The cultural and political economy of drug prohibition

Kyle W. O’Donnell
George Mason University, Economics Department, Fairfax, VA 22030; Kodonne5@gmu.edu

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“That humanity at large will ever be able to dispense with Artificial Paradises seems very unlikely. Most men and women lead lives at the worst so painful, at the best so monotonous, poor and limited that the urge to escape, the longing to transcend themselves if only for a few moments, is and always has been one of the principal appetites of the soul. Art and religion, carnivals and saturnalia, dancing and listening to oratory - all these have served, in H.G. Wells's phrase, as the Doors in the Wall. And for private, for everyday use there have always been chemical intoxicants. All the vegetable sedatives and narcotics, all the euphorics that grow on trees, the hallucinogens that ripen in the berries or can be squeezed from roots—all without exception, have been known and systematically used by human beings from time immemorial.”

— Aldous Huxley (2009: 62)

“The human mind is contradiction itself: dissolute and licentious, we furiously rebel against the rules; and the Law, designed to make us juster, often does nothing but make us guiltier.”

— Baron de Montesquieu (Persian Letters, 1721; Davenport-Hines 2002: 58)

1 Introduction

The economic analysis of prohibition has become something of an archetypical case for the political economy of government intervention, offering ample illustrations of the power of economic theory as a tool for understanding real world problems, with drug prohibition and the “War on Drugs” providing particularly bountiful material. Indeed, economists have made many important contributions to scientific knowledge and public policy discourse through their analyses of drug prohibition. These include analyses of how prohibition affects illicit drugs in terms of price (DiNardo 1993; Freeborn 2009), potency (Thornton 1991: 89-110) and their
consumption (Burrus 2006; DeSimone and Farrelly 2003; Saffer and Chaloupka 1999); the structure of black markets for illicit drugs (Coomer 2003; Poret and Téjedo 2006); as well as the welfare implications of drug policy (Becker et al. 2006; Conlin et al. 2005; Erickson 1969; Miron and Zwiebel 1995; Miron 2004: 43-74; Poret 2002).\(^1\)

While this research has undoubtedly expanded our understanding of the economics of prohibition, and interventionism more generally, there are a number of important social, cultural, and institutional aspects of this subject that remain relatively unexplored. As Daniel D’Amico (2012: 70) explains, implicitly outlining the unfinished research agenda of the political economy of prohibition, “while many have noticed prohibition’s effect on physical capital, less attend to its influence upon knowledge, social-learning processes, institutional development and the accumulation of social capital.” Compared to (black) market phenomena, the relationship between prohibition and non-market phenomena—especially the norms, social rules, informal institutions, and culture surrounding drug use—remains an underdeveloped area of study, and economics has not progressed to the same level of insight and understanding. Indeed, the interaction between culture and government intervention would appear to raise numerous problems and questions of potential interest to political economists (e.g. see Carilli, Coyne, and Leeson 2008), yet this task seems to have been left to other social scientists, or perhaps even overlooked. Of course, this might seem like a trivial omission to many economists who emphasize statistical and quantitative analysis over qualitative, historical understanding. Admittedly, this is not entirely unreasonable given the track record of the former research orientation, but the insight and understanding that can be generated through strictly quantitative analysis is rather limited. This becomes especially clear if we consider the significant problems and questions that various scholars have raised about drug prohibition and its effects on culture, social outcomes, and even the underlying nature of the drug problem\(^2\) in society. Namely, the capacity for purely quantitative tools to render intelligible the wide range of phenomena of interest to social

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\(^1\)The literature on the economics of prohibition has become rather large in recent years, so a concise review may be impractical, though Thornton (1991), Miron and Zwiebel (1995), and Miron (2004) provide excellent overviews of the economic literature, as well as original contributions of their own. It is also notable for a topic as controversial as drug policy that there is a significant core of positive economic analysis shared both by scholars who tend to support government intervention as a means for achieving the ends of drug control (e.g. Kleiman 1992: 67-163; Kleiman, Caulkins, and Hawken 2011), and those

\(^2\)The meaning of the phrase “drug problem” is often ambiguous or moralistic. For our purposes, drug problem refers broadly to the positive social scientific analysis of psychoactive drug use and its relations with individuals, culture, markets, politics, and society.
scientists, which do not translate readily to quantifiable terms, is severely constrained, even impotent.

In the United States, for example, a number of scholars have illuminated an apparently radical transformation of drug culture—norms, beliefs, attitudes, and other informal institutions pertaining to drugs—from the late nineteenth century to the present day, that appears to be closely related to government intervention qua drug prohibition (Brecher 1972: 6-7, 17-20; DeGrandpre 2002, 2006: 208-42; Morgan 1981; Musto 1999; Parsons 2009: 91-2; Zinberg 1984: 192-217). Before the advent of national drug control legislation in the early 20th century, the US had an essentially free market for psychoactive drugs—including cocaine, cannabis, morphine, and heroin—which were inexpensive, widely available, and could be easily purchased from pharmacies, department stores, and even mail order catalogs (Brecher 1972: 3-7). Nevertheless, and despite what may appear to modern readers as a remarkably laissez-faire environment, the US was not crippled by “epidemic” drug addiction, nor did such drug use present much of a social problem at all. “The vast majority of nineteenth-century opiate use was, like alcohol today, in fact ‘moderate use’… Just as most of the circumstantial and casual use of opiates in the nineteenth-century did not escalate into opiate dependence, most cases of dependence did not lead to compulsive, out-of-control addiction” (DeGrandpre 2006: 129). In fact, narcotic dependence was often seen as a relatively benign habit, especially compared to alcoholism, and many individuals led long, fulfilling professional and personal lives while simultaneously maintaining life-long drug habits; indeed, some health and temperance advocates even encouraged alcoholics and heavy drinkers to switch to narcotics consumption (Brecher 1972; 8-10, 33-9; DeGrandpre 2006: 131; Morgan 1981: 34, 89-90; Parssinen and Kerner 1980; Vreco 2010). Moreover, prior to drug prohibition, a significant portion of regular narcotics users and addicts were middle-class women, professionals, lawyers, and doctors—the “average” opiate habitué was a middle-class, middle-age female—with drug use typically being just one aspect of their life, certainly not the driving force behind it (Ball and Chambers 1970; Brecher 1972: 5-7, 17-20, 33-9; DeGrandpre 2006: 103-37; Heyman 2009: 3-7; Morgan 1981: 38-43; Parssinen and Kerner 1980).

