

DRUG ILLEGALITY IS A SCAM

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Illustrations by Dinur Alimkulov

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1. CONDUCTION

Drug illegality – or, drug supply illegality, rather, which is what I mean by “drug illegality” – does not achieve higher prices and thus less use in the way that you believe, but are bad policies that create corruption: first through the creation of criminals that corrupts through what I call conduction (this first talk), and then through the creation of criminal surpluses that corrupts through what I call convection (that’s the next talk, the second). Conduction causes convection, so conduction is where we must start, even if convection is sexier, more counterintuitive, more serious, the reason that illegality is a scam, and much more mindboggling.

2. CONVECTION

Conduction – how criminals, including how protectors are created – is only the beginning, and the first of illegality’s often unrecognized badnesses.

Because, there are other things that protectors can, and will, be used for, and this leads us to the second rarely recognized consequence of illegality: what will be referred to as convection and its subheadings.

This second illegality-consequence is about the fact that an illegal drug market more or less automatically gets cornered, and about what follows from this. The convection that results in cornering – cornering is about the end of competition, monopolization, agreed-upon prices, no new sellers, and huge surpluses that need to be invested – has consequences that are: 1. Absolutely terrible, 2. Big enough to have global consequences, and 3. Unfortunately much harder to understand than the consequences of conduction.

To see that by creating bad people (our three types of criminals) bad things are made to happen is easy – maybe not as easy as erroneously believing “drugs are bad, what is bad should be illegal, so drugs should be illegal” – but much easier than seeing that illegality causes cornering, that in turn causes bad surpluses, that in turn corrupt as it gets invested.

In order to do that – to understand these convection consequences – let me please return you to your partly unhappy drug-lord *persona* that I took myself the liberty of putting you in when talking about conduction.

You, as a drug-lord are partly unhappy because you have to pay your protectors nearly as much as you used to pay in harassment-compensation.

1. The Exercise

Yet, it is also true that you now have a paid-for army of bad guys at your command – your protectors – and it is equally true that these guys can be used for other useful things inside your growing enterprise as you are diversifying into new areas.

Yet, you still aren't happy.

You are unhappy less because you have to pay these guys an exorbitant amount of money than because you feel that you aren't getting the best out of the situation, and you are afraid that some other lord will figure out how to squeeze this out, whatever it is, before you do, and thus put you out of business.

Now, let us see how you get lucky, and come up with a totally game-changing realization: a realization that will be the little acorn out of which a huge forest of giant oaks shall grow, as this realization then will produce the idea that will solve all your problems.

By the way, did I mention that you are the biggest drug-lord in the area?



Well if I didn't, I should have, because what you suddenly realize, is precisely this: that as your next-door drug-lord neighbor has a market-share that is only half of yours, he has only (roughly speaking) half as many protectors as you have.

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Big turf equals many protectors, small turf equals few protectors (on average): that's your realization, and now it won't take you long to get your game-changing idea.

Let me repeat this because this is central to how illegality corrupts by convection, and maybe the hardest thing to grasp. The realization that the number of protectors that a drug-lord has at his command will – again, roughly speaking, and on average – correspond to his or her market-share, will result in an idea that is central to understanding why illegality is bad: understanding why illegality causes cornering, that causes corruption by producing bad money, that makes bad things happen as it gets invested.

Recall. Your realization was: big market share equals many protectors, and small market share equals few protectors.

Your idea, that follows naturally from this realization, is that your protectors can be put to other use than simply keeping your producers, transporters and yourself from being harassed (and, of course, assisting with a whole lot of other things that you little by little have come to realize). This is why, one day, you – one man (or woman) to rule them all – gather your protectors.

You gather all your protectors, and together with them, you pop over to the next-door drug-lord, who has only half as many protectors as you have, surprising him or her.



Well, that was your game-changing idea – only that and nothing more – and it all went pretty well, wouldn't you say?

It was Stalin who said, "The pope, how many men has he got?" but you thought something similar, without ever having heard anything about what Stalin said, and you are the one who put it into practice.

So, what did you get up to next?

