

International Politics and Drugs (POL145A)
Summer I 2019 T Th 11-2
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Course Description

Illicit drug markets and drug distribution implicate a range of public policy debate. Should use of illicit drugs be considered an issue of criminal enforcement or public health? Is it moral to regulate what adults put into their bodies?

We will largely ignore these debates to focus on a single question: how do the twin pressures of prohibition and interdiction change the organization of drug markets and the behavior of the illicit firms that supply them? The goal of the course is to identify how changes in state regulation and behavior change the industrial organization of drug markets. In part, we ignore the empirically and morally interesting questions above out of concern for time. There's only so much we can tackle in a shortened summer quarter.

More importantly, however, the study of the call-and-response that occurs between states and drug distribution cartels illustrates two important skills you can develop by studying social sciences. The first encourages you to think strategically about the rules of the game and the responses of actors to these rules. This way of looking at the world is sometimes called "political economy" or "game theory". We will apply the basic logic of thinking through how rule change affect player strategies to drug cartels and the police, but the same logic might help you think about how company's rule change affect the behavior of employees or how family rule changes affect the behavior of the kids.

The second encourages you to consider the observable implications of scientific theories about behavior. Say that you suspect a certain rule change will alter behavior in a certain way. How you can you test to be sure? We will examine the scientific logic of articles on drug trafficking, but the same logic applies to understanding lots of human behaviors.

Course Objectives

By the end of this course, you should be on your way to understanding:

- 1) How to consider social behavior as a game in which players change the strategy they follow to meet their goals to adjust to rule changes.
- 2) How to test theories that certain rule changes lead to certain behavioral changes.
- 3) The basic market dilemmas that influence the industrial organization or behavior of drug trafficking groups.
- 4) The role of the state in responding to these dilemmas in ways that maximize enforcement against drug traffickers. Or, you know, completely refusing to do that.

Assessment and Grades

Due to the size of the class and the shortened summer quarter, the course grade will be comprised entirely of a midterm exam (40%) and a final exam (50%). Each exam will consist of a number of short essays that ask you to define and contextualize key terms, or to discuss a drug cartel's best strategy under certain rules. They will be posted to TED for the time listed below. you may log in at any time during that range to take the exam.

What's that? $40 + 50 = 90$? The remaining 10% will come from whichever exam score is higher. If your midterm is higher the exams will be weighted 50/50, if the final is higher, they will be weighted 40/60.

Course Policies

Academic Dishonesty.

Don't cheat. Especially: don't plagiarize. Following UCSD's Academic Honesty guidelines, plagiarism will result in a failing grade in the course. Plagiarism is completely unnecessary, by the way. It is very possible to demonstrate an A level understanding of course material while citing every single sentence on all your exams.

Harassment

Harassment is absolutely not tolerated. Anyone who makes another student in class feel intimidated or unwelcome will be prosecuted to the fullest extent allowed by Mesa's code of conduct.

Late Work

Exams are offered on-line and the exam link will stay open for three days. Given this flexibility, I expect you to finish the exams by the deadline. Barring a catastrophic, multi-day emergency, I will not consider late work.

Disability Accommodations

Reasonable accommodations will be made for students with disabilities in the course.

Required Texts

All readings listed below are posted to the course dropbox, a link to which is available in the Announcements section of the course TED site. Any supplemental readings will be emailed or distributed in class.

Schedule of the Class and Reading Assignments

Unit 1: How to Study Illicit Markets

July 2: Applying Social Science Methods to Drug Markets

Readings

Friman, H. (2009) "Crime and Globalization." In *Crime and the Global Political Economy*. Lynne Reiner Publishers.

Discussion Questions

How do social scientists attempt to measure changes in variables of interest? By what logic can they hope to prove causation? What are the problems with applying these standards to transnational crime?

What assumptions do realism and liberalism make about drug markets and globalization?

July 4: NO CLASS

July 9: Cooperation Games in the Context of the Drug Trade

Readings

—— (2013). "The Free Rider Problem." *The Stanford Encyclopedia of Philosophy*.

Hardin, G. (1968). "The Tragedy of the Commons." *Science*.

Poundstone, W. (1992). "The Game of Chicken." *Prisoner's Dilemma*. Anchor Books.

Clarke, M. (1996). "The Problem of Time Inconsistency." *Trinity College Study Guide*.

Akerloff, G. (1970). "The Market for Lemons." *The Quarterly Journal of Economics*.

Abdalla, K. (2008). "The Principal-Agent Problem". *Jargon Alert*.

Discussion Questions

Why do social scientists consider stylized games like those discussed today as so important? Why do we experience the worst possible outcome in prisoner's dilemma games? What real-life problems remind you of each game?

Unit 2: Prohibition and the Prisoner's Dilemma

July 11: The Logic of Prohibition

Andreas, P. and Friman, H. (1999). "International Relations and the Illicit Global Economy" in *Illicit Global Economy and State Power*, Andreas and Friman, eds. Rowman and Littlefield.

Paoli, L. (2002). The paradoxes of organized crime. *Crime, law and social change*, 37(1), 51-89.
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Sobel, R., & Osoba, B. (2009). Youth gangs as pseudo-governments: implications for violent crime. *Southern Economics Journal*, 75, 996–1018.

Discussion Questions

What market pressures help determine optimal strategy for drug trafficking organizations? How are these pressures alike and different from licit businesses?

Why and how do youth gangs develop? Is it appropriate to compare gang ethnography to organizational literature on drug trafficking? What problem do drug cartels face that is similar the problem gangs solve?

July 16: Drug Market Governance: How is the Need for Protection Organized?

Gambetta, Diego. (1993). *The Sicilian Mafia*. Harvard University Press. pp 15-33.

