cocaine trade in Bolivia has dropped from 26 percent of Gross Domestic Product in 1987 to only 2 percent in recent years.

In contrast, Peru's performance, by any standard has been disappointing. Corruption, an attack on a U.S. military aircraft on a drug surveillance mission (killing one crew member and severely injuring another) by the Peruvian air force, and President Fujimori's inability to place subordinates in charge of fashioning and carrying out anti-drug programs, have all hurt results.

Nonetheless, even in Peru, some progress was made. The police and the army have conducted numerous operations in coordination -- something that many did not believe possible just a few years ago. At various times, trafficker air flights have been disrupted by Peruvian air force patrols, forcedowns, and even shootdowns. And government authority has been extended to airfields previously under the control of the traffickers. President Fujimori, can do more. The U.S. has not and is not giving him a choice: cut the cocaine flow or we will stop all our aid, trade, and support for Peru. It is time to be more forceful with Peru.

The U.S. has led the creation of anti-drug initiatives throughout the world, but none have grown more than our drug control partnership with Mexico. Mexico was the largest producer of opium in this hemisphere and the largest producer of marijuana in the world, in 1989. Since then Mexico has cut its harvestable poppy production by 50 percent, and its estimated marijuana production by more than two-thirds.

Of even greater importance Mexico seized almost 40 metric tons of cocaine last year -- second only to the U.S. in worldwide seizures -- and roughly equivalent to 10-15 percent of estimated U.S. consumption.

In 1992, Mexico also arrested the heads of some of the largest trafficking groups known to operate within its borders, including a senior member of the Medellin cartel. And, the Salinas Administration has taken some of the most extensive anti-corruption measures ever seen. Last year 270 police personnel were referred for prosecution on charges of corruption, abuse of authority, and drug-related crimes. The year before, 3,000 Mexican Customs Police were fired. Yes, corruption is still a problem, but Mexican drug enforcement has improved dramatically.

DRUG AVAILABILITY

As I noted at the beginning of this testimony, aside from the two aspects of our supply reduction efforts that contribute directly to reducing demand, supply reduction activities must be judged in terms of their cost effectiveness in diminishing the availability of illegal drugs. So what do we know about trends in the availability of illegal drugs?

Availability estimates have been produced every year by the U.S. Government in two formats:

- o The International Narcotics Control Strategy Report (INCSR), required by the Foreign Assistance Act, has been produced annually by the Department of State in consultation with U.S. Embassies, DEA, OGD, CIA, ONDCP, as well as other offices and agencies of the U.S. Government. The INCSR addresses the major source and transit country situations as they relate to cultivation, production, and transit of drugs.
- o The National Narcotics Intelligence Consumers Committee (NNICC), an eleven-agency group chaired by DEA, has produced an annual report that addresses the availability of drugs in the United States.

These two assessment reports have been fully reviewed by the primary drug law enforcement, treatment, and interdiction agencies to develop a unified judgment within the U.S. Government community using the best information and analysis. In addition, for cocaine, a private-sector research firm has produced the best existing model of availability and use, relying on all current use data and the cocaine supply data noted above.

A primary element in producing estimates of the amounts of drugs entering the United States is the assessment of the quantities of drugs produced overseas and available for export. Both the coca and opium production estimates have reflected maximum production possible with limited information to account for variations in crop yields and loss factors from cultivation through final processing. Studies are well under way to define more precisely coca and cocaine processing losses caused by factors including: weather, disease, insects, leaf harvesting and drying inefficiencies, waste, spoilage, eradication, local consumption, conversion losses, local consumption and seizures. As these factors are defined, they should be included in the production estimate methodology to provide a more accurate picture of available cocaine. Studies are also underway to size opium cultivation in new areas and more accurately estimate opium yields.

Figures on drug seizures cannot be taken as direct evidence of the amount of drugs entering the United States, because the percentage of drugs that evades seizure is generally not known. There was a time when the prevailing view was that seizures always represented 10 percent of the total amount of illegal drugs shipped and the more that was seized the more the total estimated flow was said to increase. We still hear such baseless pseudo-analysis from time to time by would-be drug experts. In fact, higher seizures may reflect better intelligence, improved interdiction techniques, increased interdiction resources, and luck. They do not necessarily imply commensurately increasing

amounts of drugs actually entering the United States.

Illicit drug price and purity are some of the best current indicators of drug availability in the United States. When an illegal drug's availability decreases, its purity declines and its price rises. However, price and purity reflect the interaction of supply and demand. As demand falls (as it has in terms of the number of users of most illegal drugs in recent years), supply reductions have to exceed demand declines to reduce availability. We also know that increased prices for illegal drugs (as with other products) tends to diminish consumption and traffickers may try to reduce purity as means of keeping prices low when supply fails to keep pace with demand.

So what do we know about the trends in availability for the most dangerous drugs we have sought to control?

Heroin

Worldwide opium production remains near its historic high over the past decade or more (although it has been below the actual 1989 peak). Heroin in the U.S. has generally increased in purity and decreased in price in recent years. The volume consumed in this country remains small -- in the tens of metric tons, and totalling approximately seven percent of world opium production. There may be some increase in U.S. heroin consumption. We do not have indications of an epidemic, and most new users of heroin seem to be coming from the pool of older, heavy cocaine users, but there are signs of increased availability and increased use.

In my view we do not yet have an effective means of marshalling intelligence and attacking the domestic heroin trafficking organizations in a manner broad enough to disrupt supply nationally. Increased heroin seizures have not kept pace with estimated increases in supply. International cooperation may offer some opportunities, but given the scope of the problem internationally and the political situation in the major producing countries, particularly Burma, I believe the most realistic means of attacking supply is to focus on domestic heroin trafficking organizations. In that regard, the key to any heroin supply, or demand reduction effort, is the New York City metropolitan area where consumption is most heavily concentrated.

Marijuana

Marijuana is a supply reduction success story. Through aggressive interdiction, greatly expanded Mexican eradication efforts, and our own extensive domestic eradication program, marijuana prices have risen sharply. In the last couple of years, in many places, the cost of marijuana by weight has exceeded gold. This decline in availability has been paralleled by a decline in use.

Indoor cultivation efforts in this country and greater smuggling from abroad are a growing trafficker response. DEA has sought to target "indoor grows" and it remains to be seen if this and other aspects of this domestic and foreign success story will be sustained. The price remains high, but has dropped a bit recently.

Cocaine

After rising rapidly in the 1980's coca cultivation seems to have peaked in 1990 and declined slightly, with estimated potential cocaine production peaking in 1991.

Cocaine seizures worldwide have grown steadily from approximately 200 metric tons in 1989 to well over 300 metric tons for 1992. Seizures at or near the U.S. border were roughly 100 metric tons for 1989, 1990, and 1991. They increased to roughly 140 metric tons in 1992.

But the real growth in seizures has been the result of our partnership with source and transit countries in Latin America. In particular, we and our allies are exploiting the air interdiction vulnerabilities of traffickers throughout the hemisphere. Seizures of cocaine in Latin America have grown from 57 metric tons in 1988 to over 200 metric tons in 1991 and over 180 metric tons in 1992. This means that, depending upon the analytic model used, between 30 and 50 percent of estimated potential cocaine production is now stopped between source countries and the U.S. Or put another way, the best analysis presently available indicates that less than half the potential cocaine production, now reaches the U.S.

Let me quickly add three points:

- o the estimates are imprecise and no law enforcement or national security official I have ever served with would claim otherwise;
- o even with a substantial decline in the supply of cocaine reaching the U.S., there is still enough reaching our shores to pose a serious problem; and
- o the most sobering lesson this data offers, may be how much more cocaine - cheaper and purer -- could be on our streets.

As I noted earlier, current cocaine use has dropped by almost 80 percent since its peak in 1985. Prices generally fell and purity increased through 1988. In 1989 and 1990 purity dropped and prices rose. Cocaine prices remained relatively stable at the wholesale and retail levels during 1991. Wholesale and retail cocaine purity levels, however, increased significantly in 1991.

- o Wholesale (KG) cocaine prices nationwide increased 13 percent since 1988; retail prices have increased 23.5 percent over the same period. (Table 1)
- o Average wholesale purity has remained relatively constant -- from 60 percent in 1988 to 67 percent in 1991. At the retail or gram level, cocaine purity decreased from 70 percent to 59 percent in 1991 (Table 2)

TABLE 1: AVERAGE COCAINE PRICES
(in dollars per pure gram)

| CY | Kilogram | Ounce | Gram |
|------|---------------|-----------|--------|
| 1987 | 12,000-40,000 | 800-1,200 | 80-120 |
| 1988 | 11,000-34,000 | 500-1,200 | 50-120 |
| 1989 | 11,000-35,000 | 450-2,500 | 35-125 |
| 1990 | 11,000-40,000 | 500-2,500 | 35-175 |
| 1991 | 11,000-40,000 | 400-2,500 | 35-175 |

Source: DEA Illegal Drug Price/Purity Report, March 1991, January 1992, and April 1992.

TABLE 2: COCAINE PURITY
(by percent)

| CY | Kilogram | Ounce | Gram |
|------|----------|-------|------|
| 1987 | 87 | 78 | 55 |
| 1988 | 90 | 80 | 70 |
| 1989 | 87 | 75 | 65 |
| 1990 | 80 | 58 | 54 |
| 1991 | 85 | 72 | 59 |

Source: DEA Illegal Drug Price/Purity Report, March 1991, January 1992, and April 1992.

DEA data for the first three quarters of 1992 show roughly stable prices from 1991 at the kilogram, ounce, and gram quantities, but declining purity:

- o at the kilogram level from 85 percent, to 83 percent, to 81 percent for the three quarters, respectively;
- o at the ounce level from 77 percent, to 72 percent, to 69 percent; and
- o at the gram level from 69 percent, to 64 percent, to 53 percent.

You will note that the third-quarter 1992 purity is lower at each level than any previous yearly average in table 2.

Taken together, this data suggest that cocaine availability in the U.S. has declined between 1989 and 1992, with a slight increase between 1990 and 1991, before declining to the lowest level of the period in 1992. Most importantly, these declines in the supply of cocaine directly parallel the pattern of

cocaine use. The same relationship seems to exist in regard to marijuana and the inverse (i.e., increased availability and increased use) with heroin.

Certainly these data do not allow us to jump to the conclusion that supply reductions caused demand reductions. The data are frustratingly limited and must include significant areas of approximation where we all would like precision. Some of this data is subject to revision and some of your other witnesses may have such revisions, based upon further analysis. But I believe it is reasonable and prudent to note that -- as limited and as imperfect as the data are -- the successes of our supply reduction efforts not only have been real, they seem to be associated with reductions in current drug use.

CONCLUSION

Casual drug use has dropped dramatically, but hard core drug use has not. With this backdrop, the Administration and its new Drug Czar have been called upon to take money out of drug interdiction and international anti-drug programs and put it into treatment. Interdiction is a costly failure, many now say, and the money can be better spent treating addicts.

This argument is hardly new, of course. I heard the same advice while serving in the White House Drug Czar's office during the Bush Administration. Indeed, more and better treatment is needed -- that's why Federal treatment spending doubled during the last four years. But, those who argue that we should pay for more drug treatment by taking dollars away from drug interdiction ignore the essential fact that we cannot substantially reduce drug use -- with or without more treatment -- unless the supply of drugs is controlled.

It used to be common sense that drug use wouldn't decline so long as drugs were plentiful and cheap. Indeed, proponents of gun control make much the same argument with respect to urban violence. And, making cigarettes difficult and more expensive to obtain has long been a staple of the anti-smoking crusade. Interdiction is one way, and in some cases the only way, to reduce the availability of illegal drugs.

There is even evidence interdiction works. For the past two years, interdiction and international supply reduction removed about a third of the total potential world production of cocaine -- an amount roughly equal to total estimated U.S. consumption. During 1989-1990 it forced street prices up significantly; use went down, as did cocaine-related hospital emergency room admissions and deaths. In addition, for the last several years, marijuana interdiction and eradication efforts have driven the street price to the level of gold by weight -- and cut use over 50 percent since 1988.

So why are critics calling for an end to interdiction and international programs? Because they assume supply reduction is peripheral to reducing hard core drug use. With hard core use still a problem, it seems easy to call for a shift of interdiction dollars to dollars for more treatment slots.

But these proposals are superficial and dead wrong. Hard core users are more -- not less -- price sensitive than casual users. Casual users buy

infrequently and can afford to pay much more than heavy users. Heavy users spend essentially all their money on drugs. When prices go up, they must use less cocaine. Often, they then encounter the difficulties of withdrawal. The result is fewer deaths and a powerful incentive (second only, perhaps, to the threat of incarceration) to enter treatment.

While an effective interdiction program is critical to any credible national drug control strategy, current interdiction programs do not produce what they could. That is because they are allowed to be only half-measures at best.

For example, the Defense Department receives the single largest share of Federal interdiction funds. Yet, DoD sees its role as strictly subordinate to that of the numerous law enforcement agencies engaged in tracking and arresting traffickers -- and law enforcement agencies seek to keep it that way when behaving bureaucratically. We have come as far as we can with interdiction by bureaucratic consensus -- and it's not far enough.

Throwing our borders open to drugs is an extremely dangerous course. So, how about a real debate with options that would make a real difference? How about some real national leadership to protect the young, inner-city lives that are most at risk today? Here are three examples:

- 1) The cheapest and fastest way to reduce cocaine availability on our streets is to stop the small aircraft that transport it north from South America. It is now possible to sort and track these aircraft with a high degree of accuracy. We should deploy additional resources to detect, turn back, force down, and if necessary, shoot down such aircraft. Stopping these flights would dramatically -- and immediately -- cut the cocaine flow.
- 2) Assign DoD responsibility for directing all interdiction operations. And, make it clear that its mission is not merely to assist law enforcement agencies, but the broader task of substantially disrupting the flow of cocaine into this country. To do this, law enforcement interdiction needs to be subordinate to the DoD-led mission of cutting the flow, not the other way around.
- 3) Beef up assistance to Latin America. Although it is difficult to work with foreign partners at times, anti-drug efforts by these countries are cheap and cost-effective. Latin America receives approximately four percent of Federal anti-drug spending, yet it accounts for two-thirds of the cocaine seizures, and virtually all the kingpin apprehensions.

Interdiction is a powerful weapon, those serious about fighting the scourge of drugs will use it -- aggressively.

Thank you for this opportunity to contribute to the record and I will be happy to answer questions.

Mr. SCHUMER. Mr. Bensinger.

STATEMENT OF PETER B. BENSINGER, PRESIDENT, DUPONT & ASSOCIATES, INC., CHICAGO, IL, AND CHAIRMAN, ILLINOIS CRIMINAL JUSTICE INFORMATION AUTHORITY

Mr. BENSINGER. Thank You, Mr. Chairman.

I have 10 points, I will try to make them briefly.

The first would be the importance of this subcommittee. The House Select Committee on Narcotics started when I was Administrator of DEA. I would note that my tenure did extend through the Ford, Carter, and about 8 months of the Reagan administration. So I did spend 5½ years as head of DEA, and the select committee's attention was important. In its absence, the work of this subcommittee's importance increases.

Interdiction is a necessary deterrent. It needs to be coordinated, prioritized, closely directed, well supervised, and closely monitored. But it has less impact than domestic and international drug law enforcement investigations and should not receive disproportionate funding. Today it does: \$2¼ billion for interdiction internationally compared to domestic law enforcement at DEA of three-fourths of a billion dollars just doesn't make sense.

Two, policy and the type of direction for the multiple agencies is probably as important, if not more important, than the budget. I disagree with John Walters on the point he made that the Coast Guard or Customs should not be receiving direction from drug law enforcement. I think it should.

You have people putting out patrols, Coast Guard, Customs, Air, Navy, deployments that are coordinated with training schedules, ports of call, various other agendas, and not enough responding to intelligence and informants. Instead of 60 percent of the Defense Department being based on patrol, I would reverse it and say that two-thirds should be based on specific intelligence and information.

Crop eradication has been a meaningful deterrent. It worked when I was DEA Administrator, in Turkey with the French Connection, and in Mexico with the opium poppy eradication. I do not think it will work as well in Latin America or Southeast Asia. I would put this money in the beefing up of foreign judicial joint investigative resources. Phil Heymann's point is correct: \$30 to \$40 million of investment for helping those countries develop a institutional criminal justice system is probably the kind of investment we need to make.

The Defense Department's role is important. I think they need to be directed, not self-directed. I think their mission needs to respond basically to trafficking networks as well as to training, supply, and interdiction.

I would add that the comment on the criminal justice treatment within our prison systems is important. We talked about that earlier in your summit. I won't go into it in detail here. The point to which resources are deployed, prioritized, is essential. And I think in the administration's assessment as to what they do internationally, there needs to be control; there needs to be direction; there needs to be prioritization and response.

I think the interdiction efforts of illegal money are very important. The forfeiture on both sides of the border are very important,

not just the drugs. I think one of the points that all of your witnesses will make is price and purity are important. And as you increase the price to the traffickers doing business, that helps the American public. As you reduce the purity, that will cause fewer overdose and injuries. As you increase the price, that will probably result in fewer users.

I would say that as you hit the traffickers' networks, in their pocketbooks, at their laboratories, that will be an effective, I think, utilization of U.S. resources and priorities.

I would not abandon international eradication. I would not abandon crop destruction. But I would use it where it can have a major impact, where the countries control their geography, and where you can have a significant disruption to the traffickers. I don't think it will apply in Latin America across the board.

And in terms of interdiction, again, I would keep it as one of the legs of a four-legged table along with enforcement, international efforts, and prevention and treatment.

I would not abandon interdiction, but I would have it better directed and more closely supervised. And I think the resources of \$12 to \$13 billion and \$2¼ billion—\$2½ billion in interdiction is probably not the appropriate percentage.

Mr. Chairman, I appreciate the opportunity of reappearing in front of you and this committee.

Mr. SCHUMER. Thank you for your very concrete suggestions. We appreciate that.

[The prepared statement of Mr. Bensinger follows:]

PREPARED STATEMENT OF PETER B. BENSINGER, PRESIDENT, DUPONT & ASSOCIATES, INC., CHICAGO, ILLINOIS, AND CHAIRMAN, ILLINOIS CRIMINAL JUSTICE INFORMATION AUTHORITY

Chairman Schumer and members of the Subcommittee on Crime and Criminal Justice: I appreciate the opportunity of appearing before this Subcommittee today and of sharing my views at this oversight hearing on international drug interdiction and eradication.

Interdiction is a necessary deterrent, not an unnecessary waste of money or effort. Interdiction needs to be coordinated, prioritized, closely directed, well supervised, and closely-monitored in the Administration.

Crop eradication is also a meaningful deterrent that has proved to be very successful in certain situations, such as the Turkish opium control program linked to French connection heroin and the opium poppy eradication program in Mexico in the 1970s. Crop eradication programs in Southeast Asia, for opium, and Latin America, for cocaine, have been less successful. In today's climate of cocaine supply, coca leaf eradication is not likely to be a significant deterrent to traffickers. Far greater impact will result from destruction of cocaine laboratories, tracking of precursor chemicals, foreign asset forfeiture implementation, U.S. military equipment and training contributions, and in-country intelligence linked to trafficking networks.

The role of the Defense Department should be a major one, including equipment supply, training, surveillance and high seas interdiction, as well as area reconnaissance and in-country foreign support consultation coordinated with the Drug Enforcement Administration.

The Customs Service should maintain a strong interdiction effort linked to ports of entry and coordinated with the Coast Guard regarding importation of illegal drug activity. We must improve coordination of the interdiction efforts. There are major separate and distinct agencies all involved with airplanes, ships at sea, intelligence collection, and reconnaissance capabilities and resources--the Navy, Air Force, Marines and Army, the Coast Guard, the Customs Service, and the Drug Enforcement Administration. The extent to which resources are programmed collectively for deployment, investigations and intelligence considered and then prioritized, transportation and reconnaissance vessels deployed, and traffickers followed, tracked or apprehended, is a significant issue. That such efforts should be made and at what level is one of the purposes of this hearing. Such efforts should be made to drive up the cost of trafficking in drugs, to obtain additional intelligence, to diminish in some manner the supply of illegal drugs, and to demonstrate this country's commitment, domestically and internationally, to combat international drug smuggling into the United States.

Of greater significance is the interdiction, intelligence and enforcement of the illegal money flow. This interdiction effort, this enforcement effort, this intelligence effort, this international cooperative effort is going to have a greater impact on the drug trafficking networks than either crop substitution, eradication or interdiction.

We believe domestic drug enforcement must remain a top priority. We anticipate increased community policing in our major

cities, a reduction in the tolerance for handgun and assault weapon violence (and legislation is needed on both), increased prevention and education efforts, and greater flexibility in sentencing.

But to abandon international eradication and interdiction efforts, and to utilize only two legs to the drug-control table, would be a mistake. Prevention and treatment, enforcement and education are essential, but a continuing presence and commitment to interdiction and eradication is vital.

Mr. SCHUMER. Mr. Reuter. You and Mr. Riley can split the time.
Mr. REUTER. I would ask that Jack Riley talk about some new work that he has done on the effectiveness of crop control programs. I will talk briefly then about interdiction afterward.

Mr. SCHUMER. Please proceed, Mr. Riley.

STATEMENT OF KEVIN JACK RILEY, CONSULTANT, RAND CORP.

Mr. RILEY. Thank you, Mr. Chairman. I have two points to make on these programs. Then I will turn the microphone over to Peter.

The first point is that source country control programs and, in particular, eradication and in-country interdiction can significantly disrupt cocaine production for 2- to 3-year periods.

The second point is that these policies would have to be implemented on a much larger scale than they currently are. And, subsequently, this 2- to 3-year disruption of cocaine supplies would come at a high cost both in terms of budgets and social costs to the Andean nations.

What I would like to focus on is what happens after a given source country program like eradication is implemented.

Previous Rand work indicated that these programs are ineffective in reducing drug production in the long run. Economic theory, the cocaine market structure alluded to by Phil Heymann and others in previous testimony, and a decade of experience with source country programs would seem to support this point.

Longrun arguments gloss over two important facts. The first is what happens in the intermediate states before the long run is reached and the other is how long it takes to get to the long run. It turns out that the cocaine industry takes about 2 to 3 years to adapt fully to programs such as eradication and in-country interdiction. And this gap means that supply can be disrupted substantially in that 2- to 3-year period.

I define this period of disruption as the "medium run." It is important to remember that the industry will fully adapt and policy effects will be diluted in the long run. But this medium-run gap is good news.

The bad news, covered more fully in my written testimony, has three components. The first is, as I said before, it takes relatively large policy interventions to create this medium-term gap in production. The cocaine industry absorbs small interventions with ease, but it is less adept at adapting to larger policies. Second, surprise is a key component. If the policies are advertised in advance, the traffickers have time to adjust, and the benefits are lost.

And, finally, but by no means least important, these types of interventions will impose dramatic social and economic costs on the societies in the Andean states. Thus, while the policies may curtail production over the medium run, they will do so at social and budget costs that we are only just beginning to understand.

Mr. SCHUMER. Thank you again, Mr. Riley, for succinct, on-the-money testimony.

[The prepared statement of Mr. Riley follows:]

PREPARED STATEMENT OF KEVIN JACK RILEY, CONSULTANT, RAND CORP.

Mr. Chairman and members of the Committee I am grateful for the opportunity to testify today. I am a post-doctoral fellow in public policy studies at the RAND Graduate School and a consultant at RAND. The views I am about to express are my own; they do not necessarily reflect those of RAND or of RAND's research sponsors.

Previous RAND work has demonstrated that efforts to limit the amount of cocaine production are likely to be frustrated by the market's dynamics over the long run. Recent RAND research, however, has indicated that drug production can be significantly disrupted over the medium term, albeit only under exacting circumstances, and only attended by high budget and social costs. These results emerged by adapting RAND's simple model of the cocaine trade, which generated only long run results, to reflect the lags and delays that govern the cocaine production chain. It is important to note that permanent disruption still is not possible because ultimately policy intervention does nothing to change the basic structure and underlying economics of cocaine production. Nevertheless, a two to three year disruption might be of significant use to policy makers, particularly if it is paired with an expansion of domestic treatment, prevention, and law enforcement programs that attack drug demand.

To see how a medium term disruption of cocaine production can be generated, consider what happens when 50% of the coca crop in Bolivia, Colombia and Peru is eradicated in one six month period. Simulation results indicate that retail drug prices in the United States rise more than 166%, and intermediate product prices (leaf, paste, base and export cocaine) rise by even larger percentages. During that six month period, cocaine output falls by approximately 40% as traffickers are able to counteract some of eradication's impact through more efficient processing. Nevertheless, the higher prices signal the traffickers,

processors and farmers that there are profits to be earned from drug production and, as the participants begin to undertake new production, output expands back to the pre-policy level. That is where the simple story ends: policy results in market signals that encourage more participation, so that over the long run policy is ineffective at curtailing production.

It turns out, however, that it may take cocaine industry traffickers, processors and farmers a rather substantial amount of time to undertake new production and thus for the cocaine industry to recover from eradication. In particular, production cannot increase until the farmers locate new land, clear it, plant new crops, and re-establish market links with processors and traffickers. It is precisely the lag between eradication and recovery that generates the medium term disruption of production.

The most important lag in the recovery process is the coca plant itself. Depending on whether the plants are started from seeds or seedlings, coca plants take 18 to 24 months to mature and provide full harvests. Eradication induces additional lags by forcing farmers to locate and clear additional land. Other points in the production chain, for example, the building of processing laboratories and the training of personnel, are vulnerable to disruption as well. Typically, however, the lags associated with laboratories and personnel are on the order of days and weeks rather than months and years associated with coca leaves. In the 50% eradication scenario previously described, cocaine production is 50% of normal at six months; 59% of normal at one year; 76% of normal at 18 months; 97% of normal at two years; and 101% of normal at two and one-half years. The majority of the delay in the return to full production can be attributed to delays in bringing coca plants into production.

I noted earlier that in order to be successful, these policies must be implemented under specific circumstances. At best, these turn out to be very difficult circumstances to create. The most important condition is that the intervention needs to come as a surprise. If the traffickers anticipate the policy, then they can take steps in advance

to mitigate its impact. Keeping operations on the scale of those necessary to substantially disrupt production a secret will prove difficult, however. Second, better knowledge about the size and the structure of the of the market is needed. In particular, if the traffickers hold inventory -- be it of coca fields or of finished cocaine -- the size of the policy intervention needed to create the desired disruption will vary accordingly.

It turns out that forced eradication and in-country interdiction are relatively effective at generating market disruptions, voluntary eradication is an intermediate case, and crop substitution relatively ineffective at market disruption. The operation and impact of eradication was covered earlier, and will not be repeated here. In-country interdiction has its effects through essentially the same mechanisms as eradication, though for in-country interdiction to successfully disrupt production the seizures must be repeated in every time period. Sustained in-country interdiction means farmers, processors and traffickers must produce twice as much of everything to deliver the pre-interdiction amount of cocaine. Voluntary eradication and crop substitution tend to operate more slowly than eradication and in-country interdiction, and thus it is difficult to imagine the policies creating market "disruptions" in very short periods of time. The speed with which their impact is felt notwithstanding, voluntary eradication and crop substitution do affect cocaine markets in the same way that eradication and in-country interdiction do.

Since a spectrum of policies are capable of generating medium term market disruptions, what distinguishes them are their attendant budget and social costs. Returning to the forced eradication example, 50% eradication might be accomplished for somewhere between \$200 million and \$1 billion. In-country interdiction of 50% could probably be accomplished for \$1 billion to \$2 billion, but those expenses would be incurred annually. Crop substitution proves to be very impractical: \$75 billion in assistance is required to achieve a 1% reduction in output, and nearly \$1 trillion is required to achieve a 5% reduction. Finally, a 50% reduction in output through voluntary eradication would cost on the order of \$6 billion.

