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WHY NARCOTICS ARE AN ECONOMIC ISSUE

1. The illicit drug traffic results in a significant transfer of money from the consumer to the trafficker. Most of the money ends up in a few hands, with only a small portion going to the actual producer. The concentration of economic power in highly irresponsible hands corrupts economies, societies and governments.
2. The production and trafficking of illegal drugs absorbs resources and impedes the development of legitimate, long-term industry.
3. The drug traffic does not transfer funds from richer consumer nations to benefit poorer producer nations. Studies have determined that a large share of the dollars earned by foreign drug transactions come back, often through third countries, to be spent on goods and services in the richer nations.
4. Illegal drugs cost the world economy hundreds of billions in health care, lost productivity, and related crime. (Cost for U.S. alone in 1983 was conservatively estimated at \$60 billion.)
5. Drug abuse places a double burden on the taxpayer. The drug traffic results in a substantial shift of income to individuals who have no inclination to pay taxes. Legitimate taxpayers must not only make up for the lack of taxes paid by criminal elements but also must pay many of the economic costs of drug abuse, such as costs for health care and the criminal justice system.
6. Bottom Line: Illegal drugs destroy the people on whom a strong economy depends. Drugs sap workers of productivity and new ideas; they weaken legitimate consumption; and they erode the development and education of future workers, our young people.

→ Only a point if speaking to poor nation!

Good but

I talked to Anne Wroblewski

- last yr focus (Tokyo) was on supply reduction - issues
- this yr (by some agreement) should be on abuse issues.

Looks like I put you through this for nothing but I'd still add it as a tag-on.

Would join Ted Riel in making earlier piece more demand side than it is

*People issue
Equal - Common problem
Major economic issue*

UNCLASSIFIED

*Political
Issues*

ISSUE PAPER: NARCOTICS

I. Issue/Objective

- o To promote greater international cooperation, bilateral and multilateral, in order to counter burgeoning demand for drugs of abuse in Third World producer and transit countries which frustrates efforts of Western nations to reduce availability.
- o To stress publicly at the Summit (in the Communique or chairman's concluding press statement) the need for cooperation in both supply and demand reduction, in accord with Summit Seven report ordered at Bonn and approved at Tokyo.

II. Background

- o Narcotics issue raised at Bonn; experts report emphasizing supply reduction adopted Tokyo; Tokyo Summit General Statement declared resolve to pursue effective international action to eliminate the abuse of drugs.

While we do not seek to institutionalize narcotics control through the Summit, demand in source countries is driving up production, making even more difficult reductions in availability in consumer nations.

Renewing emphasis on both supply and demand reduction particularly appropriate at Venice Summit because UN Secretary General is convening June 17-26 (Vienna) the International Conference on Drug Abuse and Illicit Trafficking. Participants will be minister level (AG Meese, DepSec Whitehead, AS Wroblewski are key US officials) who will be expecting Venice to acknowledge importance of problem and their meeting.

Summit partners, except Japan and France, are major donors to drug control programs. Italy, FRG, UK, and Canada support opium poppy control in Pakistan; Italy and FRG will be contributing to coca control projects in Bolivia; Italy has made major pledge to assist coca control throughout Andes.

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III. Talking Points

- Global effort to destroy drugs has improved sharply: 20 countries supplying US eradicated in 1986, compared to 2 in 1981; eliminated equivalent of 10 metric tons of cocaine, 15 metric tons of heroin, and 30,000 metric tons of marijuana.
- Support by donor nations is critical; budget of UN Fund for Drug Abuse Control continues to expand, and donors directly support key multilateral projects in Pakistan, Thailand, Bolivia, Peru and Colombia.
- Still not enough. More must be done.
- Challenge has changed; we have concentrated on reducing that level of production equivalent to our consumption; now, Third World source and transit nations have become major drug consumer nations; while this encourages them to be even more cooperative, it also drives production up to higher levels, compounding task of reducing total level of supply, while also reducing global demand.
- In Bonn, we affirmed commitment to crop control and enforcement to reduce supply; at Tokyo, we resolved to increase our efforts to reduce demand; current world situation compels us to do more on both fronts.
- We commend the Secretary General for leadership in sponsoring International Conference on Drug Abuse and Illicit Trafficking, which meets June 17-26 in Vienna, and also for UN leadership in drafting new international convention on drug trafficking.
- As leaders of major donor nations, and knowing first hand the dread problem of drug abuse, Summit nations should encourage publicly the ministers meeting with Secretary General to make a commitment to a truly global campaign to prevent the use of drugs and eradicate these drugs at the source.
- Much has been done through the donor support of the Summit nations; we should use this opportunity to let the world community know we are prepared to do even more to bring this problem under control.