Skarbek, David. (2011). "Governance and Prison Gangs." *American Political Science Review*.

Klerks, P. (2001). "The network paradigm applied to criminal organisations" *Connections*, 24(3), 53–65.

How did Jewish traders in the Islamic Maghreb manage the challenge of being without access to state dispute resolution mechanisms? How did they create order without law? In what ways in their predicament similar to and different from drug traffickers? Would such a solution work in the illicit trafficking market? How is the Maghrebi solution different from the Mexican Mafia?

What is the difference between *tío Peppe* and the man of respect? What game theory problem do they address, and how do their strategies differ? What is the difference between a trafficking organization and a mafia, as described by Gambetta? What is the relationship between them (why does Shelling say that the primary victims of organized crime are criminals themselves)? What challenges do mafiosi face in managing their business, and how are these challenges similar to and different from those faced by legal and illegal business?

What effect does prohibition have on governance of drug markets? How do drug trafficking and distribution organizations manage this challenge?

Unit 3: Mafia Hierarchy and the Principle Agent Problem

July 18: The Constraint of Secrecy

Shapiro, J. (2013). *The Terrorist's Dilemma*. Princeton University Press. Chapter 2.

Berman, E. (2009) *Radical, Religious, and Violent: the New Economics of Terrorism*. MIT Press, Chapters 2 and 3.

Levitt, S. D., & Venkatesh, S. (2000). An economic analysis of a drug-selling gang's finances. *Quarterly Journal of Economics*, 115(3), 755–789.

Discussion Questions

Why the readings on terrorism in a drugs class? Are the problems terrorist organizations face structurally similar enough to drug trafficking cartels to justify this conflation?

What solution does Berman suggest for this problem? Does this solution fit intuitively with what you know about organized crime?

Does the behavior of the drug selling gangs in Chicago match Shapiro or Berman's expectations? In what ways?

July 23: Building Illicit Hierarchies and Mergers MIDTERM EXAM ONLINE CLASS

Kostelnick, J. and Skarbek, D. (2013). "The governance institutions of a drug trafficking organization." *Public Choice*.

Finnegan, W. (2010). Silver or lead. *The New Yorker*, May 31.

Cave, D. (2010). Mexicans suggest that they killed a drug leader. *The New York Times*, December 10.

Associated Press (2010). Mexicans march in support of craziest kingpin. *San Diego Union Tribune*. December 12.

Associated Press (2011). Mexico cartel's code of conduct: don't use drugs. *CBS News*, July 20.

Frederico V. (2011). *Mafias on the Move: How Organized Crime Conquers New Territories*. Princeton University Press, Chapters 1 and 2.

Discussion Questions

How did la Familia Michoacána manage the principle-agent problem? To what extent does its strategy match Berman or Shapiro's expectations? How does the Mexican Mafia's model differ from la Familia Michoacána? Are there differences in the market or challenges they face that justify these differences?

Do Kostelnick and Skarbek largely get the story of LFM correct in their summary? Does the news coverage support their theory?

According to Varese, what factors allow for a mafia to expand into new territory? Which factors are under the control of the mob and which are characteristics of the community itself?

Unit 4: Enforcement and State Power

July 25: Drug Trafficking and Insurgency ONLINE CLASS

Felbab-Brown, V. (2009). *Shooting up: Counterinsurgency and the war on drugs*. Brookings Institution Press. Chapters 2 and 3.

Sullivan, J. P., & Bunker, R. J. (2002). Drug cartels, street gangs, and warlords. *Small Wars and Insurgencies*, 13(2), 40-53.

Bogorad, O. (2015). As Dynamics Change, Smuggling Business in Mali Thrives. *Daily Maverick* October 27.

Crisis Group (2018). Drug Trafficking, Violence, and Politics in Northern Mali. *Africa Report No. 267*.

Discussion Questions

How does Felbab-Brown argue that government reactions to illicit markets shape insurgency? How did the Shining Path capitalize on Peru's strategy? Who was trapped in the middle? What does this suggest about the hierarchical or network structure of cocaine cartels?

Why did the MNLA engage in drug smuggling? Why did it engage in civil war? Which thing is the ultimate goal of the MNLA? Does that goal match with what they tell the Tuareg they represent?

Do the descriptions of rebels trafficking in Mali match Felbab-Brown's model? Do the context or the goals of the rebel groups matter in explaining the differences?

July 31: Drugs, Corruption and Political Development

Bailey, J., & Tayler, M. M. (2009). Evade, corrupt or confront? Organized crime and the state in Brazil and Mexico. *Journal of Politics in Latin America*, 1, 3–29.

Morris, S. D. (2013). Drug trafficking, corruption, and violence in Mexico: mapping the linkages. *Trends in organized crime*, 16(2), 195-220.

Sabet, D. (2010). Confrontation, collusion and tolerance: the relationship between law enforcement and organized crime in Tijuana. *Mexican Law Review*, 2(2).

Discussion Questions

TBD.

August 1: Strong and Weak States, and Challenges to Communities

Volkov, V. (2000). The political economy of protection rackets in the past and the present. *Social Research*, 67, 709–744.

Rios, Viridiana. (2015). “How Government Coordination Controlled Organized Crime” *Journal of Conflict Resolution* 59(8): 1433–54.

Reno, W. (2009). Illicit markets, violence, warlords, and governance: West African cases. *Crime, law and social change*, 52(3), 313-322.

Discussion Questions

Some students of trafficking markets argue that drugs are easier to smuggle in weak states. Why would this view be surprised by Rios’s findings?

What, according to Rios, allowed for a Mexican “pax mafiosa”? Why does heterogeneous political control lead to greater overdoses, and how does Rios extrapolate a lesson about violence from this relationship?

What is the organizational consequence of operating in a space that the state leaves open tacitly?