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Well, I suppose I do not really have to explain that, now once you know what the idea was. You applied it wherever you figured it would work.

Was it Tennessee Ernie Ford or Johnny Cash who wrote; “When you see me coming, better step aside; a lot of men didn’t, a lot of men died.” Whoever it was, he wrote it for you.

However, just as when you started hiring protectors, other drug-lords – lords too big for you to safely attack – swiftly followed suit, and did away with their neighboring smaller drug-lords too, just like you did.

Copcats, all of them!

And soon the drug-lord landscape became one made up of a smaller number of bigger players: big players such as yourself. Congratulations; you've hit the big time!

Now. Listen, please! This new reduced number of drug-lords will be a number small enough for you to agree much more often than before.

And what you will agree on, mainly, will be on turf borders, make an effort not to let newcomers in, and, especially, not to compete amongst yourself by means of prices, at least not as much as you did before, and thus any perfect-competition-resemblance will cease to exist.

Also, you and your fellow drug-lords are now all so big that none of you can be attacked at a reasonable cost, or with a reasonably certain favorable outcome, especially as third-party drug-lords wouldn't take kindly to someone else suddenly doubling his or her turf in this new landscape. So, there will be peace.

Not always, not comfortably, but there will be peace and happiness, at least most of the time.

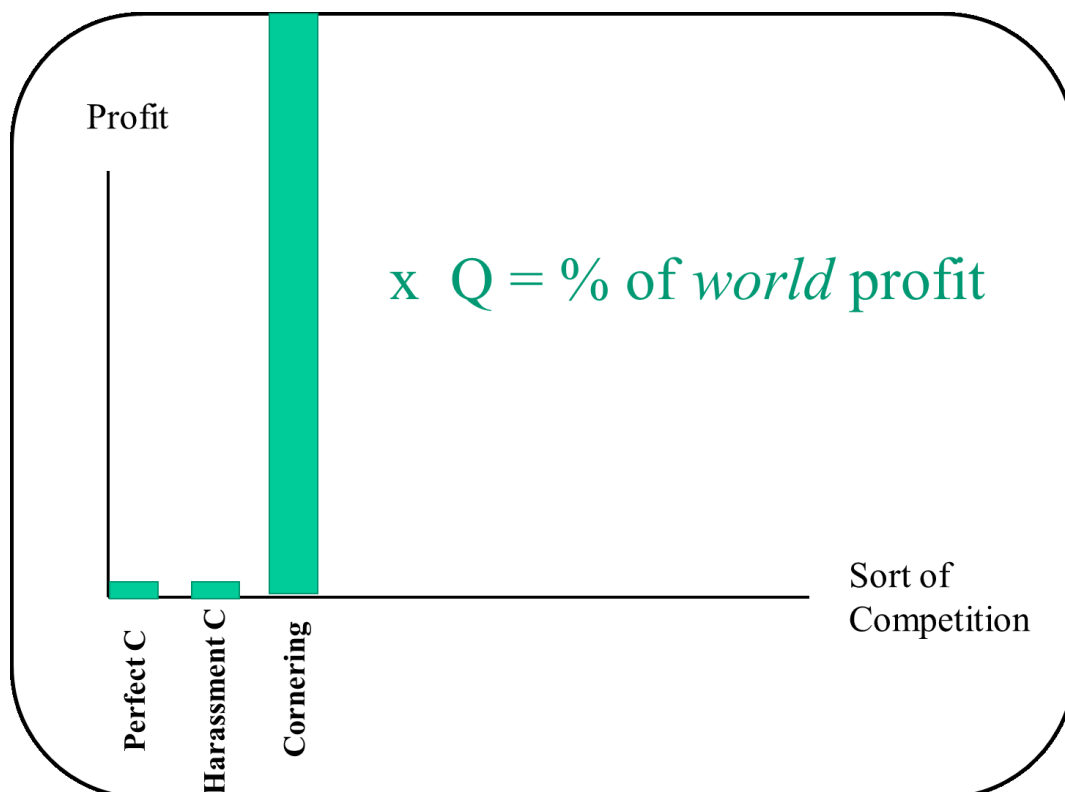
1. The Exercise

There will be peace, because 1. war is bad for business, and 2. you are now few enough to agree on it.

