

## A Note on EIR's Methodology

Over the past three decades, *EIR* has conducted a number of in-depth investigations of the size of the international drug trade. Each of these has addressed the matter from the same vantage point: that Dope, Inc. functions as a single, unified, multinational corporation, whose various production, processing, transportation, distribution, sales, consumption, and money-laundering phases are centrally coordinated to a single purpose.

We therefore discard as misleading, and inaccurate, all “demand”- or “consumption”-based approaches, whose implicit assumption is that the “aggregate demand” for drugs by a collection of autonomous individuals, “causes” drugs to be produced, presumably by a collection of equally autonomous producers who only associate, after the fact, into various criminal cartels. In this view, money laundering is merely an epiphenomenon, and drug bankers are only the occasional bad apples who are corrupted by the producer cartels.

Even the most thorough of such “consumption”-driven approaches inherently underestimate the actual scope of the drug problem, and vastly so, probably by a full order of magnitude. No amount of sophisticated mathematics and complex regression analyses can make up for flawed assumptions and methodology: It only makes the problem worse by convincing the gullible layman that it is somehow “scientific.”

As a result of its very illegal nature, Dope, Inc.'s size and activities are not directly reported. However, one can obtain a far more accurate—if still not precise—reading, by analyzing the *physical economy* of

the drug production process, and estimating what the annual value of the total physical output of the drugs would be, were they fully marketed at retail street prices. In using this approach, *EIR* has made use of official data provided by numerous governments and international agencies, as verified and corrected by direct *EIR* consultation with knowledgeable sources in various countries. We are convinced that our findings about the global dimensions of Dope, Inc. err on the conservative side.

There are two principal sources of publicly available comprehensive data on drugs: the U.S. State Department's annual *International Narcotics Control Strategy Report* (INCSR), which pulls together data from other U.S. agencies, including the White House Office of National Drug Control Policy (ONDCP), the Department of Justice National Drug Intelligence Center (NDIC), the DEA and others. The second, is the United Nations Office on Drugs and Crime (UNODC), which issues an annual *World Drug Report*.

The U.S. and UN numbers, by and large, indicate the same broad trends, although specific numbers vary from year to year. Exceptions to that rule include significant variations of coca area cultivated in Colombia, marijuana yields in Mexico, and so on.

Overall, we have chosen to use the U.S.-generated numbers as we have for our previous studies, for a number of reasons. The main one is that the UN numbers aggregate individual country reports, as supplied by each member state of the UN, so they reflect varying national methodologies; whereas the U.S. numbers apply the same methodology to all countries. This latter is preferable, since what we are looking for are trends, not absolute numbers—which are inexact in any event. Exceptions include our use of UNODC figures for European street prices for drugs, as well as most data on drug seizures.

—Dennis Small