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STATEMENT OF

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BEFORE THE

SUBCOMMITTEE ON GENERAL OVERSIGHT AND RENEGOTIATION
HOUSE COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS
ON THE [USE OF CURRENCY AND FOREIGN ACCOUNT REPORTS
TO DETECT NARCOTICS TRAFFICKERS]

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Mr. Chairman and Members of the Subcommittee:

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We are pleased to be here to assist the Subcommittee look into the usefulness of certain provisions of the Bank Secrecy Act as an aid to Federal law enforcement agencies in detecting financial transactions related to drug trafficking activities.

Effective law enforcement in the drug area requires that major traffickers be immobilized. Incarcerating major traffickers for long periods and seizing their financial resources --the key elements to immobilization--require complex conspiracy type investigations. These investigations seek to prove an alliance between two or more persons for the purpose of dealing in drugs, even though those involved may never handle drugs.

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Financial evidence is an important tool in building conspiracy cases. Its potential usefulness is apparent when one recognizes the huge amounts of money involved in illegal drug sales. Payments by drug abusers and traffickers for heroin, cocaine, marijuana and hashish in the United States are estimated to be on the order of \$35 to \$51 billion annually, according to the National Narcotics Intelligence Consumer Committee. The marijuana market alone consumes an estimated 60,000 to 90,000 pounds per day, resulting in an outlay of \$13 to \$21 billion per year. In addition to fueling the rapidly growing narcotics problem, the large amounts of income from drug sales probably most often go unreported for income tax purposes. IRS recently estimated that up to \$24 billion in unreported income in 1976 came from illegal drug activities.

Large amounts of cash are essential to the illegal drug business but create problems for traffickers. Cash must be transported when dealers engage in transactions or stored securely so as not to be detected, yet it must be readily available when needed. Thus, knowledge of money flows along with other information is essential to identifying and immobilizing drug traffickers. However, investigations in the drug area have focused for the most part, on the drugs themselves rather than the financial transactions connected with the sale and movement of drugs. Special expertise is needed to perform financial type investigations.

To facilitate Federal financial investigations of illegal activities, such as drug trafficking and tax evasion, the Congress enacted the Bank Secrecy Act in October 1970. The act requires individuals and financial institutions to report certain financial transactions. The Congress intended the various reports to be useful to Federal agencies in carrying out their investigative responsibilities. It was felt, for example, that the act's financial reporting requirements would help in investigating illicit money transactions, as well as persons using foreign bank accounts, to conceal profits from drug activity. However, the reports required by the Bank Secrecy Act have not been as useful as the Congress might have expected.) While their improved use alone will not lead to the detection and prevention of drug trafficking and other illegal activities, it would provide responsible Federal agencies with information that could help them deal with those problems.

During this year we have issued two reports that bear directly on the subject of these hearings. (In April, 1979, ^{CAO} we reported on the need for Treasury and IRS to make more effective use of the currency reports required by the Bank Secrecy Act. ⁴ On October 25, 1979, ^{CAO} we reported to the Congress on the effectiveness of the Federal Government drug enforcement and supply control efforts during the past 10 years.) Attachments I and II to my statement include copies of the digests of the respective reports. Attachment III

includes a list of all Federal departments and agencies involved in drug enforcement efforts.

CURRENCY REPORTS

The Bank Secrecy Act requires that reports be filed on domestic currency transactions and on imports and exports of currency or monetary instruments. Domestic financial institutions generally must file a Currency Transaction Report--IRS form 4789--whenever they handle a currency transaction of more than \$10,000. Individuals and certain legal entities generally must file a Report of International Transportation of Currency or Monetary Instruments--Customs form 4790--whenever they import or export more than \$5,000 in currency or monetary instruments.

In our April 1979 report, we pointed out that Treasury and IRS had not made effective use of currency reports. We noted that

- IRS tried to use the reports primarily as the basis for initiating investigations although the reports, by themselves, are not good indicators of tax law violations.

- Currency reports resulted in few IRS criminal investigations or civil actions.

- Internal processing of currency reports within the Treasury Department was duplicative.

- Treasury had disseminated information from currency reports to other potential user agencies, such as the Drug Enforcement Administration, only on a limited basis.