In sum, there is a strong sense in which the nature of the perceived “drug problem” was altogether different from that which would likely be conceived of at present. Edward Brecher
(1972: 6-7) deftly captures the essence of this sociocultural transformation in the following passage, which serves as a synoptic elegy to this laissez-faire era of drugs in the US:

Opiate use was also frowned upon in some circles as immoral — a vice akin to dancing, smoking, theater-going, gambling, or sexual promiscuity. But while deemed immoral, it is important to note that opiate use in the nineteenth century was not subject to the moral sanctions current today. Employees were not fired for addiction. Wives did not divorce their addicted husbands, or husbands their addicted wives. Children were not taken from their homes and lodged in foster homes or institutions because one or both parents were addicted. Addicts continued to participate fully in the life of the community. Addicted children and young people continued to go to school, Sunday school, and college. Thus, the nineteenth century avoided one of the most disastrous effects of current narcotics laws and attitudes — the rise of a deviant addict subculture, cut off from respectable society and without a “road back” to respectability.

That there are significant, even fundamental, qualitative differences between the above image of the nineteenth century “drug problem” in the US and what today’s perspective might look like, after nearly a century of prohibitionist drug policies, is perhaps obvious. Yet the economics of prohibition has thus far offered little insight into the nature of these phenomena (assuming such phenomena are even recognized), though economic theory remains an extremely powerful analytical toolset. Further, while a number of non-economist scholars have provided extremely valuable qualitative studies of prohibition and cultural evolution, much of their work is limited to detailed empirical observations guided by non-theoretical and/or historical methods, leaving the mechanisms of social change largely unexplained. Even where possible explanations of the principle have been suggested, they remain somewhat disjointed and unconnected to a broader theoretical framework, missing the coherence that might be offered by a more general formulation of social theory—namely, economic theory, with methodological individualism and rational choice at its core.3 Hence, this chapter begins to address some of the gaps in the political economy of prohibition, not by bringing culture to bear upon questions beyond the purview of economic theory per se, but by bringing economic analysis to bear upon these sociocultural problems; thus combining the analytical rigor of economic theory with the empirical richness of historical narratives and detailed case-studies (Boettke 2001; Boettke et al. 2003; Leeson and Boettke 2006).

3 Notable exceptions are Knipe (1995: 1-30) and Parsons (2009) whose “social science approach to drug use” and “social constructionist” approaches, respectively, address some of the methodological and theoretical issues I raise. However, both Knipe and Parsons adopt a holistic approach to sociology that eschews methodological individualism and rational choice, which I believe are essential components of social theory.
In order to grasp the problems and unique issues that the cultural and political economy of drug prohibition attempts to address, it is crucial that we examine some of the qualitative, cultural, and institutional aspects of psychoactive drug use—i.e. *why culture matters for drugs, the drug problem, and drug prohibition*. (Section 2 pursues this task in more detail.) First, rather than being objectively defined, the effects and uses of psychoactive drugs are as much a function of the drug user’s social context and the subjective meaning they attach to the drug, as of the drug’s chemistry and pharmacology (Blum 1970; DeGrandpre 2002; 2006; Knipe 1995; Zinberg 1984). At the macro-level, drug-use patterns are continually evolving, emergent social phenomena defined by the interaction between the subjective beliefs, values, and ideas of individuals, their plans and actions, and their broader institutional context (Müller and Schumann 2011; Zinberg 1984; Blum 1970). It is therefore essential to recognize that psychoactive drug use is a culturally-embedded social phenomenon, such that any so-called “drug problem” is inherently cultural by nature. Finally, it follows that psychoactive drug use, drug policy, and related “drug problems”—as with all social phenomena—cannot be meaningfully studied or rendered intelligible apart from the subjective values, interpretations, and meanings that individuals attach to these objects.

The goals of this chapter, therefore, are: (1) to establish *why culture matters* for understanding drugs, drug use, and drug policy—or the *drug problem*; (2) to develop a basic framework for the economic analysis of drug prohibition and culture; and (3) to sketch the outline of a potential research agenda on the cultural and political economy of prohibition, and interventionism more generally. I tackle (1) in section 2 by overviewing some of the central themes of the scholarly literature on drugs and drug use in society, which draws on the empirical research of historians, sociologists, psychologists, anthropologists, and other scholars. In sections 3 and 4, I begin to develop a theoretical framework for the economic analysis of drug prohibition and culture, and explore a potential approach. Section 3 outlines an economic approach to drug use behavior and drug culture, synthesizing into economic theory several key ideas from section 2, and discusses its application to comparative institutional analysis of culture and interventionism. Section 4 introduces drug prohibition to the analysis, and examines several channels and mechanisms through which intervention can affect drug culture and informal institutions. I offer several pattern predictions with some preliminary empirical evidence as part of a potential research agenda on this subject. Section 5 concludes the chapter and discusses a few possible implications of these ideas.
2 Why culture matters for understanding the drug problem

To most effectively analyze the sorts of problems raised by the cultural and political economy of drug prohibition, I sketch a perspective on drug-using behavior that emphasizes how its social, cultural, and institutional context matters, which draws from an extensive empirical literature on drug use.

First, humans have employed mind-altering substances in pursuit of an enormous array of their desired ends for most of recorded history; that is, psychoactive drug use is an instrumental behavior, where individuals use drugs (or the drug effect) as a means to an end (Blum 1970: 3-23; Müller and Schumann 2011). Processes of drug instrumentalization encompass complex patterns of adaptive behaviors selected over generations of experimentation, social learning, and cultural evolution (Müller and Schumann 2011; Miller 2011). Upon discovering substances having mind-altering properties, humans learned over time how to deliberately utilize drugs’ effects to achieve various ends. Through social learning and exchange, drugs and drug uses that proved effective at satisfying particular goals were progressively adopted by more and more individuals, with many eventually becoming integrated (or “domesticated”) into culture and society (Lende 2011; Knipe 1995; Brecher 1972: 205-6; Nutt 2012: 61-70). For example, millions of people consume caffeine, as part of their daily routine, in order to feel more alert and focused at work and elsewhere; alcohol is widely-consumed by people trying to feel more sociable and less inhibited at social gatherings; everyday, thousands of people consume pharmaceutical drugs prescribed by their doctors to relieve the symptoms of depression and other psychological maladies.