There will be happiness, because now you-drug-lords will have cornered the market so as to create a monopoly, and monopolists by definition are happy.

Well, this is an oligopoly, rather than a monopoly, actually, but the consequences are similar to those of total cornering or monopolization, in that something (in this case illegality) will have created, for the benefit of the surviving competitors (here you and your fellow drug-lords), a barrier to entry that keeps newcomers out and allows you, monopoly-like, to set prices at or close to where profits are maximized.

So how much profits will these new conditions cause?



A lot, and I mean really a lot.

This cornering means, that in relation to the profits (here meaning profits-needing-to-be-reinvested-profit) that perfect competition would have yielded – as well as, to the profit that harassment-competition would have resulted in – the cornering profit will be very much higher: so much higher that we now are talking about % of all profit. Yes, % world profit: this is one reason why you should listen!

Now, please note that this high cornering profit is not caused by prices being higher *per se*, or the quantity sold being larger (it isn't: it's lower). Rather, somewhat counter-intuitively, (listen!) it is caused by that:

The drug-lords can put prices where profits are maximized, causing the profit margin to be higher, and

There are fewer drug-lords on the market, and 1 super-rich drug-lord will need to invest much more than 100 times what 100 small drug-lords would have needed to invest.

Now, you might think, “Trillions of dollars must have been pumped into the black economy by this and other racket-cornerings, which is bad, because if those deciding on what drug policies to deploy had chosen not to *force* the drug trade to get thus cornered, so much less harm would have been caused.”

1. The Exercise

If you think like that, I am glad, because you have realized that cornering the drug market *for* the drug-lords is a bad idea.

Because, the drug market really is cornered *for* the drug-lords, not *against*, and anyone who tries to tell you otherwise is either unwise or untruthful.

However, if you are not furnished with a mind that thinks like mine, you might figure that I should stop hinting at the possibility that those responsible for our drug policies could be anything other than genius angels cast in the shape of drug-policy makers.

If you think thus, please realize what such innocence would mean: it would mean that you, representing the laity, after listening to me an hour or so, have understood what the professionals haven't grasped during their lifetimes.

Hmmm... Maybe... If you really think so...

Actually, if you do think so, you might even be happy with that we have gotten exactly what our policymakers promised: higher prices, and thus less use.

However, though this is true, I hope this was not the way you imagined that illegality and harassment of the supply-chain would bring about higher prices.

Because, not only have many criminals been created – first in the form of the supply-chain and the billion users, then in form of violent protectors – but in addition, the market has been cornered, resulting in the creation of a problem, arguably a problem much bigger than that of drug use, and possibly bigger even than the creation of criminals.

That possibly bigger problem is that of the enormous surpluses of the very-few super-rich drug-lords because these will harm us in ways that I now shall tell you about.

Now, as we look into these surpluses, and the harm they cause, let us remember and agree that drug illegality by cornering the market *for* the drug-lords, makes them fewer and incredibly rich. I will assume that we now agree on that.

Thus the picture that illegality probably paints in our mind as the consequence of its harassment – poor drug-lords, because harassed by the law – is false.

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This is not a true picture: this is not what a drug-lord looks like.

This is not what illegality and supply-harassment result in.

The situation that the public is made to believe is caused by illegalization's harassment is often that of less use (which is true), fewer drug lords (again true) and drug-lords, making moderate or at least not gigantic surpluses because successful illegalization policies allow them to be harassed until forced to raise prices thus making less profit (which is not true). Yet, to start with it was all true, but once illegality's harassment started to reduce the number of lords – and, especially, as illegality's harassment helped get the market cornered – illegality instead came to serve to increase profits and create huge surpluses.

What the drug-policy decision-makers didn't see coming was:

“The harassment that illegalization justifies will reduce the number of drug lords to the point where they are few enough to agree on prices. This will cause them to create monopoly-like surpluses that in getting reinvested will corrupt the world.”