To remedy these problems, we recommended that Treasury centralize processing of currency reports within its enforcement communications system. This is a computerized information

storage and retrieval system designed to assist Federal personnel in carrying out various law enforcement missions. By centralizing the data on Treasury's system, the reports would be readily available to Treasury personnel as well as personnel from other agencies who already have access to that system.

Treasury agreed with our recommendation and has centralized the processing and storage of data from currency reports in that system. However, it is still attempting to finalize procedures for eliminating duplicative processing. With the reports centralized on one system, Treasury is in a better position to conduct integrated analyses of currency flows, both on its own and on request from other agencies.

We also recommended that IRS provide necessary training and take appropriate steps to ensure that its personnel understand and know how to use Treasury's computer system. IRS agreed with our recommendation and has provided (1) training to key personnel and (2) information to its field offices on the potential value of information contained in Treasury's system. IRS is also integrating Treasury's system into its operations nationwide and is requiring its use as it comes on line.

Treasury also has proposed new regulations which should further improve the usefulness of currency reports. If adopted, the new regulations will, among other things, (1) permit fewer exemptions from the reporting requirements

thereby increasing the extent of data on currency flows available to Federal agencies and (2) require that financial institutions report currency transactions in a more timely manner.

Thus, the stage is now set for a true test of the value of currency reports. It remains to be seen, however, whether user agencies will make effective use of the information. As we recommended in April, Treasury now needs to monitor the use of currency reports to determine how much they are used and whether their value has increased. It also needs to determine whether the reports have other potential uses. If their value and usage cannot be improved, the Congress may want to reconsider the need for the reporting requirements.

FOREIGN BANK ACCOUNT REPORTS

In addition to currency reports, the Bank Secrecy Act authorized the Secretary of the Treasury to require that certain individuals file reports concerning their relationships with foreign financial institutions. The collection of such information was intended to help combat the use of secret foreign bank accounts to hide legal income for tax evasion purposes and to conceal money involved in illegal activities such as narcotics trafficking.

Beginning with certain tax returns filed for tax year 1970, taxpayers were required to answer either yes or no to a question on the tax return directed at determining whether they had a foreign bank account. Taxpayers who responded affirmatively

were directed to report information on foreign bank account on IRS form 4683--U.S. Information Return on Foreign Bank, Securities, and Other Financial Accounts--and file it with their Federal Income tax return. Because the reports were filed with IRS they became subject to the disclosure restrictions set forth in the Tax Reform Act of 1976 which limited dissemination of such information. To resolve that problem, Treasury revised the form and required that it be filed with the Treasury Department rather than IRS.

62 In a May 5, 1977, report, the House Committee on Government Operations concluded that the foreign bank account reporting requirements had not been very effective and that their value as an investigative tool could not be determined until the Treasury Department and IRS put a full effort into implementing the requirements. The committee made ten recommendations to IRS and Treasury designed to improve the usefulness of foreign bank account information.

By converting the IRS reporting form to a Treasury form, Treasury responded to one of the Committee's recommendations and was then able to disseminate foreign bank account information to other Federal agencies as intended by the Bank Secrecy Act. It established a Reports Analysis Unit to serve as the focal point for disseminating foreign bank account information as well as currency reports. In addition, to facilitate the efficient processing and retrieval of foreign bank account information, Treasury recently began entering the information

on its enforcement communications system, the same system which contains data from currency reports.

In our April report, we pointed out that Treasury now needs to follow up its previous actions and systematically monitor the use of foreign bank account information disseminated through its enforcement communications system. It also needs to determine whether the usefulness of the information can be improved in other ways. As with the currency reports, if Treasury's efforts show that the foreign bank account information is not very useful, the Congress may want to reconsider the need for the reporting requirements.

In conclusion, the basic question that needs to be asked, in assessing the usefulness of currency and foreign bank account reports, is whether they have been or can ever be effective in detecting and deterring various criminal activities, such as drug trafficking. The reports have been useful in some instances when associated with other investigative information.

--Currency reports helped Federal agents identify, investigate, and ultimately obtain a conviction on the leader of a drug ring that had deposited nearly \$32 million in bank accounts.