To appreciate why context matters for drug use, it is important that we also examine the nature of the drug effect itself, which includes the perceived drug experience and observed behavior. The drug effect is the product of a complex relationship between the variables Zinberg (1984) calls drug, set, and setting. The drug is the chemical substance itself that creates a particular pharmacological effect in the individual. The set is the individual’s internal comportment and includes their personality, emotional state, expectations and beliefs about the drug. The setting comprises the external factors affecting drug use, and includes the physical environment, as well as culture, social norms and informal rules, the law, and other institutions (Zinberg 1984; also,  

\[\text{\footnotesize It is likely they always will too; indeed, several scholars argue that there is an intrinsic drive for consciousness alteration in human nature itself, like that for food, shelter, or sex (Lende 2011; Nutt 2012: 61-70; Weil 2004).}\]
see Kleiman et al. 2011: 12). The perceived effects and behavioral outcomes of drug use are produced by the interaction of these factors together, which cannot be separated from one another. This is well summarized by Blum (1970: 230):

Because we are...dealing here...only with those [drugs] having direct effects on consciousness (the "mind"), it is necessary to make explicit that there are no uniform, consistent effects, and, thus, none of the mind-altering substances is inherently harmless, vicious, or magical in its properties. What we often attribute solely to the drug's physical or physiological properties and loosely refer to as the drug effect is a complex interaction among these varied factors: its pharmacological properties; the personality, character structure, expectations, and attitudes of the individual taking the drug; and the sociocultural setting or context, including not only the broader social values but the subcultural ones, as well as the immediate environment.

Combined, the above factors and variables determine nearly all of the most important facts of drugs: what, how, why, and when they are used, as well as their perceived effects. Indeed, the context of drug use matters for various observable outcomes, including the observed behavior of intoxicated persons; patterns of use, such as the tendency to binge or moderate consumption; and even the propensity for chronic use or addiction. This brings us back to examining the cultural and institutional context of drug use, and its role in shaping drug use behavior.

As casual observation can plainly attest, there are a number of risks and potential costs associated with drug use. Yet, one of the most striking findings from empirical research is the extent to which the potential harms from drug use can be mitigated by informal rules, norms, and sanctions that outline acceptable, beneficial use and discourage unacceptable, harmful use (Zinberg 1984). Consider a commonplace substance like alcohol, often thought to cause “out-of-control” behavior or at least have a strong propensity to do so (Kleiman 1992: 17). In contrast, in their groundbreaking study of “drunken comportment,” MacAndrew and Edgerton (1969: 84-5) found that,

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5 Similarly, Knipe (1995: 67) describes the relationship as one in which the drug is an antecedent variable, i.e. a constant, whose physiological effect is filtered through culture as the independent variable, causing a change in the dependent variable, the behavioral outcome. Also, see Goldberg (1999: 22-40) on the social components of drugs’ effects and behavior.

6 It may be helpful to also recognize that drug abuse and addiction are socially-constructed categories of behavior, the meanings of which are dynamic and subjective, rather than objective and static (DeGrandpre 2002, 2006: 94-7, 170-5; Griffiths 2008; Hickman 2004; Parssinen and Kerner 1980; Schaler 1991, 2000; Szasz 2003; Vreko 2010; Zinberg 1984: 25-45). One can find numerous examples of the inherent cultural and moral relativism of such concepts throughout histories of drugs and drug use, a common theme of which is, notably, intergroup conflict over divergent values and traditions related to drugs (in addition to the above sources, see Blum 1970; Brecher 1972; Cohen 2006; Courtwright 2001; Davenport-Hines 2002; Morgan 1981; Musto 1999).
while there is indeed an abundance of solid evidence to confirm alcohol’s causal role in the production of changes in at least certain sensorimotor capabilities, there is no corresponding body of hard documented evidence for the notion that alcohol plays a similar causal role in the production of changes in man’s comportment. … Thus, however great the difference may be between persons’ sober and drunken comportment—and there can be no doubt that these differences are often very great, indeed—it is evident that both states are characterized by a healthy respect for certain socially sanctioned limits.

Similarly, the cultural and institutional context can also influence the long-run propensity or likelihood for alcoholism to emerge, as Blum (1970: 39) explains:

Groups with a low risk of generating alcoholism are those in which drinking is learned at an early age in a context of complex social and ceremonial activity supervised by respected authorities who themselves drink safely…. As well, safe and acceptable behavior with alcohol is explicitly communicated by a cohesive group norm. [Risk of alcoholism] does seem likely to be reduced by … social controls which limit drinking settings and the variety of behavior allowed under the influence of alcohol.

Furthermore, Zinberg (1984: 1-18, 111-34, 152-71) describes how informal drug controls can operate with remarkable effectiveness, even for a substance like heroin, widely considered one of the most addictive and dangerous drugs. In addition, it is notable that such informal controls on drug use are emergent institutions, arising without conscious design, which can foster coordination of individuals’ plans and actions without deliberate ordering.

Any notion of a self-contained psychoactive drug causing certain objective effects and behaviors in a mechanistic, deterministic fashion, as if suspended in an intentional-institutional vacuum, is self-contradictory and incoherent. As a result of this research, Zinberg (1984: 214-5) argues for the study of “psychoactive drug-using behavior as a socially evolving process which develops controls that affect a majority of the using population.” Thus, this framework treats drug use as an evolving, complex pattern of behaviors, embedded within cultural and institutional context, and seeks to grasp the meaning of these phenomena as such.

3 The economic approach to drug-using behavior and drug culture

An important first step for the cultural and political economy of prohibition is to develop an economic approach to theorizing about drug use behavior and drug culture.