That illegality will cause less *income* is true, but that it will cause less *profit* is untrue because illegality corners the market *for* the drug lords, not *against*, thus making the (admittedly fewer) drug-lords super-rich, and the main problem illegality's harassment gives the surviving drug lords is “How to invest the giant surpluses?”

So rather than getting harassed into poverty, the truth is that there is nothing that the drug-lords who survived the initial harassment-efforts like more than illegality, because illegality, by causing armies of protectors, caused cornering, eliminated competition, and more or less forced the drug-trade into a monopoly-like situation, and:

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As we all know by now, the world of the monopolist is a happy world.

The world of drug illegality is a world where the drug-lords – whether growers, refiners, transporters, wholesalers, sellers, politicians, regents, or something else – are made to create for themselves not only armies of protectors that can be used for all sort of wickedness's but also enormous surpluses.

So,

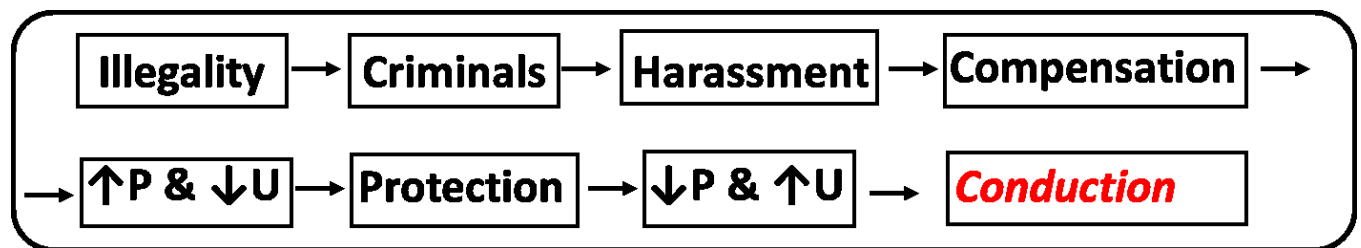
The second often unrecognized consequence of illegality is that, as we have seen, it creates a barrier to entry that corners the market *for* the drug-lords, thus more or less forcing them to make huge monopolist-like surpluses.

1. The Exercise

This might be a bit abstract – a bit too remote from actual down-to-earth-harms, for some of you, to feel comfortable with – but this part of the argument against illegality is, unfortunately, a pretty hard-to-understand one.

If it hadn't been that, a hard-to-understand-one – if it had sounded as good as “Drugs are bad, what's bad should be illegal, so drugs should be illegal” – illegality hadn't ever been considered as the foundation of a drug policy.

Now, in order to get a step closer to the concrete, let's revisit the illegality-causes-less-use model.



Last we saw it, we were talking about conduction, and in its extended version things looked like this:

We had seen how the employment of protectors helped push harassment-costs and prices down – and profits up, a little, maybe – but we had not yet come to the point that you as a drug-lord arrived at the realization that size counts: where you eliminated your smaller next-door competitors, and as then a lot of copycat drug-lords did the same before you had time to attack them. Yes, I know what you are thinking: *I was such an idiot! Why didn't I act faster?*

As you, by violent takeovers, took over smaller lord's turf, and as others followed suit, there were soon much fewer of you left.