--An official of a major New York bank was convicted of failing to report a number of large currency transactions. The official had been bribed by an individual who wanted to avoid

detection by Federal agents while exchanging small bills for larger denominations.

On the other hand, if a person fails to comply with the reporting requirements or takes steps to avoid them, the reports have little value unless information developed through other means reveals noncompliance. Except for such situations, the effectiveness of the reporting requirements are necessarily limited because it is questionable whether a person bent on violating the law would risk detection by engaging in a reportable currency transaction or by voluntarily complying with a reporting requirement.

This concludes my prepared statement. We would be pleased to respond to any questions.

COMPTROLLER GENERAL'S REPORT
TO THE SUBCOMMITTEE ON OVERSIGHT
COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

BETTER USE OF CURRENCY
AND FOREIGN ACCOUNT
REPORTS BY TREASURY
AND IRS NEEDED FOR
LAW ENFORCEMENT PURPOSES

D I G E S T

To facilitate Federal investigations of illegal activities, such as drug trafficking and tax evasion, the Congress enacted laws requiring that certain transactions be reported by individuals and financial institutions.

Some changes in the methods Treasury and the Internal Revenue Service (IRS) follow in processing and using such reports could improve their value.

GAO reviewed IRS' use of

- currency transaction reports;
- reports of international transportation of currency or monetary instruments;
- reports describing the creation of or transfers of money or property to certain foreign trusts;
- annual returns describing certain transfers of money or property to foreign trusts with U.S. beneficiaries; and
- reports of foreign bank, securities, and other financial accounts.

Generally, the various forms have not been as useful to IRS as the Congress might have expected when it established the reporting requirements. Improved use of the forms alone would not resolve such problems as tax evasion and drug trafficking. However, it would provide the Treasury Department, IRS, U.S. Customs Service, Justice Department, and other Federal agencies with information that could help them deal with those problems.

CURRENCY REPORTS: ACTIONS WHICH
MIGHT IMPROVE THEIR VALUE

Currency reports are required by the Bank Secrecy Act. By themselves, they are not good indicators of criminal tax violations nor do they have much audit or collection potential. Nevertheless, IRS tries to use the reports as the bases for initiating criminal investigations, audits, and collection actions. (See pp. 4 to 8.)

Currency reports might be more valuable if IRS were to use them to supplement other information it possesses concerning possible tax law violations. For example, IRS might be prompted to investigate a tax fraud allegation against an individual if several currency reports had been filed with respect to that particular individual. The reports would serve as a means for separating the tax fraud allegation from dozens of similar ones IRS cannot pursue because of limited resources.

The Treasury Department operates a computerized information storage and retrieval system--the Treasury Enforcement Communications System--designed to assist Federal personnel in carrying out various law enforcement missions. The Customs Service already enters international transportation of currency or monetary instruments reports on the data system. Currency transaction reports could also be entered on the system. (See pp. 8 to 12.)

If these reports were entered and IRS made more effective use of the data system, currency reports might be more useful and unnecessary exchanges of data among Federal agencies could be eliminated. The Treasury Department said it plans to enter the reports into the system. However, Treasury should

- ensure that IRS effectively uses the system to supplement its evaluations of tax fraud allegations and
- monitor the usefulness of the currency reports and determine whether they have other potential uses. (See pp. 12 and 13.)

FOREIGN TRUST RETURNS:
BETTER HANDLING NEEDED

IRS' handling of foreign trust returns has been characterized by indecision. It has no program for ensuring compliance with the filing requirements and has not established a meaningful method for evaluating and using the returns.

In effect, the few taxpayers who voluntarily file one of the forms have no assurance that IRS is doing all it can to identify and pursue others who choose not to file. Unless IRS can rectify the situation, it might be best to relieve the compliant taxpayer of the burden by eliminating the returns. (See pp. 15 to 19.)

FOREIGN BANK ACCOUNT REPORTS:
SOME IMPROVEMENTS MADE

In response to recommendations made by the House Committee on Government Operations in a May 1977 report, the Treasury Department:

- Began entering foreign bank account data on the Treasury Enforcement Communications System.
- Apparently resolved disclosure problems caused by the Tax Reform Act of 1976.
- Established a Reports Analysis Unit.
(See pp. 21 to 28.)

