



Drugs, (dis)order and agrarian change: the political economy of drugs and its relevance to international drug policy

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■ Executive summary

In May 2014 the School of Oriental and African Studies (SOAS) hosted a workshop, co-funded by NOREF and Christian Aid, designed to facilitate dialogue between scholars working on the political economy of drugs, conflict and development in Asia, Africa and Latin America. The workshop explored how political economy perspectives, derived from long-term empirical research on drugs-affected regions, can enhance understanding of, and policy responses to, drug production and trafficking. This approach, rather than seeing drugs as “exceptional” and “criminal”, seeks to situate the role of illicit economies within broader processes of state formation and agrarian change.

Contributions to the workshop revealed the highly differentiated and context-specific dynamics of drug economies, and how different configurations of institutions and security markets can lead to different kinds of relationships between drugs, statebuilding, agrarian change and development. This research does not lend itself to simple policy narratives or prescriptions, but it does suggest that there can be no universal and de-contextualised solutions to “the drug problem”. Dogmatic and irreconcilable positions, adopted by both those advocating harsher prohibition and those arguing for blanket decriminalisation, fail to reflect sufficiently on the impacts such policies will have on drug-producing countries. A more grounded, comparative perspective is urgently needed in an arena where policies are often anything but evidence based and where data are patchy or politicised. Counter-narcotic (CN) strategies, based on a reification of the perceived linkages between drugs, instability and state fragility, often provide only a partial, and in some cases deeply misleading, insight into the economic and political orders that emerge around drug production.

Political economy provides a corrective to these deeply entrenched biases and blind spots, by incorporating an analysis of aspects of drug economies and counter narcotics (CN) strategies that are frequently treated as residual or circumvented, including the varying levels and types of violence surrounding drug economies; the complex motives of those involved in drug production and trafficking; the linkages between licit and illicit commodities in processes of agrarian transformation; the potential developmental outcomes of drugs economies; the relationship between illicit economies and differing configurations of authority and rule; and a socially differentiated account of who gains and who loses from counter-narcotics policies. In doing so, political economy approaches provide a powerful analytical lens for developing a more contextually attuned public policy on drugs.

A political economy approach to understanding illicit drug economies

Ever since the “war on drugs” was officially launched more than four decades ago, colossal sums of money have been invested in establishing and maintaining a global counter-narcotics regime. Despite such investment, global drug production has continued to expand and counter-narcotics strategies have had deleterious effects on drug-producing countries. While counter-narcotics strategies have been significantly reformed, the underlying assumptions about the nature of the drug problem remain largely unchanged. These include the notion of drug exceptionalism, which reifies drugs and separates them from their social and political context; the rational actor explanatory model, which reduces the complex motivations of those involved to questions of price and profits; the idea that drug production and trafficking are inherent drivers of conflict, and causes of state fragility and underdevelopment of rural economies; and the belief that CN policies are exogenous to the dynamics of drugs production and trafficking – that they are an external “medicine” to an internal “disease”. This perspective fails to appreciate the way illicit economies are shaped by specific social relations and political institutions that vary across time and space.

A political economy approach, in contrast, aims to reveal the workings of power, not only through visible coercion and its direct effects, but also through the material basis of relationships that govern the distribution and use of resources, privileges and benefits. The political and the economic are therefore inseparable. Drugs, as a key source and vector of power, shape the institutions and mechanisms of negotiation and coalition management. They are also central to trajectories of accumulation and investment and the workings of rural labour markets. Finally, CN policies and programmes are themselves resources which become entangled with, and are inseparable from, the dynamics of illicit economies in the developing world.

Drugs and agrarian change

An agrarian political economy of drug production considers the history of drug-producing regions and the social relations within these areas in order to understand the relationship between drug production and rural development. Agrarian dynamics surrounding drug production involve social, economic, political and environmental conditions that are not captured by approaches to understanding drug production based on assumptions about utility-maximising individuals.

The workshop presentations showed that the agrarian dynamics of drug production interact with, reinforce or contest the advancement, consolidation or sustenance of capitalist relations of production, typically in borderlands of countries undergoing transition.

Across drug-producing regions, income generated from drugs has played a role in the commodification and economic integration of rural economies. Illicit drug economies have fostered agricultural expansion by opening up frontier zones, making previously uncultivated land commercially viable, and encouraging investment in clearing fields and coordinating the extension of transport and irrigation infrastructure (Burma, Colombia, Afghanistan). Trading networks stimulated by drug production have also served to monetise livelihoods, and created opportunities for accumulation for some, while marginalising others. Evidence from the cases suggests that drug production has the potential to transform labour markets (for example by stimulating seasonal migration and creating opportunities for wage labour).

Illicit drug economies have had a transformative role beyond drug production: in some cases, drug revenues finance other forms of agricultural intensification and diversification into off-farm activities. Drug economies entail the creation of systems of credit and taxation; trade and labour mobilisation networks emerge to support drug production. Understanding the impact of drug production on rural economies therefore requires policymakers to consider which groups are able to accumulate and the way drug revenue is reinvested and consumed (does it stay within local economies, is it transmitted to urban centres or does it move across borders?). Drug revenues buy political influence and shape power relations that extend beyond the confines of localised drug economies.

