The Resilience of Andean Cocaine

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1 Over the last 30 years, the central front in the U.S.-led war on drugs has been to eliminate the supply of cocaine from the Andes under the premise, however misguided or presumptuous, that spraying coca fields, destroying processing labs, capturing drugs, and killing “kingpins,” will dramatically reduce Americans’ desire for this commodity. Since the early 1980s, federal officials have trained their supply-reduction sights on Peru, Bolivia, and Colombia, the so-called “source” countries of *Erythroxylon*, the Andean coca shrub whose dried, cured leaves contain the organic compound cocaine.

2 As Paul Gootenberg shows in his rich, rewarding history of the Peruvian, and broader Andean, cocaine industry, the roots of this conflict go back much further. As early as 1911, American diplomats were cajoling their Latin American counterparts to support their vision of global drug prohibition, haltingly enacted in a series of anti-drug treaties such as The Hague opium conventions. By the 1930s, U.S. officials and coca buyers for American drug firms in Peru were gathering intelligence for the Federal Bureau of Narcotics, helping the new counter-drug agency monitor Peru’s robust trade in coca leaf and “crude cocaine.” Among the firms spying for the FBN and lobbying the Peruvian government in support of U.S. policy was Maywood Chemical, Coca-Cola’s partner in making the secret, coca-based flavoring for its famous fountain drink. Then, beginning in the late 1940s, after free market cocaine was outlawed in Peru, the FBN moved beyond mere surveillance to wage a secret, decades-long war against Andean cocaine, helping Peruvian law enforcers execute scores of drug busts and arrest hundreds of once legal cocaine distributors and chemists (Gootenberg 233-36).

3 Rather than eliminating cocaine production in the Andes, these early attempts at drug control had the unintended effect of pushing the industry to other areas, where new and experienced entrepreneurs modified their activities in response to state pressure. An adaptive dynamic of police thrusts and trafficker parries developed, a subtext to the war on drugs that U.S. officials and politicians still struggle to assimilate. If the past is prologue, this past, strikingly revealed by Gootenberg, is essential to comprehending the limitations, even futility, of the never-ending war on drugs.

4 Gootenberg traces cocaine’s Andean, primarily Peruvian, past through three “long arcs”: first, the alkaloid’s rise as a medical wonder drug in the late 19th century; second, its fall from scientific grace and subsequent legal prohibition in the U.S. early in the 20th century; and third, its rebirth as a resilient, illicit pleasure drug in the 1950s. While some of this ground has been skillfully covered by social and diplomatic historians like Joseph Spillane and William McAllister, Gootenberg uses fresh archival sources, unearthed through scrupulous research and recently declassified intelligence reports, to craft an original narrative grounded in the Peruvian experience yet sensitive to global developments and historical contexts. The result is a magisterial piece of scholarship.
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Like other Peruvian export commodities, which Gootenberg has explored in his earlier

studies, crude cocaine's boom proved to be short-lived. By 1910, Peru's cocaine

pharmaceuticals became increasingly aware of cocaine's potential for abuse, dampening

their enthusiasm for the drug. Meanwhile, the creation of alternative anesthetics, like

eucaine and procaine, allowed medical professionals to prescribe safer substitutes for

their patients.

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made, as Gootenberg illustrates, to ensure Coca-Cola's continued access to (decocainized) fluid extract of coca, the principal flavoring behind the country's most popular soft drink. Notwithstanding Coca-Cola's special exemption, many U.S. drug firms, driven by cocaine's pariah status and diminished medical value, decided to get out of the cocaine business, further reducing American demand for Peruvian coca. The Federal Bureau of Narcotics welcomed this trend and intensified it by protecting Maywood Chemical's coca extract monopoly against competitors, a benefit of Coca-Cola's informal pact with the anti-drug agency.
Meanwhile, the mercurial rise of coca production in the Dutch East Indies and Formosa, the Japanese colony, substantially cut into Peru’s European market. Well-financed coca plantations in Java, Madura, and Sumatra exploited modern farming technologies to grow a variety of Erythroxylon that contained twice the cocaine alkaloid found in Peruvian leaf. In response to competition from Dutch and Japanese producers, Peruvian crude cocaine makers belatedly undertook a number of reforms, including developing regional monopolies and searching for new overseas markets. But these efforts failed to address a crucial problem: the moribund technology of Peru’s cocaine industry. The time-tested Bignon-Kitz method of cocaine extraction was clearly well suited to the Amazon’s peasant economy and profitable for German firms that continued to produce fully refined cocaine for a shrinking global market, but Peruvian producers’ reliance on the now obsolete technology locked them into the less profitable end of the transnational commodity chain. Despite isolated attempts to modernize Peru’s industry by updating processing methods and producing cocaine hydrochloride, the local trade remained rudimentary until its end as a legal business. Yet, when Peruvian officials, under American nudging, outlawed private cocaine production in the late 1940s, it was precisely crude cocaine’s simple technology that allowed entrepreneurs to adapt these processing methods to meet their illicit needs.