The economic approach to psychoactive drug use and drug culture springs from viewing humans both as purposive, instrumentally-rational actors and as rule-following agents. By emphasizing the intentionality and purposiveness of all human action, including drug use, economics
can enhance the understanding of drug use provided by empirical research (see section 2). These elements are frequently ejected from social science frameworks that solely or primarily utilize extra-individual constructs, like culture and ideology, which limits their intelligibility of social reality; only individuals choose and act, such constructs as “culture” or “society” cannot be said to choose, act, or even to have any inherent purpose (Evans 2010; Mises 1949: 41-3). At the same time, theorizing in terms of rule-following agents allows this framework to simultaneously grasp the significance of cultural and institutional context for human action, and to render intelligible phenomena in terms of underlying causal-genetic processes, without losing track of the plans and actions of individuals (Evans 2010; Storr 2010).

Thus, it is vital to recognize that psychoactive drug use is an adaptive, instrumental behavior reflecting the purposiveness and rationality of the drug user. When framed in this manner, it becomes much clearer how drug use can be apprehended and interpreted with the tools of economic theory, perhaps the simplest approach being the direct analogy to consumer theory.\footnote{More specifically, the approach taken here is similar to that of Becker (1976) and Michael and Becker (1973).} Suppose an individual $i$ maximizes her utility function $U$, which includes the desired end $Z$, subject to her income constraint $I$, where $Z$ is produced from inputs of market goods, labor, and time according to production function $f$. Among the market goods in $f$ is drug $z$, which contributes to output of $Z$: $z^* \rightarrow f(z^*) \rightarrow Z^*$. Hence, we can imagine that $i$'s optimal choice, with a given $I$ and set of market prices, includes the drug $z$ whose effects are most well-suited for achieving $Z$.

But this presentation also brings us to another set of problems when we recall the empirical research on drug use, discussed in section 2. Namely, because the drug effect is influenced by so many variables—including a number of dynamic, subjective factors, e.g. drug, set, and setting—and because there are untold uses for any given drug, the set of all possible (or merely practical) drug actions is essentially unbounded, and therefore the decision problem that actors face is indeterminate. In other words, rather than drug $z$ having a relatively fixed effect according to $f$ that can be used to achieve end $Z$ [e.g. $z': f(z') \rightarrow Z'$], drug $z$ might produce some range of effects $x_1, \ldots, x_j$, which could be applied to a variety of ends $Z_1, \ldots, Z_m$, [$z': f(z') \rightarrow (x_1, \ldots, x_j) \rightarrow (Z_1, \ldots, Z_m)$]. But this possibility can make the decision making process and choice
problem extremely difficult for actors with limited knowledge and cognitive abilities under conditions of genuine uncertainty. What is needed for actors to make plans, choose a course of action, and achieve their goals successfully are additional constraints upon choice and behavior, or guides that direct human action.

Drug culture and institutions serve this vital function by restricting the range of desired and expected drug effects, acceptable drug uses, and thus the set of possible drug actions. Institutions are rules and constraints on behavior that serve a number of vital functions—coordinate expectations, plans, and action; increase predictability and stability of society; and enable cooperation and exchange between individuals. Culture can be seen here as a web of shared meanings, mores, understandings, and tacit knowledge—and especially the idea that culture is a “window” through which actors observe, interpret, and give meaning to their world. Culture, as Lavoie (1991: 34) describes, is the “complex of meanings that allows us to comprehend human action: it is the background context that renders purposeful action intelligible. Culture is the language in which past events are interpreted, future circumstances are anticipated, and plans of action are formulated.”

For our purposes, I propose that we conceptualize the role and relationship between culture and institutions as complementary (though not always) to human action, as well as for the tasks of interpretative social science. Institutions shape outcomes by setting constraints upon the choices and opportunities of actors, while culture (as the actor’s interpretative framework) influences behavior by directing, or focusing, the actor's attention upon certain means and ends. As Storr (2004: 25) states, “culture directs (but does not determine) his [the human actor] actions and acts as the prism through which he views his problem situation; it ‘suggests to him both means and ends.’” To briefly illustrate by way of popular analogy to driving: we can think of institutions as the rules of the road, the traffic lights, the guardrails on highways, and even the road system itself, which both determine possible courses of action and set limits on acceptable actions; culture, then, is closer to a map, or GPS directions, that suggests appropriate means to ends, and in essence, focuses the actor’s choice set to a feasible decision problem. Together, culture and institutions shape human action and the emergent patterns and outcomes that result from many individual actions.

Thus, the drug culture serves as an interpretative framework that allows us to understand the patterns and outcomes of drug use behaviors. In addition, DeGrandpre (2006: 120) proposes
a complementary concept that captures the idea of culture as an interpretative window that
directs human action and drug use behavior, and also encompasses aspects of set and setting.
The placebo text is an “unwritten cultural script that … informs a group’s beliefs and expectations
about a given drug, animating the ‘drug effects’ once the substance is taken. … According to this
view, once a substance is taken, beliefs and expectations join with the first-order pharmacological
effects of the substance to mediate or animate the immediate and long-term effects attributed to
the drug” (DeGrandpre 2006: 120-1). To illustrate: people consume alcohol, for its perceived
drug effects, for countless reasons and in various situations. But alcohol is also associated with an
array of possible drug effects, only a select few of which might be desirable to an individual at a
particular moment, depending upon their goals and context. Moreover, there are numerous ends
to which these drug effects might be put. That individuals in a society consume alcohol in some
situations and not in others, with a specific set of associated outcomes for various circumstances,
is a function of the society’s drug culture, or its placebo text. Hence, the drug culture or placebo
text might “say”: it is appropriate to drink alcohol at weddings, and that its drug effect in such
situations is to lower inhibitions and increase sociability; that alcohol makes people at roadside
bars aggressive and agitated, “causing” fights and violent behavior; or, that drinking alcohol as a
“nightcap” at home in the evening makes people relaxed and sleepy.