Alternatively, at least in some contexts, the particular spatial and economic characteristics of drug economies embody a *dynamic of resistance*, allowing some groups to resist or reverse dynamics of dispossession and proletarianisation linked with commodification and the expansion of the capitalist footprint. In such settings, drugs may provide the resource base for armed insurgencies and political opposition.

Both in those cases in which drug production bridges the integration of agricultural frontiers to the global market, as well as in those instances in which drug economies offer rural communities opportunities to retain land-based livelihoods in an era of globalised and liberalised agriculture, agrarian dynamics of drug production are embedded in the broader question of the capitalist transition. A political economy approach reveals the differing trajectories of agrarian change in drug-producing contexts and their national and transnational linkages. These vary across time and space, from empowering resistance against capitalist expansion, to fostering parasitic forms of exploitation and inequality, to catalysing new forms of rural development based on linkages between the licit and illicit economies.

In contrast, the rational actor model, which has underpinned alternative development approaches, seeks to

provide farmers with opportunities to grow other cash crops, while often ignoring the relationship between drug production and the broader social, economic, political and environmental milieu surrounding processes of agrarian change.

Drugs and processes of state formation

The political economy approach challenges the assumption that drug production and trafficking are necessarily indicators of state weakness. The fixation within the counter-narcotic narrative on the relationship between drugs, violence and state fragility has encouraged the growing integration of counter-narcotics strategies within a broader package of liberal peacebuilding policies focused on state stabilisation, the strengthening of law enforcement agencies and perceived conflict-reduction mechanisms. However, there are numerous contexts in which drug production flourishes within states that cannot be defined as weak or failing and in which there is clear interaction between state actors and the drug economy. The separation in counter-narcotics discourses between states and illicit economies reveals more about how policymakers believe states ought to function than about the empirical realities surrounding how state power is constructed, negotiated and reproduced.

State-building processes have to deal with the remnants of pre-existing structures of authority that remain powerful by drawing on resources generated through the combat and shadow economies. Drug production and trafficking have historically enabled the accumulation of power to develop patronage networks, facilitate loyalty and extend control over resources and populations. Processes of state formation may therefore revolve around attempts to manage and control the relationship between violence, drugs economies and power, rather than seeking to dismantle illicit economies outright.

Political accommodation and negotiation around illicit economies can lead to the creation of binding political coalitions, through which states can ultimately establish greater territorial control over commodities, populations and space. Controlling the allocation of drug rents, and also often the right to use violence, may therefore serve as a means through which negotiated statehood is established, thus stabilising authority in regions hitherto beyond the reach of the state.

Such processes of state formation also reveal the important, yet commonly overlooked, role played by powerful local actors, or brokers, who manage the interface between the central state and their communities. Engagement with these “autonomous state agents” minimises both the state’s employment of violent coercion and the threat of inciting opposition against growing state authority. International prohibitionist regimes have precluded forms of

coalition building that could potentially engender linkages between local and regional power brokers and the state.

Clearly, as the case studies also show, drug production and trafficking may become antithetical to processes of state-building through the ability to finance and arm opposition groups, the role played by drugs rents in intensifying intra-elite competition, the distortionary impacts of illicit funds on election processes, and their potential to undermine state–society social contracts. Notwithstanding the many examples of negative impacts – many of which are at least partially linked to the perverse effects of counter-narcotics policies – it is imperative that policymakers recognise that it is not the presence of illicit drug production itself, but instead the institutional arrangements and social relations surrounding production and trafficking, that determine the relationship between drugs, conflict and state consolidation/breakdown.

Policy implications

A political economy of illicit drug production poses challenging and complex questions, the answers to which evade any simplistic toolkit of policy responses or easily replicable models of best practice. However, engaging with questions of how illicit drug production is embedded within broader processes of agrarian change and state formation offers important insights to move beyond a simplistic, technocratic and depoliticised counter-narcotic policy.

1. *Take history and context seriously.* This has important methodological implications for the way CN policymakers generate, analyse and use data, and also in terms of the kinds of expertise that is valued by institutions responsible for CN. Regional and political economy expertise have rarely been prioritised by such institutions.
2. *Account for the costs of CN policies, and who bears the costs, in a more systematic way.* At the very least, policymakers should more explicitly incorporate a “do no harm” analysis in order to mitigate the negative impacts of their policies on drug-producing countries. For example, even explicitly non-militarised alternative development strategies have led to deleterious unintended consequences for rural communities.
3. *Move beyond state-centred frameworks.* Policy interventions, rather than responding systemically, tend to be “caged” by state-centred approaches, treating drug production as an economic pathology that can be isolated and compartmentalised. There is a need to think and act, above and below the state. Of particular importance is the role of borderland regions, and policies related to drugs and development need to be far more cognisant of the particular challenges and needs of such regions.

4. Consider the tensions and trade-offs between different forms of intervention. For example, there may be fundamental incompatibilities between counter-narcotics policies, state-building processes and pro-poor development strategies. Such tensions need to be made more explicit and there needs to be greater engage-

ment with the ways in which other interventions designed to further objectives such as counter-insurgency, peacebuilding, state-building, economic integration and border control may also have profound impacts upon drug economies and local livelihoods. ■

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