Of course, American prodding over cocaine was nothing new, for either Peru or other countries. The U.S., as a complement to its opium diplomacy, had been lobbying the international community for tighter cocaine controls since the early 1900s. Washington’s anti-cocaine crusading, however, achieved limited results because Britain, Germany, France, and the Netherlands sought to protect their drug producing colonies or pharmaceutical interests back home. This “multipolar” cocaine world, as Gootenberg describes it, was systematically transformed after World War II, when the Allies occupied pro-cocaine Germany and Japan, and the British and Dutch witnessed the breakup of their former colonial empires. After 1945, American hegemony supported American Puritanism, so that the United States was able to project its anti-drug policy on a global scale. To do this it used an aggressive counter-drug police apparatus, spearheaded by Harry Anslinger’s Federal Bureau of Narcotics, and likewise enlisted the backing of the United Nations, including Cold War antagonists such as the Soviet Union and Communist China.

Peru felt these shifts deeply, as it was drawn into Washington’s ambit during and after the war. Immediately following Pearl Harbor, Peruvian cocaine suppliers lost access to their two biggest markets during the preceding decades, Germany and Japan. While these losses were temporarily offset by the Allies’ wartime demands for coca and cocaine, after the war legal outlets for Peruvian cocaine dwindled sharply as Washington reaffirmed its commitment to international drug control. The U.S. refused to absorb Peru’s post-war cocaine surplus, and American occupation of Germany and Japan ensured that drug prohibition was a reform priority in both countries. Meanwhile, under American guidance, the newly created UN Commission on Narcotic Drugs targeted Andean coca and cocaine as part of its broader drug control strategy, sharply cutting global quotas of cocaine for medicinal and scientific purposes. By the late 1940s, international sales of Peruvian crude cocaine plummeted to less than 400 kilograms annually, hardly enough to sustain Peru’s once vibrant trade. As Gootenberg explains, “Peru’s relic legal industry was doomed” (181).

Peruvian authorities were obliged to pay attention to Washington’s resurgent anti-drug expectations. They responded in 1947 by passing a series of decrees that outlawed private cocaine production and increased criminal sanctions for drug production and trafficking. After October 1948, when General Manuel Odria overthrew a democratically elected president, Peruvian anti-drug efforts became increasingly forceful, much to Harry Anslinger’s delight. Working closely with FBN agents, whose presence was expanding throughout the region, the Peruvian army and counter-narcotics police carried out a series of unprecedented raids across the country, arresting scores of cocaine makers and seizing their recently banned commodity.

Among those arrested was Andrés Soberón, the last of the crude cocaine patriarchs in Huánuco, whose six-month sentence for selling cocaine sulfate underscored the ties between the former legal industry and a newly emergent illicit trade. Crude cocaine makers throughout the Huallaga Valley sought to unload their once legal stocks, sometimes unwittingly, on this nascent black market. Odría’s campaign shut down Huánuco’s remaining cocaine workshops within two years. But as with earlier—and later—attempts at cocaine suppression, Odría’s raids did not end the trade but merely pushed it in new directions, in this case towards Bolivia, where Peruvian cocaine makers, perhaps even Soberón himself, used their knowledge of crude cocaine to kick start new processing ventures. By the mid-1950s, Bolivia, with considerable help from Peruvian processors, emerged as a major source of what police intelligence reports were calling “cocaine paste,” a semi-refined form of cocaine that was similar to crude cocaine. The new commodity was highly desired, not by German pharmaceutical firms, but by Chilean and Cuban gangsters. A new transnational trade in illegal cocaine was born.
Between 1947 and 1964, coca growers from Bolivia, cocaine processors from Chile and Cuba, and smugglers from all three countries, as well as Argentina, Brazil and Mexico, created a black market commodity chain. The industry grew slowly, responding in fits and starts to international and domestic police pressure and evolving conditions for recreational cocaine in New York City, Havana, and other cities with large drug cultures. At first, transactions were *ad hoc* and miniscule, a matter of mere ounces opportunistically smuggled in vials by Peruvian and Chilean sailors. Later, as transactions normalized, smuggling corridors solidified, and demand expanded, small armies of (often female) couriers, predecessors of today’s drug running “mules,” regularly smuggled cocaine on passenger planes and boats, a kilo or two at a time. Some peripatetic entrepreneurs, like the elusive Blanca Ibáñez de Sánchez of Bolivia, unloaded a few kilos here and there, as supplies allowed and opportunities arose. Other family-based enterprises, like the Balarceo gang from Peru and the Huasaff-Harb clan in Chile, relied on scattered networks of folks and friends to smuggle dozens of kilograms of cocaine each month. At a time when scarce cocaine was retailing for as much as $150,000 per kilo on the streets of New York, these were lucrative ventures, stimulating further transactions, increased production, and operational innovations, like the false-bottom suitcases popularized by Cuban couriers.