Returning to drug use behavior within the presentation above, we might think of C as the
culture or context of drug use, which frames the actor’s decision problem, for example, entering
the production function for $Z$, where $Z = (f(z) | C)$ or $f(z | C)$. $C$ restricts (or focuses) the possible
effects of a drug $z$, as well as the set of ends to which it might be put, such that relative to the
unconstrained functions for acultural drug use $[f(z) \rightarrow (x_1, \ldots, x_j) \rightarrow (Z_1, \ldots, Z_m)]$, the actor’s
drug use function within cultural context is constrained to a set of feasible alternatives, where
$f(z | C) \rightarrow (x_1, x_2, x_3 | C) \rightarrow (Z_1, Z_2 | C)$.

Thus, agents are able to make plans, choose appropriate
means, and act within the context of drug culture and institutions. However, it is important to
note that the drug culture is not simply another input to an actor’s objective function, nor is it
directly subject to choice, but is in some sense inseparable from the function itself, framing the
choices, opportunities, and means-ends relationships in the actor’s mind—including for what

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8 For my purposes, I do not find it necessary to strictly distinguish between drug culture (as interpretative
framework) and drug institutions (as constraints) in this basic formal presentation, though future work
might construct a more complete treatment—e.g. $C$ might frame the actor’s perceived decision problem,
while institutions constrain her opportunity set and payoffs to different actions.
ends drugs can be used and when it is appropriate to do so, how to use them, and what are their likely drug effects. Although there is space for individuals to choose, or perhaps merely modify, their cultural framework at the margin, the capacity to do so is limited, and most individuals simply accept their culture “as is” given to them through tradition and social learning (Lavoie and Chamlee-Wright 2000: 71-3).

There are further problems for analysis, which are raised in the above discussion, especially concerning the formation and development of $C$, as well as its relevant inputs and determinants. One obvious approach would model $C$ as a result of social interaction, that is, a function of the plans and actions of many individuals as pertaining to drug use. $C$ would operate therefore as an underlying variable that both acts as a constraint on individual behavior, while also being determined by individual decisions. We could thus expect $C$ to reflect the purposes, plans, and preferences of the individuals who use drugs. If the members of a particular community all highly value sociality and openness, for example, then we might expect their $C$ to shape the set of drug actions for drug use around relatively more social effects and uses, such as increased joviality or specifying use at parties.

However, the above treatment is not to say that drug users necessarily create rules and sanctions controlling drug use in an intentional or deliberate manner, i.e. that they consciously choose the particular elements of $C$. Rather, the drug culture emerges as an unintended result of a multitude of individuals pursuing their goals through the use of psychoactive drugs: an ongoing process characterized both by unconscious rule-following behavior and also by moments of deliberate reasoning, as when a drug user adopts personal rules dictating what is appropriate: when, where, and how to use. The above is consistent with Zinberg’s work showing that controlled opiate users develop rules, rituals, and sanctions to reduce the risk of possible harms from drug use—including rules and rituals for avoiding addiction and overdose—doing so unconsciously at times and deliberately at others (Zinberg 1984: 152-71).

In addition, Chamlee-Wright (2008) offers several valuable insights for my framework through her “Austrian” perspective on social capital, which theorizes about social capital in terms of its structure and social-learning processes embodying the heterogeneous plans, actions, norms, relationships, and knowledge of purposive individuals. In particular, Chamlee-Wright (2008: 47) argues that “societies advance by embedding accumulated knowledge in forms that are ‘ready at hand.’ Social norms and institutions, cultural practices, and law, are bundles of accumulated
knowledge that allow us to solve complex coordination problems without directly possessing detailed knowledge of how they function.” So too, I would argue, does the drug culture encompass what society “knows” about drugs, although what the content of that knowledge is, how it is aggregated or assembled, and other qualitative questions remain open to investigation.

Finally, before I can analyze how government intervention affects the drug culture, it is important that I discuss drug culture in the absence of prohibition or intervention as my theoretical starting-point. Absent prohibition or government intervention, the drug culture that develops would draw from a broad and inclusive group of individuals *qua* drug users, especially relative to situations with more extensive or restrictive formal constraints on such behavior. Accordingly, the drug culture would also tend to reflect the broadest set of values, preferences, and purposes pertaining to drug use. Further, processes of social learning and cultural transmission would tend to be relatively unimpeded, allowing the free flow of knowledge and information regarding drugs. In other words, without legal restrictions on drug use: anyone could choose to consume drugs, with the set or population of drug-users being completely inclusive; there would be little to no (exogenous) constraint on social learning and information flows; the total body of knowledge from which the drug culture might draw would likely be as expansive as possible; and there would be few if any exogenous distortions in the manifestation of that knowledge. It should be noted, however, that social learning is simply a mechanism through which dispersed tacit and cultural knowledge is transmitted, and lacks any inherent welfare properties. Indeed, it may be possible for social learning and related mechanisms to reinforce drug use patterns and behaviors, which might seem problematic or “perverse” to many people, as I discuss in section 4. It nevertheless remains the case that drug culture is most likely to be relatively more flexible and adaptive without the influence of prohibition or government intervention.

### 4 Prohibition and the drug culture

This section introduces prohibition, and analyzes several key mechanisms through which prohibition can affect drug culture: (1) the selection process for illicit drug users; (2) the transmission and use of knowledge in drug culture; (3) and the combined impact on the “path” of cultural evolution and social change. [Note: as this section’s primary aim is to outline a provisional research]
agenda on the cultural and political economy of prohibition, I propose the following pattern predictions as hypotheses to be more fully developed and analyzed in future work, rather than testing them ‘as is’.]

4.1 Prohibition as a selection mechanism

The basic goal of interventionist drug policy is to reduce drug use deemed “abusive” or problematic. The argument for prohibition is based upon a seemingly straightforward economic argument: reducing the supply of a drug will cause the price to rise and the quantity demanded to fall, thus lowering both overall drug use and abuse. However, as Zinberg argues, the idea that raising the price of a drug would “automatically” reduce drug abuse is dubious, and “ignores the strong probability that only the less committed moderate users who propound the social sanctions would be the ones discouraged” (Zinberg 1984: 194). In other words, there is little inherent reason to suspect that a price increase would have an equiproportional effect on all “types” of drug users; indeed, we might reasonably expect moderate, controlled drug users to have a relatively more price-elastic demand for drugs compared to heavier, compulsive or “hardcore” users. Furthermore, in addition to simply raising the price of illicit drugs, prohibition is enforced through legal sanctions that add to the price of illicit drug use. Again, however, different people will perceive the subjective cost of potential legal punishment differently, with legal sanctions being more likely to discourage drug use by those who would suffer the most from legal punishments, as well as those who simply value conforming to the law as a moral or ethical issue. Although we cannot say a priori whether or not the individuals who would be less discouraged by legal punishment are also likely to be similar “types” of drug users, it does not seem unreasonable to suppose that they would tend to be the more problematic, heavier drug users. Hence, prohibition is more likely to discourage moderate and controlled drug users than the heavier, problematic users.