Even disregarding the certainty of great political opposition to an expansion of source country control programs, the policies carry great external costs that have yet to be fully recognized. Eradication, whether manual or herbicidal, would have unknown but palpable environmental effects, including chemical damage and further deforestation in the region. Any medium term disruption would foster tremendous movement throughout the region as farming and processing disperse to areas where there is less policy pressure. Sustained policies force an over-accumulation of productive infrastructure that leaves the cocaine industry poised to rapidly expand production when implementation of the policy falters. But perhaps the most important consequence would be the effect of large-scale policy implementation on political violence.

History provides us with one compelling example of how policy implementation can lead to incremental political violence. The 1989-90 crackdown on Colombian refining capacity was a milestone because it marked one of the largest efforts to suppress the drug trade. Although the effort was one of the largest on record, it was still substantially smaller than the 50% scale that I talked about here today. Nevertheless, the policy was successful from the perspective that U.S. retail cocaine prices increased on the order of 60% in the aftermath of the crackdown. However, concomitant with the increase in prices was a substantial increase in drug industry violence in Colombia. The Colombian drug lords initiated a full-scale attack against the state in an effort to intimidate policymakers that is still being felt in Colombia today. If the types of policies that I discussed here today are implemented, it would have to be assumed that a violent response would result again. Since the policies I have discussed would be implemented throughout the Andean region, it is likely that the violence would spread to Bolivia and Peru. Additionally, since many of the policies I discussed involved targeting the farming community, it is possible that the violence would move in to population segments that had heretofore been calm.

In summary, source country cocaine control programs can in theory be expanded to disrupt cocaine production for periods of two to three years, resulting in a significant impact on the availability and use of cocaine in the United States. Expansion of source country control programs, however, is constrained by two relevant factors. First, the scale of programs required to achieve a significant reduction in cocaine availability would bring unquantifiable, but likely very large, social costs throughout the Andean region. The modest programs currently in place, which have very little effect on drug production but which have substantial political and economic effects in the region, are nowhere near the size of the programs needed to significantly disrupt drug production. Second, experience indicates that source country policy pressure cannot be effectively maintained over time. Simply put, the cocaine industry adjusts very effectively to policy measures. Thus, source country control programs are likely to remain as marginal contributors to U.S. efforts to control cocaine use.

Mr. SCHUMER. Mr. Reuter.

**STATEMENT OF PETER REUTER, CO-DIRECTOR, RAND DRUG
POLICY RESEARCH CENTER**

Mr. REUTER. I want to briefly talk about interdiction and start by referring to an interdiction success story, which is marijuana.

Colombia remains the low-cost marijuana producer in this hemisphere, and probably in the world, with farmgate prices per pound being about \$10. We import almost no marijuana from Colombia. Most United States marijuana consumption is produced in Mexico, if it is foreign, or produced domestically. That is undoubtedly a tribute to the interdiction program which has made the smuggling of Colombian marijuana sufficiently expensive that even \$100 farmgate prices allow Mexican producers to compete in the United States market.

The trouble with the success story of interdiction on Colombian marijuana is that, in fact, there turned out to be a substitute available. If cocaine could be cut off, it is much less likely that there would be alternative sources in this country or perhaps in Mexico.

But looking at the difference between marijuana and cocaine points to why we have had some success with marijuana and why it is likely to be difficult with cocaine. Marijuana is very much cheaper per kilogram, and transportation—risky transportation costs can make foreign producers noncompetitive with domestic producers.

Given the very compact character of cocaine, the transportation costs do not seriously disadvantage the foreign producer. And so it is extremely unlikely that we will be able, with interdiction against cocaine, to substantially raise the import price above current levels.

Having said that, I think it is still important to put the interdiction budget in the context not simply of the Federal drug control budget, but of the national drug control budget, which is a fictional thing. But if you do a back-of-the-envelope calculation, this amounts to about \$25 to \$30 billion, because most of the money is spent and raised by State and local governments. In that context, a \$2.2 billion interdiction budget, which accounts for maybe 10 percent of the price of cocaine in the streets, is not obviously out of proportion.

Thank you.

[The prepared statement of Mr. Reuter follows.]

PREPARED STATEMENT OF PETER REUTER, CO-DIRECTOR, RAND DRUG POLICY
RESEARCH CENTER

Mr. Chairman and members of the Committee, thank you for the opportunity to appear here today. I am a senior economist in RAND's Washington Office and Co-Director of RAND's Drug Policy Research Center. The views I will express, however, are my own; they do not necessarily represent those of RAND or any of its research sponsors.

Over the last eight years I have conducted a number of studies of drug policy, mostly focusing on the interactions between drug enforcement on the one hand and those involved in drug production, smuggling and distribution on the other. To-day I will draw on those studies to analyse the consequences of increased efforts at source country control and border interdiction, focusing primarily on how such increases affect U.S. cocaine consumption. Testifying with me is my colleague Kevin J. Riley, who has just completed a study of the likely short-term consequences of eradication, in-country interdiction and cross substitution programs.

Since others more knowledgeable than I can testify about political conditions impeding implementation of source country control programs, I will restrict my testimony to the long-run effects of successfully implementing those programs. In particular, I shall argue that even if source country governments are willing to support them, these programs offer little prospect for noticeably affecting U.S. cocaine problems, though they may cause short term disruptions in the availability of cocaine.

With respect to interdiction I shall argue that it has a significant effect on the availability of cocaine and marijuana, enough to justify something more than just a token program. However, the analysis also raises doubts that the program should be expanded.

ANALYTIC FRAMEWORK: RISKS AND PRICES

The analysis here focuses on "risks and prices". Its basic assumption is that supply-side programs focusing on parts of the distribution system distant from the consumer can only affect the price paid by the consumer. Such programs cannot restrict the physical availability of cocaine in the U.S. There are simply too many farmers,

refiners, exporters and smugglers for enforcement to directly limit the amount available for U.S. consumption to, say, 100 tons per annum. The question then is how the international programs affect the risks and other costs of drug suppliers and how that in turn will affect retail prices in the U.S.

Each kind of supply-side program (except for enforcement against retail markets) directly affects a particular sector of the cocaine production/distribution system. For example, crop eradication raises the risks and costs faced by farmers; that should be reflected in the prices that refiners have to pay for leaf in order to induce enough farmers to stay in the business. Refinery destruction, by raising the risks and costs of refiners, should increase the difference between the price refiners pay for leaf and the price they receive from exporters when they sell the refined product. Similarly, interdiction raises the risks and costs of smugglers and should increase the difference between import and export prices. Programs may have indirect effects on other sectors but the primary effect is sector specific.

The important consequence is not the induced change in prices received by participants at different points in the distribution and production system but on the final price paid by consumers. As the price of smuggling services rise, it is reasonable to assume that there will be an increase in the retail price of the drug. Though that may have slight effect in the short-run on consumption of addicted users, it may have a more substantial long-term effect by reducing the rate at which new users become heavy users.

Prices

An analysis of the price of cocaine at different points of the production and distribution system points to the inherent limits of international programs, particularly those that focus on the farm sector. Table 1 presents the price chain for 1990, the most recent year for which I have prepared this analysis. The figures are very rough; for example the price of leaf required to produce a kilogram of cocaine may be anywhere between \$500 and \$1500. Nonetheless, three points are very clear and not likely to be affected by any measurement problems.

Table 1

COCAINE PRICES THROUGH THE DISTRIBUTION CHAIN
(PER PURE KILOGRAM EQUIVALENT, 1990)

| | |
|------------------------------|-----------|
| At the farm | \$375 |
| Export (Colombia) | \$4,000 |
| Import (Miami) | \$20,000 |
| Wholesale (1 kg. in Chicago) | \$30,000 |
| Ounce (Chicago) | \$45,000 |
| Retail (1 gm. units) | \$135,000 |

First, leaf production accounts for an absolutely trivial share of the final price of cocaine to U.S. consumers; probably much less than 1 percent of that price. Second, even by the time the cocaine reaches the point of export the price is still less than 5 percent, indeed perhaps only 2 percent, of the retail price. Third, smuggling costs (including the profits of smugglers) account for less than 12 percent of the retail price. Most of the cost of getting drugs to users is accounted for payments to dealers near the end of the distribution system, probably because they bear most of the risks (both from the criminal justice system and from competitors) per gram. Only if international programs can dramatically increase the risks and costs of these upstream components of the cocaine industry will they be able to make a difference in the United States. In the remainder of my testimony I wish to suggest why such a difference is unlikely to be attained.

SOURCE COUNTRY PROGRAMS

Why should growing and refining be inexpensive compared to the costs of distribution within the United States? First, the factors involved in production and refining are very cheap. Bolivian farmers charge very little for their land or labor, compared to their American counterparts; their alternative earnings opportunities are very weak. The refining sector also uses very low cost factors of production. Second, the risks imposed by source country governments appear to have been quite modest. Farmers face little threat of losing their crops, refiners and distributors even less risk of going to prison, though in-country seizures of refined drugs have gone up substantially. Despite our concerns that convicted drug dealers face too slight a prospect of prison time in the U.S., dealer risks of incarceration are almost certainly much higher here than in the source countries.

The Farm Sector

Can farmer costs be greatly increased through eradication? The experiences of the few intense eradication programs does not justify much optimism. Mexican opium growers were subject to an effective eradication effort in the mid-1970s. At the time they were growing their poppies in large, open and accessible fields. Initially the program was successful and reduced the production of opium in Mexico, all of which was destined for the U.S. heroin market. Since the distribution channels from other production sources could not readily expand, this had a significant impact on American heroin consumption.

Within five years, though, the Mexican industry had reestablished itself, with smaller fields, located in more remote areas and better protected from aerial spraying. Though Mexican opium farmers had higher production costs than their Asian counterparts, this does not seem to have led to any significant increase in the price of U.S. heroin.

American marijuana producers have similarly adapted to the increasing intensity of the domestic eradication effort, moving their plants indoors (thus lowering their exposure) and using better growing techniques to increase per acre (probably per square foot) yields.

Prices, adjusted for higher THC content and inflation, have risen only modestly¹.

These experiences suggest the likely effects of intense eradication on the coca industry. Very exposed areas such as the Upper Huallaga Valley in Peru or the Chapare region of Bolivia, where coca is grown in large open fields, may be essentially eliminated from coca growing. More will be grown in areas, such as the Brazilian jungle, in which eradication is much more expensive and difficult. No doubt the leaf price will rise as farmers have to use less productive land and spend more time getting the leaf to refiners etc., but it seems highly unlikely that it will rise enough to increase U.S. cocaine prices noticeably. A tripling of the leaf price, so that \$3,600 were needed to purchase the leaf for a kilogram of cocaine, would still increase cocaine prices in the United States by less than 2 percent.

It is of interest to consider whether coca eradication could produce the medium-term disruption achieved by the Mexican program. Two differences seem important. First, a good deal of coca is grown for other markets; big cuts in production would lead to less use of coca products in the source countries rather than the United States, since demand there is more sensitive to leaf price changes. If reports from Brazil and Colombia about local consumption of refined products there are correct, then that may be a substantial quantity. The rising share of Latin cocaine product apparently destined for European markets also presents a potential buffer for U.S. consumers. Second, production is more dispersed, making it more difficult to eliminate most of it in a short period of time. A "pre-emptive" strike against the exposed areas is unlikely to cause disruption comparable to that achieved in Mexico in the mid-1970s. As just suggested, the development of jungle production in Brazil, where the plants are under triple jungle canopy, adds to the difficulty now faced by the eradicators.

¹The statement about purity and inflation adjusted prices is based on published DEA price reports. Anecdotal evidence suggests that the official prices now substantially understate actual prices; there are also reports of bouts of scarcity in various cities.

Crop substitution programs offer no more long-term promise. They rest on the assumption that, through provision of improved infrastructure, subsidized fertilizer/irrigation, perhaps even price supports, legitimate crops can be made attractive to the peasant farmers who are current growing coca leaf. That assumes the price of coca leaf will stay fixed. However, the elasticity of demand for cocaine in the U.S. with respect to the price of leaf in Bolivia is essentially zero. Cocaine refiners will be willing to pay very much more for coca leaf if they need to and will be able to fully pass on that increase to U.S. consumers with only negligible reduction in consumption. Peasant farmers will be better off with substitution programs that improve their productivity but the flow of cocaine will be only very slightly diminished.

Refinery Destruction

Since the mid 1980s, as the limitation of crop eradication have become more obvious, the U.S. government has promoted programs aimed at destruction of cocaine refineries. Thus the U.S. Army, at the invitation of the Bolivian government, sent in troops and equipment in the summer of 1986 to assist Bolivian military and police units eliminate local refineries (Operation Blast Furnace). The U.S. government also regularly reports the number of refineries destroyed in source and transshipment countries.

The rationale for these programs is that, by raising refiners' costs and eliminating refining capacity, they will lower the demand for illicit leaf and thus lower leaf price. With lower leaf price peasants will have less incentive to grow coca. At the same time these programs have the considerable attraction of not imposing direct costs on peasant farmers. Thus they generate less political unrest.

Alas, there is again less to this than meets the eye. Cocaine refineries are not like oil refining plants; they need involve no significant capital plant, frequently being constituted instead of very simple equipment, located in a primitive shack. This was the kind of facility turned up by Blast Furnace. They are easily and cheaply

replaced. Refinery destruction is probably little more than the elimination of a specific location for a short period of time.

The official enthusiasm for refinery destruction bears some similarity to the American military attitude toward the destruction of Viet Cong "arms factories" in the early 1960s; these factories were in fact very *ad hoc* and temporary structures, using indigenous and scrap materials to fabricate primitive light weaponry. Neil Sheehan, in his recent book on the Vietnam war² notes that field U.S. officers had "the impression that the words 'Viet Cong hamlet' and 'VC arms factory' conjured up in [the general's] mind World War II images of a German barracks and a munitions plant." (p.111). Some major cocaine refineries have been found, with true barracks and landing fields, but forcing refiners to be more covert offers no prospect for raising refining costs to a noticeably higher share of the retail price, given that small refiners do successfully compete in the industry currently.

Operation Blast Furnace is a case in point. The immediate effect of the operation was indeed a decline in leaf price; according to press reports, leaf price fell by 70 percent. However, consistent with rapid restoration of refining capacity, Figure 1 shows that leaf price had risen to almost 90 percent of its earlier level six months after the completion of Blast Furnace.

INTERDICTION

Source country programs attract more political attention but it is interdiction that gets the resources. Using the questionable figures of the federal drug budget, interdiction expenditures (primarily for Customs Service, the Department of Defense and the Coast Guard) amounted to \$2.2 billion in FY 1993, compared to \$950 million in FY 1988. There is reason to be skeptical that so much is actually being spent but difficult to come up with alternative estimates.

²Sheehan John Paul Vann and the Bright Shining Lie New York, 1989.

Let me now turn to the accomplishments of interdiction with respect to each of the two drugs targeted; marijuana and cocaine.

Marijuana

Interdiction has clearly been successful in raising the price of marijuana. Though Colombia remains the low cost producer of marijuana, with 1988 farm gate price per pound of \$10 it supplies a trivial share of the U.S. market. Instead that market is supplied primarily by Mexican and U.S. domestic growers, who have much higher production costs; the Mexican farmgate price is estimated to be \$100 per pound.

The explanation for this shutting out of the low cost producer is not hard to find. Maritime and air interdiction have managed to make Colombian smuggling risky enough that the cost of transportation is prohibitively high. The declining tonnage of marijuana seized by the Coast Guard and Customs, particularly away from the U.S. border, is indicative of this.

Domestic and Mexican production are subject to relatively stringent law enforcement. That makes them high cost producers but the difference in transportation costs is sufficient that they can still underbid the Colombian growers and shippers. However, the result is that marijuana has become substantially more expensive than it was in the early 1980s, even after adjusting for increased potency, as measured by the percentage of THC in the marijuana. The higher potency is itself a result of the interdiction effort, since it places a premium on maximizing the revenue per acre.

The higher price for marijuana is more remarkable because it is clear that the demand for the drug has been declining. Many fewer people are using marijuana and, in contrast to cocaine, there has also been a substantial decline in the number using it heavily.

Cocaine

For cocaine the story is much less clear. Smuggling costs account for about 12 percent of the cost of getting cocaine to the final user; the per kilo margin of \$16,000 includes the costs of paying Panamanian

border officials, plane pilots and covering lost shipments. Given that it would cost only \$50 per kilogram to send cocaine federal express, this suggests that interdiction imposes significant costs on drug distribution.

Interdiction agencies have seized a high percentage of estimated cocaine imports for the last five years. If consumption is about 300 tons, the weakly based consensus figure, then interdictors are seizing about one quarter of what is sent; this calculation backs out what is seized by the producing and transshipment nations (notably Mexico). Attention should be paid to what is seized by state and local agencies and is not counted by the federal government; that may well amount to another 50 tons, so that the interdiction agencies seizure rate then declines to 22 percent but the overall seizure rate rises to 33 percent.

These high seizure rates point to the limitations of interdiction. Drugs are cheap to replace at the point of interdiction. One hundred tons of cocaine at border prices (which overvalues their replacement cost) represents only a total of about \$2 billion, compared to total cocaine industry revenues of perhaps \$30 billion; replacing seized cocaine and compensating agents for being incarcerated or arrested is only a modest (though not negligible) cost of getting cocaine to the final users.

Can interdiction actually interrupt the supplies to an extent that it makes cocaine difficult, as well as expensive, to obtain? The evidence is against that. Though the large seizures in late 1988 and early 1990, including 20 tons seized in a Los Angeles warehouse, raised the price during 1990, there were few reports that users had trouble finding cocaine. There have been recent large seizures in the Southwest; again there is no evidence that cocaine became hard to get.

The most plausible explanation for this lack of responsiveness is that inventories of cocaine in the United States are large relative to total consumption. I find this surprising; the incentives would seem to be for holding inventory in source countries rather than in the U.S., where law enforcement is more aggressive. However, it may be that high interdiction rates maintained over a number of years has led to a change in inventory holding patterns.

Conclusion

Discussions of the appropriate level of interdiction expenditures typically frame that question in the context of the federal drug control budget, approximately \$13 billion at present. However, given that interdiction is a uniquely federal activity, more attention should be given to its setting in the total national drug control budget, which includes expenditures by state and local governments. Back of the envelope calculations, which are about the best one can do at the moment, suggest that the national total might actually be close to \$30 billion; interdiction is then only about 7 percent of total drug control expenditures.

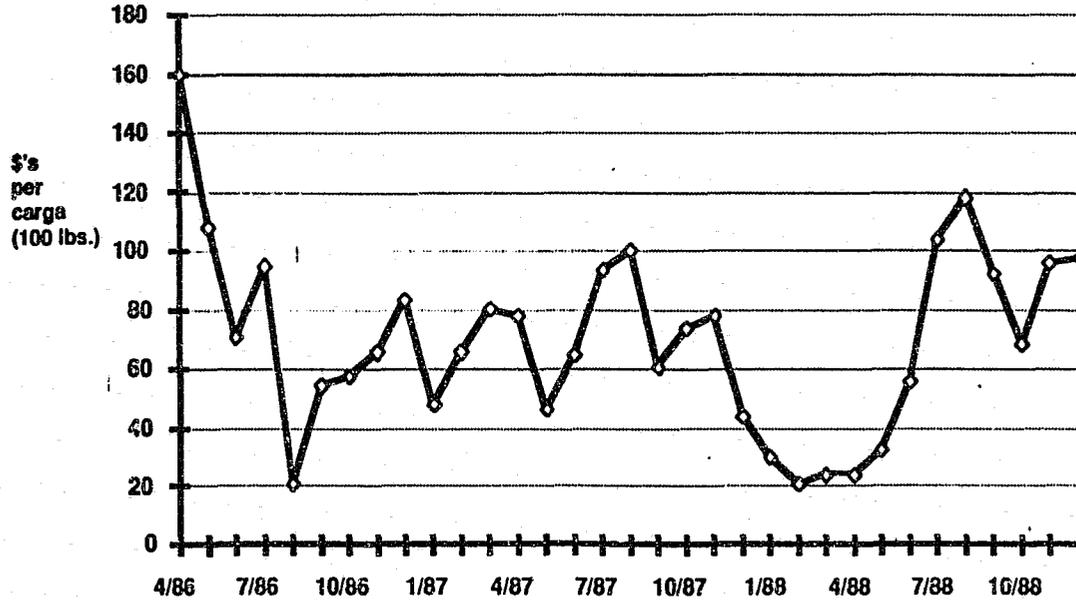
The interdiction program failed to prevent the rapid growth of cocaine imports in the 1980s. In the last few years imports seem to have stabilized at historically high levels, notwithstanding a significant growth in late 1980s interdiction expenditures. To that extent the program seems a failure.

That seems to me to shape a judgement. Cocaine is more expensive than it would otherwise be because of seizures and arrests made by the interdiction agencies. That results in some measurable decline in cocaine consumption, though it may well also have led to an increase in cocaine related property crime at least in the short run. But if we ask of enforcement agencies that they raise cocaine prices, then the question is whether interdiction expenditures at the margin are more or less effective than others at accomplishing that.

My own judgement is that interdiction does not fare badly compared to high level domestic investigations, such as those conducted by the FBI and DEA. But there is nothing like an adequate base of data and analysis for making strong statements on this issue.

With that rather evasive researcher's conclusion, I'd be happy to answer questions.

Figure 1: Average monthly price of Bolivian coca leaf
April 1986-December 1988



Source: Bolivian Ministry of Agriculture and Peasant Affairs, DIRECO Coca Reduction Program, 1988

Mr. SCHUMER. Let me ask my first question to Mr. Reuter.

You say it is not out of proportion. Is it effective? I mean, basically what we have been hearing is—and you know it is easy to say—we should do more of everything. My colleague, Mr. Sensenbrenner, has said that; Mr. Walters has said that; we all agree: We should do more of everything. We are not in the ideal world. We are in the tough job.

Mr. WALTERS. I don't think we should do more of everything. But that is OK. Go ahead.

Mr. SCHUMER. And I agree with you. I am not knocking it. Your priorities and mine are similar in terms of resources into this war.

Mr. REUTER. I understand the implicit question.

Mr. SCHUMER. The question is the bang for the buck. For instance, we have pretty much dealt with the small airplane situation.

Mr. REUTER. Yes.

Mr. SCHUMER. There is not much coming over in small airplanes.

Mr. WALTERS. In the United States.

Mr. SCHUMER. I mean crossing our border here. And, yet it hasn't stopped the flow at all. You know now they are using containers on ships and the overland routes in Mexico which are much harder to deal with.

Mr. REUTER. Yes.

Mr. SCHUMER. Yet, I am told that the amount of surveillance and activity around the U.S. borders hasn't decreased.

So the question is bang for the buck. And I guess I directed the question I ask Mr. Heymann, you were in the audience, particularly at the random. Random is always going to bring you a thing or two, and it may cost your surprise. It is hard to quantify.

If we have our budget, whether it be \$35 billion or \$13 billion, does it pay to take some of the money out of that and put it into some other effort that we might all agree is working?

Mr. REUTER. OK—

Mr. SCHUMER. I would ask each of the other gentlemen the question. That, to me, is the fundamental question.

Mr. REUTER. First of all, when we talk about the interdiction budget, we have to recognize that that spent is a very questionable figure, our estimate of the amount of money.

Mr. SCHUMER. Absolutely.

Mr. REUTER. It may be substantially less that \$2.2 billion that goes into this.

Mr. SCHUMER. It has a dual purpose. It has training military personnel.

Mr. REUTER. So we are not sure we are measuring the number of bucks.

Second, it always sounds more attractive to use targeted rather than patrol activities. The question is how readily you can expand that targeted interdiction. That depends how readily you can expand foreign intelligence activities. And there, again, you come to dealing with foreign countries. The Mexicans have not traditionally been very helpful in that. They have changed some, but they have always had reservations about the United States operating on their territory.

The Colombians are less sensitive to that. But there are serious limitations to developing more targeted activity. It may be that to expand interdiction you are forced to improve the function of patrol activity.

Mr. SCHUMER. So if you had the choice of taking half a billion dollars out of our border interdiction and putting it into other places in the drug area, would you?

Mr. REUTER. If I can get it into treatment, yes.

If you are asking within the foreign and interdiction effort, no.

Mr. SCHUMER. How about domestic law enforcement?

Mr. REUTER. Yes. I do think that we need to put more at the local level. I am not sure Federal. If you take competition between DEA and interdiction, I am not sure who can make the better case.

Mr. SCHUMER. Mr. Walters, would you mind answering that question.

Mr. WALTERS. No. I would be happy to.

Most interdiction activity is targeted. I don't think the 60-percent targeted, 40-percent nontargeted will stand up unless you add that you have to put certain platforms, radar platforms off the coast of South America, and they have to be there when you have a target that you want to monitor because they can't get into position there on a short notification time.

And if you are going to talk about cutting DOD money as opposed to Customs or Coast Guard that you are charging, like take *Aegis* destroyers that use radar, you are not going to park that ship if you cut that money out. You are getting double operational capability, and you are charging the money against the drug war to fairly score, if there is a way to fairly score this. It is not fungible money.

To say that we are going to take it out of interdiction and put it into treatment, that is silly. It doesn't happen that way. You may want to shrink DOD for other reasons, but those reasons are, and ought to be, controlling.

Mr. SCHUMER. My motivation is to increase other areas of the drug budget.

Mr. WALTERS. What I mean is, the problem now with shrinking budgets and shrinking political support is better management and targeting on the problem. I think we need more treatment, but we need fewer treatment centers that are run by ex-junkies who are holding rap sessions. You need physicians with qualified backgrounds.

We have a lot of people who are long-term cocaine addicts. They were never socialized. Their family fell apart, and they have no education or work skills. It isn't like treating somebody at the Betty Ford Clinic.

You have to get quality control in the system. And there is unwillingness on the part of the treatment block, the lobbyists, on the part of Congress, frankly, and people in the United States.

Mr. SCHUMER. We are trying to talk about quality control on the supply side. You always sort of go over into—probably quality control in both.

Mr. WALTERS. I think treatment is important. But you are not going to win—on the interdiction side, sure we can do a better job, but we have to be willing to deploy intelligence assets. We can do

more. We used to use national intelligence capability paired closely to DEA and FBI.

We have come a long way in the last 4 years on this. But there are issues and resource constraints and frankly, there are policy decisions about when to use assets. The national security community doesn't like this issue. This is not like generals and diplomats. These are drug dealers. They are crummy. And the question is whether the Congress and the people in the United States are going to sustain the tension long enough to invest scarce resources, and they are not going to get burned.

We have platforms here, and most of your big time cases—you are going to talk to DEA—those come from foreign intelligence. That is why they are in Bangkok and Colombia.

What we need to do is improve that intelligence and dedicate the national security community directly. And we have not done that adequately.

Mr. SCHUMER. I am moving. I am going to skip Mr. Bensinger because I think his testimony agreed with what I had had to say. We are supposed to break at 11 o'clock.

Mr. BENSINGER. I think there is a benefit to reallocating. If you took the half billion, I would probably split that partially in treatment and drug law enforcement investigations, split that again internationally and domestically and make some grant to State and local community policing and law enforcement efforts that deal with drug problem.

I appreciate everything you said about the need for more resources everywhere.

Mr. SCHUMER. I know you agree with me, so I appreciate your coming forward with the question directly.

Mr. Smith, something?

Mr. LAMAR SMITH. Thank you, Mr. Chairman. I have primarily one question that I would like to direct to Mr. Walters. And this question may have been already answered by you, Mr. Walters, or other members.

Do you feel that the administration is giving sufficient priority to stopping the distribution and use of illegal drugs?

And the reason I say that, this isn't a partisan question, because I have read several times—Charlie Rangel, a New York Democrat, has said in various publications that he does not feel that the administration is doing enough about stopping the inflow of illegal drugs coming into this country and the use of drugs once they get here.

And I was floored by one statement he made. He said that the total cost of crime in America today, primarily driven by illegal drugs, was \$300 billion which happens to be about what the deficit is today. So if we can take a long stride toward curing the illegal drug problem, we are going to address the deficit.

That is off the subject—well, if there is a chuckle, then I will retract that and say I think it is very much on target. We are trying to not only reduce the deficit but reduce crime in America, and a big part of that is the use of illegal drugs. And I am concerned about what I read in the Washington Post where a senior OMB official mentioned that there had been suggestions by the administration to cut the drug programs.