Cuba emerged as an important transshipment point and processing center during this period. Cuban entrepreneurs took advantage both of their strategic Caribbean location and the venal Batista dictatorship to build transnational smuggling networks that indirectly linked Andean producers with American consumers. Lured by lucrative kickbacks, Batista allowed Meyer Lansky, Lucky Luciano, and other American gangsters to set up shop in Havana, transforming the island nation into a gambling and prostitution haven and central staging point for the international drug trade. Cuba’s “sin city,” which included a vibrant music scene, helped spread the taste for recreational cocaine among adventurous American tourists who journeyed to the island in pursuit of casinos, mambo, and other pleasures. Fidel Castro’s overthrow of Batista in 1959 and subsequent revolution ended the party, forcing Cuban gangsters and chemists to flee to Argentina, Mexico, and the U.S., further internationalizing the cocaine diaspora. Rather than leaving the industry, many Cuban exiles picked up where they left off, setting up cocaine labs in Mexico City and Buenos Aires and wholesaling the finished product in Miami and New York City. As in Odría’s Peru a decade earlier, government suppression had the unintended consequence of further dispersing the transnational cocaine trade, only this time the impetus for anti-drug pressure came from a nascent socialist regime rather than an anti-Communist one. Noticeable in their relative absence in the international cocaine trade during the 1950s and 1960s were the Colombians that later, with help from Hollywood and sensational journalism, made cocaine synonymous with violence and drug “cartels.” Contrary to received wisdom, Gootenberg documents how Colombian smugglers were only sporadically involved in the cocaine trade in the two and a half decades after World War II. It was Bolivian and Peruvian coca growers and processors, in conjunction with Chilean and Cuban smugglers, who created the postwar cocaine trade, not the Colombians. Apart from a few enterprises, such as the Herrán Olazaga brothers’ cocaine and heroin processing operation, most Colombian smugglers preferred to dabble in other contraband, like alcohol, cigarettes, domestic appliances, and, later, “Colombian gold” marijuana. It was not until the 1970s that Colombian entrepreneurs like Gilberto Rodríguez-Orejuela, the Ochoa brothers, and Pablo Escobar transformed the cocaine industry by purchasing *pasta básica de cocaína* from Bolivian and Peruvian suppliers, processing it into cocaine hydrochloride, and transporting it directly to the United States. Once in America, they pushed Cuban dealers out of lucrative markets, and distributed the drug wholesale themselves, via family and friendship networks. Inextricably linked to this transformation was the explosive re-emergence of coca growing and semi-cocaine processing in Peru’s Upper Huallaga Valley in the 1970s, as Peruvian peasants, paste makers and chemists, steeped in the area’s crude cocaine tradition, made deals with Colombian traffickers looking for a new form of a long familiar commodity.

For all their entrepreneurial zeal and smuggling acumen, Gootenberg shows how Colombian narcos, and traffickers in other countries, benefitted from larger geopolitical developments during these years, particularly the specter of cold war politics in Latin America. Castro’s successful consolidation of his socialist regime in Cuba in the early 1960s brought the cold war home to the region. As an ardent cold war warrior, FBN head Harry Anslinger not only ignored Castro’s attack against organized crime and drug trafficking but unleashed a systematic disinformation campaign against the socialist government, portraying Castro’s Cuba “as a cocaine lover’s paradise” (267). Such propaganda was music to the ears of Washington officials, eager as they were to prevent likeminded revolutions in neighboring countries, and willing to back anti-Communist military regimes that deposed democratic governments and violently suppressed civilian discontent. As Gootenberg points out, the rise of repressive military regimes in Argentina and Brazil during the 1960s had the ancillary effect of curtailing cocaine trafficking in both countries, providing opportunities for illicit entrepreneurs elsewhere, including Chile, which emerged as a major cocaine smuggling corridor during the 1960s and early 1970s.
But Chile’s rise in the international cocaine trade was ephemeral. Following Augusto Pinochet’s bloody, CIA-backed coup of democratic socialist Salvador Allende in 1973, U.S. officials persuaded the General to imprison or extradite the country’s leading cocaine traffickers by suggesting that the smugglers, and their illicit profits, threatened security in Chile. Preoccupied with heroin-addicted American soldiers returning from Vietnam and middle class hippies smoking pot, the Nixon administration failed to realize that this disruption would provide a critical opportunity for Colombian middlemen, already collaborating with Chilean traffickers as couriers, to expand their involvement in the trade dramatically. With the Chilean cocaine corridor blocked, Peruvian and Bolivian chemists and paste makers transacted with Colombian buyers to send their supplies northward into Colombia by way of Leticia, the Amazon border town that became a focal point in Colombia’s cocaine industry over the next two decades. Once again, American-style drug control spawned unintended social consequences, as wily Colombian entrepreneurs fully exploited the opportunity extended them by cold war politics.