Prohibition can be understood as a selection mechanism insofar as it transforms an initial set of drug users $N$ into a subset $N'$ whose elements are similar to members of $N$, and are selected according to the set of constraints imposed by prohibition (Hodgson and Knudsen 2006). The value to viewing prohibition as a selection mechanism becomes much more apparent when we recall the role for social and cultural context in determining drug use patterns and outcomes. Due to the culturally-embedded nature of drug use, and because the drug culture is shaped by the preferences, beliefs, and purposes of the individuals who use drugs, the composition of the
drug-using population can have a significant impact on various social phenomena and outcomes relating to drugs—e.g. drug use patterns, consequences of abuse and addiction, perceived costs and benefits from drug use, and even the nature of the drug problem itself. Thus, drug prohibition can be meaningfully analyzed as a selection mechanism for the set of individuals who become or remain illicit drug users—discouraging moderate, occasional drug users relatively more effectively than heavy, “hardcore” drug users—which then influences the drug culture and institutions that will tend to emerge under prohibition. (Section 4.3 addresses the implications of this point in more detail.)

This analysis of selection mechanisms within institutional evolution and social change comports well with the institutional “stickiness” framework of Boettke, Coyne, and Leeson (2008), which explains the persistence of institutions in terms of how closely they align and mesh with the *metis* of society—i.e. underlying beliefs, skills, practices, and local knowledge. The *metis* varies among different groups of people, reflecting their diverse backgrounds, cultures, and knowledge, and thus the “stickiness” of particular institutions will vary between groups and across time and place. As *metis* is closely tied to the people who comprise a community or society, and since prohibition acts as a selection mechanism for the population of illicit drug users, the *metis* is therefore a likely channel through which prohibition can affect the evolution of drug culture and institutions. Thus, by transforming the set of drug users \( N \) to \( N' \) and thereby the *metis* as well, prohibition may create significant differences between the sets of institutions that will tend to “stick” or not to \( N \) and \( N' \).

4.2 *The use of knowledge in illicit drug culture*

The ability of individuals to make use of knowledge that is widely dispersed throughout society is essential to the coordination of the complex array of plans and activities that individuals pursue through cooperation and exchange under the division of labor. Outside of the market process, where the price system is the primary institution serving this need, information and knowledge are transmitted and utilized through social learning processes embedded within culture, norms, and institutions. Undergirding these processes of social learning and cultural transmission is a complex web of social networks, comprised of diverse individuals, relationships, and information flows (Chamlee-Wright 2008; Chamlee-Wright and Myers 2008).
So too is psychoactive drug use embedded within drug culture, a system of social networks, and a structure of social capital. To be sure, drug using behavior is an evolved social phenomenon that exists, and is sustained, through social learning and cultural transmission of an extensive body of dispersed tacit knowledge pertaining to every aspect of such activities. To illustrate a few quick examples of the sort of knowledge required for drug use: one must first know where, when, and from whom to acquire the drug; they must then know how to use that particular drug; techniques for preparing it and ingesting it; as well as what to expect from its consumption; dangers to avoid; and how to reduce the risk of potential harm from drug use. It is clear to scholars who have performed field research that illicit drug use is deeply embedded within a multitude of rituals, norms, customs, and practices, each with its own instrumental purpose (Zinberg 1984; Sharp 1991).

Injection drug use, for example, is one of the most intricate, demanding forms of illicit drug use. Rather than being a wild, out-of-control behavior, as many might imagine, injection drug use is often a highly-structured and orderly activity, regulated by numerous rules and practices that define and guide participants through the intricacies of preparing the drug and the tools for using it (needles, syringes, etc.), the proper techniques for injecting it, along with other rules governing the etiquette of this social activity (Zinberg 1984: 119, 127-31, 153-6, 162-3; Sharp 1991). Furthermore, as so much of these rituals, intricate practices, and informal controls are contained in inarticulate bits of tacit knowledge, processes of social learning and cultural transmission are essential for sustaining this requisite knowledge base.

Due to the criminal sanctions imposed by prohibition, individuals will tend to place a higher value on trust, secrecy, and privacy around their illicit drug use than for other licit activities. This can impact the structure of social networks and social capital among drug users, thereby affecting patterns of information transmission and knowledge accumulation within drug culture. In order to reduce their risk of legal punishment, illicit drug users will tend to shift a larger proportion of their illicit exchanges, relationships, and interactions to individuals with whom they share a closer, more trusting relationship, relative to their other licit dealings. At the macro-level, illicit drug users will therefore tend to form close-knit and exclusive social networks characterized by a higher proportion of strong ties to weak ties relative to other ordinary licit networks. The primary benefit to illicit drug users of dense, strong-tied networks is the support they provide to “bonding social capital”—which can effectively align incentives, promote
cooperation, and limit defection in potential prisoners’ dilemma situations: a significant risk under prohibition (Carilli, Coyne, and Leeson 2008).

However, the benefits of strong tied networks come at a price. Relative to weak ties, strong ties are highly inefficient for the transmission and utilization of knowledge and information dispersed throughout a network (Granovetter 1973). As a result, it is less likely that illicit drug culture will be able to mobilize and use the existing knowledge already-held by drug-using individuals, groups, and subcultures to the same extent as it could if unhindered by intervention. In addition, weak ties are also more effective than strong ties as “bridging social capital”—which links together otherwise disparate, socially-distant individuals, groups, and networks.