Between what the OMB officials and what Charlie Rangel, said it seems that the administration is not giving a high priority to trying to stem the tide of illegal drugs in America; and I wonder if you agree with me.

Mr. WALTERS. Yes, I am concerned.

I resigned as Acting Director of the Office when the Office was slashed because I didn't believe that the signal being sent allowed for proper direction of the program. It wasn't a matter of officers or bureaucrats. You need to put somebody in charge.

These are tough issues that cross agencies, and you need somebody who is strong. Nobody has an office—who is serious—with 25 people. And it is not a matter of how much your entourage is. It is, are you going to survive.

And Lee Brown doesn't have enough people to stay on top of things. And the feeling in this town is that he doesn't have enough clout to do anything. And he is giving interviews in which he says he doesn't feel that he has the clout to do anything. And the political pressure on this has declined. And you will get a chance to try to do this if you try to move legislation that actually increases—whether money or legislation or penalties on drugs—you are going to find how little response there is. And that requires a President who pays attention.

The other thing is, the reason we had declines in drug use in this country is that the American people got motivated. It is not just what the Federal Government did, but it's important that the Federal Government said this was a priority too.

So workplaces, schools, local communities, local government officials thought they were part of a general effort. And it became, as my friend Jim Burk used to say, it is drug abuse delocalization, and people scolded and they weren't going to tolerate and they spent money with their fellow Americans. That is what did it.

And now that we have had all these declines, we don't care any more. We are making a gesture here and a gesture there, and it is not a priority. And we are going to dismantle mandatory minimums and not care about treatment funding and get rid of asset forfeiture, or reduce it to make it more complex.

All of these signals are evident, and I predict it will bring a slight return in casual use. But it won't end the remaining problem that we have. And I think for communities, your remark is on point. Drug use is contributing to the permanent crippling of those communities' ability, our inner cities, and minority communities, to maintain economic viability, the safety of their children. You have violence at levels that would be repugnant in the past that we now are accepting—partly simulated by drugs and continuing even without drugs, but drugs are certainly a factor in this. And they are sucking, as I said before you came in, approximately \$300 million a month out of our cities, mostly to pay for drugs, that goes back to Colombia. That is cocaine alone.

If you want to try to maintain stability and order and get some progress on a lot of other social pathologies and problems that we have in the inner city, we don't have to solve those before you solve drug use. Cut the use and focus the prevention money. I think we could reduce some of the prevention money, but focus it on the schools and school districts that need the prevention and treat-

ment. Focus on the cities that need it. You have vacancies in New York City. You don't need money based on proportion in South Dakota. There is no sense to that.

Mr. LAMAR SMITH. I couldn't agree with you more. The fact that the use of some drugs is going down is countered by the fact that the use of some drugs is going up. And my main concern is—and I am disappointed that the President hasn't given it a higher priority—it is what the President puts on the agenda and the priority that he assigns to particular issues that generate legislation and generate problem-solving.

And in this case, we still have a major problem in this country and that is the use of illegal drugs. We don't seem to be giving it the priority that it deserves. I agree with your statement.

Thank you.

Mr. SCHUMER. Mr. Edwards.

Mr. EDWARDS. I know we have to go, Mr. Chairman. I just have one observation or question—if any member of this excellent panel wants to respond to it.

I noticed that although African-Americans are 12 percent, 10 percent, or something like that, of our population in the United States, they make up 37 percent of the drug prisoners. They are generally poor people, often without fathers, often with a very bad education, the subject of the generations of racial discrimination where they haven't had an opportunity to be a part of the American mainstream.

Does that strike any member of the panel as a very unacceptable statistic?

Mr. REUTER. It is certainly very troubling. I think we understand the dynamics of why we have that situation. The most troubling kind of drug selling is the visible activity in inner cities. It is an activity more accessible and attractive to poorer people. And African-Americans are disproportionate among the poverty population.

The police in the cities have responded correctly to community concerns to clean up the visible drug trafficking. Unfortunately, we get the statistics that you point to. It is a genuine conundrum. I don't think the police are being racist in general. It is a reflection of more fundamental problems that you are referring to, and I don't think the drug policy is the place at which to sort of deal with the matter.

Mr. WALTERS. Let me add my experience in some of these communities in my last job. Drug dealers on the street sell to people like themselves. You know, white drug dealers do not go downtown, and inner-city drug dealers do not go to Chevy Chase to sell their drugs. They are too visible, and it is not their community.

I think there—the regrettable fact is that we have been less successful in reducing heavy cocaine use in particular, and it has moved into inner-city and poor communities, overwhelmingly black. And heavy users, as they become disabled, are reduced to selling to support their habit.

We cannot say you can't arrest these people and tell people in the inner city who are walking their own streets and who are burning down crack houses, because they don't think they are getting enough protection, we are not going to treat every arrest of these

people seriously because we think we have too many people of one race that are in prison.

And I said this at the summit, and I think this is remarkable: It seems to me that it should be unacceptable that there is an open air drug market in any American city. That is a violation of the lawful order and protection of the law that every citizen, including the communities infested and having children at risk in those communities. We ought to tell mayors and police chiefs, close them down or we will fire you, or we will find somebody else who will. It can be done.

But the tolerance of this, the toleration of the body count in the cities and of young black males being killed, when we don't apply pressure on community policing to do this, is astounding. If you had 120 people killed in Desert Storm, it was considered a tremendous success. If we had had 6,000 people killed, there would have been a much greater concern. We lose that every year to cocaine. That doesn't include murders and crack babies and everything else.

So the fact that we are willing to tolerate this suggests that we think people using these drugs in these communities are from a different place or planet; a different kind of human being. And when we think about this in the political culture, they are not. They want their children protected, bums off the streets, and the predatory criminals in prison and the same things that people in the suburbs want. And the people in the suburbs wouldn't tolerate them.

Why don't we empower the weak and focus on these communities and save lives?

Mr. BENSINGER. The proportion of prisoners that you cite strikes me as accurate. I used to run the Illinois prison system and was on the Board of UNICOR, the Federal Bureau of Prisons Industries Board for many years representing the attorney general.

As to the number of users of illegal drugs in America, three out of four are white and 70 percent have jobs. And what we have is a disproportionate amount of violence and high chronic drug use in our inner cities. And John Walters is right, those communities are angry and they want strong policing and they want criminals who are selling drugs to go to jail.

It is an issue that is not going to be easily addressed by our testimony, I might add. It really won't be addressed by the issue of interdiction and eradication overseas. I am glad you raised it, though, Congressman, because one of the issues that the administration needs to look at is the relationship between public housing, handgun violence, assault weapon violence, crime, all of those issues that you debate almost every day on the floor.

Mr. EDWARDS. Thank you very much. That is helpful.

Mr. SCHUMER. Yes, I want to thank this panel. Just as at our summit where you all three participated, you lent a powerful perspective, and I appreciate your being here; and I am sure you will be here again.

We are going to take a break for approximately 1 hour. Let us attempt to resume at 12:20, when we will have the rest of our panels.

[Recess.]

Mr. SCHUMER. The hearing will come to order.

And I want to apologize to Mr. Brown and all of the witnesses and audience who had to wait. Unfortunately, our little gathering at the White House, for which we were supposed to break from 11:15, didn't even start until 10 of 12. And I apologize to everyone.

Let me welcome, really for the first time since his confirmation, Lee Brown. He is the Director of the Office of National Drug Policy. As Director of the Office of Drug Policy, Dr. Brown heads our Nation's drug control efforts from his Cabinet post.

Before accepting the drug czar position, Dr. Brown served as commissioner of the New York City Police Department and chief of police in Houston.

And because you have waited so long, I will skip all the lengthy credits and attributes, and you may proceed as you wish. Your entire statement will be read into the record.

Mr. Edwards.

Mr. EDWARDS. Mr. Chairman, I especially welcome Lee Brown. Part of his history that you didn't read was that for a number of years he was with the San Jose Police Department. Were you the chief?

Dr. BROWN. No, sir. I started my police career there.

Mr. EDWARDS. Started his police career in San Jose, then went to New York and Houston. And he left a lasting mark on law enforcement in San Jose. He left a spirit of law enforcement that had to do with the community and community work. And ever since then, we haven't had a single felony in San Jose.

Mr. SCHUMER. Well, I wish we could say the same for his record in New York. He did a very good job, but it wasn't quite that way.

Anyway, Dr. Brown, you may proceed, welcome.

STATEMENT OF DR. LEE P. BROWN, DIRECTOR, OFFICE OF NATIONAL DRUG CONTROL POLICY, EXECUTIVE OFFICE OF THE PRESIDENT

Dr. BROWN. Thank you, Mr. Chairman, for the opportunity to appear before the Subcommittee on Crime and Criminal Justice.

As you have indicated, I have worked with you on many occasions. I have testified before this committee in the past on other crime and drug-related issues. And I am pleased to appear before the subcommittee today in my capacity as the Director of the Office of National Drug Control Policy.

I also applaud the efforts made by you and the members of this subcommittee and others inside and outside of the Government to take an opportunity to look at our Nation's drug policy and ask a very important question: What works?

Since my official swearing-in a couple of weeks ago, I have repeatedly stated that the country can no longer afford to measure its commitment to fighting drugs by how much money is thrown at the problem. As the Federal drug control budgets have grown, so too has the public's and Congress' skepticism over what these huge expenditures are buying.

But we should make no mistake about it; an effective drug control strategy will continue to claim a significant amount of resources. The problem is still very great. But as important as the drug problem is in an era of tight Federal budgets, we must start asking ourselves the simple question: What works and what

doesn't? We've got to show results and make a difference at the community and neighborhood level.

As a new administration, we see ourselves in a very unique position to reassess past drug policies and budgets. We are currently in the midst of a comprehensive review of our Nation's drug control program, including interdiction programs that will help chart the course for the future.

This was initiated by the National Security Council, and this review will have been completed soon. The President had asked me to assess the review, the work of my colleagues in the Cabinet, and to make appropriate recommendations to him on what policy direction our international drug control program should take.

At that time, I will be happy to discuss with the subcommittee, in an appropriate forum, the specific outcomes of our policy review. But the review of our international programs must also be coupled with a review of our domestic drug control programs, but not only because we also need a complete assessment of our domestic interdiction programs, but to make sure that, in developing a new national drug control strategy, all of our drug policy determinations are based on what works and what doesn't work.

As your hearing today will surely make clear, there is a growing body of knowledge evaluating our past drug control policies, particularly interdiction; and I want to build on this knowledge of our past experiences.

But even before the administration completes its review of all drug control programs, there are two important policy parameters that I would submit to you and the subcommittee concerning interdiction programs.

First, despite a fivefold increase in interdiction resources since 1981 and a sevenfold increase in the Defense Department's interdiction budget since 1988, the amount of illegal drugs entering our country continues to increase.

Moreover, despite increases in the amount of illegal drugs seized, most drug prices are continuing to fall while drug purity continues to rise. Clearly, we cannot hope to stem the tide of the drug epidemic through interdiction programs alone.

Second, while our combination of interdiction programs may not have succeeded in stopping the amount of illegal drugs entering the country, they have, in absolute terms, prevented a significant amount of illegal drugs from entering the country and helped to disrupt drug trafficking patterns. Thus, abandoning our interdiction program is not a viable option. If we did, as some have advocated, we would cede control of the supply of drugs entering the country to the very drug suppliers and drug cartels we all agree should be put out of business. We should never allow this to happen.

Mr. Chairman and members of the subcommittee, we intend to take a harder look at the results of our interdiction policies and then an even harder look at the overall resources available to fight against illegal drugs.

Is the marginal dollar in our drug budget best spent by continuing to increase spending on our interdiction programs; or is it best spent elsewhere? Have our interdiction programs achieved results commensurate with the increases they have received? If not, how

can these moneys be best utilized? These are the questions we must ask and we are asking.

I thank you for allowing me to appear today, and I look forward to working with you as we begin to search for the answers to those questions in the coming months.

Thank you.

Mr. SCHUMER. Thank you, Dr. Brown.

[The prepared statement of Dr. Brown follows:]

PREPARED STATEMENT OF DR. LEE P. BROWN, DIRECTOR, OFFICE OF NATIONAL DRUG CONTROL POLICY, EXECUTIVE OFFICE OF THE PRESIDENT

Mr. Chairman, thank you for the opportunity to appear before the Subcommittee on Crime and Criminal Justice. As you know, I have testified before the subcommittee in the past on other crime and drug-related issues, and I am pleased to appear before the Subcommittee today in my new capacity as the Director of the Office of National Drug Control Policy.

I also applaud the efforts made by you, the members of this Subcommittee, and others inside and outside of government to take an opportunity to look at our nation's drug policy and ask, "What works?"

Since my official swearing-in two weeks ago, I have repeatedly stated that the country can no longer afford to measure its commitment to fighting drugs by how much money is thrown at the problem. As the Federal drug control budgets have grown so too has the public's and the Congress' skepticism over what these huge expenditures are buying. Make no mistake, an effective drug control strategy will continue to claim a significant amount of resources. But, as important as the drug problem is, in an era of tight federal budgets we must start asking ourselves the simple question, "What works and what doesn't?" We've got to show results and make a difference at the community and neighborhood level.

As a new Administration, we see ourselves in a unique position to reassess past drug policies and budgets. We are currently in the midst of a comprehensive review of our nation's international drug control programs -- including interdiction programs -- that will help chart the course for the future. Initiated by the National Security Council (NSC), this review should soon be concluded. The President has asked me to assess the review, to work with my colleagues in the cabinet, and to make appropriate recommendations to him on what policy direction our international drug control programs should take. At that time I will be happy to discuss with the Subcommittee, in an appropriate forum, the specific outcomes of our policy review.

But the review of our international programs must also be coupled with a review of our domestic drug control programs. Not only because we also need a complete assessment of our domestic interdiction programs, but to make sure that -- in developing a new national drug control strategy -- all of our drug policy determinations are based on "what works and what doesn't work." As your hearing today will surely make clear, there is a growing body of knowledge evaluating our past drug control policies -- particularly interdiction -- and I want to build on this knowledge of our past experiences.

But even before the Administration completes its review of all drug control programs, there are two important policy parameters that I would submit to you and the subcommittee concerning interdiction programs. First, despite a five-fold increase in

interdiction resources since 1981 -- and a seven-fold increase in the Defense Department's interdiction budget since 1988 -- the amount of illegal drugs entering our country continues to increase. Moreover, despite increases in the amount of illegal drugs seized, most drug prices continue to fall while drug purity continues to rise. Clearly, we cannot hope to stem the tide of the drug epidemic through interdiction programs alone.

Second, while our combination of interdiction programs may not have succeeded in stopping the amount of illegal drugs entering the country, they have -- in absolute terms -- prevented a significant amount of illegal drugs from entering the country and helped to disrupt drug trafficking patterns. Thus, abandoning our interdiction programs is not a viable option. If we did, as some have advocated, we would cede control of the supply of drugs entering the country to the very drug traffickers and drug cartels we all agree should be put out of business. We should never allow this to happen.

Mr. Chairman and members of the subcommittee, we intend to take a hard look at the results of our interdiction policies and, then, an even harder look at the overall resources available to fight against illegal drugs. Is the marginal dollar in our drug budget best spent by continuing to increase spending on our interdiction programs -- or is it best spent elsewhere? Have our interdiction programs achieved results commensurate with the increases they have received? If not, how can these monies be best utilized? These are the questions we must ask, and we will ask.

Again, thank you I look forward to working with you as we begin to search for the answers to these questions in the coming months.

Thank you, Mr. Chairman.

Mr. SCHUMER. I think you are asking exactly the right questions and in a careful and hard hitting way in both of those together. And I think that bodes well for the examination that you are going to be giving.

Let me ask you this question, sir: Right now we have one lead agency for detection, one for air-interdiction, another for marine-interdiction, one for eradication, and one for in-country law enforcement. But no one authority can direct these agencies to cooperate in any particular mission.

Are you going to look at the issue on the interdiction area of coordination between the many different agencies and departments that have jurisdiction now and perhaps recommend some kind of overarching authority to deal with this?

Because, these turf wars—far be it for a Congress—you know, we have our own turf wars which cripple us in many ways, and we contribute to your turf wars and you contribute to ours, the jurisdictions parallel each other. But something has to be done. It is out of hand in so many different areas.

Dr. BROWN. Yes, sir. I am optimistic we can address the issue. Considering the fact that the President has elevated this Office to a Cabinet-level position allows me to interact with the other members of the Cabinet to address these issues. I am optimistic that we can effectively address the problem.

Mr. SCHUMER. Second, I don't want to prejudge what you are going to do, but in my study of the whole drug budget, the place I have found the least bang for the buck is not—I wouldn't call it supply side/demand side, because I think you really need both; and I agree with you, our interdiction effort must continue. I think, eradication, you get quite a bit of bang for the buck.

I think in terms of knocking out drug cartels the efforts to knock out the drug cartels seem to have gotten a lot of bang for the buck. In the whole drug enforcement budget—and we discussed this with previous witnesses—it seems to me that the money that is now set aside for the actual interdiction on our borders, land, air, and sea, which is about \$2.1 billion, may be a little more if you add in some of the job that is done on the Mexican border. We get the least bang for the buck from there than in any other place in our budget. That is an impression I have. I can't say I can prove that incontrovertibly at this point. That is one of the purposes of this hearing and our next panel.

Would you care to comment on that? Do you have some agreement with that? I think that Mr. Heymann alluded to that.

Dr. BROWN. It is premature for me to give you a conclusion on it. That is part of our overall process now, studying it. We are engaged in a process now to look at the effectiveness of our international programs. And that involves education, interdiction, intelligence, law enforcement, military support, judicial reform.

And so at some point in the near future, we would have a better response about what is effective and what works and what is not working.

Mr. SCHUMER. Thank you, Dr. Brown.

Mr. Schiff.

Mr. SCHIFF. Thank you. Can you hear me OK?

Dr. BROWN. Yes, sir.

Mr. SCHIFF. We met a moment ago, and I have otherwise known you by reputation; and that is an outstanding reputation. I am glad you are on board this administration.

I have to ask first about your department. When the President announced that he was going to reduce White House staff by 25 percent, he put out a list of positions that he intended to reduce. My recollection is that the biggest hit was going to be taken by your department, the Office of Drug Control Policy. And I would like to know what your staffing is compared to what the Office was a year ago.

Dr. BROWN. As I stated, the President did commit himself to a 25-percent reduction in the Executive Office of the President. My Office is part of that Office, so there has been a reduction of the Office. Right now we are in the process of getting down to that level.

However, there is a commitment from the President—and I am working with his Chief of Staff's Office right now—to make sure that we are able to carry out the function of the Office to have the resources necessary to do so.

Although that commitment has been made for the 25-percent reduction, we are now looking at how can my Office carry out its function in context of that; and that has not been resolved.

I think a key point in this regard is that the commitment on the part of the President to address the problem is very strong. As I talked to him before taking the job, one of the things that impressed me was his knowledge and commitment to do the job. And I think that is evident by the fact that he elevated the job to a Cabinet member where I have the opportunity to sit in with the Cabinet members to address the problem across the board.

Mr. SCHIFF. I agree with everything we have heard here about interdiction. I don't believe for a minute that it will solve the problem. I have some confidence in free enterprise. If there is a demand, suppliers are going to look for ways to provide that supply.

What I would like to ask is at least tell us where we might be going. I think there is probably not time here to take it up. Have you had the opportunity yet to get a feel for the whole chain? I know you said you are working on it. Maybe that is the answer, about eradication at the source to intergovernmental cooperation and you mentioned judicial reform.

I am not sure what you are looking at with that. Do you have a feel yet of where we ought to be going? Or do you still need more time to study the matter?

Dr. BROWN. We are in the midst of studying the measure now. We have a contract to measure the effectiveness of the President's international drug control strategy, and within a few weeks we should have the first phase of that completed. And that will give us an idea of what to do in the second phase and some idea about where we are going.

Mr. SCHIFF. I assume that you will share that with us?

Dr. BROWN. Absolutely.

Mr. SCHUMER. Thank you, Mr. Schiff.

And thank you, Dr. Brown. We very much appreciate not only your coming here but your efforts. America needs your Office to be as strong as possible.

Dr. BROWN. Thank you.

Mr. SCHUMER. OK. We will now go to panel number three—four, I guess. It was three but now four. We would ask the witnesses to please come forward.

Thank you gentlemen. And I want to thank all of you for coming. Our panel consists today of, first, Mr. Harold Wankel. He is the Deputy Assistant Administrator for Operations within the U.S. Drug Enforcement Administration. He supervised DEA operations worldwide. Before accepting his post, he had compiled almost 23 years of experience in the area of Federal drug law enforcement.

In June 1992, Rear Adm. Richard Appelbaum became the Chief of the Office of Law Enforcement and Defense Operations for the U.S. Coast Guard, headquartered here in Washington, DC. In his current position, the admiral directs several Coast Guard programs including enforcement of law and treaties.

Mr. John Hensley is the U.S. Customs Service Assistant Commissioner of the Office of Enforcement. And I think I speak on behalf of our whole committee when I say that we want to extend our condolences to the Customs Service and to the families of the four men who were serving their country in the terrible accident that occurred, I believe it was last night.

Mr. HENSLEY. Last night, Mr. Chairman. Thank you.

Mr. SCHUMER. Mr. Brian Sheridan was appointed Deputy Assistant Secretary for Drug Enforcement Policy and Support on June 23. He serves as the primary staff adviser to the Department of Defense Coordinator for Drug Enforcement on matters relating to interagency coordination in an action designed to implement the President's drug control program. Prior to his current position, Mr. Sheridan served as an intelligence officer for the CIA.

And finally, Mr. R. Grant Smith is Acting Assistant Secretary for the Department of State's Bureau of International Narcotics Matters. Before taking this position as Deputy Assistant Secretary for INM, Mr. Smith served in a number of different posts within the State Department.

I thank all of you for coming. It is, obviously, a big panel and you have waited a long time. So without objection, I will ask unanimous consent that everyone's statement be read into the record, and we would ask each of you to try to stay within the 5-minute rule, which I will also ask the questioners, including myself, to do so.

Mr. Wankel.

STATEMENT OF HAROLD D. WANKEL, DEPUTY ASSISTANT ADMINISTRATOR FOR OPERATIONS, DRUG ENFORCEMENT ADMINISTRATION, U.S. DEPARTMENT OF JUSTICE

Mr. WANKEL. Chairman Schumer and members of the Subcommittee on Crime and Criminal Justice, I appreciate the opportunity to appear before you today to discuss our international drug control objectives and outline a strategy for the future based on lessons of the past.

Our primary objective is to reduce drug use in the United States. This is to be accomplished by reducing both the supply and demand for drugs. Reducing the demand for drugs is to be accomplished by preventing and deterring new and casual users as a primary goal,

and by treating existing hardcore addicts. Reducing supply and availability of drugs will result from sharpening the attack on drug trafficking organizations. As demand reduction programs take hold and supply reduction programs make drugs more expensive and less readily available, we will continue to see a decrease in the number of Americans who use drugs.

We recognize that in these fiscally constrained times there is a likelihood of less resources being devoted to counternarcotics efforts, especially costly interdiction programs. This makes it all the more critical that we develop a strategy that provides the most, as Chairman Schumer says, "bang for the buck" in our counternarcotics programs.

As you know, the administration is undertaking a top-to-bottom review of our international drug programs as part of an ongoing Presidential review that will provide this administration's policy direction for the international drug program as alluded to by Secretary Brown.

First, the declaration of a war against drugs caused the drug problem to be misconceptualized in military terms. This had serious consequences for how America confronted the drug problem overseas. One consequence was that bilateral drug law enforcement efforts and multilateral initiatives took a backseat to expensive detection and monitoring and interdiction efforts. These high-cost interdiction efforts, directed at the flow of cocaine rather than at the organizations moving the cocaine, have received the lion's share of counternarcotics funding. Interdiction efforts have caused traffickers to shift to more costly routes and methods, but traffickers have also produced more cocaine to compensate for these losses and to keep pace with international demand.

Second, recognizing that building institutions is a long-term proposition, we must continue to strengthen host nation institutions so that they are able to confront and incapacitate major traffickers. The U.S. Government will continue to seek to prosecute the leadership of the cartels.

In some cases, as was pointed out, however, U.S. prosecutions will not be feasible, and, therefore, it is vital to our interests that foreign governments be able to successfully investigate, identify, arrest, convict, and incarcerate for long periods of time international traffickers who operate in their countries.

Institution-building programs include professionalizing the drug law enforcement capabilities of the police, establishing independent and vigorous prosecutorial institutions, and judicial reform. All these programs strengthen the ability of Latin American criminal justice systems to investigate, prosecute, and incarcerate major drug traffickers operating in their countries.

Although programs designed to build the ability of Latin American governments to reduce the capacity of the cocaine cartels to produce and distribute their product have received little attention, we must continue to work with our allies in Latin America and elsewhere and to develop these institutions so that they become strong enough to resist the corrupting influences of drug traffickers.

Third, we must apply law enforcement solutions to law enforcement problems. While there is certainly a support role for the U.S.

military, foreign drug trafficking remains a law enforcement problem. It is law enforcement work that closes the labs, arrests the operators, gathers evidence, identifies the kingpins, and ultimately incapacitates them through convictions, asset seizures and jail sentences. These law enforcement functions are the basics of drug enforcement efforts at home as well.

DEA has built upon these lessons to formulate a new interagency law enforcement strategy designed to reduce the capacity of major drug trafficking organizations to finance, produce, and distribute their products. We realize that fighting drug trafficking requires us to fight smart, mounting sustained, coordinated attacks on the major vulnerabilities of targeted drug trafficking organizations in order to weaken and destroy their infrastructure. That is why we need to emphasize long-term enforcement, investigative, and institution-building solutions.

The DEA kingpin strategy is designed to guide drug law enforcement activities in all the source and transit countries, as well as here in the United States. The greatest impact on the drug trade comes when kingpin organizations are disrupted, weakened, and destroyed, root and branch. And that is why the kingpin strategy is designed not only to remove the kingpin, but also to destroy the entire drug organization by identifying and attacking all its vulnerabilities, including:

- Their means of production, including their cocaine labs and choking off the supply of essential chemicals needed to make cocaine;

- Their means of transport, including their use of private aircraft and containerized vessels;

- Their distribution networks, including their distribution cells right here in the United States;

- Their communications;

- Their financial networks and assets; and

- Incapacitation of the leadership and key managers of the kingpin organizations.

The objective is to destroy the organizations' infrastructure, and with it, the organizations' capacity to finance, produce, and distribute large amounts of illegal drugs.

Over the last year or so, this new strategy has been validated as a means to disrupt trafficker operations. And through cooperative efforts with the host nations and interagency cooperation and acceptance, we have seen this strategy take a serious toll on the cartels.

We have seen the last several years the leaders of the Medellin cartel going to jail or being incarcerated or dead in many instances. The Cali cartel is now being focused on and attacked through the kingpin strategy. And we are seeing successes there. Ivan Urdinola, a major trafficker, kingpin was arrested a year ago. We see the Cali cartel now talking to the Colombian Government about possibly surrendering. They are facing the fact that the international community is at their doorstep, and they are concerned.

In the interest of time, I will defer the rest of my statement.

Mr. SCHUMER. Thank you, Mr. Wankel.

[The prepared statement of Mr. Wankel follows:]

PREPARED STATEMENT OF HAROLD D. WANKEL, DEPUTY ASSISTANT ADMINISTRATOR
FOR OPERATIONS, DRUG ENFORCEMENT ADMINISTRATION, U.S. DEPARTMENT OF
JUSTICE

Chairman Schumer, and Members of the Subcommittee on Crime and Criminal Justice: I appreciate the opportunity to appear before you today to discuss our international drug control objectives, and outline a strategy for the future based on the lessons of the past.

Our primary objective is to reduce drug use in the United States. This is to be accomplished by reducing both the supply and demand for drugs. Reducing the demand for drugs is to be accomplished by preventing and deterring new and casual users as a primary goal, and by treating existing hard-core addicts. Reducing supply and availability of drugs will result from sharpening the attack on drug trafficking organizations. As demand reduction programs take hold and supply reduction programs make drugs more expensive and less readily available, we will continue to see a decrease in the number of Americans who use drugs.