In this case, the consequences would prove far more devastating as Colombian smugglers, fueled by expanding pasta básica production in Peru and Bolivia and rising demand for the finished commodity in the United States, expanded cocaine production. By the 1980s, dozens of trafficking organizations from Medellín, Cali, and other Colombian cities were exporting annually over one hundred tons of cocaine to the United States. As Andean cocaine flooded the U.S., prices plummeted, purity increased, and consumption, predictably, rose. One innovation by retailers, the invention of a cheap, compulsive form of smokable cocaine, crack, further aggravated these trends, creating new markets for the drug among the most downtrodden consumers in American cities already rife with slums, poverty, inequality and crime.

Rather than questioning the value of drug prohibition policies that helped create this dilemma, U.S. politicians and police officials redoubled their efforts, expanding—and militarizing—supply reduction programs in the Andes and domestic law enforcement in the United States. The results, in some respects, were impressive: drug enforcers eradicated thousands of hectares of coca crops, destroyed hundreds of processing labs, captured tons of illicit cocaine, and imprisoned dozens of high-level smugglers. But what they systematically failed to do was to eliminate, or even substantially curtail, the Andean cocaine industry—and to stop American consumers from using the drug. In recent years, the most consequential changes in the hemispheric cocaine trade has been the unprecedented shift of coca growing and pasta básica production from the traditional coca producing areas of Peru and Bolivia to Colombia, and the growing influence of Mexican trafficking networks in American distribution markets, where they have displaced many Colombian enterprises. Both of these industry-wide shifts were driven by the same adaptive dynamic that has characterized narco-relations over the past sixty years. In Sisyphean fashion, law enforcers continued to push the cocaine trade around Latin America as some enterprises folded, others adapted, and still others, motivated by big profits, entered the fray.

Meanwhile, Americans have actually reduced their consumption of cocaine, if only slightly, and, since 2007, some price and purity indicators suggest that cocaine’s availability in the United States has declined. Dampering the good news, however, is the resilience of cocaine production and consumption: hundreds of illicit enterprises from numerous countries — Peru, Bolivia, Colombia, Mexico, the Dominican Republic — continue to supply drug markets with hundreds of tons of cocaine each year. In the United States alone, at least two million youths and adults continue to consume the drug on a regular basis. Viewed through even the most optimistic supply-reduction optic, cocaine may be down, but it is still very far from being out. Today, 125 years after Alfredo Bignon initiated a vibrant Peruvian tradition in semi-processed cocaine with his cocaine sulfate formula, and 100 years after Washington began exporting its drug prohibition ideals in earnest, we are little, if any, closer to solving the cocaine conundrum. Eliminating the production and consumption of illicit cocaine, not to mention heroin, marijuana, methamphetamines, and a host of other psychoactive substances, remains one of the most formidable, and politicized, challenges facing contemporary policymakers.

Readers of Andean Cocaine searching for solutions to this puzzle will have to look elsewhere; improving American drug control policy is not Gootenberg’s concern. Yet, the economic historian’s lucid, meticulously detailed account of cocaine’s rise and fall, first as a legal commodity and then as an illicit product, does underscore the importance of demand in shaping transnational supply networks, whether craving for the drug comes from medical practitioners or pleasure seekers. To achieve better results in drug control, policymakers must look beyond curtailing supply to the provision of resources aimed at users in the United States, namely public drug treatment facilities and school-based prevention programs. Such demand-reduction programs remain woefully under-funded, even after numerous studies have demonstrated that treatment lowers drug use, reduces drug-related crime, and is more cost effective than drug eradication and interdiction programs. A better solution to our long-standing, seemingly intractable predicament will emerge only when government officials transcend the war on drugs to confront the public health problem.
that sustains it.