Yet not only do illicit drug users tend to choose strong over weak ties on the margin. Many drug users (especially moderate and occasional users) go even further, deliberately severing the connections between their drug use and the non-drug using aspects of their lives. Often, individuals perform such actions in order to enhance informal drug controls or minimize the harms from drug use. For example, Zinberg (1984: 119, 130-1, 152-5) explains that many controlled opiate users exert significant effort both to hide their drug use from non-drug using relations in order to avoid social condemnation, and to maintain a precarious relationship with addicts that is close enough to reliably obtain opiates, but distant enough to avoid being pulled-in to the “junkie subculture.”

While this behavior can be an effective means of drug control at the individual-level, the combined effect at the meso- or macro-level may actually be to reduce the effectiveness of informal social controls on drug use. The dearth of links between illicit drug subcultures and mainstream society limits the flow of knowledge about illicit drugs—especially relating to alternative norms for controlled use—which can stifle social learning and the discovery of beneficial social capital combinations through “social entrepreneurship” (Chamlee-Wright 2008). This implies that when controlled drug users are more effective at concealing their behavior—and thus, are more successful in pursuing their goal of private drug control—the more likely it is that their private, tacit knowledge about controlled drug use—including that such behavior is even possible—will remain undiscovered by social entrepreneurs who could promote informal drug controls. Indeed, it seems highly likely that this pattern of secrecy around controlled drug use is a significant contributing factor behind popular beliefs that grossly overestimate the ratio of abusive-to-
moderate drug users, or that harbor serious doubt about the notion of controlled drug use itself (Zinberg 1984: 155).

4.3 Evolution of the drug culture under prohibition

Among the various possible implications of the above pattern predictions, I am especially concerned with how the combination of prohibition as selection mechanism and the use of knowledge in illicit social networks affects the drug culture—especially the beliefs, norms, and informal rules of drug use—and related processes of social learning and cultural evolution.

Prohibition tends to discourage primarily occasional or moderate drug users, increasing the ratio of compulsive users (addicts) to controlled users—represented in 4.1 as the set of drug users before prohibition \( N \) being transformed into the set of users under prohibition \( N' \)—which I argued is likely to transform the underlying metis of the drug culture as well. This effect alone might even seem to be enough to cause the drug culture to change in a predictable pattern—namely, that illicit drug culture will be driven much more by hardcore drug users, and reflect their metis. Thus, Zinberg (1984: 195) postulates that “since it is the moderate, occasional users who develop controlling sanctions and rituals, the policy whose goal it is to minimize the number of dysfunctional users may actually be leading to a relative increase in the number of such users.” Furthermore, even if compulsive drug users do develop their own culture, rules, sanctions, and institutions, as they indeed do, they “are likely to adhere to and articulate rules that operate to support compulsivity rather than control it” (Zinberg 1984: 156). My analysis offers some support for Zinberg’s argument, although I also hope to strengthen aspects of his reasoning that seem incomplete. In particular, it is somewhat unclear why—even if we accept that the ratio of compulsive to controlled users has increased—the remaining moderate and occasional users could not just develop their own distinct subculture and institutions that support controlled use, separate from the hardcore subculture. This problem is also magnified by the fact that, even under prohibition, the majority of illicit drug users are in fact occasional or controlled users.\(^9\)

\(^9\)The proportion of people who become problematic users, or abusers, varies between drugs and method of use; this rate ranges as high as around 30% for smoked cocaine and injecting heroin, with the majority only ever using these drugs on one or few occasions (Kleiman, Caulkins, and Hawken 2011: 5-6). While this figure is still considerable, it nevertheless debunks the idea that occasional, moderate drug use is a rarity or impossible.
It is important to recognize the significant instrumental role for social networks and social capital under prohibition—such social structures are necessary for almost every aspect of illicit drug use: e.g. obtaining illicit drugs, learning how to use them, and avoiding unnecessary harm (see section 4.2; also Zinberg 1984: 153-6, 162-3). In fact, social networks and social capital almost certainly become more important under prohibition, since government intervention forces various activities and exchanges underground, bypassing many established market institutions, and channeling them instead through non-market institutions and social processes, which rely more heavily on personal connections and relationships. Therefore, not only are illicit drug users likely to generate dense, strong-tied social networks and close-knit, exclusive social capital structures, which restrict the flow of information, but they also bypass the immense body of knowledge embodied in market processes by diverting their interactions and exchanges through non-market substitutes.

Moderate and occasional drug users enjoy increased privacy and security, but at the cost of foregone discovery and utilization of much knowledge, and the array of potential benefits it might offer. This includes knowledge that could be beneficial, both, directly to drug users themselves—e.g. more accurate, accessible information about drugs, their potential uses, and how to use them; knowledge about substitutes with fewer side effects or more desirable effects; or how to minimize the risks and potential harms of drug use—and indirectly to the non-drug users of a community or society, especially by reducing the external costs associated with drug use—such as knowledge about how to reduce the risk of overdosing; practices that limit the spread of infectious diseases; and norms that encourage socially acceptable behavior and punish violations. This brings us closer to a potential resolution to Zinberg’s argument.

Under prohibition, controlled drug users rely extensively on illicit social capital to achieve their drug-related ends—e.g. obtaining supplies, learning how to use—and often turn to hardcore users and the “junkie subculture” out of perceived necessity (Zinberg 1984: 119, 127-31, 153-6). These latter interactions place controlled users in a precarious situation, where they strain themselves to simultaneously maintain control over their drug use, conceal this activity from non-drug users, and avoid getting drawn into the junkie subculture. Yet due to the constraints that controlled users face (e.g. legal punishment, social ostracism and isolation), they are unlikely to establish a viable subculture that effectively fosters controlled drug use (and supports its own survival), and hence may lack a feasible alternative to the junkie subculture.
Thus, “in the absence of a highly visible, communicative population of controlled users with its
own discrete rituals the addict subculture is the only readily available source of expertise about the drug,” and
as a result, the controlled users often adopt many of their rituals and norms from the compulsive,
hardcore users (Zinberg 1984: 153, emphasis mine).

Lastly, I bring together the major threads of my analysis, by combining the above
arguments and tracing their logical implications, in order to outline what is perhaps the most
notable implication, or pattern prediction, of my argument.