Before discussing a substantive strategy, I would like to point out what I believe is a common misconception regarding U.S. counternarcotics expenditures overseas. Ninety-one (91) percent of the U.S. counternarcotics budget is spent domestically, including border interdiction. In FY 1993, for example, the entire U.S. counternarcotics budget was \$13 billion. Of that, only 9 percent was dedicated to U.S. overseas programs.

We recognize that in these fiscally constrained times there is a likelihood of less resources being devoted to counternarcotics efforts, especially costly interdiction programs. This makes it all the more critical that we develop a strategy that provides the most "bang for the buck" in our counternarcotics programs.

As you know, the Administration is undertaking a top-to-bottom review of our international drug programs as part of an ongoing Presidential Review that will provide this Administration's policy direction for the international drug program. In executing this

review, we are looking at what has worked over the years, and making some realistic assessments about future directions. Although the review is not yet completed and I cannot predict its outcome, I would like to discuss some of the general lessons we have learned over the past few years concerning the efficacy of international drug control programs.

First, the declaration of a "war" against drugs caused the drug problem to be misconceptualized in military terms. This had serious consequences for how America confronted the drug problem overseas. One consequence was that bilateral drug law enforcement efforts and multilateral initiatives took a backseat to expensive detection and monitoring and interdiction efforts. These high-cost interdiction efforts, directed at the flow of cocaine rather than at the organizations moving the cocaine, have received the lion's share of counternarcotics funding. Interdiction efforts have caused traffickers to shift to more costly routes and methods, but traffickers have also produced more cocaine to compensate for these losses and to keep pace with international demand.

The limitations of our interdiction strategy can be illustrated by an analogy. If our goal was to reduce the availability of GM cars in America, then we have put most of our efforts into trying to pick off shipments of new GM cars on our interstate highway system, while doing comparatively little to limit production of those cars. The more cars we have picked off, the more GM has produced in order to meet demand. The same is true of the cocaine cartels, and of our efforts to stop the flow of cocaine into our country.

The fact is that programs focused solely against the flow of cocaine are not as effective as programs aimed at the organizations responsible for producing and distributing the cocaine. Most, in fact 73 percent, of all cocaine seizures overseas in excess of 500 kilograms are due to investigative information -- such as informants and wiretaps. The remaining 27 percent are of all other types, including cold hits and detection and monitoring activities.

Over-emphasizing interdiction programs plays to the strengths of the Colombian trafficking organizations that can shift trade and smuggling routes far more quickly than the U.S. can respond.

Second, recognizing that building institutions is a long-term proposition, we must continue to strengthen host nation institutions so that they are able to confront and incapacitate major traffickers. The U.S. Government will continue to seek to prosecute the leadership of the cartels. In some cases, however, U.S. prosecutions will not be feasible, and, therefore, it is vital to our interests that foreign governments be able to successfully investigate, identify, arrest, convict and incarcerate for long periods of time international traffickers who operate in their countries.

Institution-building programs include professionalizing the drug law enforcement capabilities of the police, establishing independent and vigorous prosecutorial institutions, and judicial reform. All these programs strengthen the ability of Latin American criminal justice systems to investigate, prosecute, and incarcerate major drug traffickers operating in their countries. DEA, the Department of Justice, and other U.S. Government agencies generally are already engaged in a number of programs to help Latin American countries, such as Colombia, improve their ability to investigate, prosecute and punish narcotraffickers.

Although programs designed to build the ability of Latin American governments to reduce the capacity of the cocaine cartels to produce and distribute their product have received little attention, we must continue to work with our allies in Latin America and elsewhere and to develop these institutions, so that they become strong enough to resist the corrupting influences of drug traffickers. In the long term, our ability to counter the threat that drugs, such as cocaine and heroin, pose to the United States is directly proportional to the ability of Latin American governments to take effective law enforcement actions against trafficking organizations operating within their respective borders.

Third, we must apply law enforcement solutions to law enforcement problems. While there is certainly a support role for the U.S. military, foreign drug trafficking remains a law enforcement problem. It is law enforcement work that closes the labs, arrests the operators, gathers evidence, identifies the Kingpins, and ultimately incapacitates them through convictions, asset seizures and jail sentences. These law enforcement functions are the basics of drug enforcement efforts at home as well.

DEA has built upon these lessons to formulate a new interagency law enforcement strategy designed to reduce the capacity of major drug trafficking organizations to finance, produce and distribute their products. We realize that fighting drug trafficking requires us to fight smart, mounting sustained, coordinated attacks on the major vulnerabilities of targeted drug trafficking organizations in order to weaken and destroy their infrastructure. That is why we need to emphasize long-term enforcement, investigative and institution-building solutions.

DEA's Kingpin Strategy

The Kingpin Strategy is designed to guide drug law enforcement activities in all the source and transit countries, as well as here in the United States. The greatest impact on the drug trade comes when kingpin organizations are disrupted, weakened and destroyed, root and branch. And, that is why the Kingpin Strategy is designed not only to remove the kingpin, but also to destroy the entire drug organization by identifying and attacking all its vulnerabilities including,

- their means of production, including their cocaine labs and choking off the supply of essential chemicals needed to make cocaine;
- their means of transport, including their use of private aircraft and containerized vessels;

- their distribution networks, including their distribution cells right here in the United States;
- their communications;
- their financial networks and assets, and
- incapacitation of the leadership and key managers of the Kingpin organizations.

The objective is to destroy the organization's infrastructure, and with it, the organization's capacity to finance, produce, and distribute large amounts of illegal drugs.

We all know that street dealers are easily replaced. But Kingpins and their organizations are not. Through the Kingpin Strategy, DEA has moved away from a body count mentality of how many arrests or how much dope is seized, and toward more meaningful measures of performance.

The Kingpin Strategy also provides us with a framework to analyze and target the major trafficking organizations and their different facets, to devise comprehensive plans of attack, and to marshal our resources against them. This strategy focuses law enforcement efforts and gives DEA a vehicle for working more effectively with other agencies toward a strategy calculated to achieve U.S. Government counternarcotics objectives, including reducing the availability of drugs, and removing the threat traffickers pose to democratic institutions, particularly in Latin America.

And let me say I do not expect the implementation of the Kingpin Strategy to lead to a significant decline in drug seizures. Developing intelligence through investigations and cost-effective technical collection has and will continue to lead to very large drug removals. Our figures indicate that three seizures in four, regardless of where they are made or by what

agency or nation, are made as a result of some sort of prior intelligence rather than as a result of "patrol" interdiction efforts.

Kingpin Successes

Over the past year or so, this new strategy has been validated as a means to disrupt trafficker operations. Through cooperative efforts with the host nations and interagency cooperation and acceptance, we have seen that this strategy can take a serious toll on the cartels.

Just a few years ago, in the late 1980s, the Colombian Kingpins seemed invincible. Today we know better. Most of the leaders of the Medellin Cartel are dead or in jail. This cartel's capacity to produce and distribute was markedly reduced in 1990, and it has not recovered. With the Medellin Cartel badly damaged and in disarray, we have targeted the organizations that make up the Cali Cartel.

Starting in November 1991, DEA teamed up with the Colombian National Police to carry out the first major raids ever on the Cali Cartel in Cali, Colombia. We seized important financial records that permitted us to freeze trafficker bank accounts in Colombia, Miami, and London. A year ago, the Colombian National Police arrested Ivan Urdinola, a major, targeted Cali Kingpin, and he remains jailed in Colombia.

In November of 1991, DEA destroyed two major Cali distribution cells in New York City, run by Pacho Herrera, by arresting the head of the New York branch, Pacho's brother, Ramiro, and over 100 members of that organization. During this investigation, we seized more than \$20 million in cash and assets and took over 2.7 tons of cocaine off the streets. Pacho's brother was just sentenced to 30 years. Far more important -- the entire U.S. operation shut down and still has not been rebuilt. As a result of these actions, the wholesale price of cocaine rose in the United States in 1992--sharply in the New York region--for only

the second time since the cocaine epidemic began in the early 1980s.

Our success against the narcotrafficking organizations depends on a coordinated attack on every link of the chain of drug production, transportation, and distribution in every country. We must continue to work with and help these nations identify the major trafficker organizations through sharing and helping to develop drug intelligence and evidence in their countries, and to help focus law enforcement efforts on eliminating them.

Although frequently far from our shores, our overseas counternarcotics efforts directly strengthen our domestic enforcement programs. Much of the intelligence gained as a result of foreign cooperative investigations results in important enforcement successes against cartel operatives active inside the U.S. For example, the seizure in Miami and Houston in 1991 of 15 tons of Cali cartel cocaine concealed in concrete fenceposts, and the arrest of important Cali operatives in the U.S., resulted directly from information obtained by one of DEA's offices in Latin America.

The State Department's support has been invaluable to our foreign operations, and we receive excellent cooperation from INM's Narcotics Assistance Sections. The U.S. military has also provided important support to DEA's overseas efforts. While radar-based detection and monitoring is helpful when we have had resources to devote to "endgames," it is of little or no value as a stand-alone program. Detection and monitoring support to law enforcement should be increased in select areas in the source countries where law enforcement endgames exist, such as in the Chapare region of Bolivia, which is the source of 1/3 of world coca production.

Human intelligence -- informants -- and communications intercepts provide the most reliable and cost-effective sources of intelligence concerning the trafficking organizations. "Inside" information provided by informants also gives us the best information, and the kind of information needed for disrupting and dismantling trafficker operations.

We appreciate the Subcommittee's interest and support of our international narcotics control efforts. I will be happy to answer any questions at this time.

Mr. SCHUMER. Admiral Appelbaum.

**STATEMENT OF REAR ADM. RICHARD A. APPELBAUM, CHIEF,
OFFICE OF LAW ENFORCEMENT AND DEFENSE OPER-
ATIONS, U.S. COAST GUARD**

Admiral APPELBAUM. Thank you for the opportunity to appear.

Mr. Chairman, the Coast Guard is a multimission service with multimission facilities. The enforcement of laws and treaties is but one of several missions.

And within the mission of enforcement of laws and treaties, the Coast Guard has broad law enforcement responsibility as the primary maritime law enforcement agency of the United States. Our responsibilities range from marine environmental protection to the protection of the living marine resources, to the protection of marine sanctuaries, to the alien migration interdiction operation which is receiving some focus in recent days, to the counternarcotics mission.

In our current counternarcotics mission, our primary effort is in interdiction. But the Coast Guard is leading the way in fostering international cooperation and development of maritime law enforcement skills. Most navies in the world resemble the U.S. Coast Guard in size, in mission, et cetera. And the Coast Guard is actively engaging in combined operations and training with other nations to develop processes to deal with maritime threats.

The Coast Guard is recognized as the expert in such areas as small craft operations and at-sea law enforcement procedures. The skills of our maritime law enforcement people in searching for drugs on a vessel at sea are the same as those being put to use in the North Red Sea and Adriatic to help enforce the U.N. sanctions, and the same as those used to search for undocumented aliens secreted in vessels at sea.

The Coast Guard plays an important role in the country's integrated drug strategy. We focus on balance among efforts to achieve optimal results with finite resources. We view our role in drug interdiction as being consistent with our heritage of saving lives, albeit indirectly.

We all know of the deadly impact of drug abuse, and we are proud to be a part of that effort to prevent that abuse.

Thank you, Mr. Chairman.

Mr. SCHUMER. Thank you, Admiral.

[The prepared statement of Admiral Appelbaum follows:]

STATEMENT OF
REAR ADMIRAL RICHARD A. APPELBAUM
CHIEF, OFFICE OF LAW ENFORCEMENT AND DEFENSE OPERATIONS
UNITED STATES COAST GUARD
BEFORE
THE SUBCOMMITTEE ON CRIME AND CRIMINAL JUSTICE
JUDICIARY COMMITTEE
U.S. HOUSE OF REPRESENTATIVES
JULY 15, 1993

Good morning, Mr. Chairman and distinguished members of the Subcommittee. I am RADM Richard Appelbaum, Chief of the Office of Law Enforcement and Defense Operations of the United States Coast Guard. I am pleased to appear before this Subcommittee to discuss the Coast Guard drug interdiction program.

The Coast Guard is a multi-mission organization of about 38,000 active duty military personnel and slightly more than 5,000 civilian employees, operating 200 shore stations, approximately 2,000 boats, 250 ships of various types and sizes, and over 200 helicopters and fixed-wing aircraft to execute our diverse missions.

The Coast Guard has four major mission areas: maritime safety, marine environmental protection, defense readiness and maritime law enforcement. With rare exceptions, Coast Guard cutters, boats, and aircraft are multi-mission assets. For example, it is routine for a single cutter to be involved in search and rescue, fisheries enforcement, alien interdiction, and

drug interdiction missions in the course of a single 4-6 week patrol.

Maritime law enforcement is our oldest mission. The suppression of smuggling was the main reason for forming our early fleet of cutters in 1790. Today, however, our law enforcement missions include fisheries enforcement, alien interdiction, drug interdiction, and the enforcement of a variety of laws, treaties, and agreements. Our law enforcement authority is derived from 14 USC 89 and other statutes.

While the focus of this hearing is on our drug interdiction effort, I wanted to mention our other activities in order to highlight the fact that law enforcement is just one of many Coast Guard missions, and within law enforcement, drug interdiction is only one of several functions the Coast Guard performs.

The Coast Guard's drug control efforts are focused on supply reduction. We are the lead agency for maritime interdiction and share the lead role with the U.S. Customs Service (USCS) for air interdiction. We also provide support to international counterdrug initiatives and the intelligence community.

First, I'd like to state some terms of reference which I will use while discussing interdiction. There are five major phases to interdiction: detecting and monitoring the target; sorting legitimate traffic from that which might be illegal; intercepting potential smugglers; searching them; and if they are violating the law, arresting them. The Coast Guard specializes in intercepting, searching, and arresting, which I will simply refer to as apprehension.

Seizing all drugs in transit, i.e. sealing the borders, would be cost prohibitive and disruptive to legitimate commerce, and so is unrealistic. Because such a goal would be unreachable, the stated goals of air and maritime interdiction are to deter smuggling and to deny the smuggler the safe, direct, and economical air, land, and maritime routes. In other words, we are trying to keep traffickers off-balance by forcing them to develop new, more costly methods and routes through effective interdiction efforts. Through this disruption, we hope to increase the cost to the trafficker and reduce the flow into the United States. Seizures and arrests contribute to interdiction and route denial.

With the goal of interdiction being route denial, any interdiction operation that results in the trafficker increasing costs and risks by changing the methods or routes by which contraband is transported is considered a success. Seizing contraband and arresting suspects has both a direct and indirect effect on the drug supply entering the United States. The direct effect is that contraband seized reduces the amount immediately available for consumption. The indirect effect is that traffickers will be forced to develop alternative methods to avoid effective interdiction. This increases the difficulty of smuggling and reduces their profitability. Potential criminal penalties and high operating costs create a deterrent to smugglers. Deterrence is also a form of route denial.

Apprehension is the key to successful deterrence and route denial. Detection and monitoring and the other phases of

interdiction are integral to the process, but it is the law enforcement aspect, the ability to apprehend if you will, that ultimately creates deterrence. This is what the Coast Guard has the legal authority to do at sea.

We strive to achieve route denial by distributing counterdrug forces and operations throughout the geographic area of interest, which is divided into four generic zones; the source countries, and the departure, transit, and arrival zones.

In the source countries, and other nations, the Coast Guard supports the efforts led by the Departments of State and Justice in helping to build the political will and indigenous capability of the host nation to combat maritime smuggling. The International Maritime Law Enforcement Team (IMLET) is a unit of about thirty Coast Guard officers and petty officers specifically formed to provide waterways law enforcement training to other nations. Teams of two to three personnel deploy to a host nation to build credible host nation interdiction forces. Based on the comments of the U.S. ambassadors, the IMLET has had a significant and positive impact on the nations to which it has deployed.

The IMLET is only one example of our support of international training initiatives. We deploy International Training Teams to various nations to train indigenous military and police forces in law enforcement and other areas of USCG expertise. The U.S. Coast Guard is an excellent model for these nations' developing law enforcement programs because of its relatively small size, the nature of its missions, the dual military/law enforcement role, and the unique expertise of its people in small boat

operations, at-sea boardings, and control of commerce. We also support combined operations with those nations' navies and/or coast guards and provide training to foreign police and military students in the United States at various Coast Guard training sites. All of these international initiatives in which the Coast Guard is involved are closely coordinated with the State Department.

Coast Guard maritime interdiction operations in the departure and transit zones rely primarily on our high seas boarding program. A common thread among all Coast Guard missions is maritime expertise, and this is reflected in our designation as the lead agency for maritime interdiction. High seas boardings are our most effective tool in both deterring and interdicting drug shipments at sea. The Coast Guard may board any U.S. registered vessel almost anywhere; however, foreign territorial waters are excluded, unless we are working under an arrangement with that coastal nation obtained through the assistance of the Department of State. While U.S. registered vessels are subject to broad Coast Guard boarding, search, and seizure authority, the Coast Guard can also obtain permission to board foreign flagged vessels from either the vessel's master or from the vessel's flag state. It is this boarding program which enables the Coast Guard to directly interdict contraband and apprehend suspects, and also provide a deterrent against future smuggling ventures.

Our tactics in the departure zone, generally out to about 100 miles off the coast of Central/South America, rely heavily on the presence of a joint squadron of USCG/USN ships in the deep

Caribbean and eastern Pacific corridor. Recently, Royal Navy ships have become involved. While these units are primarily assigned to detection and monitoring duties, we take advantage of the presence of those assets by placing Coast Guard law enforcement detachments (LEDET) -- 7-person teams specifically trained for boardings -- aboard to provide a significant interdiction and apprehension capability at a minimal additional cost.

The impact of such operations is felt up to, and sometimes even into, the territorial seas of the source and transit countries through our participation in bilateral operations. Agreements such as the one recently signed with Belize also allow increased flexibility in interdiction operations close to the source and transit countries.

Our transit zone strategy attempts to make the most of the traffic constrictions at the geographic choke points such as the Windward and Yucatan Passes. We try to keep a cutter in each of the passes, and rely on detection and monitoring support from the Department of Defense (DoD) to make choke point interdiction more effective.

Arrival zone operations involve a diverse group of participants. Coast Guard group commanders must coordinate the forces of shore based local, state, and federal civil law enforcement agencies with the operations of our coastal patrol boats. Our arrival zone operations generally extend from our shoreline out to about 50 nautical miles. Most of these operations also incorporate Coast Guard fixed wing aircraft, helicopters, vessels, and the assets provided by other agencies.

The National Drug Control Strategy, under which the Coast Guard has been operating for a number of years, also calls for improved collection, coordination, analysis, and dissemination of intelligence by the various agencies involved in the drug war. The Coast Guard is a major contributor to, and user of, the maritime intelligence program, and routinely supports the intelligence community through post-seizure analysis and information reports following the boarding of vessels. The use of intelligence is vital to conducting efficient interdiction operations. Our reliance on intelligence is reflected by the fact that over 75 per cent of Coast Guard seizures last year were as a result of prior intelligence. Ten years ago, Coast Guard vessels steamed looking for vessels that met a drug smuggler's profile. Today we primarily intercept, search, and apprehend suspects based on the intelligence provided by the intelligence community.

A description of Coast Guard's air interdiction program will demonstrate the degree of interagency coordination required to achieve success in this very dynamic and time critical mission.

Airborne smuggling by general aviation aircraft constitutes a major means by which cocaine is transported from foreign countries toward the United States. Typically, a DoD asset detects a northbound aircraft which has departed from a clandestine airstrip in Colombia. The target information is passed through DoD channels to Joint Task Force Four (JTF4), located in Key West, where the target data is initially sorted for national security purposes. JTF4 then notifies the joint

U.S. Coast Guard/Customs Command, Control, Communications, and Intelligence Center - East (C3IE) located in Miami. C3IE performs the law enforcement sorting function by checking with air traffic control and tactical intelligence databases maintained by the Drug Enforcement Administration (DEA), USCS, and other agencies.

If the target is determined to be of interest, an interceptor aircraft (either USCG, USCS, or DoD) conducts an intercept to identify the aircraft. The interceptor aircraft obtains more target information, and passes this to the C3IE for further sorting. If the aircraft is sorted as suspect, based on known intelligence and other sorting criteria, constant monitoring continues using available assets, regardless of parent agency. As the suspect approaches its destination, apprehension forces are alerted.

A combined DEA, USCG, DoD, and Bahamian operation, Operation Bahamas and Turks and Caicos (OPBAT) is the model air apprehension operation. Utilizing Coast Guard and U.S. Army helicopters, OPBAT assets receive target information, and interdict the suspect aircraft as it offloads contraband in the Bahamas. Because aircraft currently tend to air drop contraband to awaiting vessels, C3IE also helps coordinate a maritime response, while DEA and Royal Bahamian Defense Force personnel aboard the OPBAT helicopters are ready to apprehend the suspects if the aircraft lands or the pick-up boats beach themselves.

If the suspect aircraft conducts an airdrop and does not land, apprehension forces focus on interdicting the contraband

and arresting suspects, while the aircraft is tracked throughout the return flight. Apprehension forces in the destination (original source) country are alerted and, if able, respond to meet the aircraft upon arrival.

This is a complicated scenario but it works, thanks to the extraordinary amount of coordination between the many agencies. Of significant note is that while intense interagency coordination is required to maintain a constant surveillance and apprehension response to these events, international coordination is also required to coordinate an apprehension response in foreign countries. The fact that this scenario is effective, despite the inherent complexity, bears witness to the level of close coordination agencies and governments share.

While the Coast Guard is the lead agency for maritime interdiction and co-lead with the USCS for air interdiction, we simply cannot do these jobs alone. We rely on the support and assistance of many other agencies involved in counterdrug operations, including: USCS, DEA, Office of National Drug Control Policy, and the Departments of Defense, Justice, State, Transportation, and Treasury. Furthermore, other agencies are involved at the Federal, state and local levels and assist in the planning and execution of operations.

The National Counter-Drug Planning Process was implemented because interagency cooperation is essential to coordinating and conducting effective counterdrug operations. Under this process, quarterly assessments of the air and maritime cocaine smuggling threat are conducted. Based on these assessments, quarterly

planning conferences between involved agencies are first conducted at the strategic level, followed by planning conferences at the operational and tactical levels. Operational requirements are provided by the lead agencies, and the known capabilities of involved agency assets are coordinated to optimize their use for counterdrug operations. Thus, this process encourages synergy between agencies in assigning assets to specific joint operations; the operational impact of resource constraints are minimized.

We have also expanded our efforts at increasing the effectiveness of interdiction through shared technological developments. We have made significant progress in the research and development of drug detection equipment which will enable us to detect the presence of illegal substances without intrusive or destructive searches. Enhancements to data processing, such as the Law Enforcement Information System (LEIS), and increased interoperability and connectivity with other federal agencies have resulted in a more rapid sharing of information required to sort legitimate from suspect traffic. Additionally, the capabilities of both cutters and aircraft to classify and identify targets have been enhanced through electro-optical systems, such as night vision devices.

With the assignment of DoD as the lead agency for the detection and monitoring of trafficking events, Coast Guard operational assets have become increasingly focused on apprehension. Through interagency cooperation and technological developments, overall interdiction effectiveness has been

maintained, while the amount of time Coast Guard assets have devoted to counterdrug operations has decreased. This has allowed the Coast Guard to dedicate more asset time to meet the increasing requirements of the marine environmental protection, migrant interdiction, maritime safety, defense readiness and fisheries law enforcement missions. The proportion of the Coast Guard Operating Expenses Appropriation for drug interdiction has declined from 24 percent in FY89 to 14 percent in FY93.

These interdiction programs are effective. I make this statement based on comparing how the various air and maritime trafficking routes and methods have changed in response to U.S. interdiction operations. The national goal of interdiction is route denial, so effectiveness of interdiction should be measured against this goal.

Seizure data is tempting to use as a measure of effectiveness, but without knowing the amount shipped or the amount received, the amount of contraband seized does not yield a meaningful measure of effectiveness. Successful interdiction operations deny routes, so it is logical to expect a decrease in the quantities of drugs seized on these routes. Route denial can be determined from detection and monitoring data, intelligence, and smuggling methods. Using this information, we have observed that trafficking routes have changed in response to apprehension operations.

For air interdiction, the direct narcotrafficking flight into the United States, which was common a few years ago, is now a rare event because of effective interagency and international

efforts. Air traffickers have shifted from landing and offloading in the United States to conducting airdrops at transshipment areas. While the Bahamas is an ideal transshipment area because of the many remote islands and proximity to the United States, it is no longer the destination for most air trafficking events.

The overall maritime interdiction program is also disrupting the narcotrafficker and thus partially achieving the goal of route denial. The increased use of aircraft to transport contraband, the practice of concealing contraband in the legitimate cargo of commercial vessels, the increased use of concealed compartments and low profile vessels, and the increased willingness of traffickers to jettison loads prior to Coast Guard boardings, are all costly measures which traffickers have adopted in response to effective maritime interdiction.

In summary, the Coast Guard is involved in many of the facets of the National Drug Control Strategy, from interdiction to intelligence, from waterways law enforcement training initiatives in host nations to operations on the borders of the United States, and in the air and at sea. We have, along with all other agencies, worked hard to achieve the level of interagency and international cooperation and effective interdiction and deterrence enjoyed today. Our multi-mission character makes the Coast Guard unique, always ready to respond to a variety of mission taskings, including drug interdiction, in the maritime environment.

Mr. Chairman, I thank you and the members of this Subcommittee for this opportunity to discuss Coast Guard counterdrug initiatives. I am ready to answer any questions you may have. Thank you.

Mr. SCHUMER. Mr. Hensley.

STATEMENT OF JOHN E. HENSLEY, ASSISTANT COMMISSIONER, OFFICE OF ENFORCEMENT, U.S. CUSTOMS SERVICE

Mr. HENSLEY. Mr. Chairman and members of the subcommittee, my name is John Hensley, and I am Assistant Commissioner, Office of Enforcement for the U.S. Customs Service.

Thank you for giving me this opportunity to discuss foreign interdiction initiatives and our key role in that problem.

Let me begin by making a few general comments about the significance of interdiction in the overall supply reduction strategy and why the U.S. Customs Service feels that the continuation of interdiction programs is a necessary Federal responsibility.

Interdiction is a productive and proven concept. Consider, for example, the Customs program to prevent the entry of smuggling aircraft into the United States which has reduced by nearly three-fourths the number of smuggling aircraft crossing our borders, and the Coast Guard program for preventing the entry of drugs by vessel which has had tremendous success in addressing the threat of mother ships.

The processes that form the foundation of drug interdiction programs include technology-based systems, inspection, investigation, and intelligence.

At the border, networked systems including technology, hardware, personnel and command, control, communications, and intelligence systems have been implemented to interdict the drug supply. Closely interrelated with these efforts is the investigative process that attacks the drug supply and controlling criminal organizations using confidential informants, undercover operations, wiretaps, and a variety of other investigative techniques. These interrelated efforts all form the foundation of a successful drug interdiction program.

Interdiction serves many purposes. The interdiction process not only guards against narcotics smuggling, but also guards against illegal immigration, protects the environment, protects the domestic agricultural industry, and prevents the entry or exit of dangerous materials such as weapons or munitions. These functions are performed simultaneously with the interdiction of illicit drugs.

As part of Customs' responsibility to monitor the flow of carriers, people, and merchandise into our country, and to collect any duties and taxes, we receive vast amounts of commercial data concerning imported merchandise and the importing carriers, in an electronic format. We are able to extract valuable, artificial intelligence on suspect shipments from this data, using our automated targeting systems.

Our interdiction systems in the ports of entry are technology based to support targeting and examination functions. In response to the volume of traffic at our ports of entry, Customs began an aggressive program of using electronic information systems to assist its work force in targeting high-risk cargo, conveyances, and persons at the ports of entry.

The U.S. interdiction systems are nearing completion. The major expenditures for systems development and acquisition are behind us.