*Common
threat*

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THE WHITE HOUSE
WASHINGTON

Mac -

Please make any
changes you wish.

George

WHY NARCOTICS ARE AN ECONOMIC ISSUE

1. ~~The~~ ^I illicit drug traffic results in a significant transfer of money from the consumer to the trafficker. Most of the money ends up in a few hands, with only a small portion going to the actual producer. The large amounts of money in the hands of a few criminal organizations results in corruption of economies, societies and governments.
2. Illegal drugs enslave most of the people who are involved, whether they are producers of drug crops or illegal drug users.)
3. The production and trafficking of illegal drugs impedes the development of legitimate, long-term industry.
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(Cost for U.S. alone in 1983 was conservatively estimated at \$60 billion.)
5. Bottom Line: ^{Yes} Illegal drugs destroy the people on whom a strong economy depends. Drugs sap workers of productivity and new ideas; they weaken legitimate consumption; and they erode the development and education of future workers, our young people.

Yes to
not
economic
issue

Illicit drug traffic → \$'s no tax

→ \$ out of country
contributing to ~~deficit~~
negative flow of \$

I. Issue/Objective

- o To promote greater international cooperation, by publicizing that illicit drug consumption and trafficking is a serious threat to the development, stability and prosperity of all democracies not just the Summit Seven.
- o To stress publicly at the Summit (in the Communique or chairman's concluding press statement) the need for all countries affected by illicit narcotics to ban together in a cooperative effort to stem this growing international threat.

II. Background

- o Narcotics issue raised at Bonn; experts report emphasizing supply reduction adopted Tokyo; Tokyo Summit General Statement declared resolve to peruse effective international action to eliminate the abuse of drugs.
- o More third world countries are experiencing their own internal drug abuse problems. For example demand in source countries is driving up production and domestic consumption with the same adverse affects found in the U.S. and other developed societies.

The UN Secretary General recognizes the problem and is convening later this month in Vienna an International Conference on Drug Abuse and Illicit Trafficking which will seek a new international convention on drugs and encourage greater cooperation to reduce both the supply and consumption of drugs.

Five Summit partners, are major donors to drug control programs. Italy, FRG, UK, and Canada support opium poppy control in Pakistan; Italy and FRG will be contributing to coca control projects in Bolivia; Italy has made major pledge to assist coca control throughout Andes.

- o Support by donor nations is critical; budget of UN Fund for Drug Abuse Control continues to expand, and donors directly support key multilateral projects in Pakistan, Thailand, Bolivia, Peru and Colombia.
- o Global effort to destroy drugs has improved sharply: 20 countries supporting US eradication efforts in 1986, compared to 2 in 1981; eliminating the equivalent of 10 metric tons of cocaine, 15 metric tons of heroin, and 30,000 metric tons of marijuana.

III. Talking Points

- Still not enough. The threat as well as the countries affected continues to grow.
- Illegal drugs pose a serious threat to all countries because they destroy people, breaks up families and undermine the social fabric of a society. Through the addiction and corruption of its youth a country mortgages its future.
- We also know that powerful drug organization through their criminal activities can challenge and disrupt the political, economic and security institutions of all democracies. This is particularly true of new democracies in which political and economic institutions are not strong and security forces are often ill-matched to deal with highly organized and well financed drug traffickers.
- Illicit drugs generate huge profits which in some cases can foster a pervasive and parasitic underground economy. As a result, governments' ability to maintain and control their national economies affairs is diminished.

- In Bonn, we affirmed commitment to crop control and enforcement to reduce supply; at Tokyo, we resolved to increase our efforts to reduce demand; at this summit we need to proclaim drug abuse and drug trafficking a common threat to all democracies and urge the international community to mobilize against it.
- We commend the Secretary General for sponsoring International Conference on Drug Abuse and Illicit Trafficking and praise his leadership in drafting a new international convention on drug trafficking.
- As summit members, it is imperative that we support the Secretary General's efforts, but we must also do more by providing bilateral expertise and monetary assistance to those democracies being seriously challenged by the increasing world production, trafficking and consumption of narcotics.
- This summit is an excellent opportunity to let the world community know we are concerned about the continuing development, stability and prosperity of all democracies and prepared to do even more to bring this problem under control.

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