

THE WHITE HOUSE

WASHINGTON

September 29, 1969

To: Bud Krogh

From: Tom Whitehead

Attached is a paper from the Budget Bureau on a proposed major program issue in the area of marihuana policy.

It has some interesting implications for the process whereby policy issues and alternatives are referred to the White House and the President. More importantly, if it is an accurate representation of the situation, it suggests the possibility that our policy in this area may have more political costs than benefits and may backfire.

I assume you people are the focal point for White House involvement in this area and forward this for whatever use it may be.

Attachment

PROPOSED MAJOR PROGRAM ISSUE ON MARIHUANA POLICY

Background: The "Report of the Special Presidential Task Force Relating to Narcotics, Marihuana, and Dangerous Drugs" (June 6, 1969) represents the basis of Federal policy at the present time. The Report recommends strong measures to suppress the importation of Mexican marihuana.

The Report served as a grossly inadequate basis for Presidential decision, and the policy line laid down in the Report seems likely to result in embarrassment to the President in an area of extreme importance to him. This results from the following:

1. The President was given no policy options, no pro's and con's, and no cost estimates.

The Report asked the President to make a major commitment of funds and prestige to the fight against marihuana without looking at the alternative of a fight against the hard drugs (LSD, heroin, etc.). The problems of the two are different, and a 1967 Budget Bureau study suggested that Federal resources used against the hard drugs are about 100 times as effective as equal resources used against marihuana.

The Report listed none of the objections to the policy it proposed, some of which are discussed below. Finally, the Report did not inform the President of the costs of making the policy effective--costs that the discussion below suggests could rise to the hundreds of millions of dollars annually.

2. The proposed policy will damage relations with Mexico far more than the Report suggests.

The annual cash value of the marihuana crop to Mexico is on the order of \$100 million. For a county whose total exports are about \$1.1 billion, this is an important product.

To the individual farmer, the value of marihuana may be up to 40 times the value of any alternative crop. This provides substantial incentive for large scale resistance. The Government of Mexico may be most reluctant to commit itself to a program with such potential for social unrest.

Thus, if the U.S. desires Mexican participation in a crop eradication program, it will probably have to pay a multiple of \$100 million/year (this is typical of efforts to persuade farmers not to produce) plus tens of millions of dollars annually in direct budget costs.

3. The proposed policy will raise a political backlash from U.S. border communities.

Even if the U.S. spends tens of millions of dollars in improved border facilities, the blanket search undertaken as "Operation Intercept" will continue to keep border commerce depressed by the 50-90 percent now being experienced. According to press reports, the United States - Mexican Border Cities Association is presently mobilizing Congressmen, Governors, and Mayors to protest to the Administration.

4. The proposed policy has a high risk of making the Administration appear inept by playing into the hands of organized crime and creating more hard drug addicts.

The Report failed to consider the place of marihuana in the total drug picture. There are substitutes for marihuana, the hard drugs. As marihuana becomes scarce, these substitutes will be used. This is true to some extent for LSD and heroin but even more likely for hashish and the super-potent tetrahydrocannabinols (THC). The latter two belong to the same basic family as marihuana, and substitution is logical. There is absolutely no benefit to society from the substitution of stronger drugs for milder ones.

Even more seriously, the hard drugs lend themselves to manufacture and/or distribution by organized criminal syndicates. It seems probable that the Mafia would be a strong supporter of a diversion of Federal resources to marihuana as opposed to hard drugs.

Since the problem of substitution is known to anyone interested in the drug problem, the failure to alert the President to the risks of the proposed policy is surprising.

Study: A major, short-term study should be started at once to address the issue of allocation of Federal resources against marihuana vs. hard drugs. The study should compare explicit alternatives at equal resource levels. In addition, it should cover the following items:

- a. Costs to Mexico of crop eradication program;
- b. Direct budget costs of crop eradication and border control;

- c. Substitution effects. It is not likely that precise data will exist, but models can be constructed under various assumptions that will illuminate the problem.

The study should be done on contract or by a group of professionals, so as to secure a judgment independent of that of the enforcement agencies. The function of the present Task Force should be to review and comment, so that the White House and the Budget Bureau receive the benefits of an adversary process. The reviewing Task Force would benefit from the participation of agencies with a more balanced perspective, such as the National Academy of Sciences, the Office of Science and Technology, the Council of Economic Advisers, and the Bureau of the Budget, all of which were excluded from the first effort.