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## Why Buy Something We Hate? Subsidize Other Crops, Not Poppy

Allison Brown

Buying the Afghan opium crop is an idea that has been around for a while but recently has been appearing in various forms in mainstream media. We should not consider buying the crop because paying farmers for their opium is likely to increase poppy production, and because a poppy subsidy must be continued until there is no more illegal demand for drugs. People wanting to change farming practices in Afghanistan should consider price competition, purchase competition, farmer risk avoidance, and the fact that much poppy cultivation is coerced, before they suggest subsidizing poppy.

There are at least three "Buy the Poppy Crop" schemes being discussed.

*A. Buy the harvest before the bad guys get their hands on it.* Afghan farmers are risk averse. To achieve a guaranteed income they will happily plant as much poppy as they can and could even start producing spring and late season crops in addition to the current winter crop. Farmers who have already diversified into other crops will revert to poppy. Opium production in border states might increase, with the harvest carried to Afghanistan for us to buy.

*B. Develop a system to legalize poppy production.* What a blessing for the gangsters! The good guys assume the cost of production and then the guys with guns swoop in and steal the product, increasing their profit margins beyond telling. If relatively stable and unarmed India can't control opium leakage from monitored production sites, how can anyone think that this might work in Afghanistan? This daft scheme, which relies on counterfactual arguments about morphine demand, also envisages reintroducing poppy to places where Afghan farmers are no longer growing poppy.

*C. Pay people cash not to grow the crop.* Where poppy production is dictated by men with guns, as it is in the south where 90% of the poppy crop is grown, cash incentives cannot be effective. The British tested this idea a few years ago in Helmand and farmers used the cash to buy poppy seeds and fertilizer. Production increased.

Regardless of the mechanism for buying the opium, how shall we set the farmgate price?

European licensed farmers received \$2-5 per kg. this year for dry poppy heads, which are processed into poppy straw concentrate, the raw material for modern drug manufacturing. Licensed Indian farmers receive \$20-25 per kg. of raw opium gum. Illegal raw opium in

Afghanistan runs \$50-100 per kg., hovering around \$60 in most places. The price in the Golden Triangle this year is reliably reported to be as high as \$2400 per kg.

As soon as the good guys offer a price, the bad guys will top it and their pockets are deeper. The bad guys pass the cost on to their addicted customers. The good guys pass it to taxpayers.

Afghanistan alone produces more than the world demand for natural opiates so processing and selling the opium to offset costs risks bankrupting licensed poppy farmers in 19 peaceful countries that are our allies. Poppy straw concentrate has been the raw material for natural opiate production since the 1920s, so pharmaceutical factories would have to retool to process Afghan opium gum.

To summarize, buying the poppy crop is risky and expensive. A better alternative is to pay farmers to grow something else.

Farmers will grow anything if they are protected from gangsters and guaranteed a reasonable return on their investment. Wheat and rapeseed (canola) are two food crops that can be grown in place of the winter poppy crop. We already support a big wheat program. Expand that and broaden the program to include rapeseed and perhaps other winter grains. Set a floor price for the harvested wheat and rapeseed to minimize price instability that would drive farmers back to poppy. The floor price does not need to be tied to the price of opium because income maximization is less important to many farmers than avoiding income risk. Subsidizing milling, packaging and marketing of flour, animal feeds, and cooking oil will create skilled and unskilled jobs. Plan to continue the scheme for at least 10 years to disburse the cadre of skilled poppy labor. Unskilled workers cannot lance poppy properly and the resulting yields are lower.

Animal husbandry can be more profitable than poppy, and grass is a natural enemy of poppy cultivation. We could introduce excellent perennial pasture seed mixes that would fatten animals more quickly, raising farmer profits and their joy in raising animals.

We should not give cash in advance of planting or subsidize fertilizer that can be used for more poppy. We should subsidize summer crops only when they are tied to winter crop production or managed fallow programs that interfere with the winter poppy rotation.

There are other ideas we could try. Farmers are not emotionally attached to poppy; they just want a profitable winter growing season. Why not spend our money supporting work we can be proud of?

*Allison Brown has over twenty-five years professional experience providing business development services to urban and rural development projects in developing economies. She is also a technical specialist on the use of agriculture and economic interventions in Counter Narcotics programs. Ms Brown in 2008 worked as the Counter Narcotics Advisor for the Ministry of Agriculture, Irrigation and Livestock, Government of Afghanistan. In 2004-5 she was Team Leader of a worldwide impact evaluation of Alternative Development practices against drug crops for the UN Office on Drugs and Crime. Ms Brown served as a USAID staff officer in Sri Lanka from 1987-1990 the height of the civil war. She maintains links to several academic institutions and regularly publishes scholarly papers on small business development in specialty agriculture, especially farmers markets and small volume*

*auctions. Ms Brown is a past Vice President of the American Society for Horticultural Science.*

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