Having taken those actions, Treasury now should monitor the use of computerized foreign bank account data and determine whether it has other potential uses. (See p. 28.)

RECOMMENDATIONS

The Secretary of the Treasury, in implementing the plans to enter currency transaction reports on the Treasury Enforcement Communications System, should:

- Eliminate unnecessary processing of currency reports by (1) ensuring that all currency reports are filed

Attachment I

with the group designated to enter the reports on the Treasury Enforcement Communications System and (2) eliminating wholesale exchanges of currency reports between IRS, Customs, and Treasury.

- Ensure that IRS uses the system to improve evaluations of information it receives and possesses concerning possible tax law violations. (See p. 13.)

The Secretary should also:

- Monitor the use of currency transaction reports, once entered on the Treasury Enforcement Communications System, and the foreign bank account data to determine if their value has improved.
- Determine whether currency reports and foreign bank account information have other potential uses. (See pp. 13 and 28.)

If the Secretary determines that the value of currency reports and foreign bank account information cannot be improved, he should request the Congress to reconsider the need for the reporting requirements. (See pp. 14 and 28.)

The Commissioner of Internal Revenue should determine whether IRS can effectively use foreign trust returns by developing

- a program for maximum compliance with the filing requirements and
- appropriate evaluation criteria aimed at making maximum use of the forms.

If the Commissioner finds that IRS cannot use the forms effectively, he should concurrently

- request, through the Secretary of the Treasury, that the Congress reconsider the need for the filing requirements and
- develop an alternative plan to help ensure taxpayer compliance with the

tax laws governing foreign trusts.
(See p. 19.)

The Commissioner should also provide necessary training and take appropriate steps to ensure that IRS personnel understand and know how to use the Treasury Enforcement Communications System. (See p. 14.)

AGENCY COMMENTS

Treasury and IRS, in a joint response, generally agreed with GAO's recommendations. They pointed out, however, that the scope of GAO's review was limited and the report did not give adequate recognition to the usefulness of currency and foreign bank account reports to other Federal law enforcement agencies.

GAO agrees that the scope of the review was limited and that, in particular instances, currency and foreign bank account reports have proven useful to Federal law enforcement agencies. GAO, however, has seen no evidence that Treasury has conducted an overall evaluation of the reports to determine their usefulness and whether the benefits are worth the associated costs of preparing, processing and disseminating the reports. GAO contends that such an evaluation is necessary before an opinion can be rendered on the overall usefulness of the currency and foreign bank account reports. (See pp. 14, 19, 20, 28, and 29.)

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

GAINS MADE IN CONTROLLING
ILLEGAL DRUGS, YET THE
DRUG TRADE FLOURISHES

D I G E S T

Federal agencies have fought hard to reduce the adverse impact of illegal drugs, primarily heroin and dangerous drugs, on American society. These efforts have shown some positive results as measured by decreased drug-related deaths and injuries, and reduced availability of some illegal drugs.

Nevertheless, drug trafficking and abuse still flourish despite several decades of U.S. efforts both here and abroad. The gains made are fragile, requiring constant vigilance, as

- source countries move quickly to fill temporary drug shortages,
- trafficking patterns shift, and
- the types of drugs consumed readily change.

This report assesses the Federal Government's drug enforcement and supply control efforts during the last 10 years, including information contained in a series of GAO reports issued on drug control and various related topics during this time. (See pp. 161 to 164.)

WHAT SUCCESSES HAVE BEEN ACHIEVED?

Notable successes have been attained in carrying out the Federal supply reduction strategy, as a result of actions taken in the United States and overseas to immobilize major trafficking networks and control the production of illicit drugs. (See pp. 15 to 21.)

- Turkish restrictions on poppy cultivation and increased United States and French enforcement disrupted the French-Turkish heroin connection in the early 1970s and produced a dramatic shortage of heroin in the United States.
- Joint U.S.-Mexico efforts in crop eradication and narcotics enforcement, assisted by a drought,

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are decreasing Mexico's share of the U.S. illicit heroin market. Street-level heroin currently has the lowest purity and highest price since 1973, and National Institute of Drug Abuse statistics show that heroin-related deaths have been declining.