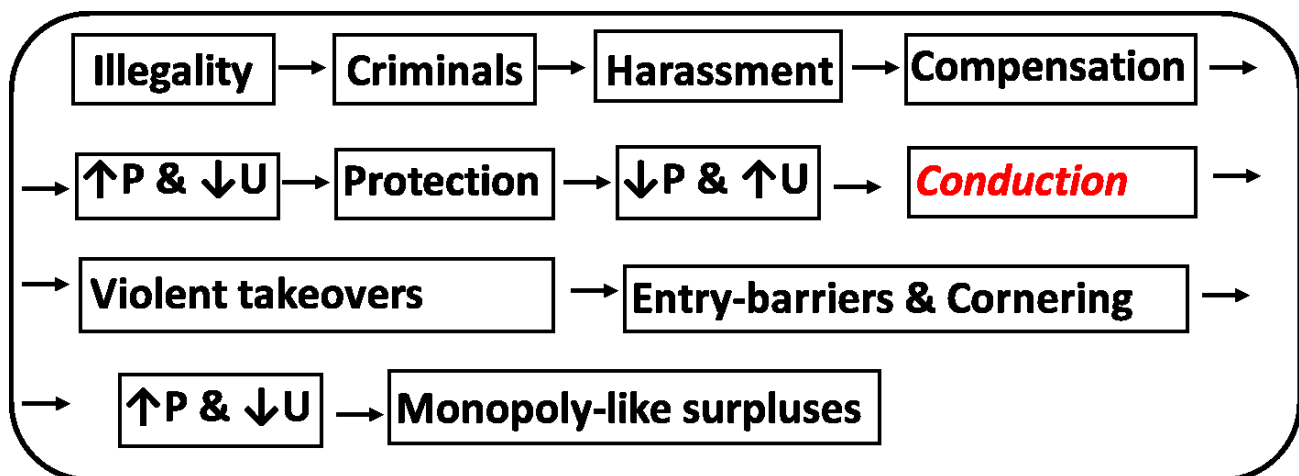
There were so much fewer, that you could now agree much better than before, and what you agreed upon was what all monopolists agree upon:

Higher prices.

Not to let any newcomers in.

Not to engage in turf wars.

That left us in this situation:



The criminals that illegality has created might sometimes, maybe even most of the time, have been bad people (i.e. bad in the sense of representing anti-societal values)

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to start with, but whether or not, they will often become worse as a consequence of becoming *de facto* criminals.

They will become worse from what they will have to do, from the new company that they will have to keep, from stigmatization, from their interaction with the criminal justice system, and from the new self-image that will be more or less forced upon them.

And, just like their company inflicts badness onto them, they (these new criminals), in their interaction with non-criminals, will often (and on average) spread their badness, at least they will do so more often than they will “become goodder” as a consequence of interacting with good people.

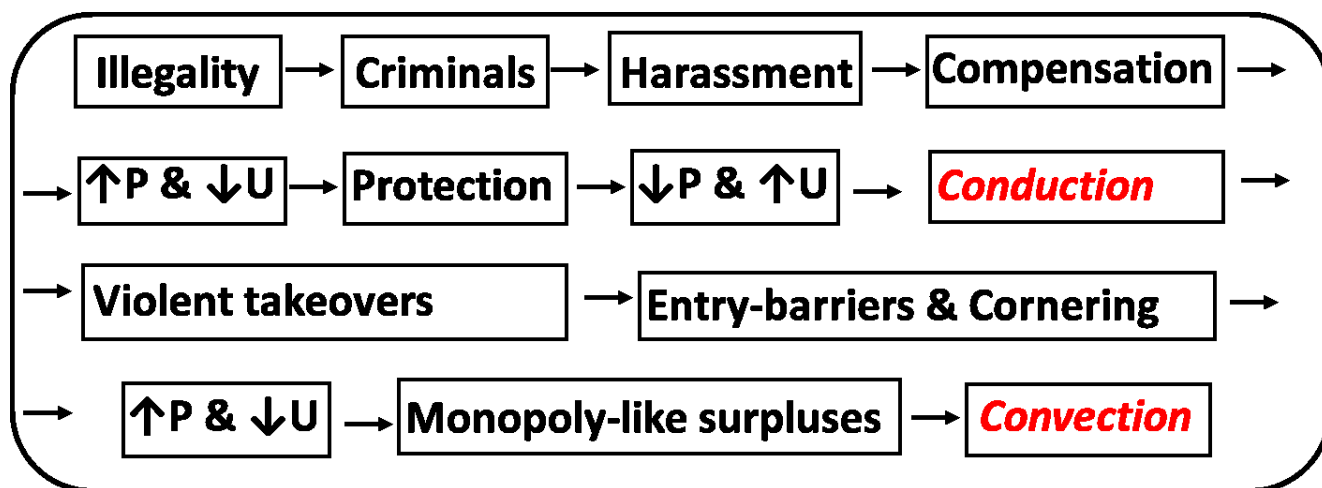


I.e. they will spread their badness by bumping into good people, which is what I have earlier described as conduction.