More importantly, the interdiction system is proactive. Interdiction occurs at or beyond our borders, before drugs can enter the market, become widely dispersed, and begin doing their damage. Interdiction allows drugs to be seized at their highest level of purity and in their greatest concentrated volumes. Interdiction consistently produces more arrests and seizures of wholesale quantities of drugs than any other enforcement approach.

The consideration of the deterrent effects must also be weighed when calculating the true value of a program. Customs believes that the interdiction systems are indeed deterrents and that this is evidenced by the dramatic reduction in the aviation threat, along with the shifting of both smuggling routes and methods to avoid these systems; recent detection of elaborate tunnels of San Ysidro and Douglas, AZ, attest to this.

Additionally, the Federal Government has the support of national intelligence systems that allow them to more precisely target specific areas for enforcement activities.

Successful interdiction requires international cooperation. The Federal Government is responsible for negotiations with foreign countries.

Mr. Chairman, I can assure this committee that the approach to interdiction taken by the Customs Service and the other agencies here today has been both thoroughly considered and independently validated.

In summary, interdiction is one strategy that is entirely the responsibility of the Federal Government. Interdiction, perhaps more than any other antidrug program, relies on sophisticated technology. Interdiction operations are proactive and can be improved as new technology and systems are applied. Finally, interdiction not only protects our borders from narcotics, but from many other safety, health, environmental, and law enforcement threats.

Customs views interdiction not as simply a means of seizing drugs, but also as a significant deterrent and a method of gathering information vital to the investigation and dismantling of trafficking organizations. We have taken significant steps to ensure that these elements are incorporated into our approach.

In the 1990's, nearing fulfillment of our initial objective to reduce the flow of narcotics into the United States via general aviation aircraft, Customs expanded upon its mission by projecting our line of defense southward to combat the air smuggling threat at its highest concentration, at its source. This, the defense-in-depth strategy, affords the United States and its host nations a greater opportunity for successful interdiction by tracking the suspect at the earliest point along his smuggling route.

Customs determined, by creatively managing and scheduling existing resources, that we could continue to maintain a "7-by-24" interdiction capability within the United States, while also deploying a small detachment of aircraft and personnel to areas where the measurable return on our investment would be greater.

The results of technologies can be most validated in Mexico where the Attorney General of Mexico credited Customs participation with 80 percent of the cocaine caught in his country in 1991.

I would close by saying that interdiction is a continuum that attacks the narcotics trafficker from the field to the domestic distribution network.

Further, I want to emphasize that drug law enforcement is an interconnected matrix with all pieces being cross supportable and interconnected. We believe that the solution to our Nation's drug problems does not lie in enhancing one program at the expense of another, but rather in continuing to build on what has already been achieved.

Thank you.

Mr. SCHUMER. Thank you.

[The prepared statement of Mr. Hensley follows:]

PREPARED STATEMENT OF JOHN E. HENSLEY, ASSISTANT COMMISSIONER, OFFICE OF
ENFORCEMENT, U.S. CUSTOMS SERVICE

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, MY NAME IS JOHN HENSLEY, I AM THE ASSISTANT COMMISSIONER, OFFICE OF ENFORCEMENT, FOR THE U.S. CUSTOMS SERVICE. I WOULD LIKE TO THANK YOU FOR GIVING ME THIS OPPORTUNITY TO DISCUSS FOREIGN INTERDICTION INITIATIVES AND THEIR KEY ROLE IN OUR INTEGRATED APPROACH TO COMBATTING THE ILLEGAL DRUG PROBLEM.

LET ME BEGIN BY MAKING A FEW GENERAL COMMENTS ABOUT THE SIGNIFICANCE OF INTERDICTION IN THE OVERALL SUPPLY REDUCTION STRATEGY AND WHY THE UNITED STATES CUSTOMS SERVICE FEELS THE CONTINUATION OF INTERDICTION PROGRAMS IS A NECESSARY FEDERAL RESPONSIBILITY.

INTERDICTION IS A PRODUCTIVE AND PROVEN CONCEPT. CONSIDER, FOR EXAMPLE, THE CUSTOMS PROGRAM TO PREVENT THE ENTRY OF SMUGGLING AIRCRAFT INTO THE UNITED STATES WHICH HAS REDUCED BY NEARLY THREE QUARTERS THE NUMBER OF SMUGGLING AIRCRAFT CROSSING OUR BORDER AND THE COAST GUARD PROGRAM FOR PREVENTING THE ENTRY OF DRUGS BY VESSEL WHICH HAS HAD TREMENDOUS SUCCESS IN ADDRESSING THE THREAT OF MOTHERSHIPS OFF OUR COASTS.

THE PROCESSES THAT FORM THE FOUNDATION OF DRUG INTERDICTION PROGRAMS INCLUDE TECHNOLOGY BASED SYSTEMS, INSPECTION, INVESTIGATION, AND INTELLIGENCE.

AT THE BORDER, NETWORKED SYSTEMS (AIR, MARITIME, AND LAND)

INCLUDING TECHNOLOGY, HARDWARE, PERSONNEL, AND COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE SYSTEMS HAVE BEEN IMPLEMENTED TO INTERDICT THE DRUG SUPPLY. CLOSELY INTERRELATED WITH THESE EFFORTS IS THE INVESTIGATIVE PROCESS THAT ATTACKS THE DRUG SUPPLY AND CONTROLLING CRIMINAL ORGANIZATIONS USING CONFIDENTIAL INFORMANTS, UNDERCOVER OPERATIONS, WIRETAPS, AND A VARIETY OF OTHER INVESTIGATIVE TECHNIQUES. THESE INTERRELATED EFFORTS ALL FORM THE FOUNDATION OF A SUCCESSFUL DRUG INTERDICTION PROGRAM.

INTERDICTION SERVES MANY PURPOSES. THE INTERDICTION PROCESS NOT ONLY GUARDS AGAINST NARCOTICS SMUGGLING, BUT ALSO GUARDS AGAINST ILLEGAL IMMIGRATION, PROTECTS THE ENVIRONMENT, PROTECTS THE DOMESTIC AGRICULTURAL INDUSTRY, AND PREVENTS THE ENTRY OR EXIT OF DANGEROUS MATERIALS SUCH AS WEAPONS OR MUNITIONS. THESE FUNCTIONS ARE PERFORMED SIMULTANEOUSLY WITH THE INTERDICTION OF ILLICIT DRUGS.

AS PART OF CUSTOMS RESPONSIBILITY TO MONITOR THE FLOW OF CARRIERS, PEOPLE AND MERCHANDISE INTO OUR COUNTRY AND COLLECT ANY DUTIES AND TAXES, WE RECEIVE VAST AMOUNTS OF COMMERCIAL DATA CONCERNING IMPORTED MERCHANDISE AND THE IMPORTING CARRIERS, IN AN ELECTRONIC FORMAT. WE ARE ABLE TO EXTRACT VALUABLE TARGETING DATA ON SUSPECT SHIPMENTS FROM THIS DATA,

USING OUR AUTOMATED TARGETING SYSTEMS.

OUR INTERDICTION SYSTEMS IN THE PORTS OF ENTRY ARE TECHNOLOGY BASED TO SUPPORT TARGETING AND EXAMINATION FUNCTIONS. IN RESPONSE TO THE VOLUME OF TRAFFIC AT OUR PORTS OF ENTRY, CUSTOMS BEGAN AN AGGRESSIVE PROGRAM OF USING ELECTRONIC INFORMATION SYSTEMS TO ASSIST ITS WORK FORCE IN TARGETING HIGH RISK CARGO, CONVEYANCES AND PERSONS AT THE PORTS OF ENTRY.

THE UNITED STATES INTERDICTION SYSTEMS ARE NEARING COMPLETION. THE MAJOR EXPENDITURES FOR SYSTEMS DEVELOPMENT AND ACQUISITION ARE BEHIND US.

MOST IMPORTANTLY, THE INTERDICTION SYSTEM IS PROACTIVE. INTERDICTION OCCURS AT OR BEYOND OUR BORDERS, BEFORE DRUGS CAN ENTER THE MARKET, BECOME WIDELY DISPERSED, AND BEGIN DOING THEIR DAMAGE. INTERDICTION ALLOWS DRUGS TO BE SEIZED AT THEIR HIGHEST LEVEL OF PURITY AND IN THEIR GREATEST CONCENTRATED VOLUMES. INTERDICTION CONSISTENTLY PRODUCES MORE ARRESTS AND SEIZURES OF WHOLESALE QUANTITIES OF DRUGS THAN ANY OTHER ENFORCEMENT APPROACH.

THE CONSIDERATION OF THE DETERRENT EFFECTS MUST ALSO BE WEIGHED WHEN CALCULATING THE TRUE VALUE OF A PROGRAM. CUSTOMS BELIEVES THAT THE INTERDICTION SYSTEMS ARE INDEED DETERRENTS AND THAT THIS IS EVIDENCED BY THE DRAMATIC REDUCTION IN THE AVIATION

THREAT AND THE SHIFTING OF BOTH SMUGGLING ROUTES AND METHODS TO AVOID THESE SYSTEMS (RECENT DETECTION OF ELABORATE TUNNELS BENEATH THE SOUTHWEST BORDER ATTEST TO THIS).

ADDITIONALLY, THE FEDERAL GOVERNMENT HAS THE SUPPORT OF NATIONAL INTELLIGENCE SYSTEMS THAT ALLOW THEM TO MORE PRECISELY TARGET SPECIFIC AREAS FOR ENFORCEMENT ACTIVITIES.

SUCCESSFUL INTERDICTION REQUIRES INTERNATIONAL COOPERATION. THE FEDERAL GOVERNMENT IS RESPONSIBLE FOR NEGOTIATIONS WITH FOREIGN COUNTRIES.

MR. CHAIRMAN, I CAN ASSURE THIS COMMITTEE THAT THE APPROACH TO INTERDICTION TAKEN BY THE CUSTOMS SERVICE AND THE OTHER AGENCIES HERE TODAY HAS BEEN BOTH THOROUGHLY CONSIDERED AND INDEPENDENTLY VALIDATED.

IN SUMMARY, INTERDICTION IS ONE STRATEGY THAT IS ENTIRELY THE RESPONSIBILITY OF THE FEDERAL GOVERNMENT. INTERDICTION, PERHAPS MORE THAN ANY OTHER ANTI-DRUG PROGRAM, RELIES ON SOPHISTICATED TECHNOLOGY. INTERDICTION OPERATIONS ARE PROACTIVE AND CAN BE IMPROVED AS NEW TECHNOLOGY AND SYSTEMS ARE APPLIED. FINALLY, INTERDICTION NOT ONLY PROTECTS OUR BORDERS FROM NARCOTICS, BUT FROM MANY OTHER SAFETY, HEALTH, ENVIRONMENTAL, AND LAW ENFORCEMENT THREATS.

CUSTOMS VIEWS INTERDICTION NOT AS SIMPLY A MEANS OF SEIZING

DRUGS, BUT ALSO AS A SIGNIFICANT DETERRENT AND A METHOD FOR GATHERING INFORMATION VITAL TO THE INVESTIGATION AND DISMANTLING OF TRAFFICKING ORGANIZATIONS. WE HAVE TAKEN SIGNIFICANT STEPS TO ENSURE THAT THESE ELEMENTS ARE INCORPORATED INTO OUR APPROACH. ONE OF THESE STEPS WAS TO ACCEPT THE FACT THAT INTERNATIONAL INTERDICTION EFFORTS COULD SIGNIFICANTLY CONTRIBUTE THE INTERDICTION PROGRAM'S SUCCESS.

IN THE EARLY 1990'S, NEARING FULFILLMENT OF OUR INITIAL OBJECTIVE TO REDUCE THE FLOW OF NARCOTICS INTO THE U.S. VIA GENERAL AVIATION AIRCRAFT, CUSTOMS EXPANDED UPON ITS MISSION BY PROJECTING OUR LINE OF DEFENSE SOUTHWARD TO COMBAT THE AIR SMUGGLING THREAT AT ITS HIGHEST CONCENTRATION - AT ITS SOURCE. THIS, THE DEFENSE-IN-DEPTH STRATEGY, AFFORDS THE US AND HOST NATIONS A GREATER OPPORTUNITY FOR SUCCESSFUL INTERDICTION BY TRACKING THE SUSPECT AT THE EARLIEST POINT ALONG HIS SMUGGLING ROUTE.

CUSTOMS DETERMINED THAT, BY CREATIVELY MANAGING AND SCHEDULING EXISTING RESOURCES, WE COULD CONTINUE TO MAINTAIN A "7X24" (7 DAYS PER WEEK/24 HOURS PER DAY) INTERDICTION CAPABILITY WITHIN THE U.S., WHILE ALSO DEPLOYING A SMALL DETACHMENT OF AIRCRAFT AND PERSONNEL TO AREAS WHERE THE MEASURABLE RETURN ON OUR INVESTMENT WOULD BE GREATER.

IN GENERAL, CUSTOMS DEFINES "FOREIGN OPERATIONS" AS THOSE AIR INTERDICTION OPERATIONS OR MISSIONS CONDUCTED OUTSIDE U.S. BORDERS, USING CUSTOMS AIRCRAFT BASED OUT OF FOREIGN LOCATIONS. AT PRESENT, CUSTOMS AIR INTERDICTION AIRCRAFT AND PERSONNEL ARE FORWARD DEPLOYED TO LOCATIONS IN MEXICO, HONDURAS, AND PANAMA, TO SUPPORT THE MEXICAN NBRF (NORTHERN BORDER RESPONSE FORCE) AND US SOUTHERN COMMAND (SOUTHCOM) TRANSIT ZONE AND ANDEAN RIDGE INITIATIVES.

IN 1990, THE U.S. CUSTOMS SERVICE AND THE GOVERNMENT OF MEXICO JOINED FORCES TO ADDRESS THE INCREASING USE OF MEXICO AS AN AIR TRANSSHIPMENT POINT FOR COCAINE DESTINED FOR THE U.S. PRESENTLY, CUSTOMS HAS ROUTINELY DEPLOYED TO MEXICO TWO CITATION II (C-550) AIRCRAFT DEDICATED TO TRAINING AND SUPPORTING THE MEXICANS IN INTERCEPTING AND TRACKING SUSPECT AIRCRAFT PENETRATING MEXICAN AIRSPACE.

THE RESULTS OF THIS JOINT USCS/NBRF VENTURE HAVE BEEN MORE THAN ENCOURAGING. IN 1991, IN FACT, THE THEN ATTORNEY GENERAL OF MEXICO ATTRIBUTED 80 PERCENT OF THE SEIZURES MADE IN HIS COUNTRY TO DIRECT U.S. CUSTOMS SERVICE SUPPORT. THESE ARE DRUGS THAT DID NOT MAKE IT ACROSS THE BORDER INTO THE UNITED STATES. ACCORDING TO DATA FROM THE "INTERAGENCY D&M PERFORMANCE ASSESSMENT," MEXICAN END-GAME PERFORMANCE HAS IMPROVED DRAMATICALLY, EVEN

SINCE LAST YEAR. I WILL BE HAPPY TO PROVIDE THE SUBCOMMITTEE WITH THIS DATA AND RELATED SEIZURE STATISTICS FOR MEXICO.

IN SUPPORT OF SOUTHCOM COUNTERDRUG INITIATIVES, CUSTOMS DEPLOYS BOTH INTERCEPTOR CITATION INTERCEPTORS, P-3 SLICK, AND P-3AEW DETECTION AIRCRAFT TO THE THEATER. WHILE ALL AIRCRAFT CAN BE USED TO DETECT, INTERCEPT AND TRACK SUSPECT AIRCRAFT DEPARTING COLOMBIA, THE P-3 AIRCRAFT ARE TYPICALLY USED TO SUPPORT USSOUTHCOM "D&M" (DETECTION & MONITORING) OPERATIONS WITHIN SOUTH AMERICA AND ALONG THE TRANSIT ROUTES. AGAIN, I WILL BE HAPPY TO PROVIDE STATISTICAL INFORMATION ON OUR SOUTHCOM SUPPORT.

DUE LARGELY TO THE FLEXIBILITY AND UNOBTRUSIVENESS OF CUSTOMS AIRCRAFT, SUPPORT TO FOREIGN HOST NATIONS IN MEXICO, CENTRAL AMERICA, AND SOUTH AMERICA HAS YIELDED TREMENDOUS RESULTS. THESE RESULTS ARE PARTICULARLY IMPRESSIVE WHEN ONE CONSIDERS THE FACT THAT, AT ANY GIVEN TIME, CUSTOMS HAS DEPLOYED ABROAD ONLY *EIGHT* AIRCRAFT.

THE U.S. CUSTOMS SERVICE HAS BEEN FIGHTING THE BATTLE AGAINST DRUG SMUGGLING, ON ALL FRONTS, FOR DECADES. WHILE WE HAVE REALIZED SUCCESS IN DENYING THE SMUGGLER ACCESS TO U.S. AIRWAYS, MUCH REMAINS TO BE DONE AS THE DRUG SMUGGLER CONTINUES TO ADAPT AND FIND ALTERNATIVE ROUTES AND METHODS. CUSTOMS FIRMLY

BELIEVES, HOWEVER, THAT THE SOLUTION TO OUR NATION'S DRUG
PROBLEM DOES NOT LIE IN ENHANCING ONE PROGRAM AT THE EXPENSE OF
ANOTHER, BUT RATHER IN CONTINUING TO BUILD UPON WHAT HAS
ALREADY BEEN ACHIEVED.

Mr. SCHUMER. Mr. Sheridan.

STATEMENT OF BRIAN E. SHERIDAN, DEPUTY ASSISTANT SECRETARY FOR DRUG ENFORCEMENT POLICY AND SUPPORT, U.S. DEPARTMENT OF DEFENSE

Mr. SHERIDAN. Mr. Chairman, I am pleased to have the opportunity to address this committee and provide to you an overview of the Department of Defense's counterdrug program.

I have submitted to you a written statement, and what I would like to do is give you a short overview of the Department's current counterdrug program.

As you may be aware, the basis of the Department's program is the national drug control strategy. This strategy is currently under review by the administration, and we anticipate new guidance and direction later this year.

The DOD counterdrug programs can be broken into six general areas. First, DOD is the lead agency for the detection and monitoring of air and maritime trafficking of illegal drugs into the United States.

Second, we provide the integration of command, control, communications, and technical intelligence assets of the Federal Government in use in counternarcotics efforts.

Third, DOD is involved in the approval and funding of State Governors' plans for use of the National Guard in counterdrug activities.

Fourth, we provide operational support and nonoperational support for Federal, State, local, and foreign law enforcement agencies.

Fifth, we conduct research, development, testing, and evaluation initiatives for new counterdrug technologies.

And, last, the Department conducts a robust demand reduction program.

Detection and monitoring operations in support of the law enforcement agencies is implemented through the commanders in chief of the Southern Command, Atlantic Command, Pacific Command, North American Aerospace Command, and Forces Command.

Implementation is accomplished to identify traffickers as soon as possible in order to maximize the timetable for law enforcement agencies to apprehend the traffickers and seize the contraband. We conduct detection and monitoring operations in foreign countries, followthrough to the transit zone, and then into the arrival zone.

DOD uses the AWAC, P-3 and E-2 aircraft, ground-based radars, and aerostats to detect and monitor air and maritime suspect traffic.

As for integration of what we call C-3-I, we continue to support law enforcement agencies with expansion of command, control, communications, and intelligence networks.

From 1989 to 1991, we funded more than \$160 million of procurement for secure telephone, radio, and computer network equipment for DOD and law enforcement agencies; and we continue to assist in the development of a data base system for intelligence sharing and analysis.

As for the National Guard, each year the Secretary approves and funds the State Governor's programs. The approach includes activi-

ties such as ground and air reconnaissance and surveillance, marijuana eradication support, transportation of law enforcement personnel, cargo and container searches at border entry points, and engineering support. DOD also provides other operational and non-operational support.

A lot of the Department's support is not as visible and publicized as those items I have previously remarked upon. This support includes the detailing of 275 Department of Defense personnel with unique planning and analytical skills to Federal law enforcement agencies to train and assist their personnel. I would add that we do that on a nonreimbursable basis.

Under statutory authority, DOD provides, annually, non-reimbursable support to Federal, State, local, and foreign law enforcement agencies. This support includes such activities as linguist and intelligence analysis, training, transportation, preparing a base of operations, fence and road construction along the southwest border, maintenance of loaned DOD equipment, and detection and monitoring of land traffic outside our borders and traffic detected outside our borders that cross into the United States for up to 25 miles of the border.

We also provide working dog teams at border check points to assist the U.S. Border Patrol and the Customs Service in cargo inspection.

We have established four regional logistical support offices through the United States to assist Federal, State, and local law enforcement agencies in accessing formal training at DOD schools and securing the loan or transfer of excess military equipment.

Equipment support ranges from the loaning of radios and night vision devices, to obtaining access to vehicles, uniforms, and aircraft.

In terms of R&D, research, development, and test initiatives range from the enhancement of existing capabilities to the long-term development of automated cargo container inspection capability.

DOD has maintained a highly effective demand reduction program within the Department through both training and random drug testing. This year we have expanded from a voluntary military community demand reduction program, to a new community outreach pilot program where our personnel will conduct demand reduction activities that focus on inner-city youth. The program ranges from summer camps to tutoring and drug awareness activities.

In conclusion, I would say that that is an overview of our efforts. I would add that the Secretary of Defense was recently directed that we conduct an internal bottom-up review of the Department's counterdrug effort. Over the next 6 weeks or so we will be doing that. We have invited all the LEA's that you see here today to come and share with us what the Department is doing well and areas in which we need to improve.

And that is all I have right now.

Mr. SCHUMER. Thank you, Mr. Sheridan.

[The prepared statement of Mr. Sheridan follows:]

PREPARED STATEMENT OF BRIAN E. SHERIDAN, DEPUTY ASSISTANT SECRETARY FOR
DRUG ENFORCEMENT POLICY AND SUPPORT, U.S. DEPARTMENT OF DEFENSE

COUNTERDRUG PROGRAM

Introduction

I am pleased to have this opportunity to provide you an overview of the Department of Defense plans and programs that support the U.S. Government's multi-national and multi-agency approach to counter the flow of illegal drugs into the United States.

On September 18, 1989, broad, new guidance was issued to the Department of Defense to assist in the swift and effective implementation of the National Drug Control Strategy. The detection and countering of the production, trafficking, and use of illegal drugs was designated as a high priority national security mission, and all of the CINCs of the Unified and Specified Commands were directed to prepare specific plans for the implementation of counterdrug missions within their respective areas of responsibility.

During the last three years, the Department of Defense has performed its counterdrug missions with increasing effectiveness and has persevered in a wide range of counterdrug initiatives and activities in support of the Department of State, federal, state and local law enforcement agencies, and cooperating foreign countries.

The foundation of the Defense program, the National Drug Control Strategy, is currently under review by the Administration and new guidance and direction is expected later this year. Once this guidance is received, we will review its impact on Department of Defense missions, and implementation plans will be readdressed as necessary.

Overall Progress in the Counterdrug Programs

To appreciate the progress that has been made by the Department of Defense in the performance of the counterdrug missions that have been assigned to it since the Fall of 1988, it is only necessary to compare the condition of its several counterdrug programs today, with the condition of those programs only a very few years ago.

As recently as FY 1989, the counterdrug budget of the Department was \$380.3 million. In the fiscal year that ended on September 30, 1992, that budget was approximately \$1.247 billion. Since 1989, the detection and monitoring effort has increased almost five-fold. Since 1990, the tempo of counterdrug operations, measured by level of effort, has grown by more than 250 percent. The number of missions performed by Forces Command in support of domestic law enforcement has increased 1,110 percent. The Atlantic Command's flying hour program has risen by 32 percent and its ship steaming days have increased by 68 percent. The number of support missions

conducted by the Southern Command has increased from 71 in 1990, to 89 in 1991, and 99 in 1992.

Budget figures and level of effort data, however, do not begin to tell the story. A more accurate understanding of the degree to which the Department has performed its counterdrug missions can be obtained from an examination of each mission.

Attacking the Flow of Drugs at the Source

The Andean Ridge region continues to be the primary source of cocaine consumed in the United States. At the request of U.S. ambassadors, and in coordination with U.S. law enforcement agencies which have counterdrug responsibilities, DoD has assisted the Andean Ridge countries by training host nation forces to fight drug traffickers within their respective countries. Since 1989, the Department has provided well over \$200 million in training, equipment, and operational planning support to the Andean Ridge host nation forces.

The DoD involvement in the counterdrug efforts in the source countries has, of course, been limited to a support role. Military personnel provide operational support and human rights training for host-nation forces, but no DoD personnel accompany host nation forces during actual operations. The training and equipment that have been provided to host-nation forces (both police and military) have led to numerous successes in Colombia, Bolivia and Peru.

Because narcotraffickers do not respect the borders of sovereign nations, DoD has recently assisted in the coordination of plans for regional operations. Such operations have promoted cooperation among Andean nations and have demonstrated the air interdiction concept as an effective means of disrupting the flow of cocaine. Future activities will continue to emphasize joint and combined operations, and will seek to incorporate counterdrug activities of all cooperating nations in the region affected.

Attacking the Flow of Drugs in Transit

Since 1989, the Department has continued to improve its detection and monitoring of suspect narcotics-trafficking aircraft and maritime vessels in the transit zone, while supporting the interdiction efforts of law enforcement agencies within cooperating host nations and at our own borders. These efforts involve the close integration of a wide range of fixed and mobile DoD assets including U.S. Navy ships, airborne early warning aircraft, land- and ocean-based aerostats, ground-based radars, and other sensors and platforms.

In addition, the Department continues to enhance its near real-time capability both to gather intelligence and to disseminate it to drug law enforcement agencies (DLEAs). In 1989, the law enforcement agencies and the Department of Defense had very little experience working together and did not effectively and jointly plan counterdrug operations. Each agency

essentially produced its own intelligence estimates and threat assessments. Today, the majority of operations are closely and effectively coordinated, and semiannual interagency counterdrug intelligence assessments are available to all participants. The Department of Defense also hosts the quarterly National Counterdrug Planning Conference, and the counterdrug Commanders-in-Chief host similar regional planning conferences to ensure better cooperation, inter-operability, and communications, and to reduce redundancy and duplication of effort.

Attacking the Distribution and Use of Illegal Drugs in the United States

The support provided by the National Guard to the individual states and territories has also increased significantly during each of the last three years. All fifty-four states and territories have aggressive counterdrug programs that support the eradication of marijuana and provide either surface or aerial reconnaissance, surveillance, and transportation support to law enforcement agencies.

The number of National Guard mandays that have been dedicated to counterdrug support for law enforcement has more than doubled since 1990, breaking the one million mark in 1992. The number of containers that have been inspected by National Guard personnel at ports of entry in support of the U.S. Customs Service has, for example, increased by more than 79% during the same period.

Demand Reduction

Independent of our extensive program of support to drug law enforcement agencies, the Department of Defense has maintained a highly effective program for combatting the illegal use of drugs among military members, their families, and Defense contractors. DoD has long been committed to enforcing restrictions on the illegal use of drugs through periodic random testing of military and certain civilian employees; prevention education for all DoD communities; and the requirement that all DoD contractors working in areas of national security, public health and safety institute a program for achieving a drug-free workforce.

Throughout the decade of the 1980s, and as recently reflected during the 1992 Worldwide Survey of Substance Abuse and Health Behaviors Among Military Personnel, DoD has developed what is essentially a drug-free uniformed military force. The 1992 confidential survey, the fifth conducted since 1980, assessed through a self-report questionnaire the extent of drug abuse among members of the Armed Forces. Chart 1 displays the trend in reported drug use over the thirty day period prior to the survey. Reported drug use is at an all time low of 3.4% among service men and women world-wide. This represents an 88% reduction in reported drug use since 1980. The Department's aggressive encouragement and management of demand reduction efforts are clearly producing positive results.

The FY93 Defense Authorization Act directs the Defense Department to establish a pilot outreach program to reduce the demand for illegal drugs. The program involves military members, both Active duty and Reserve, and focusses on inner-city youth in particular. Each of the Services and the National Guard Bureau were asked to nominate proposed programs for inclusion in this study. From among the many worthwhile nominations, twelve programs were selected as pilot programs. The outreach program has been designed to take advantage of the enormous dispersal of military facilities and personnel throughout the United States. A report on the pilot program is due to the Congress in October, 1994.