- Enforcement activities in the United States and abroad have caused significant drug removals and increased clandestine laboratory seizures.
- Emphasis on conspiracy investigations has led to many high-level drug traffickers being convicted on conspiracy charges, some receiving substantial prison sentences.
- Other countries have increased their efforts to reduce supply on their own and through United Nations and United States programs.
- The amount of diversion of legal drugs at the wholesale and manufacturing levels has declined sharply in recent years.

Current indicators suggest that there is a major shortage of heroin in the United States, a significant accomplishment against the Nation's number one drug enforcement priority. However, this and other such hard-won successes are short-lived. Growing areas, shipment routes, trafficking organizations, and even the types of drugs abused all readily change and adapt to new conditions.

For example, the heroin shortage created by the breaking of the French Connection was temporary. Mexico emerged as the next principal supplier of heroin to the United States. Today's concern is that as Mexican heroin availability declines, heroin from Southeast Asia and the Middle East will fill the gap. Some also fear that use of dangerous synthetic drugs will continue to increase as heroin users find it difficult to obtain heroin. (See pp. 19 to 21.)

WHY DOES THE PROBLEM PERSIST?

THE ENORMOUS SUPPLY OF AND DEMAND FOR DRUGS has created a multibillion dollar worldwide business involving millions of Americans. The National Institute on Drug Abuse has estimated that there are:

--1.7 million persons who have used heroin,
with 453,000 daily users.

--13 million persons who have used stimulants
such as amphetamines.

--6.9 million persons who have used PCP at
least once.

--10 million who have used cocaine.

--43 million people who have tried marijuana
at least once.

The marijuana market alone consumes between
60,000 and 91,000 pounds per day, resulting
in an outlay of \$13 billion to \$21 billion
per year. (See pp. 21 to 25.)

THE SOCIAL, ECONOMIC, AND POLITICAL REALITIES OF
DRUG-GROWING COUNTRIES make it difficult to pre-
vent cultivation of illicit crops and stop
trafficking at the source. Most producing nations
are poor, underdeveloped, struggling countries
presenting problems that are too complex for a
predominantly law enforcement approach to be
effective in reducing drug supplies. Suppression
efforts have been hindered by long-standing and
socially accepted traditions of smuggling and
corruption. As seen from several pilot projects,
the other approach of substituting legitimate
crops for drugs requires massive economic develop-
ment that is both costly and long-term. To date,
the developed countries of the world have been
unwilling to fund such high-risk ventures.
(See pp. 29 to 31, and 44 to 55.)

THE ENORMOUS PROFITS OF DRUG TRAFFICKING attract an
ample number of entrepreneurs who see opportunities
that far outweigh those offered by legitimate busi-
nesses. Payments by abusers and traffickers for
heroin, cocaine, marijuana, and hashish in the
United States are estimated to be on the order of
\$35 billion to \$51 billion annually. Drug traf-
ficking in the U.S. today appeals to people from
all walks of life, including doctors, lawyers,
accountants, businessmen, and entertainers.
(See pp. 31 and 32.)

IT IS EASY TO ENTER AND DISTRIBUTE DRUGS in the United States. While nobody knows for sure how much illicit drugs come into the country, it has been estimated that law enforcement agencies seize only 5 to 10 percent of all illicit drugs available. (See pp. 31 and 32.)

ACTIONS NEEDED TO FULLY SUPPORT FEDERAL DRUG STRATEGY IMPLEMENTATION HAVE NOT MATERIALIZED. Differing views among Government agencies, as well as the public, make it difficult to attain the necessary legislative, executive, and judicial actions. Drug supply reduction efforts have yet to achieve a well-integrated, balanced, and coordinated approach. (See pp. 32 to 34.)

WHAT CAN WE DO ABOUT THE PROBLEM?