And, as we shall see, convection is really little more than a continuation of this.

This, convection will be my last elaboration of the illegality-causes-higher-prices-that-in-turn-causes-less-use-model, before getting down to directly measurable or at least observable harms such as: hospital costs, deaths, mental suffering, imprisonment-costs, etc.

Now, before that, please hold on to your hat, as we look a little closer at convection.



That criminalization creates bad people who in turn spread their badness is not surprising, nor is it the only way that illegality corrupts, because the enormous surpluses that illegality has more or less forced upon the drug-lords must, or will, be

1. The Exercise

reinvested, and these reinvestments – just as the actions of the criminals themselves, in conduction – will carry their owners' values, i.e. badness.

The drug-lords now, through their monopoly-like surpluses – through the mechanism that I refer to as convection – will spread the drug trade's badness throughout our societies, corrupting them to the core, and I will now show you how.

Let us now return to you in your troubled drug-lord *persona*, having to deal with the only real problem that illegality and harassment have caused you: huge and hard-to-invest surpluses:



So, what the deuce shall you do with them?

Of course, as much as possible of your surplus will be reinvested in the drug trade – after all, that’s what you love, and know the best – but not *that* much, because that would bring about undesired conflicts with neighboring and similar-size lords, who are better not messed with.

So, next on your reinvestment-list comes other criminal businesses where the color of your money is of no importance – trafficking, blackmailing, sex-services, and other forms of organized crime – but here too the competition is stiff.

Actually, it is very stiff – especially as these other rackets 1. Are often related to the drug racket, or 2. Have copied the drug racket’s business model (or maybe it was even the other way around) – and good alternative criminal reinvestment-opportunities are thus normally few and far between.

So, soon you have to look elsewhere.

Next on our deep-pocketed druglord’s reinvestment list comes the semi-criminal rackets – maybe restaurants, travel agencies, or other branches of our economy that you might think of – but here too competition is somewhat stiff, and returns are not that good, especially as such branches of the economy often are more about laundering than making money.

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That our drug-lord prefers to use as much as he can of his unlaundered money in dodgy high-return enterprises in which the color of his or her money is of no or little importance should come as no surprise.

Nor should it come as one – at least not as long as you agree that crime-business yields more than non-crime business – that this “first-investment-choice-is-where-black-money-is-ok-rule” will cause the illegal part of the economy to grow faster than the legal.

Thus, the next time you hear someone – a politician, a lawmaker, or maybe a law-enforcer – praising him or her self:

“Look at how illegality pushes prices up so that less drugs are consumed.”

The next time you hear something like that, think a little.

Because, what they really ought to say is; “Look at how illegality first has created a huge number of new criminals that corrupt whatever they get in contact with, then has more or less forced the drug-lords among them to corner the market and make huge monopoly-like profits, making the illegal part of the economy prosper and expand, thus not only creating criminals but also making sure that the drug racket is well-enough off to absorb whatever harassment-costs that could conceivably be inflicted upon it, without having to raise prices.”

This – how illegality causes harassment and higher prices, that causes protectors and cornering, that causes huge surpluses, that causes the black economy to expand, and the bad stuff that this results in – is what I call convection.

So,

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The third often unrecognized consequence of illegality is what follows from a cornered drug market and the resulting monopolistic-like surpluses: expansion of the entire illegal and semi-legal economy.

Yet, this is not the end of my illegality-is-bad argument's convection-part, because there's more to our druglord's investment-dilemma than meets even a rather suspicious eye.

You see, creating criminals that spread their criminal values, AND making the illegal and semi-illegal parts of the economy grow, are not the only ways in which illegality corrupts society.



That is because, especially as his surplus grows, our drug-lord will get a lot of – even more than before, actually – to-be-invested-money.

And, since our drug-lord has invested all he can in the illegal side of the economy, what's left will per definition have to get invested in the legal economy.

Sure, there are %s one can put before “how legal” a particular part of the economy is, but unless one thinks of all economy as “legal”, or “illegal”, there is always a line, and sooner or later our druglord's investments will be made on “the wrong side”/“the legal side” of wherever *you* chose to put that line.