Prohibition tries to reduce consumption of a particular drug and the total number of its
users, both by raising the price of the illicit drug and criminalizing its distribution and possession.
Yet, prohibition is unlikely to have a uniform effect on all types of drug users, but will tend to
discourage moderate, controlled users more effectively than compulsive, hardcore users. In effect,
prohibition would reduce total use, but would also raise the ratio of hardcore to moderate users.¹⁰
Total drug abuse would still be lower under prohibition, but only insofar as policy did not affect
drug-users’ type—that is, if the patterns and quality of drug use are exogenous or remain constant.
Yet this condition does not hold, as my analysis and much empirical evidence make clear, since
drug policy affects the cultural learning and social context of drug use, which in turn shape drug
use patterns, its likely outcomes, and even the potential for addiction and abuse. Thus,
prohibition can affect the quality of drug use, and potentially even exacerbate problematic drug
use and abuse.

Prohibition tends to increase the ratio of hardcore to moderate drug users. This also
increases the relative influence of the hardcore users over the drug culture to more closely reflect
their values and goals, which may vary dramatically from moderate users and non-users. This
effect is amplified by the constraints on moderate users that give hardcore users the comparative
advantage over illicit-drug-related social learning and cultural transmission, since they have lower
opportunity costs of participating in illicit activity than moderate users. Furthermore,
criminalization pushes social networks and drug culture underground, where the discovery,
transmission, and use of knowledge is distorted and stifled. Since moderate users lack a culture of
controlled drug use, they largely adopt rituals and practices from hardcore users and junkie
subculture, which leads moderate drug users to fall into the drug abuse problems of hardcore

¹⁰Therefore, if the policy goal is to reduce drug abuse and addiction, simply measuring the decrease in
total use under prohibition would overstate its actual efficacy.
users as well. Ultimately, it is possible for prohibition to reduce the total number of drug users (or total use), while simultaneously increasing the actual number of hardcore, problematic users and addicts (or total abuse).

5 Conclusion

In addition to its effects on market and political processes, as a number of economists have aptly explored in previous research, drug prohibition distorts patterns of exchange and discovery within processes of social learning, cultural evolution, and institutional development. Beyond the analysis in this chapter, the theoretical framework and pattern predictions that I have constructed, as well as the implications thereof, can be expanded upon in future research.

First, I believe that further analysis of social selection processes, especially under varying circumstances, could yield valuable insights for the cultural and political economy of prohibition, as well as for institutional economics more generally (cf. Hodgson and Knudsen 2006; 2010). Similar mechanisms are certainly at work within a multitude of cultural, political, and institutional processes, and better understanding their operation would go a long way towards enhancing our grasp of many other phenomena. The synthesis of the institutional stickiness and selection mechanism theories, in particular, seems to offer a useful and general framework for analyzing the interplay between ideology, incentives, and institutions.

The framework set forth in this chapter also takes a relatively unique perspective on the relation between humans and psychoactive drugs, which could potentially lead to new insight and understanding about drug use. To highlight the contrast provided by this alternative approach, consider the problem or question of drug abuse and addiction. First, it appears almost obvious that humans are susceptible in varying degrees to drug abuse and addiction on some level, perhaps inherently or biologically so; hence, the framework offered in this chapter basically accepts this as a given. But the “obviousness” of drug abuse and addiction actually begs the question against more typical perspectives on drug use. That is, the truly interesting question is not, “Why do fallible, imperfect human actors—who are naturally prone to drug abuse and addiction to start with—ever develop problematic drug-using behaviors?”; but, “Why do the majority of fallible, addiction-prone human actors who use drugs successfully avoid such drug problems?” Or asked another way, “Why are drug abuse and addiction so rare in the whole of
drug use, given that humans have an innate propensity towards such problems? Given the theoretical framework I have developed, there is no doubt that a satisfactory answer must emphasize the role of institutions in transforming the decentralized plans and actions of purposive individuals into a coherent, socially-beneficial order.

The dynamic interaction between culture, the market process, and political action could be explored as well through the framework and analysis developed in this chapter. For one, the cultural and political economy of prohibition might offer insight into the interaction between culture and the political process in terms of the dynamics of interventionism (cf. Ikeda 1997). One research project might examine the feedback mechanisms that connect politics, intervention, and culture. For example, suppose that prohibition affects popular knowledge, beliefs, and attitudes towards drug use, as discussed in this chapter, such that knowledge of controlled drug use fades or is otherwise obscured. For non-illicit-drug using members of “mainstream” society, it is likely the case that the most prominent examples of illicit drug users are also the most problematic, e.g. street addicts and compulsive drug users. Thus, “when most Americans hear the word ‘heroin,’ for example, they picture the typical junkie, but they are unaware that some of his symptoms are related to the illegality of his use” (Zinberg 1984: 34). But they are also unaware that the “typical junkie” they picture is a small minority and looks nothing like the true “typical” heroin user, who is more often than not an occasional or moderate user whose use causes little if any damage to himself or others. If it is the dramatic mental image that wins the day, however, voters might support further government intervention as a solution to such problems.

Finally, this discussion relates to another more general problem for political economy that my theoretical framework might help illuminate—namely, the problem of the social problem. The challenge for political economy is, first, to grasp the meaning of the social problem as an “object” of concern in terms of the subjective perceptions of individual actors throughout society. Then, it is to develop a theoretical perspective that can effectively grapple with the analytical questions raised by the social problem—which includes explaining its emergence as a widely-perceived “object” of individual and collective action. Further, this framework might be used to analyze the

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11 This is analogous to the analytical challenge that F.A. Hayek posed in “Economics and Knowledge,” arguing that “before we can explain why people commit mistakes, we must first explain why they should ever be right” ([1937] 1948: 34). Boettke, Caceres, and Martin (2013) critique behavioral economics for a similar theoretical myopia, arguing that it places heavy emphasis on the positive and normative implications of imperfect, bounded-rational human actors for market failure, without ever asking why such fallible actors should ever achieve coordination and spontaneous order, as they do everyday.
even more fundamental coordination problems inherent to processes of ideological convergence (or divergence), and related non-market phenomena, arising from the interaction of purposive agents, and their ideas and beliefs, under alternative institutional contexts. Alternatively, these questions can be framed as empirical problems to be explored through “thick” ethnographic and historical case-studies.

References