Progress in the Unified and Specific Commands

The Commanders in Chief of the Atlantic (LANTCOM), Pacific (PACOM), North American Aerospace Defense (NORAD), Southern (SOUTHCOM), and Forces (FORSCOM) Commands have executed their respective counterdrug missions under detailed plans approved by the Secretary of Defense. To facilitate effective command and control, three fully operational joint task forces (JTFs) have been dedicated to DoD's counterdrug mission: JTF-4 in Key West, Florida; JTF-5 in Alameda, California; and JTF-6 in El Paso, Texas. LANTCOM has deployed a Caribbean counterdrug task group, with appropriate planes and ships, to further enhance the DoD detection and monitoring mission in the Caribbean Basin. NORAD

has incorporated internal awareness and execution of its counterdrug detection and monitoring mission within the scope of its air sovereignty responsibilities. To that end, the NORAD "steady state" sensor and tactical response networks have been augmented with surge operations by mobile forces coordinated through FORSCOM and DLEAs to combat drug trafficking into the North American continent.

Now more than ever, law enforcement agencies and DoD assets in the Caribbean are engaged in the planning and execution of counterdrug operations as a single, integrated team. LANTCOM has improved its coordination with host-nation law enforcement agencies. This improved coordination among allied naval units has enhanced LANTCOM's ability to detect and monitor suspect traffic throughout the Caribbean. LANTCOM continues its efforts to detect and monitor suspect activities with the most efficient mix of collection assets. Projects have included the expansion of the Caribbean Basin Radar Network, continued progress toward a wide area surveillance system and the improvement of available sensing assets.

PACOM's strategy for combatting the production and trafficking of illegal drugs employs a two-tier warfighting command and control strategy through the employment of a joint task force. This task force, JTF-5, is PACOM's supported command for all counterdrug operations. Through JTF-5, PACOM conducts operations based on intelligence to detect and monitor both air and maritime narcotraffickers; provides air and maritime support

to LANTCOM; and provides support to DLEAs, including transportation, maritime support, and aerial surveillance. PACOM also provides support, with personnel and equipment, to FORSCOM and NORAD for their counterdrug operations along the southwest border. Additionally, PACOM has conducted several counterdrug training missions in host nations in the Pacific.

FORSCOM has consistently increased its level of support to DLEAs throughout the continental United States and Mexico. In the first year of its existence, FORSCOM's counterdrug headquarters for the southwest border, JTF-6, conducted only 38 missions in support of law enforcement. Having continually refined its outstanding relationship with Operation ALLIANCE, JTF-6 conducted over 408 operational missions in support of ALLIANCE during FY 1992. This represents a 76% increase over FY 1991, and almost eleven times the level of 1989. Support missions include ground and aerial reconnaissance, deterrence operations, air and ground transport operations, and engineering projects. Operational support has also increased in the Continental U.S. Army (CONUSA) regions. The CONUSAs now provide the same type support as JTF-6 and conducted a total of 100 operations, a 35 per cent increase over FY 1991.

NORAD has continued to refine its methods for carrying out detection and monitoring activities. NORAD has concentrated its resources in high intensity drug trafficking areas and in providing support to drug enforcement surge operations. These operations include both airborne and ground radar assets targeted

against suspected transit routes. Additionally, direct communications and data sharing are occurring between NORAD, the Federal Aviation Administration, and the U.S. Customs Service to obtain timely identification of routine legitimate traffic and to facilitate rapid response to suspicious flights. The land-based tethered aerostats along the southwest border are now fully integrated into NORAD operations. NORAD continues to explore and develop wide area surveillance capabilities with the Over-the-Horizon-Backscatter (OTH-B) radar and Airborne Warning and Control System (AWACS) aircraft.

SOUTHCOM has provided a wide variety of support to the Latin American nations engaged in counterdrug efforts. SOUTHCOM provides Tactical Analysis Teams (TATs) which operate from numerous embassies to provide timely intelligence fusion and analysis in support of ambassadors and their country teams, as well as support for host-nation counterdrug operations. Additionally, in Central America, the Regional Counterdrug Analysis Team provides support to DLEAs throughout the region.

The training of host-nation counterdrug forces has grown at a rapid pace throughout the theater with special emphasis on the Andean Ridge countries, especially Colombia. Mobile Training Teams (MTTs) are providing important training in light infantry tactics, riverine operations, maintenance and logistics, and aviation skills. This training has focused on increasing the skills required to use and maintain the equipment being provided to Latin American counterdrug forces through the Foreign Military

Sales, Excess Defense Articles, and 506(a)(2) drawdown programs.

Communications Integration

When the Department of Defense became significantly involved in counterdrug support in 1989, communications interoperability among law enforcement agencies and between DoD and those agencies was almost non-existent. As a result of a four year effort and the expenditure of more than \$160 million in DoD funds, there now exists a highly effective, secure, long-haul communications system that links 123 nodes at 56 locations of federal law enforcement and the Department of Defense. The Department has also provided significant additional assistance in the form of data base establishment and management, and data systems design and installation.

Research and Development

DoD's research, development, test, and evaluation (RDT&E) initiatives have supported not only the Department's counterdrug mission but also the key RDT&E objectives of the National Drug Control Strategy. The efforts have been designed to enhance existing technical and operational capabilities and explore critically needed future new technologies and in particular, those with multi-mission applications. The key elements include emergent and existing technologies to: (1) detect and monitor the

flow of illegal drugs into the United States; (2) identify contraband and automate cargo container inspection; and, (3) improve the interoperability of communications and information systems used in counterdrug enforcement, providing for dual military and law enforcement applications.

Continuing progress has been made by the Advanced Research Projects Agency in developing technologies to detect contraband in cargoes entering the country that otherwise appear legitimate. The program will result in the establishment of test beds at several ports of entry.

Additional DoD Support to the Counterdrug Effort

Over the past four years, the Department of Defense has established of a number of additional programs and activities in support of the National Drug Control Strategy.

In 1989, the Department authorized the assignment of 275 military personnel to federal law enforcement agencies and the Office of National Drug Control Policy in order to provide liaison, planning and training support. The agencies have, without exception, praised the dedication, professionalism, and significant support provided by these fine men and women of the Armed Forces.

Regional logistical support offices (RLSOs) located in Long Beach, California; Miami, Florida; Buffalo, New York; and El

Paso, Texas have been operational since August 1990, providing a wide spectrum of non-operational support, including formal training, use of DoD facilities, and loan, lease or transfer of military equipment. Examples of the thousands of pieces of equipment which have been furnished include ground sensors, trucks, night vision devices, uniforms, body armor, and radios. In addition, DoD has approved the transfer of numerous types of aircraft, weapons, vessels, and armored vehicles for use by federal, state, local and foreign agencies.

Military working dog teams have assisted drug law enforcement agencies with cargo inspections at land, sea, and aerial ports of entry. In 1992, for example, using a record 4,944 team days in 17 separate operations, 2,705 pounds of contraband drugs were discovered.

The training that the Department of Defense has provided to federal, state, local, and foreign drug law enforcement agencies has varied widely. For example, the Department of the Army has trained law enforcement officials in foreign language skills, pilot (fixed-winged and rotor) training, helicopter maintenance, tactical survival, and bomb detection. The Air Force has provided training in canine drug detection. The Marine Corps has provided training in tactics, small arms and riverine operations in selected South American countries. The Navy has trained law enforcement officials in riverine operations. The Department has also trained several hundred personnel from state and local agencies in the tasks that are required to establish and operate

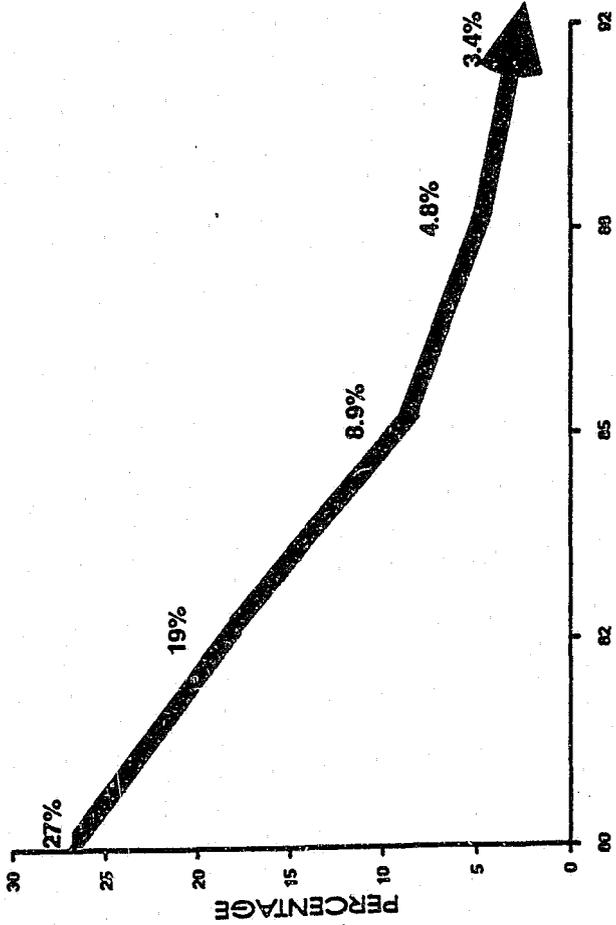
rehabilitation-oriented training camps for first-time drug offenders.

CONCLUSION

During a period of massive change in both the security and fiscal environment, which has included the end of the Cold War, an armed conflict in Panama, a major war in the Persian Gulf, a wide range of unanticipated peacetime demands, and major reductions in the defense budget, the Department of Defense has aggressively performed its new counterdrug missions. Although mistakes may have been made as part of the learning process, they were not the result of a lack of commitment or effort on the part of DoD personnel.

CHART I

**ILLCIT DRUG USE
BY MILITARY PERSONNEL**



Mr. SCHUMER. Mr. Smith.

STATEMENT OF R. GRANT SMITH, ACTING ASSISTANT SECRETARY, BUREAU OF INTERNATIONAL NARCOTICS MATTERS, U.S. DEPARTMENT OF STATE

Mr. R. GRANT SMITH. Thank you, Mr. Chairman.

I appreciate the opportunity to appear before you today to discuss the international narcotics control program and the State Department's role in this endeavor.

We believe that the international narcotics trade poses two fundamental threats to our interest. First, it inflicts staggering domestic, social, and economic costs, and undermines our demand and supply efforts to curb drug availability and use in this country.

Second, it poses serious challenges to our other foreign policy objectives of protecting sustainable economic growth, human rights, the rule of law, the environment, and, particularly, democracy.

I would like to emphasize the last point, because in country after country drug money has been used to pervert justice systems, buy legislators, assassinate leaders, and attack the very roots of democracy.

While our primary job is here at home, working to reduce drug abuse and its widespread ill effects, on our society, if we want to treat the tragic effects, we must weaken its power abroad as well.

The State Department has both diplomatic and programmatic responsibilities for advancing our international counternarcotics efforts. Our diplomatic efforts are conducted through bilateral and multilateral initiatives. They are designed to spur international cooperation in support of programs and legislation which attack the narcotics infrastructure. We are increasingly directing our efforts at developed countries which are experiencing a growing drug problem themselves and have the resources to work with the source and transit countries.

On the programmatic side, the State Department works closely with other agencies represented here to build and strengthen anti-drug institutions in key producer and transit countries. The projects are tailored to individual country needs and capabilities, and are in the areas of law enforcement, judicial enhancement, alternative development, public awareness, demand reduction, and training. We must often start with extraordinarily weak or non-existent institutions in these countries. Most of you will remember the degree to which Bolivia has become a narcotics trafficking sanctuary under the corrupt Garcia Meza regime, or the threat to democracy posed by Pablo Escobar and others in the 1980's.

Let me give you a few examples of recent achievements in Latin America. In Bolivia, we have seen three consecutive democratically elected governments. Acreage devoted to coca has declined 14 percent in the last 5 years. The Government of Mexico is completing the process of assuming the cost of counternarcotics programs previously supported by the United States.

In Peru, despite insurgency and terrorism, the Government has still managed to step up actions against traffickers in the coca rich Huallaga Valley.

Despite thousands of deaths of court officials, police, and innocent bystanders, the Colombian Government continues to attack

the drug cartels everywhere within the borders of their country. And as a result, the leaders of the Medellin cartel are either dead, in prison, or on the run.

In sum, after a decade of spiraling growth overall, coca cultivation has been down or stable for the past 4 years. Cocaine seizures continue to be at near record levels, and drug kingpins and their associates are being apprehended in Ecuador, Bolivia, Colombia, and Mexico with greater frequency.

However, there are still challenges. Hundreds of tons of cocaine and vast quantities of heroin continue to flow into the United States and Europe. The breakup of the old Soviet empire has opened new frontiers in Europe and Central Asia for traffickers.

Traffickers continue to exploit weaknesses of governments beset by economic crises, political instability, and social unrest. Drug-financed corruption and violence continue to be major impediments to narcotic control efforts and a serious threat to both new and established democracies.

Against this backdrop, we are reviewing our foreign assistance programs to determine what has worked and what has not. Our approach will be framed by: one, more limited funds that will require new priorities; two, an increasingly democratic and economically open international system that creates counternarcotics opportunities and challenges; and, three, a growing threat by organized transnational crime and drug syndicates to political, economic, and social institutions that will require new tactics.

The broad outlines of our new policy are beginning to take shape. President Clinton has said that he will continue to work with other nations that have shown the political will to fight illegal drugs. They will continue to get our full support and cooperation.

Another element will be improving justice systems which is the key to solving many of Latin America's problems. We will also make greater use of public awareness and international demand reduction programs to strengthen international public support for drug control, and to prevent narcotics production trafficking and abuse from spreading to secondary areas and markets. We will continue to work with both the United Nations and the Organization of American States to establish a multilateral framework and program for action in this hemisphere.

The United States cannot afford to abandon its leadership role in this effort. The global effort which we have been working to build will almost certainly falter if our efforts fall apart in Latin America, or other objectives in the region will likely suffer.

In short, we continue to need a solid foreign counternarcotics program to support both a broad range of foreign policy interests and to support our work in drug availability and use here in the United States.

Thank you, Mr. Chairman.

Mr. SCHUMER. Thank you, Mr. Smith.

[The prepared statement of Mr. R. Grant Smith follows:]

PREPARED STATEMENT OF R. GRANT SMITH, ACTING ASSISTANT SECRETARY, BUREAU
OF INTERNATIONAL NARCOTICS MATTERS, U.S. DEPARTMENT OF STATE

I appreciate this opportunity to appear before you today to discuss the international narcotics control program and the State Department's role in this endeavor.

As we begin to reevaluate our domestic and foreign priorities in light of the new realities of the post-Cold War era, I think it is useful to examine the importance of our international counternarcotics effort. We should be concerned about the international narcotics trade because it poses two fundamental threats to our interests:

- It inflicts staggering domestic social and economic costs and undermines our demand and supply reduction efforts to curb drug availability and use; and
- It poses serious challenges to our other foreign policy objectives of protecting democracy, sustainable economic growth, human rights, the rule of law, and the environment.

Let me dwell for a minute on the very real danger that the narcotics trade poses to democratic institutions--indeed to democracy itself. In country after country, drug money has been used to pervert justice systems, buy legislators, assassinate leaders, and attack the very roots of democracy. Fragile democratic institutions have been threatened, and in notable cases have not been able to cope. But the democratic governments are coming to realize the negative effects the narcotics trade has on people and institutions, and they are taking action against it. Leaders, such as Colombia's President Gaviria, are literally placing their lives on the line, challenging the narcotics cartels' Mafia-style actions, locking up their kingpins, smashing their financial empires, and removing their ability to move freely with impunity. The individual countries cannot win the fight by themselves and there is no international organization with the capacity to unify the effort and coordinate the campaign. Countries look to the United States to help strengthen or create lasting democratic institutions that make it possible to fight drug trafficking. If we fail, production will increase and, regardless of our efforts to stop the flow of drugs, they will find a way to our shores.

While our primary job, however, is here at home, working to reduce drug abuse and its widespread ill effects on our society, there is one thing we have learned in the past forty years: democracies must stick together. An assault on the institutions of one democracy could eventually become an assault on our own institutions. The growing interdependence of the world makes this inevitable. If we want to treat the tragic effects of drug trafficking in this country, we must weaken its power abroad as well.

The State Department plays a central and unique role in responding to the international drug threat. State is the only U.S. Government agency with both diplomatic and programmatic responsibilities for advancing our international counternarcotics efforts. Our diplomatic efforts, which are conducted through bilateral and multilateral initiatives in the UN and elsewhere, are designed to spur international cooperation in support of programs and legislation which attack the narcotics infrastructure. Our initiatives may take the form of precursor chemical control agreements, such as we have signed with Ecuador, or alternative development programs, such as we fund in Bolivia. We are increasingly directing our efforts at European and other developed countries which are experiencing a growing drug problem and have resources to work with the source and transit countries themselves. Progress is reflected in the creation of the Chemical and Financial Action Task Forces, the Dublin Group, and other multilateral organizations that are working to attack the problem globally.

On the programmatic side, the State Department works closely with the other agencies represented here to build and strengthen antidrug institutions in key producer and transit countries. Our goal is to enhance their will and ability to combat the narcotics problem on their own. Through a process of bilateral foreign assistance agreements, the Bureau of International Narcotics Matters (INM) provides expertise, funding, and equipment to design and implement a broad range of counternarcotics programs. The projects are tailored to individual country needs and capabilities and are in the areas of law enforcement, judicial enhancement, alternative development, public awareness, demand reduction, and training. Increasingly, we are working with cooperating host governments to target major trafficking organizations and drug kingpins who have ties to criminal organizations in the United States and other developed countries.

Building institutional capabilities to address the drug threat in the most at-risk countries is not an easy task. We must often start with extraordinarily weak or even nonexistent institutions. That, of course, is the environment in which traffickers are most destructive and also most threatening to the United States. Most of you will remember the degree to which Bolivia had become a narcotics trafficker sanctuary under the corrupt Garcia Meza regime, compared with the democratic government today; or the threat to Colombian democracy posed by Pablo Escobar and others in the 1980's. Accomplishments are not always quickly achieved or easily defined.

Nevertheless, we are making progress. Let me give you a few examples of achievements in Latin America, the source of all cocaine produced for the world market and where drug production, trafficking, and abuse present a significant concern to U.S. interests in this hemisphere:

- Democracy, which is now the preferred political system in Latin America, has brought with it a dramatic shift in the political will of major governments in support of counternarcotics efforts. The new generation of leadership rejects the idea that benefits of the drug industry can restore health to their weak economies. Rather, they are seeking the only real solution to their economic problems by establishing market economies based on free trade.
- In Bolivia, a country with a history of 192 coups in 168 years and where drug traffickers ran the government briefly in the early 1980s, we have seen three consecutive democratically-elected governments since 1982. Acreage devoted to coca has declined 14 percent in the past four years.
- The Government of Mexico--determined to take yet even stronger antinarcotics measures following the murder of Cardinal Posadas--is completing the process of assuming the costs of counternarcotics programs previously supported by the United States.
- In Peru, a country struggling to survive the ill effects of drug trafficking, insurgency, and terrorism, the government has still managed to step up operations against traffickers in the coca-rich Huallaga Valley.
- The Government of Colombia has been in a long struggle against the drug trafficking cartels since 1984 when the Minister of Justice, Rodrigo Lara Bonilla, was assassinated. Despite suffering thousands of deaths of judges, court officials, police, and innocent bystanders, the Colombian government continues to attack the drug cartels everywhere within the borders of their country. As a result, the leaders of the Medellin cartel are either dead, in prison, or on the run.
- Pressure on availability continues to mount: after a decade of spiraling growth, overall coca cultivation has been down or stable for the past four years, cocaine seizures continue to be near record levels, and drug kingpins and their associates are being apprehended in Bolivia, Ecuador, Colombia, and Mexico with greater frequency. Many of the successes against narcotics organizations in the United States began with evidence and intelligence gathered with the cooperation of Latin police forces.

This is not a signal to relax our efforts, however. Traffickers thirsting after hundreds of billions of dollars in global profits are not likely to surrender in the face of these efforts; they will have to be defeated. Our counternarcotics programs must therefore remain flexible and adaptable to changing conditions as drug traffickers continue to probe for weaknesses, seek new markets, and grab for increased political and economic influence through corruption, intimidation, and violence. The challenges remain daunting:

- Hundreds of tons of cocaine and vast quantities of heroin continue to flow to the United States and Europe, as drug consumption rises in Latin America and elsewhere.
- The break-up of the old Soviet empire has opened new frontiers in Europe and Central Asia for entrepreneurial drug traffickers. Well-established as well as new criminal organizations are cashing in on the abundant flow of heroin from Southeast and Southwest Asia.
- Traffickers continue to exploit weaknesses of governments beset by economic crises, political instability, and social unrest.
- Drug-financed corruption and violence continue to be major impediments to effective narcotics control efforts and a serious threat to both new and established democracies.

Against this backdrop, the Administration is currently conducting a comprehensive, government-wide assessment of our antidrug programs and policies. We are reviewing our foreign assistance programs to determine what has worked and what has not. In contrast to the policies of the past, our new approach will be framed by:

- more limited funds that will require new priorities,
- an increasingly democratic and economically open international system that creates counternarcotics opportunities and challenges, and
- a growing threat by organized, transnational crime and drug syndicates to political, economic, and social institutions that will require new tactics.

While the details of this new policy have not emerged, its broad outlines, which I would like to share with you, are taking shape.

- We intend to have a strong international component in our overall policy. President Clinton, in announcing the nomination of Lee Brown as the Director of the Office of National Drug Control Policy, said:

"We will continue to work with other nations who have shown the political will to fight illegal drugs. They will continue to get our full support and cooperation."

Speaking on behalf of Secretary Christopher, Deputy Secretary Wharton recently told the Council of the Americas:

"We want to work with governments to strengthen key public institutions and the administration of justice. We want to share our experience to help democratic governments to fight corruption and other abuses of power. Corruption is a cancer that will destroy democracy--and investment opportunities--if it is not eradicated. . . . We will work with the OAS to create a common legal framework for action."

- Improving justice systems is the key to solving many of Latin America's problems. Strong courts, improved institutions to investigate crime, and better prepared law enforcement organizations will lead to stable democratic governments. Of great importance at this moment is the effect that a real independent judiciary will have in diminishing the number of human rights abuses. We are helping several countries which are committed to justice reforms with technical and economic assistance and cooperative programs. We are doing this bilaterally and through regional efforts.
- We will make greater use of public awareness and international demand reduction programs to strengthen international public support for drug control and to prevent narcotics production, trafficking, and abuse from spreading to secondary areas and markets.
- We will continue to work with both the United Nations and the Organization of American States to establish a multilateral framework and program for action in this hemisphere.

The task of reducing the ill effects of drug production, trafficking, and abuse continues to be monumental. The United States, however, cannot afford to abandon its leadership role in this effort; the stakes are simply too high. The global effort, which we have been working to build, would almost certainly falter. If our efforts fall apart in Latin America--where our counternarcotics commitment is welcomed and needed to buttress political stability and economic and social development--our other objectives in the region will likely suffer. In short, we continue to need a solid foreign counternarcotics program to support both a broad range of foreign policy interests and to support our work in reducing drug availability and use at home.

Mr. SCHUMER. We have about 10 minutes before the next vote. I have a whole bunch of questions for some of the panel, so I am going to defer to my colleagues so they can do their questions before the bells and then maybe not have to come back and sit through mine. They are welcome to come back.

Mr. Edwards.

Mr. EDWARDS. I have no questions. But I would like to thank the panel.

Mr. SCHUMER. Mr. Schiff.

Mr. SCHIFF. I have one. I would welcome a brief response from the panel.

We are all agreed, I think, on this side that we need to approach the drug program from many different angles. But the interdiction side gives me the greatest trouble in evaluating, because I know that we do interdict and that is to the credit of your various agencies. But I am not sure that that is not taken into consideration by the drug pushers. I am not sure that they don't have the brains to figure out how much of a product they want in our country and how much will be interdicted and to figure out after interdiction what they will have to ship to bring in exactly how much they wanted anyway.

How do we know how well we are doing in interdicting? I don't think it is just by raw seizures.

Admiral.

Admiral APPELBAUM. I will take a crack at answering part of that. If we get into the business of a body count in terms of arrests and seizures in measuring the success or failure of interdiction, I think we are making a mistake. Because, at least insofar as maritime interdiction is concerned, our philosophy, our strategy behind our interdiction process, is to essentially deny routes to the trafficker. Certainly an arrest, a seizure, is the ultimate denial of a route; but deterrence and other factors also play into that.

So it is quite possible that the best number that we could put on the table is zero. If we have zero arrests and zero seizures, that may be an indication of complete success in terms of route denial.

Mr. SCHIFF. On the other hand, if you have 1,000 arrests and 1,000 seizures but another 1,000 shipments get through and that is the amount that the traffickers intend, one would question how effective the seizures were.

Admiral APPELBAUM. I think that is a logical conclusion. I would suggest that we think of this in terms of an analogy; and this is an analogy that goes way, way back for me. And that is the analogy of the pot of boiling water. Interdiction is the lid on that pot of boiling water. As long as that lid is on the pot, we are exercising some control. If we take the lid off, the water will boil over, the pot will melt down, we will have a short in the electrical system, and we will have a catastrophe.

In this analysis, that translates to pressure on domestic health and welfare systems, additional crime on the street, et cetera. So from our perspective, the principal focus of interdiction is to keep the lid on the pot and keep things under control while we work on controlling the flame in the form of demand.

Mr. SCHIFF. That was a darned good answer. I don't think anyone from the panel needs to be offended by that.

Mr. SCHUMER. Thank you, Mr. Schiff.

I beg the indulgence of the panel. We have a whole lot of votes because we are doing appropriation bills. We will try to resume in about 12 minutes, at about 5 after. OK?

Thank you. So we are temporarily dismissed.

[Recess.]

Mr. SCHUMER. OK, I very much want to thank each of the panelists, Mr. Wankel and Admiral Appelbaum, Mr. Hensley, Mr. Sheridan, and Mr. Smith, all for their patience today with the funny schedule that this hearing has had.

Let me first ask a general question to all of the witnesses, and please, if you can, keep your answers brief, but I asked this, of course, to Dr. Brown.

We now have a lead agency for detection, for air interdiction, marine interdiction, eradication, and in-country law enforcement. Shouldn't there be one authority to direct all the efforts? Just one who—I mean, I don't care who carries them out, but one who is really in charge and cannot persuade but has the ability to order?

And as I said, we have these problems in Congress, too, so far be it for me to not understand why they occur, it is just it can lead to a better solution.

Go ahead, Mr. Sheridan, do you want to answer that?

Mr. HENSLEY. I can start.

Mr. SCHUMER. Mr. Hensley.

Mr. HENSLEY. Let me start by saying I support what Dr. Brown said. I feel that the drugs czar's office should be strengthened and that is where the leadership should come from. We should not have a Cabinet-level position that is not leading, and the old adage lead, follow, or get out of the way, I think applies.

The misconception, though, however, is over the last 3 or 4 years, I think, Mr. Chairman, is that with these different leads, we have become very good at working together. I think there is a misunderstood notion that somehow we are not working interconnectively or together, and I think it is important to understand that the team that is here at this table, the squabbles and the turf battles people still talk about today do not exist nearly in proportion to how they used to exist.

Mr. SCHUMER. Is it just inefficient to have five different agencies? Particularly between the Customs and the DOD really is a strange one; below 5,000 feet is Customs, above 5,000 feet is DOD,

Mr. HENSLEY. That is not correct.

Mr. SCHUMER. Feel free to correct me if I am wrong. You have to explain—I don't even understand where the dividing line is between Customs and DOD. Could you explain that to me?

Mr. HENSLEY. Well, I think I can. First of all, Customs supplies a needed role in apprehension in addition to detection, and we use focused resources. DOD detects and monitors. They pass off targets. They work with us, they supply radar ships out there to give us a target.