Also, here laundering and the acceptance of an initial loss is much more common – we are, again, talking about the price of laundering – but that I will not touch upon any further.

So,

The fourth often unrecognized consequence of illegality is the corruption of the previously legal part of the economy. One might want to think of this as “laundry-money”, “real corruption-money” or maybe “bubble-money”.

1. The Exercise

Now, if you haven't already, please disassociate yourself from your wicked drug-lord *persona*, become "a normal investor", and get ready to face the fifth and last often unrecognized consequence of illegality. Again, just as the two preceding it, it will be a subcategory of convection.

The consequences of illegality do not end even with the corruption of the legal part of the economy. They do not end here – as the drug-lords invest their ill-gotten surpluses in the white side of the business world, thus corrupting the rest of the economy – because there is one thing the lord might so far not have corrupted, and that is what you see when you look your loved ones deep into their eyes.

To illustrate this, just as our drug-lord has had a chat with his investment advisor, imagine yourself – now, no longer a drug-lord, but a relatively law-abiding investor: a normal person – entering the same investment advisor's office.

As you enter, you, quite literally, bounce into the departing lord, who snarls something at you about you obviously not knowing who he or she is, and therefore ought to do something creative to your head, like having it examined.

Now, let me guess what you – assuming you to be the average man or woman among us, and that you suddenly have been given a substantial amount of money that you need to invest – would have told your (and the druglord's) investment advisor.

If thinking of this person as yourself offends you, think of him or her as your neighbor: the one who categorically refuses to acknowledge that he or she ever borrowed that lawnmower from you in the first place.

“Please, Mr or Mrs investment advisor, try to make it yield as much as possible, without taking any unnecessary risks,” you will say, maybe somewhat paradoxically, and maybe you’ll dangle before him or her the prospect of some form of a bonus if he or she gets you more than a certain ROI.

Maybe you were even about to say something about an insider tip you got – or that some creative tax-management would be appreciated as long as it could not land you in any serious trouble – when your (and the druglord’s) investment-advisor suddenly gets an important phone call. Putting back the receiver, the advisor excuses him or her self and leaves.

Now, as the advisor leaves, he or she fails to put the receiver back properly, and as the door shuts close, an “insurance-recording” of the investment advisor’s meeting with his or her previous client starts playing, and you can hear the drug-lord that bounced into you say:

I want every imaginable form of preferential treatment for my drug-business surpluses – legal or illegal – and if I get it, I will pay you one million each month. However, if you let me down, I will make your life a living hell, and if in doing so, I fail to make you end it yourself, then I will provide that service free of charge, after first having provided it for your loved ones.

This, of course, dear investor, comes as a great shock to you, you had no idea... and for a moment you consider going to the police, maybe even bringing the recording along as proof, but you don’t have the time to come to any decision, because at that

moment the recording ends, and the apologetically smiling investment-advisor returns:

“Sorry about that. Where were we? Bonus, of course: I hope you are not trying to bribe me.”

Now, please answer honestly. What do you – as a reasonably legal or at least moral, investor – do when you realize what sort of deals the competition is insisting on? If you react in the way I think most people would, then drug illegality has corrupted you too.

So,

The fifth often unrecognized consequence of illegality, and in my opinion it is the scariest of them all is... Actually, I haven't yet found a good name for it.

1. The Exercise

I am not suggesting that you would have threatened the advisor to tell the drug-lord about the tape unless you got the same deal, of course, you wouldn't. I do not know whether at all you would have opted to lower your moral standards in your interaction with the investment advisor, and became "badder than you used to be", but if you did, then drug illegality, if only a little, has corrupted you too.

And, if you opted not to become "badder" – listen, this is important – then you became "poorer" relatively speaking, and thus your "goodness" – your refusal to become bad – reduced your ability to, by means of money, influence the world around you towards "goodness".

Now, maybe you can see what I meant when I said that "money influencing what it oughtn't" and "drug illegality being a bad thing" sometimes can be seen as riding in tandem, and maybe you understand why I am standing here, rather than playing bridge and drinking cold San Miguel in sunny Spain.

Thank you.