

Quality U.S. pot changing the drug wars

By Peter Robison, Nacha Cattan and Benjamin Bain, BloombergBusiness

The street lieutenant fidgeting in a Ciudad Juárez pizza parlor deals drugs for Barrio Azteca, a gang that emerged from Texas prisons in the 1980s to control a chunk of illegal shipments from Mexico into the U.S. Southwest. Think No Country for Old Men—secret nighttime drops, murders, and a lucrative sideline in human trafficking and prostitution. Meeting with a reporter while his heavysset boss circles the block, the Juárez dealer is preoccupied with his hottest new product: handcrafted American-made pot.

He marvels at one medical marijuana operation he visited in Arizona. “There are tanks with a system that at a certain hour releases oxygen, water, and light like clockwork,” says the man, who asked that his name not be used for fear of arrest or reprisals from other gang members. Connoisseurs in Juárez are noticing, he says; they’re starting to demand Purple Haze or Kush from American dispensaries. Gang members bring the quality stuff back from the U.S. The prices are higher—about 200 pesos per gram, compared with 50 pesos for his usual product—but then so is the quality. “There’s much more novelty, more variety,” he says.

With marijuana now permitted in some form in 23 U.S. states, the usual flow of pot from south to north has slowed and, to a growing degree, reversed. This was never imagined as a benefit of Nafta. Now, the expanding U.S. pot industry is transforming the drug distribution patterns of the notorious cartels—forcing them to deal more exclusively in heroin, for example—and leading to both cultural and economic change in Mexico’s own consumption of marijuana. Two opportunities may

arise: a business boom for legal pot producers in the U.S. and the chance to concentrate the drug war on far more deadly substances.

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