Mr. SCHUMER. Apprehension, fine, that should not be DOD, although I have a different way of thinking on all that.

One of the ways of transitioning from cold war to peacetime is to let the Army do more types of peacetime things like this. I know my friend, Don Edwards, would blanch if he heard that, but I

don't—first, today, at this moment, where is the detection? How does the detection line go between your agency and DOD, and what is the rationale for it, other than original turf?

Mr. HENSLEY. Well, first of all, I really don't believe there is turf. When we work, it is in a coordinated manner. In South America, for instance, there are certain countries, Mexico being one of them, Bolivia being another, where DOD aircraft cannot fly because of sovereignty issues. Customs' aircraft can fly, and we use SOUTHCOM, which is General Joulwan's office; he is the commander, and he will send an E-3 in one direction and a P-3 in the other direction, which is our aircraft, so we work in tandem.

The targets are then handed off to pursuit aircraft that sit on the ground. They don't patrol endlessly. We go to areas driven by intelligence, which is DEA on the ground, or signal intelligence or other methods to tell us where to be at a certain time and then we work interconnectively.

We pass those targets and we come up online in the apprehension modes, whether the E-3 or the P-3 detects, and the targets are then passed off until ultimate apprehension, which occurs on the ground. And as the chairman knows, we are not allowed to shoot anybody down, so we have to keep following them until they finally land or drop their loads.

I think that is the first thing to realize.

Mr. SCHUMER. What about the U.S. borders? Where do you start and they end?

Mr. HENSLEY. The DOD does not patrol inside the United States.

Mr. SCHUMER. I know. Just let me know how it works. If there is a small aircraft, say, approaching from—it takes off from the Yucatan Peninsula and heads toward the gulf and starts heading over.

Mr. HENSLEY. For the most part, you would have either Coast Guard or Customs aircraft in that mode, using the Yucatan as your point of reference. We have aircraft stationed in Mexico, I think I referenced in my—

Mr. SCHUMER. So DOD would not be involved at all?

Mr. HENSLEY. Not in that particular mode. They would be if you were deeper south, if you were in the South American Continent or over South America. They would launch aircraft and hand those off, as aircraft are stationed along the way, until it reached an apprehension stage. Anywhere near the borders, the U.S. Customs Service or the Coast Guard would be the primary interdiction.

Mr. SCHUMER. Why would DOD not be in the Yucatan but be in Colombia?

Mr. HENSLEY. First of all, I think it is because of where we stage the resources. There are not enough resources to go around so we sort of share the turf. DOD puts certain aircraft, and the E-3's, which they have, and I will defer to Brian, but there are only a few of them, so there are only enough aircraft to cover certain areas.

In fact, we have more mission requirements from the ambassadors and the country teams than we can possibly fly. There are more requests for those aircraft from the host nations in the southern South American tier than we have aircraft to fly.

Mr. SCHUMER. Do you want to comment?

Mr. SHERIDAN. I would just add that, based on what I have been seeing and hearing in the brief time I have been working on this problem and trying to learn about it, I think we have more animated discussion in Washington about turf than actually exists out in the field. If I could give maybe an example of the kind of things we see all the time, maybe that would be helpful.

It is fairly typical for DOD to have some sort of collection platform fairly deep down south. We might pick up an initial detection of an aircraft leaving Colombia. With the platforms we have, we will watch it for a while. It is fairly typical maybe for an F-16 to leave Howard Air Force Base, go take a look, make a visual ID, and somewhere along the line a P-3 comes up and starts to follow it.

In general, DOD's job is then pretty much through. As you get closer to an end game, the landing of that aircraft, you have detection and monitoring left, and you are now nearing arrest and seizure.

Mr. SCHUMER. What happens if the F-16 detects the plane and there is no Customs plane available, no E-3, to sort of handoff the baton to?

Mr. SHERIDAN. In times when that occurs, then we don't have an end game.

Mr. SCHUMER. You don't have an end game?

Mr. HENSLEY. Well, let me say—

Mr. SCHUMER. How many aircraft does Customs have?

Mr. HENSLEY. We have a total of 125 in the fleet; that is including domestic helicopters and single engines. In that total we have 8 P-3's, 4 radar domes, and 4 slicks which are pursuit aircraft, and 26 jet Citations.

Mr. SCHUMER. Are all used primarily for drug interdiction?

Mr. HENSLEY. They are used for 50-50. We support, interior to the United States, the agency work of a variety of investigations, and a portion is on the border and a very small portion is in the foreign theater. We never have more than about 8 to 10 aircraft foreign in any given time.

So in proportion to the size of the fleet and the multimission it performs, there are only about 8 to 10 aircraft at a given time foreign.

Mr. SCHUMER. Right.

Let me ask Mr. Sheridan a couple of questions here, and, mind you, some of these are devil's advocate questions and some are questions that I am really very curious for.

My calculations are about \$600 million of your \$890 million in the 1994 budget request for detection and monitoring goes to flying and steaming, what you call OPTEMPO, and to operating and deployment, yet more radar equipment in support of this detection net, including a ring—oh, this is a third thing—including this ring of radar balloons on our southern border, yet it doesn't appear the creation of this whole net has really reduced the flow of drugs into the country one drop.

Now, I understand the pot boiling analogy, about if we didn't have it, maybe the amount of drugs would double and all of that, but at this point in time, where the American people are not happy

with the status quo, it would behoove any of us to ask, well, if maybe this was all, maybe dollars can be better spent.

Mr. SHERIDAN. I would just make two points, Mr. Chairman. First, that is precisely why we are conducting a bottom-up review, and when we finish that in 6 weeks or so we will be happy to report to you on our findings.

Second, I would note that DOD is a support agency. While we have the lead in detection and monitoring, we are supporting the LEA's, and they are all here with us today and they are in a better position to comment.

Mr. SCHUMER. I understand, and DOD did not actively seek this role out. I am aware of that. I don't think it is a big elbowing operation. I am just asking, for all this money we have spent, to tell the American people, well, it hasn't gotten any worse; it could be worse—and that may be the only answer, but it is not a very satisfying answer. That is why I am doing, as the new chairman of this committee, and with the demise of the Rangel select committee, a bottom-up review, too, in my own way, and I need good conclusive answers.

Let me ask you this. Can the law enforcement agencies even utilize the bulk of the detection and monitoring information you provide them? Is there an imbalance there? And anyone can answer that question.

Mr. SHERIDAN. I would start by saying the detection and monitoring data are provided to the LEA through their joint manned C-3-I centers, both east and west, and to other centers. And as was shown in the recent censor mix study, which we sent to the Congress, there are many cases where DOD information does lead to successful interdiction, and I would defer to my colleagues.

Mr. SCHUMER. I know it has led to successful interdiction. It is really Mr. Schiff's questions, but it has not really reduced the supply.

Mr. HENSLEY. Mr. Chairman, could I take a shot at that?

Mr. SCHUMER. Sure.

Mr. HENSLEY. First, I think we have to look at what the supply is. The supply for a number of years went unchecked, and the coca bushes grow at a 5-year rate until they go to production. It was unchecked. You have got bushes that continue to come online. As far as production, the production was growing at a geometric rate. It was unbelievable. When we finally got in the action in the 1980's, we were working against an unbelievable volume, and these bushes were already growing and coming online.

Percentagewise, we have, every year, become more and more effective against the total. The problem is that you are going against such a massive production level that it is going to take time to get up there. In the meantime, Colombia has come online, Bolivia has come online, Peru, to a certain level.

Mr. SCHUMER. I am not begrudging the job you are doing. The Attorney General at our drug summit said—she quoted some expert who she seemed to approve of—that you would have to interdict 75 percent of all the drugs that might come in. If you decrease it by 25 percent, it doesn't have much of an effect, given its low cost, of the cost on the street and the availability on the street. Isn't that—

Mr. WANKEL. I was not there, but that is correct, yes.

Mr. SCHUMER. We are never going to get to 75 percent in interdiction, and so the question is, couldn't the money, on a supply-side basis, be better spent doing other things? That is not begrudging the job that you folks are doing.

Go ahead, Mr. Wankel.

Mr. WANKEL. If I can answer, I think that it could, yes. I think interdiction is very necessary.

And to follow on what Congressman Schiff brought up, interdiction is not just the seizure of drugs. If we are going to make it effective, interdiction has to lead to intelligence, to enforcement, to arrest, to prosecution, and to incarceration. And we have some successes at that. We probably need to do more and do better.

I think D&M probably can be, from our perspective, can be better focused. As you heard Deputy Attorney General Heymann talking about targeted versus nontargeted, we are actively involved with the Department of Defense on the bottom-up review. In fact, tomorrow we are meeting with the contractor agency to discuss our views and share our perceptions on this as well.

You are never going to seize enough drugs to make a difference, as you pointed out. There is between 800 and 1,200 metric tons of cocaine produced a year, and most quarters agree with that. Last year there was about 400 metric tons worldwide seized, and so that shows you that you are not going to get it through that way. But you have to have that. It does cost the trafficker. It does give him a lot of agitation and things to think about, but it is one part of the enforcement strategy.

Mr. SCHUMER. I am not saying eliminate interdiction, but it is a big chunk of the budget, of the drug budget. I am certainly saying it is whatever it is, \$13.6 billion, and \$2.1 billion and \$1.5 billion goes to DOD, another \$600 million or so to the Coast Guard, yours is, what, about \$700 million, Mr. Hensley?

Mr. HENSLEY. It is \$554 million, of which—

Mr. SCHUMER. It went down. I take it went down a lot because you bought a lot of the fancy equipment and you don't need to buy that.

Mr. HENSLEY. Just in maintenance. We are not buying anything. Additionally, I would say 1.5 percent of the foreign outlay is all we have in terms of the total budget. We are only spending \$16.9 million outside the United States.

Mr. SCHUMER. Right.

Mr. SHERIDAN. If I could make one point, Mr. Congressman.

Mr. SCHUMER. Go ahead.

Mr. SHERIDAN. Detection and monitoring, if you look at the DOD budget, it is somewhere in that \$600 million range that you described. But we support under that umbrella—that is an appropriation, apparently. There are a broad number of activities that we are supporting, and that also includes training that we are providing to the countries in South America, other types of training for LEA's, the 1,004 we provide are included in that number.

So the area that you are concerned about is certainly a significant expenditure of resources, but it, by no means, accounts for all the \$600 million that is in the D&M budget of the Department of Defense.

Mr. SCHUMER. Well, we will take a look at all the pieces of it pretty carefully.

Let me ask State Department folks. Again, we have the other problem here, although this one, to me, is a more apparent one.

First, INM's budget was cut by almost a third this year. To me, that is because of the foreign affairs world, and it is less important than it is in my world, in the law enforcement world. What aspects of your operation are you going to have to give up as a result?

Mr. R. GRANT SMITH. We have not decided yet, Mr. Chairman.

Mr. SCHUMER. It is a pretty big cut.

Mr. R. GRANT SMITH. It is a substantial cut. It is one-third of our budget. It is virtually impossible to continue any of our operations as they have been, and I assume that the final result, if this cut is sustained at this amount, would be cuts in our smaller programs, but also cuts—which we would very much like to avoid but will be forced to make—in the programs in Andean countries.

Mr. SCHUMER. Let me ask you this. Wouldn't it be better from a policy point of view to just let DEA—you know, you can do the diplomatic work through the embassies, but wouldn't it be better to let DEA do the whole job in countries, the eradication of the kingpins and all that other stuff?

Mr. R. GRANT SMITH. I think we work together very effectively in those countries. The Department of State has by law, the responsibility for coordinating international counternarcotics assistance, and our particular role has been to help create host country capabilities in institutions in these countries.

DEA has not had a particular role in some aspects of this and does have, very definitely, a role in other aspects of it. One of our specialties, for example, has been working with those host countries which are willing to do aerial eradication.

So ours is a fairly broad mandate of building host country institutions. DEA plays an important role in parts of that.

Mr. SCHUMER. OK, thank you, Mr. Smith.

For Admiral Appelbaum, in your written statement, I don't think you got into it in your verbal testimony, you described OPBAT, the Operation Bahamas and Turks and Caicos. Is that how you say it, Caico?

Admiral APPELBAUM. Turks and Caicos, yes.

Mr. SCHUMER. Turks and Caicos. The Coast Guard deploys eight helicopters as sort of the model apprehension operation. But in 1992, the aircrafts' operating costs were almost \$500,000 for 123 hours flown and no drugs were seized. And as a result, the Appropriations Committee denied your request for three more helicopters.

Could you explain why it was effective if it cost that money for that relatively small amount of hours and no drugs were seized?

Admiral APPELBAUM. I think my previous comments would pertain to this question as well.

First of all, Mr. Chairman, OPBAT is a DEA operation. It takes place in The Bahamas, Turks, and Caicos and they, DEA—

Mr. SCHUMER. Are the helicopters DEA's helicopters?

Admiral APPELBAUM. No, the helicopters, the apprehension resources that are currently deployed to OPBAT, are DOD and Coast Guard, but DEA has in the past—

Mr. SCHUMER. They are on the ground, I understand.

Admiral APPELBAUM. In the past. And the Coast Guard operates the operations center in the Embassy in Nassau, and I suppose we are the largest contributor in terms of resources. However, it is a DEA operation and, of course, DEA is involved in every deployment of the OPBAT resources.

But, Mr. Chairman, the number of aircraft hours and a corresponding statistic relating to seizures and arrests is not really a valid measure because OPBAT is a firehouse operation. We respond to information that is fed into the OPBAT operations center based on detection and monitoring that takes place hopefully much farther south than the operating area of The Bahamas.

Indeed, if any place demonstrates that route denial has been successful, it is The Bahamas. The Bahamas, in the early 1980's, presented probably the most significant threat in terms of the drug problem to this country because of the proximity to the United States, particularly Florida, where the drug dealers had their center of operation.

It is a relatively simple matter to get from The Bahamas into Florida. So by terminating that route, there has been an impact upon the smuggling organizations. A serious hurt.

Mr. SCHUMER. You could look at no drugs seized as a success, too.

Admiral APPELBAUM. Indeed. In this case it is probably a better argument for making that point.

Mr. SCHUMER. Let me ask you this one. You mention that the amount of time Coast Guard assets devote to counterdrug operations has decreased because you are a multi-, as you say, a multimission, and I am well aware of the differences between Coast Guard and DOD on this. I understand that is what you are between the lines asking me to understand, and I think I do.

Admiral APPELBAUM. Yes, sir.

Mr. SCHUMER. But, in fact, the efficiency of the resources you have used appears to have declined. The average number of cutter hours per drug seizure went from 886 in 1988 to 2,542 in 1991; the average number of aircraft hours per seizure rise from 129 to 515. At the same time, the number of arrests in Coast Guard seizures fell from 372 to 106.

In other words, you had to do a lot more work to come up with the seizure. Again, that may speak to the success of your operation, and we are in this sort of very push-me-pull-you situation, but it is my guess that with some decline in resources, for both you and DOD and maybe, I am not sure, of Customs, because I am less sure of their role, you would not necessarily have it go bump up again.

The people who are importing the drugs into this country have found the land route of Mexico to be pretty viable. They are even building tunnels. They have used, as you know, and Mr. Hensley well knows, containers on ships, which provide almost a perfect way, unfortunately, for them to smuggle drugs in. And my question is, if some of the amount of time you used decreased—again, in my words—and this would apply to Sheridan, too, and maybe to Hensley, I am not sure—we might get more bang for the buck. What is your answer to that?

Admiral APPELBAUM. Well, Mr. Chairman, as I think you—

Mr. SCHUMER. I don't want to cut it all out. You know that. I want to cut some of it out.

Admiral APPELBAUM. Yes, sir. We have gone from a figure of roughly 23 percent down to a figure of 14 percent in terms of our operating expense budget, but the overall effort, the Coast Guard effort, in terms of maritime law enforcement, has remained fairly constant because we have simply refocused our efforts from drugs into, for example, fisheries enforcement, and certainly the alien migration interdiction operation, which is consuming a great deal of our energy at the current moment.

Mr. SCHUMER. Rockaway Beach is in my district where your station is.

Admiral APPELBAUM. Yes, sir, the *Golden Venture*.

Mr. SCHUMER. Washed up on the shores of the ninth CD.

Admiral APPELBAUM. That was a very difficult case, and we are managing other cases.

Mr. SCHUMER. You did a good job there. The Coast Guard did a fine job.

Admiral APPELBAUM. Yes, sir. So we are rebalancing our efforts in terms of overall maritime law enforcement, but we feel there is a level, an optimal level of interdiction, drug interdiction, in Coast Guard effort that needs to be maintained. We do this as a process.

I would mention to you, Mr. Chairman, that in going back to the very first question you asked about the so-called turf battles, I agree completely with Mr. Hensley. There are no more turf battles. The fact that agencies, specific agencies, are identified as "lead," that does not equate to exclusive resources.

Mr. SCHUMER. It still could mean inefficiencies, you would admit that.

Admiral APPELBAUM. Well, Mr. Chairman, I would suggest that in this instance, with regard to that particular point, the Coast Guard is heavily committed to the principles of total quality management. We focus on process. We focus on cooperation rather than competition, and we look toward teamwork. And, indeed, through the leadership of the Office of National Drug Control Policy and the planning processes that are in place, we are achieving synergy among the resources of all of the agencies.

Mr. SCHUMER. So that means there should be some good cost savings. Usually when you achieve synergy, there are good cost savings.

Admiral APPELBAUM. Yes, indeed. I think they go hand-in-hand.

Mr. SCHUMER. I have really asked the bulk of my questions. Let me just ask two more here and then we will call it a day.

One is couldn't DOD—I guess this is a rather fundamental one and I should have asked it before. Couldn't DOD—this is for Mr. Sheridan—provide the intelligence, communication, training, and logistical support to U.S. and foreign law enforcement agencies without the current appropriations for OPTEMPO and all the land-, sea-, and air-based radar equipment that currently goes into DOD's detection and monitoring efforts?

Mr. SHERIDAN. I would say our current level of cooperation with LEA's is largely based on information that can only be obtained through DOD's D&M assets, such as the track I described a few moments ago.

In SOUTHCOM, we are providing mobile radars to enhance local air surveillance as well as using DOD and other agency aircraft to provide information to host governments.

Mr. SCHUMER. Why couldn't you do the training that I asked of without the OPTEMPO? The two don't seem necessarily—

Mr. SHERIDAN. There is an OPTEMPO component to a significant amount of our ground activities. When we use active duty forces, there is an OPTEMPO component. Whether that is on the southwest border or whether it is elsewhere.

Mr. SCHUMER. I understand I am asking that, but without OPTEMPO couldn't you still do this kind of training?

Mr. SHERIDAN. Not—

Mr. SCHUMER. Explain to me why in practical terms. I know you have a written answer there, but I don't understand it in an intuitive way here.

Mr. SHERIDAN. OPTEMPO has been explained to me about six times by my budget people and I am working on gaining that intuitive grasp of OPTEMPO.

Mr. SCHUMER. You are ahead of me, Mr. Sheridan.

Mr. SHERIDAN. But as I understand it, we count in OPTEMPO the fuel in the gas tank, and the other costs associated with running aircraft. Any time we move to provide training, or on the southwest border a ground denial operation in support of Customs, there is an OPTEMPO component to that and a cost to that.

Mr. SCHUMER. But that is not training for—that is a real-life thing?

Mr. SHERIDAN. That is training for our men.

Mr. SCHUMER. Training for your men which has an OPTEMPO component which you might have to do anyway.

Mr. SHERIDAN. Well, you wouldn't necessarily have it where the LEA needs it.

Mr. SCHUMER. I don't want it on my drug budget.

Mr. SHERIDAN. You wouldn't find the training along the southwest border.

Mr. SCHUMER. OK. You could train somewhere else; right?

Mr. SHERIDAN. I understand the mission is designed to disrupt trafficking patterns.

Mr. SCHUMER. You might train there, but it wouldn't be OPTEMPO and it wouldn't be as part of the drug budget.

Mr. SHERIDAN. But the mission is designed to deny terrain to the traffickers that use overland routes, and what we attempt to do is then focus the trafficker so they will have to go someplace where an LEA can make an arrest.

Mr. SCHUMER. To me, it is not a conclusive answer. It is not a very conclusive answer. Let me ask you one more.

What role does DOD play in gathering and disseminating intelligence regarding drug-related individuals and operations and what does the intelligence consist of? Aren't there strict limits on the information on U.S. nationals that you can gather and share with U.S. law enforcement?

I think those days—I have enough faith in our democracy and in the fidelity of our Armed Forces that I think a lot of these laws go overboard, but it still is the laws and regulations, and so tell me—

Mr. SHERIDAN. There are very strict guidelines in place and I can only tell you we do have authority to collect and disseminate information on the foreign aspects of the drug trafficker's activity.

Mr. SCHUMER. But you don't do anything domestic with it?

Mr. SHERIDAN. No, we don't. But I would add that my level of clearance, code word clearances for me were granted yesterday, so there are significant portions to the intelligence activity which could perhaps best be answered by the OSD Office of C-3-I or perhaps DIA. I would defer——

Mr. SCHUMER. Glad I am not on the Armed Services Committee, Mr. Sheridan. I just didn't understand all those letters.

I have finished my questions. Everyone sees what I am getting at. Would anyone like to make a final comment? Admiral Appelbaum and Mr. Hensley?

Admiral APPELBAUM. Just that, Mr. Chairman, understanding your mission and your purpose, we would certainly offer to you the opportunity to visit some of our field facilities, such as the 7th Coast Guard District, OPBAT, and the C-3-I center in Miami. You and your staff, we can certainly make arrangements for that, to provide you greater insight.

Mr. SCHUMER. I appreciate that. It is a generous offer, Admiral. Mr. Hensley and finally Mr. Wankel.

Mr. HENSLEY. This is——

Mr. SCHUMER. This is not obligatory, gentlemen.

Mr. HENSLEY. Just a couple of things. I would just like to say for the record that we really feel that air is a preferred means of drug smuggling. A container, as you mentioned, is obviously a threat to us. However, when you lose control of your drugs and you are on the sea for 30 days, you don't make money, and you don't have to go through a Customs enclosure to clear it, and you don't go through a Border Patrol checkpoint. So air is the preferred means of getting it in.

Mr. SCHUMER. What percentage of the drugs coming into this country now are air versus container? Take cocaine, crack, or heroin.

Mr. HENSLEY. We believe the majority, quite frankly, and I am not avoiding your question, is land border. The air is secondary, in that we pushed it so far south we are seeing a lot of land bridge coming up through Central America and Mexico. I would say that containers are a distant third at this time, based on what I know.

I would also say that, joining Admiral Appelbaum, that we would love to host you not only in Florida, but down at SOUTHCOM to see this entire operation in totality, DEA, DOD, Coast Guard, and everyone. And to that point, if I may, I would like to offer for the record General Joulwan's statement, who will be testifying I think down the hall.

Mr. SCHUMER. Without objection, that will be added.

Mr. HENSLEY. Thank you.

[The prepared statement of General Joulwan follows:]

PREPARED STATEMENT OF GEN. GEORGE A. JOULWAN, COMMANDER IN CHIEF, U.S. SOUTHERN COMMAND, BEFORE THE SENATE APPROPRIATIONS SUBCOMMITTEE ON DEFENSE

INTRODUCTION

Mr. Chairman and distinguished members of the Subcommittee, I am honored to appear today to update you on the counterdrug efforts undertaken by the United States Southern Command. At the outset, let me personally thank you, Mr. Chairman, for your interest in my command and, in particular, for your commitment to our nation's war on drugs. Let me also make the point that although I am here representing the U.S. Southern Command, the war on drugs is truly an interagency effort, with DoD in a supporting role -- not in the lead. And after two and a half years in command, it is clear to me that victory in this fight will require the efforts of all the different agencies of government -- to include the military and congress -- working together as one team with one clear focused objective.

To set the stage for you, let me first summarize the scope of the problem. In my view, drug trafficking is a greater threat to democracy in Central and South America than that posed in the past by Soviet and Cuban sponsored subversion. And, illegal narcotics are a significant threat to our nation as well, inflicting casualties and causing huge health care costs. Some of the figures are sobering:

- *An estimated 10,000 drug-related deaths each year in the United States,*
- *Over 5,000 drug rehabilitation centers,*
- *2.7 million hard-core cocaine and heroin addicts,*
- *900,000 drug-damaged babies born in the U.S. in the last three years,*
- *168 Billion dollars in collateral costs last year -- health care, law enforcement, education, rehabilitation.*

Clearly the drug trafficker is causing both American casualties and an enormous drain on our national health care resources.

The defining characteristic of Latin America is the growth of democracy. Every nation in the AOR now possesses some form of civilian, democratically elected government. This is a significant achievement. The elected leaders of these nations are a new breed, committed to seeing democracy sustained, ready to confront challenges to their national sovereignty, dedicated to economic reform and to securing the benefits of freedom for their people, and ready to work with one another, and with us, to achieve these ends.

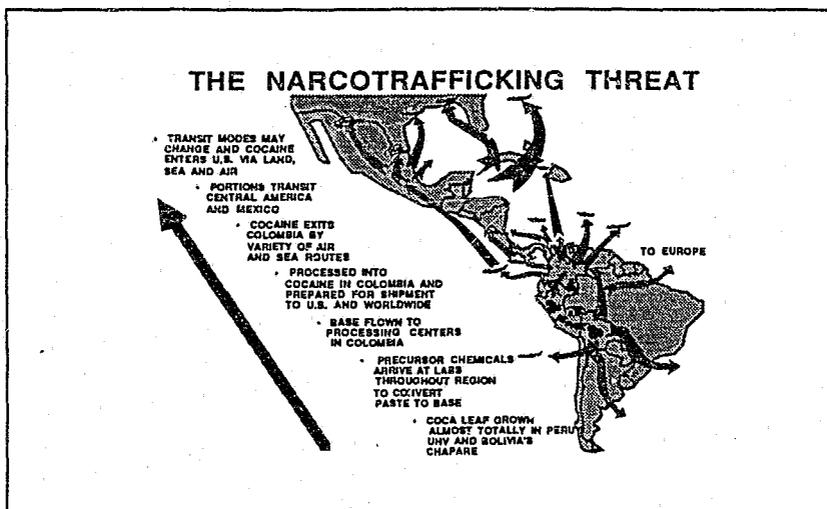
My optimism for the region is tempered, however, by the reality that democracy is fragile in Latin America. While the number of insurgencies in Latin America is declining, these internal threats still jeopardize the security and stability of these democracies. While progress is being made, there are still human rights violations and political violence in the region. While the economies are improving, unemployment and poverty rates remain high. Finally the militaries of the region, in many cases, require institutional changes necessary to contribute to sustaining democracy. In this environment, the insurgent and the narcotrafficker attack the very foundations of democracy in several key countries. How we as a nation assist the countries of Central and South America in meeting these challenges and maintaining forward progress in this decade will determine the true security of the United States in the 21st century. Nowhere is that challenge more important than in the war on illegal drugs and the narcotrafficking criminal empire.

THE NARCOTRAFFICKING THREAT

I can assure you that when I assumed command of United States Southern Command two and a half years ago, I had very little understanding of the size and scale of the narcotrafficking criminal element. It is huge; it is pervasive; it has unlimited resources; and its tentacles reach into every country in Latin America. Its scope of operations is worldwide. Let me be specific.

- 100% of the cocaine consumed in the U.S. comes from Southern Command's area of responsibility.

- Potential worldwide production could be as much as 900 to 1100 metric tons. This production is three times present U.S. demand.



- 60% of the world's coca leaf is grown in the Upper Huallaga Valley in Peru and 30% in the Chapare region of Bolivia.
- The leaf is made into paste and base using millions of gallons of precursor chemicals and flown from Peru and Bolivia into Colombia on hundreds of light fixed wing aircraft. The chemicals used in making cocaine scar the countryside and pollute the watershed of the Amazon basin.
- Once refined into cocaine hydrochloride (HCL) in Colombia, it is distributed on thousands of air and ship movements to the United States and countries all over the world. A kilo of cocaine has a street value of approximately \$20,000 in New York City, three times that in Europe, and ten times that in Tokyo. A few months ago, a one billion dollar shipment of cocaine from Colombia was seized in St. Petersburg, Russia.