The United States must take a much tougher and consistent stance to make real gains in reducing the availability of illicit drugs. The following long-standing problems must be resolved:

- Organizational difficulties between Federal agencies diluting law enforcement efforts at borders.
- Large-scale drug traffickers, in terms of immobilization from trafficking, being incarcerated for short periods of time while their ill-gotten gains remain intact.
- Unclear Federal, State, and local enforcement roles hampering attacks on drug traffickers.
- Inconsistent and sometimes conflicting drug policies resulting in no clear overall direction.
- Businesses and individuals promoting the use of drugs through the sale of drug-oriented paraphernalia and magazines.
- Governments of developed countries and international financial institutions providing little or no support for controlling illicit drug production.

The executive and legislative branches must form a partnership to agree upon and affirm a national policy for dealing with drug abuse and support necessary legislation. A joint commission could be formed to accomplish this and to recommend a course of action to promote vigorous implementation of the agreed policy. (See pp. 34 and 35.)

BORDER MANAGEMENT PROBLEMS
NEED TO BE RESOLVED

Although the U.S. border provides opportunities for interdicting illicit drugs, the availability of drugs attests to the fact that the border has not been a serious impediment to illegal entry. Large amounts of heroin and marijuana have crossed the land border with Mexico. More recently, our Southeastern States have been flooded with marijuana and cocaine shipped by air and sea from South America. (See pp. 66 to 82.)

GAO recommended in its 1977 report on the Southwest border (GGD-78-17) that the Congress require the executive branch to develop a comprehensive border control plan. A border management agency should be established to overcome organizational difficulties and better respond to the problems created by drug smuggling. (See pp. 69 and 70.)

OPPORTUNITIES TO OVERCOME
OBSTACLES IN IMMOBILIZING
MAJOR TRAFFICKERS

Federal efforts to reduce drug trafficking through attempts to immobilize major traffickers have fallen short of expectations. Even though numerous high-level traffickers have been convicted their organizations often continue to operate and maintain distribution capacity. A concerted effort among numerous Federal agencies to incarcerate major drug dealers for long periods and take away their financial resources has not materialized to the extent necessary. (See pp. 83 to 112.)

For recommendations to the Congress and Federal agencies that will strengthen prosecution of drug traffickers and dealers and help to better attack the tremendous financial gains from trafficking. (See pages 111 and 112.)

CHANGES IN BAIL AND SENTENCING COULD
STRENGTHEN IMMOBILIZATION EFFORTS

Bail and sentencing practices in Federal courts throughout the country have diluted the effect of drug enforcement efforts. Many defendants who are released on bail continue their drug trafficking because Federal law does not allow judges to consider danger to the community a reason for denying bail. Even when convicted, drug traffickers are often not effectively immobilized for long periods because prison sentences are short. (See pp. 113 to 126.)

The Congress should consider modifications to the bail law that take into account both constitutional principles and the means to prevent traffickers from engaging in illegal activities that present a danger to the community. Correcting the sentencing problem is not easy, however; any changes to the criminal justice system must be comprehensive and approached with utmost caution. GAO therefore recommends that the Judicial Conference of the United States assess the effects of judicial discretion, including the sentencing of drug violators. (See p. 126.)

NEED TO CLARIFY FEDERAL, STATE,
AND LOCAL ENFORCEMENT ROLES

Increased reliance has been placed on State and local drug enforcement efforts because Federal efforts have focused on leaders of national and international trafficking networks. Even though the Federal Government has developed numerous programs to assist and cooperate with State and local agencies, the mounting of a unified attack has been made virtually impossible by financial, political, and other realities. State and local agencies are allocating fewer resources for drug enforcement,

and Federal grants for the same purpose have declined as well. In addition, jurisdictional problems in some regions hinder attempts to fully mobilize the more than 15,000 police agencies in the United States against drug abuse and trafficking. (See pp. 127 to 134.)

In the face of these difficulties, the Attorney General must establish a clear, realistic policy on what can reasonably be expected from State and local governments and what the Federal Government should do to elicit their support. The response of the various levels of government to businesses' and individuals' promoting the use of drugs through the sale of drug-oriented paraphernalia and magazines must also be addressed. (See pp. 134, 21, and 22.)