Given the virtually unlimited resources of the narcotrafficker, his organizations have established roots in every country in Central and South America. His method of operation is insidious. First, the narcotrafficker buys up land in remote areas of El Salvador, Belize, Guatemala, Honduras and Mexico. Soon crude airfields are constructed which are just long enough to land fixed wing aircraft. Then aircraft fly from Colombia to these airfields and the illegal drugs are then transhipped by another mode of transport to the United States. But it doesn't stop there. The narcotrafficker frequently pays off the local nationals assisting in the transshipment, not in dollars, but in cocaine, which is then sold to the youth of these countries. In my first year in command, I met with one head of state in the region, who said to me, "General, I need your help. Every day and night narcotraffickers violate my country's sovereignty and land aircraft in the northern part of my country. Payment to the people helping them is in cocaine. These local people sell the cocaine in the capital city. I now have a drug addiction problem; violence and crime are up; my judges are being corrupted; my police are being corrupted; we are in danger of losing our democracy and our sovereignty. I need your help." This plea was echoed by most of the sixteen heads of state I have met with during the past year in Central and South America.

They are concerned because the methods of operation of the criminal narcotraffickers destroy the ideals and values of a free democratic society. They attack the very institutions and structures which protect and guarantee emerging democracies. We see this situation in Colombia today. The Colombians are not merely fighting narcotrafficking -- they are fighting for their national survival, and to varying degrees, the in-roads made by the narcotraffickers can be seen in all the other countries of Central and South America.

Compounding this threat is the serious economic and social deprivation existing in Latin America which is exacerbated by narcotrafficking. The cocaine industry has direct economic costs: it displaces legal industry; it sabotages economic policy; it has high social, ecological, and political costs; and most importantly, it corrupts the democratic institutions these nations have struggled so

long to create. Debt, outdated economic structures, over-urbanization, inflation, and high unemployment threaten the stability of these governments, and the narcotraffickers exploit these conditions to benefit their multi-billion dollar business.

However, the nations of Latin America are recognizing the threat narcotraffickers present to their societies, their democracies, and their sovereignty. A regional will is emerging to attack this insidious threat. While several years ago many countries considered drugs a boon to their economies, today they now understand that narco dollars do not improve the welfare of their people and do not lead to long term prosperity. With this emerging regional will, consensus on a cooperative regional approach to the narcotrafficker threat is now developing in the Andean ridge. To illustrate this increasing regional will, allow me to provide a more detailed assessment of key countries in the theater.

Central America: Nowhere have our efforts in peacetime engagement been more successful than in bringing the fighting in El Salvador to a peaceful conclusion after twelve years of civil war. It was most gratifying for me to be a part of the U.S. delegation to last December's formal peace ceremony in San Salvador. But the peace in El Salvador is fragile and it demands our continued close attention. The narcotrafficker is poised to take advantage of this fragility, and the May 1993 capture of five tons of cocaine illustrates this danger. That country has a contraband smuggling infrastructure used during the war which is being adapted by the the narcotraffickers for their purposes. We must stay involved in El Salvador as it makes the difficult transition from war to peace.

Guatemala continues to be a major transshipment point for the Colombian cartels. Small aircraft use hundreds of private airstrips throughout the country and the lack of radar coverage makes Guatemala an ideal transshipment point. This was evidenced by the seizure of fifteen and a half tons of cocaine in each of the past three years there.

Honduras is a regional leader in Central America and is at the forefront of counterdrug efforts in the area. Like other CENTAM nations, Honduras is a transshipment site for the products of Colombian cartels to the United States.

The other CENTAM nations -- Nicaragua, Belize and Costa Rica -- are also transshipment points for South American cocaine destined for the United States. The importance of these nations as transiting countries will probably increase as traditional routes become more risky for the narcotrafficker. However, I am particularly encouraged by CENTAM regional efforts and the recently concluded drug summit held in Belize is a clear indicator of national will to find common solutions to common problems.

Panama: Panama's current situation gives cause for optimism due to its efforts to secure a stable, economically viable democracy. In the longterm there are clear opportunities for Panama to become a major center in the region for commerce, banking, medicine, and education. However, drug trafficking and associated money laundering are direct national threats. Counterdrug successes elsewhere, Panama's porous borders with Colombia and Costa Rica, and the shipping industry associated with the Panama Canal are major factors contributing to make Panama a transshipment center. I am encouraged by the progress of the government of Panama in countering this threat --- twenty-five tons of cocaine were seized in 1992 compared to seven and a half tons in 1991. However, Panamanian law enforcement agencies require more training and equipment to address the problem adequately.

Andean Ridge: The countries of the Andean Ridge remain plagued by severe economic problems, vicious insurgencies, and illegal drug production and trafficking. The democratic institutions of these countries are in jeopardy. There continues to be clear, substantiated evidence of the linkage between the drug traffickers and the insurgents, and this significantly increases the complexity of dealing with both.

Colombia has shown great political courage in dealing with both the drug trafficker and its predominant insurgency, the Fuerzas Armadas Revolucionarias Colombianas (FARC). Indeed, no nation in the region has shown more commitment in the counterdrug effort. Nor has any country paid a higher price. Colombia experiences one of the highest mortality rates in the world. Last year there were over 27,000 violent deaths and over four-hundred police officers were killed. But, in spite of this, Colombia remains committed. The government continues to pursue the drug lords relentlessly and, despite the fact that Pablo Escobar remains at large, every one of the lieutenants who escaped with him on July 22, 1992 has been captured, surrendered, or killed. While the Medellin cartel has essentially been dismantled, attention must now be turned to the Cali cartel which is more ingrained into local society and will, in all probability, be much more difficult to eliminate.

Peru's democracy remains in jeopardy, although I am encouraged by the progress that has been made this past, very difficult year. Peru's problems are staggering. The economy still suffers with *per capita* income continuing to decline, inflation continuing to rise, and an estimated 75% of the workforce unemployed or under employed.

Peru is also dealing with the most vicious insurgency in the world. The Sendero Luminoso, whose tactics and terrorist acts are some of the most horrific ever seen, is an outrage to all civilized peoples of the world. On the plus side, the arrest of Sendero leader Abimael Guzman was significant and was disruptive to Sendero's strategy. The Congress and the world community should condemn the Sendero Luminoso and focus the spotlight of moral indignation on these vicious criminals and terrorists. Simultaneously, Peru is attempting to confront drug traffickers who are supported by Sendero Luminoso. As a result of the suspension of democracy by President Fujimori in April of 1992, we terminated military support and training efforts in Peru. This was the right thing to do; it sent the right signals about our commitment to democratic principles to the rest of the hemisphere. The progress made to restore democracy in Peru has allowed

us to partially reengage militarily. Indeed, Peru is aggressively implementing its own counterdrug strategy in spite of the lack of U.S. military assistance.

Bolivia, despite being one of the least developed nations in the region, is making progress in stabilizing democracy and building its political institutions. At the same time, it is working hard to deal with coca cultivation and drug trafficking. Alternative development programs are beginning to show an impact and some estimates place the percentage of Bolivia's total income from coca at about 3-4%, down from the 8-9% of only four years ago.

Throughout the Andean Ridge nations, I am very encouraged by the spirit of regional cooperation that is developing. Primarily centered on collective efforts to confront the drug trafficker, this spirit of regional cooperation can be, in my view, very useful for the nations of the region to deal with their other problems and issues in the social and economic sphere. This evolving mutual trust and confidence has resulted in a significant reduction in tensions in several long-standing border disputes between these various nations. These positive enhancements have been the direct result of our continued engagement in the region. We need to stay engaged.

Southern Cone: The remaining countries of South America comprise the area we refer to as the Southern Cone and have become spillover nations from the Andean Ridge drug fight. In this vast area we are most concerned with the spread of the drug traffickers' tentacles. As our counterdrug efforts have become more effective in the source countries, these peripheral nations have seen substantial increases in trafficking through their countries. More important, the Southern Cone nations have resources -- economic, political, law enforcement, and military -- to assist in regional solutions to threats such as narcotrafficking and poverty. We should encourage such interaction.

Venezuela's democracy weathered two coup attempts in 1992. Prior to the most recent coup attempt, we had seen a new vigor in Venezuela to participate in regional counterdrug efforts. Brazil and Chile have seen the greatest increases in drug transiting among Southern Cone nations, and there is a growing awareness

in both countries that they must become more involved against the narcotrafficking threat. We need to support and encourage the nations of the region in their struggle against the narcotrafficker. SOUTHCOM's strategy does just that.

THE STRATEGY

Pending completion of the Presidential Review of International Counter Narcotics policy, the current counterdrug strategy of the U.S. Southern Command is derived from the U.S. National Security Strategy and the National Military Strategy of January 1992. My vision for the region is:

A community of free, stable and prosperous nations throughout the hemisphere, acting in concert with one another while respecting the dignity and rights of the individual and adhering to the principles of sovereignty and international law.

The framework for achieving this vision is not limited to the physical disruption of illegal drug trafficking but encompasses other areas. Our theater strategic objectives are:

- *Strengthen democratic institutions*
- *Assist Host Nations in defeating narcotrafficking*
- *Assist Host Nations in eliminating threats to their security*
- *Support continued economic and social progress*
- *Ensure open and neutral Panama Canal*
- *Enhance military professionalism.*

Among these for reaching our objectives, the *strengthening of democratic institutions* is first and foremost. All activities of the command, including our counterdrug efforts, focus on that objective. And, we consistently evaluate USSOUTHCOM programs or initiatives by their impact on that objective. If an undertaking doesn't meet that objective then it is reexamined, modified, postponed, or canceled. Clearly, mature, economically-viable democracies throughout the hemisphere are in our national interest. They provide for regional stability, encourage more cooperative relationships, provide greater access to markets and the corresponding economic stimulus for our own

economy, and they offer greater opportunity for peaceful resolution of disputes. They also align with our own intrinsic values of peace, freedom, and respect for human dignity.

However, these objectives cannot be achieved by our military forces alone. Our strategy is centered around *interagency operations*. Many agencies of the U.S. government bring capabilities to the table and the Department of Defense is but one of many players who make up the team. And, most often, DoD will not be in the lead, but in support of a U.S. ambassador and his country plan.

To bring rigor to this interagency process, USSOUTHCOM has developed a campaign plan for peacetime engagement operations. Rather than a reactive strategy, this is a unique regional approach, driven by national guidance. It stresses the support role of military operations in an interagency environment and provides a vehicle to commit forces to support U.S. agencies and host nation law enforcement and military units engaged in the counterdrug fight.

The central focus of our counterdrug efforts, though, is increasing both the national will and the capability of the host nations to confront the drug traffickers. It is their sovereignty and their democracy being violated; their judges, police, military, and politicians being corrupted; their children being addicted; and their democracies being threatened. Therefore, it must be their fight -- and it is. Clearly, a source or transit region strategy will only work if it is the host nations' fight, but we must remain engaged and provide the support to make them effective.

Under our current guidance, the Andean Ridge nations are the first priority of our efforts. The guidance further directs that we can provide substantial support to host nations in various areas which include reconnaissance, intelligence, detection and monitoring, training, logistics, medical, command and control, planning, and civic action. We provide this support to both host nation military forces and law enforcement agencies. The counterdrug fight within each country is ultimately a law enforcement problem, but there are important roles for host nation military forces to play in supporting counterdrug efforts. For

violations of air sovereignty and in areas where the insurgents are linked with the drug traffickers, it is necessary for the host nation military to have the ability to control airspace and assist law enforcement agencies in the fight.

While providing the support directed by the national command authorities, USSOUTHCOM also has a unique role to play as a regional coordinator by bringing the operational level perspective to the effort. The drug trafficker does not recognize national boundaries and crosses borders with impunity, so any viable counterdrug effort must look at the process and the network regionally. This is necessary to focus our high technology support assets at the right place at the right time. And, we must be able to apply them theater-wide to the vast narco-network.

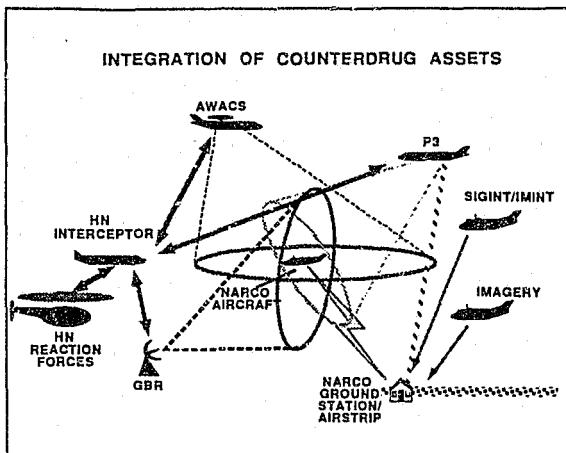
USSOUTHCOM's counterdrug strategy reduces the flow of drugs to the United States by promoting regional democracy, human rights, stability and security. To make this regional approach work, we need a support structure throughout the AOR that can rapidly and flexibly focus our capabilities on the narcotraffickers. This structure becomes the backbone of our ability to provide the right support and assistance to host nation forces at the right place and time. This support includes command and control, intelligence, operational support, training, detection and monitoring, and logistics assistance.

Timely, accurate intelligence is an area in which we have a significant advantage. We must bring our high technology capabilities to bear in supporting low technology host nation capabilities. The key is to focus these host nation capabilities at the right place at the right time in preparation for a specific operation. We want to fuse the information from all of our available reconnaissance systems to give the host nation forces the best available information on their targets. But, it must be timely and accurate. We have established counterdrug tactical analysis teams (TATs) in all of the key countries to do this type of analytical work. They have built a reputation for producing quality work. They represent a small investment, usually 2-4 service personnel,

but ambassadors and country teams comment that without them, programs would be far less effective.

As with intelligence, detection and monitoring is an area which affords us the opportunity to bring significant capabilities to the fight. Since the end of FY89, we have stepped up the time flown by DoD airborne platforms, such as the E-3 AWACS, and deployed temporary ground based mobile radars (GBRs) to key areas. I am very pleased with the Customs P-3 and Citations -- they are truly the workhorses in this fight. We are well into fielding the Caribbean Basin Radar Network (CBRN). Tied into both the Southern Region Operations Center (SROC) in Panama and JTF4 in Key West, CBRN will be an essential piece of our surveillance capability for drug trafficking aircraft transiting to and from the United States. U.S. detection and monitoring support has been instrumental in increasing our understanding of the air patterns of the drug trafficking network. As this database expands, we will be able to get out in front of the narcotrafficker and cut off his means of distribution from the theater.

Despite the capabilities we bring to the fight, the host nation actually fights the battles. Our security assistance efforts provide the right equipment and focused training to improve their ability to fight the narcotrafficker. As I mentioned, there was little in the way of host nation counterdrug capability in 1989, but today I can report that a substantial capability exists among the Andean Ridge nations. Host nations have significantly increased numbers of police forces specially trained in counternarcotics techniques and have developed aviation units to support police forces. These mobile forces can now respond more effectively to our intelligence cueing. Colombia and Bolivia have developed counterdrug capabilities within their armed forces.

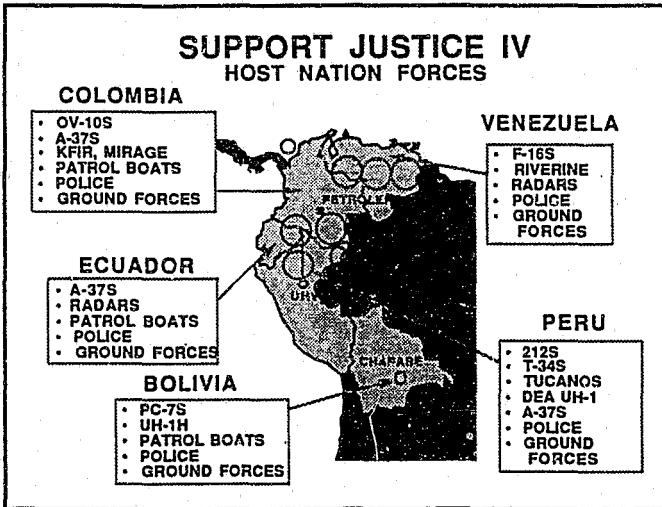


Further, all of these nations have added capability to their Air Force and riverine operations, to include Captain of the Port Programs. Our training efforts are key to this increase in their capabilities. Our International Military Education and Training (IMET) efforts also contribute to this increased capability. In IMET we have focused on training opportunities that enhance professionalism in the militaries of the region. Results of these efforts are reflected in greater commitment by the militaries of the region to the principles of civilian control through democratically elected governments and respect for human rights.

Within the command and control arena we have significantly improved our capabilities to provide timely and responsive support to the host nations. The Command and Management System (CMS), expanding from the Andean Ridge, has become a primary means of transmitting real-time counternarcotics information between nodes in Washington, SOUTHCOM, the embassies, and forward operating bases. It provides us secure voice communications, extensive data capability, and high quality imagery. CMS has made a significant contribution to achieving agility in this fight.

REGIONAL OPERATIONS

How well a regional approach would work was tested through a progressive series of surge operations. Termed Support Justice, these operations began in the



summer of 1991. We are now in the midst of Support Justice IV, a multinational effort involving the countries of Colombia, Venezuela, Peru, Ecuador and Bolivia. This effort is synchronizing air, land, and riverine efforts, with interagency participation, to inflict maximum damage on the narcotrafficking infrastructure. We are establishing the conditions to sustain the fight operationally and transition into steady state regional operations.

USSOUTHCOM support to this transition into steady state regional operations includes the deployment of ground-based USAF radars (both active and Air National Guard), focused E-3 and intelligence sorties, and 2-3 man connectivity and planning teams located throughout the operations area. Other agencies, such as U.S. Customs, the intelligence agencies, and DEA, have also committed resources which are being integrated with DoD assets and host nation capabilities. Since Support Justice IV began in September of 1992, host nations have requested extensions of the operation and a maturing of host nation capabilities. Host

nation response forces are becoming more agile and more responsive to the intelligence and detection and monitoring cueing that our support assets provide. End-games are improving. But the lack of some key capabilities, most significantly night interception and tracker aircraft, have limited end-game successes.

Support Justice support operations are setting the conditions for long-term regional success in the Andean Ridge. There has been progress. Two years ago, no aircraft returning to Colombia from either Peru, the Caribbean or the Pacific were forced down. During Support Justice IV over 40 such aircraft have been seized or captured. Not only have 43,000 kilos of cocaine, with a street value of 860 million dollars, been seized, but more importantly, over 1900 narcotraffickers have been arrested. Other indications of progress include: Colombia has conducted combined operations along its borders with Ecuador and Venezuela; Ecuador and Peru now trade liaison officers in the drug fight and have reduced forces along their borders for the first time in 50 years; there is unprecedented cooperation in the region between police and the military; four-thousand Peruvian troops are now assigned to the Upper Huallaga Valley; human rights training is being taught in Peruvian military schools; Bolivians are working jointly with Brazilians; and the Argentines have expressed interest in a regional role. While all this cooperation is embryonic, it is in our interest to encourage the development of mutual trust and confidence in the Andean countries and promote these first attempts at confidence building measures. To do so promotes regional solutions to a regional threat and also strengthens democratic institutions.

In the transit countries of Central America, we also began regional support operations this past year. Operation Support Sovereignty, a Honduran initiative, was an important first step. We provided supporting assets in accordance with national direction, but it was a host nation operation. It highlighted transiting routes, provided other intelligence information, and set the stage for future expanded regional efforts. Most importantly, Support Sovereignty is in direct support of DEA's Operation Cadence or Central America regional strategy.

We now have the connectivity to support Operation Cadence once it expands to other nations. Operation Cadence now has a 24 hour reaction capability, the first such capability in the AOR. Recently, a drug summit initiated by the Central American presidents, was held in Belize. At the summit, the Central American presidents expressed their endorsement of a regional counterdrug initiative as part of a collective security strategy. This summit is clearly a demonstration of growing national will by the democracies in Central America and we need to encourage and support their initiative.

ASSESSMENT

It has been nearly four years since the U.S. Military was directed to get involved in the drug fight; I have been the Commander of the U.S. Southern Command for almost three of those years. In that time, I have seen our efforts expand and witnessed the results of those efforts. Now is the time to fine tune our counterdrug strategy based on lessons learned from the past. Our strategy must have clear cut goals and objectives and not be dominated by one agency or department. U.S. agencies involved must complement each other, and to be successful, the strategy requires a long-term commitment to both supply and demand reduction, at the source, in the transit nations, and at home.

Clearly demand reduction in the United States must be our top priority and the allocation of resources should confirm the importance of the demand-reduction strategy. But supply reduction efforts which take advantage of increased national will and capability of the host nations are also crucial to the counterdrug fight. I have met with the heads of state of these nations many times and I am convinced of their dedication and determination. They are committed to the counterdrug effort. In each country there has been a significant increase in capability--forces committed to the effort, how they are equipped, and how they've been trained. We want the nations to reach the level where they can sustain the counterdrug effort on their own, and they are well on their way. It is in our interest at this point to stay engaged and I appreciate your support of our efforts in the region.

As previously mentioned, the effectiveness of our engagement in Andean counterdrug efforts must be viewed from a broader perspective, from its contribution to strengthening democracies and enhancing regional stability. Our efforts have paid great dividends in this regard. The nations have come together to confront this threat and their cooperation has created a new spirit of mutual trust and confidence. For example, the tensions of a long-standing border dispute between Peru and Ecuador have eased because of their cooperative work in Support Justice. Indeed, the Peruvians have withdrawn from the border area and, as a result, are now more committed to the counterdrug efforts in the Upper Huallaga Valley. Venezuela and Colombia have similarly conducted joint operations. Peruvian, Ecuadoran, and Colombian liaison officers, who fly on our detection and monitoring platforms, cross each other's borders regularly and routinely view each other's orders of battle. This is unprecedented in the region and may be our finest achievement from the counterdrug fight. This regional approach lays the foundation for regional cooperation in a variety of other efforts -- economic, social, and environmental. There are unique opportunities for these nations to find collective solutions to their individual problems, based on the success of their cooperative experiences in the counterdrug effort. Given the growing cooperation between these nations, there is reason to believe that regional organizations, like the OAS, can take on greater, more substantive, roles for growth and stability in the region.

PROGRAMS AND RESOURCES

There are several programs which are essential to execute my strategy in the AOR and for which I seek your continued strong support.

Intelligence is the most crucial capability for executing my priority efforts. Especially in the counterdrug fight, intelligence plays an absolutely critical role in setting the conditions for success by host nation forces. Within that arena, the U.S. Air Force C-130-based intelligence platforms should be sustained at the current level. They provide unique capabilities particularly suited to the USSOUTHCOM environment. Also, the Airborne Reconnaissance Low (ARL)

program will provide, for the first time, a combined imagery and SIGINT gathering capability. It is a capability tailored for USSOUTHCOM counterdrug efforts and will be under control of the Command, affording us a highly responsive capability. Its imagery products are releasable to the host nation, and this will provide a significant advantage in targeting the drug trafficking infrastructure.

Rapid and timely dissemination of the collected intelligence is also a critical requirement and the fielding of the Command and Management System (CMS) is providing us the primary means of transmitting real-time counterdrug information. Providing secure voice, data, and imagery capabilities to a wide variety of users in the AOR and in CONUS, the CMS has proven to be an exceptional capability.

These programs are all low-dollar investment programs which are ideally suited to peacetime engagement operations.

The nations of the region operate in a low-technology environment--their needs are not for high-tech hardware. Much of our excess defense articles could be used productively in SOUTHCOM's theater of operations.

I believe my needs and requirements should not be looked at in isolation. SOUTHCOM involvement in counterdrug efforts of source countries is, of course, limited to a support role. The 1992 National Security Strategy recognizes the Andean Ridge Region continues to be the primary source of cocaine consumed in the U.S. Narcotraffickers do not respect the borders of sovereign nations, therefore, SOUTHCOM is assisting in the coordination of regional plans and a transition to continuous (Steady State) operations. Steady State operations are part of a total national and international multiagency fight. These operations must be viewed in the context of their contribution to strengthening democracies, enhancing regional stability and assisting host nations in defeating the narcotrafficker. The means to this end are State, Justice, Treasury, Transportation and Defense Department programs, such as eradication, interdiction, alternative development, economic and social programs, military to military exchanges,

nation building and security assistance like FMF, FMS and IMET. They include INM, DEA, Border Patrol, Customs and Coast Guard programs. These are the tools in the tool box and we cannot build the desired end state without all of these tools.

The results of moderate U.S. engagement include stronger democracies and institutions as evidenced by recent events in Guatemala, El Salvador, Venezuela, Peru, Brazil, and Paraguay. Despite problems, militaries and dictators did not take over. Civilian control is being reinforced and respect for human rights is improving. Host Nation will and capability to cooperate regionally are increasing; regional economic cooperation is emerging and insurgencies are losing; and, border disputes are not as destabilizing. These are the opportunities of moderate steady engagement.

CONCLUSION

Mr. Chairman, let me conclude by saying that Central and South America is an area vital to the security of the United States. It is a region in conflict as well as transition. It is our southern flank with whom we share a common border and common values. We also share an insidious threat, narcotrafficking, which is killing tens of thousands of Americans -- North, Central, and South. But, there is great optimism in the southern part of this hemisphere. Insurgencies in Central America will soon be eliminated. There is expanding regional cooperation and national will to fight the drug traffickers. Respect for human rights continues to improve. There is growing consensus on civilian control of the militaries. The United States' continued encouragement of the progress made in Central and South America is crucial for our own security. It is in our interest to maintain the constancy of that commitment. If we do, democratic institutions will be strengthened and true mutual trust and confidence will develop between all nations. And, if we do, peace, freedom and prosperity will be possible for the entire Western Hemisphere. And in so doing, we will disrupt the narcotrafficker who is causing tens of thousands of casualties in our country and requiring the expenditure of billions of dollars for health care, rehabilitation, education, and law enforcement. While we must do more on reducing the demand for drugs in our country--and we are--we also need to assist our allies in Central and South

America in attacking these criminals at the source. And to do so will require, as I said at the beginning of this statement, one team focused on one fight. And this committee and the Congress are essential members of the team.

In closing, Mr. Chairman, I appreciate the opportunity to appear before you today. On behalf of all of the men and women under my command, thank you for the support this subcommittee has consistently provided our Armed Forces and the United States Southern Command.

ONE TEAM -- ONE FIGHT!

Mr. HENSLEY. And with that, I thank you for giving us the privilege to appear here today.

Mr. WANKEL. I would like to go on record saying, and I think the table will support this, we believe the OPBAT operation is probably the most successful linking of D&M with hand off enforcement that we have had to date.

Also, I will send you some information from our records which indicates there were some seizures in 1992 of 5,000 pounds or so. I will provide this information for the record.

[The information follows:]

OPBAT Statistics, fiscal year 1992: Cocaine removals, 5.1 metric tons; vessels seized, 9; and arrests, 27.

Note.—Since its inception in 1982, OPBAT has been responsible for the removal of 56.3 metric tons of cocaine, the seizure of 31 vessels and 9 aircraft, and made 811 arrests.

Mr. SCHUMER. Please send it to us and we will correct the record.

Mr. WANKEL. Thank you.

Mr. SCHUMER. Mr. Smith, you get the last word.

Mr. R. GRANT SMITH. To follow up on your first question, Mr. Chairman, concerning coordination, you didn't go on and ask the second question about coordination at the country level. At the country level, the American Ambassador, who does not represent any single agency but is the President's representative, does provide effective coordination.

Mr. SCHUMER. I am aware.

I want to thank everybody. I want to thank my staff, Counsel Gabrielle Gallegos, who worked very hard on this, and Minority Counsel Lyle Nirenberg; and our intern, Dylan Tyson, who did a great job here. And is Rachel Jacobson, our clerk, still here? Thank you very much. And, finally, our stenographer, I always like to thank you folks for your hard work, Pam Garland, and before her was Joe Strickland. Thank you very much.

This hearing is adjourned.

[Whereupon, at 2:55 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]