SOMEONE MUST OVERSEE STRATEGY IMPLEMENTATION

The Congress has long recognized the Federal Government's continuing failure to provide a central mechanism to establish drug policy and be accountable for its effective implementation. Even though the Office of Drug Abuse Policy was established to do this, it was abolished before it had a chance. If any improvement is to be made in coordinating Federal drug control efforts, someone is needed who has a clear delegation of authority from the President to monitor activities and demand corrective actions. This responsibility is currently entrusted to the President's Domestic Policy Staff, and it is too early to tell whether this arrangement will ensure the vigorous implementation of the Federal drug strategy. The presence of a tough and consistent stance will go a long way in demonstrating within the United States and to other countries the strong commitment our Nation is making in combatting the drug abuse problem. (See pp. 10 to 12 and pp. 34 and 35.)

DRUG PROBLEM REQUIRES WORLDWIDE COMMITMENT

The United States has been the prime force in efforts to control illicit drug production, but

increased commitment of developed countries is needed if we are ever to have a great impact on the problem. With this reality in mind, GAO recommends that the Secretary of State, with the support of the Congress, promote a world conference and the formation of a consortium of victim countries that would develop a plan of action to fight the global drug problem in a unified way. (See pp. 37 to 65.)

To further develop strong drug control within foreign countries, GAO also recommends that the Secretary of State require the Assistant Secretary for Narcotics Matters to prepare realistic Country Narcotics Actions Plans detailing short and long-term objectives, the means of achieving these goals, and the methods for reviewing progress. For drug-producing areas that encompass several countries, action plans should be prepared on a regional basis.

GAO believes law enforcement and crop eradication will always have a major role in drug control, and can have an even greater impact if GAO's recommendations are implemented. However, there is no guarantee that the supply and use of drugs will be reduced significantly for a long time. Effective enforcement, eradication, and other controls will cause shifts and temporary disruptions in trafficking and drug use patterns and will buy time to enable the Nation to concentrate on long-term solutions. Also, it is generally acknowledged that the demand for drugs would be even greater were it not for law enforcement and supply control efforts.

One question which remains unanswered is: How does this Nation effectively curtail the demand for illicit drugs? In the Nation's search for long-term solutions to the drug abuse problem, it must continue to give high priority to each vital component of the Federal effort: law enforcement and control, treatment and rehabilitation, education and training, and research.

Eight Federal Government organizations having direct supportive responsibilities for activities discussed in this report were asked to comment on the report. The Administrative Office of the U.S.

Courts and the Federal Judicial Center offered no specific comment on GAO's report. The Department of the Treasury, the Central Intelligence Agency, and the Department of Health, Education, and Welfare in their responses did not take issue with any of the report's contents. The Departments of Justice, Transportation, and State, while generally agreeing with GAO's assessment of the drug problem and recommendations to address it, expressed some concern with certain areas in the report they considered misleading, outdated, or disappointing. Chapter 8 contains a discussion of these Departments' concerns and GAO's evaluation. (See pp. 135 to 147.)

FEDERAL DEPARTMENTS AND AGENCIES
INVOLVED IN DRUG ENFORCEMENT EFFORTS

<u>ORGANIZATION</u>	<u>FUNCTIONS</u>
Drug Enforcement Administration	Enforces and implements the Controlled Substances Act of 1970; and takes the lead in investigating narcotics and dangerous drug violations as they affect the U.S.
Executive Office of the President, Drug Policy Office	Develops the coordinated, long-term strategy for all Federal drug abuse prevention and drug enforcement functions.
Federal Bureau of Investigation	Plays a supportive role in Federal drug enforcement efforts by providing information, intelligence and investigative assistance to the Drug Enforcement Administration.
Immigration and Naturalization Service	Intercepts millions of dollars worth of narcotics annually through its inspection of aliens to determine their admissibility into the U.S.
Internal Revenue Service	Assists Federal drug enforcement efforts by using the tax laws and its financial expertise in investigating major drug traffickers.
National Institute on Drug Abuse	Conducts civilian domestic drug abuse treatment, rehabilitation, prevention, training and research programs.

ORGANIZATION

FUNCTIONS

State Department

Has primary responsibility for the U.S. International Narcotic Control Program.

U.S. Coast Guard

Works with the Drug Enforcement Administration in intercepting illegal drug shipments on the high seas and in U.S. territorial waters.

U.S. Customs Service

Enforces the laws against the smuggling of contraband, of which the largest single category is illegal drugs.