

DRUG WAR FACTS

Economics

1. According to the United Nations Office on Drugs and Crime, "[T]he value of the global illicit drug market for the year 2003 was estimated at US\$13 bn [billion] at the production level, at \$94 bn at the wholesale level (taking seizures into account), and at US\$322bn based on retail prices and taking seizures and other losses into account. This indicates that despite seizures and losses, the value of the drugs increase substantially as they move from producer to consumer."

Source: United Nations Office on Drugs and Crime (UNODC), World Drug Report 2005 (Vienna, Austria: UNODC, June 2005), p. 127.

2. "If compared to global licit exports (US\$7,503 bn in 2003) or compared to global GDP (US\$35,765 bn in 2003) the estimated size [of] the global illicit drug market may not appear to be particularly high (0.9% of global GDP at retail level or 1.3% of global exports measures at wholesale level).

"Nonetheless, the size of the global illicit drug market is substantial. The value, measured at retail prices, is higher than the GDP of 88% of the countries in the world (163 out of 184 for which the World Bank has GDP data) and equivalent to about three quarters of Sub-Saharan Africa's combined GDP (US\$439 bn in 2003). The sale of drugs, measured at wholesale prices, was equivalent to 12% of global export of chemicals (US\$794 bn), 14% of global agricultural exports (US\$674 bn) and exceeded global exports of ores and other minerals (US\$79 bn) in 2003. Such sales of drugs were also higher than the combined total licit agricultural exports from Latin America (US\$75 bn) and the Middle East (US\$10 bn) in 2003."

Source: United Nations Office on Drugs and Crime (UNODC), World Drug Report 2005 (Vienna, Austria: UNODC, June 2005), p. 127.

3. "It is also worth noting that by 1999, the UNDCP had not attempted to follow up its efforts to estimate the size of the world illegal drug market. That year, the Financial Action Task Force (FATF) [an inter-governmental body focusing on anti-money laundering activities and legislation] decided to begin work to assess the size of the world illegal economy and found it convenient to start with an estimate of the illegal drug market, a task that was considered easier than estimating other illegal activities, given the large work on drugs already available. FATF hired Peter Reuter, a well-known economist who has done extensive work on illegal drug markets, and produced an estimate. This job had the full cooperation of the UNDCP, which opened its data bank to the researcher. The resulting study is probably the most serious attempt to ascertain the size of the world illegal drug market and resulted in an estimated range between \$45 and \$280 billion."

Source: Francisco E. Thoumi, PhD, "The Numbers Game: Let's All Guess the Size of the Illegal Drug Industry!" Journal of Drug Issues, Vol. 35, No. 1, Winter 2005, p. 191.

4. "The most recent figures available from the Office of National Drug Control Policy (ONDCP) indicate that, in 1999, federal expenditures on control of illegal drugs surpassed \$17 billion; combined expenditures by federal, state, and local governments exceeded \$30 billion. What is more, the nation's so-called 'drug war' is a protracted one. The country has spent roughly this amount annually throughout the 1990s."

Source: National Research Council, National Academy of Sciences, "Informing America's Policy on Illegal Drugs: What We Don't Know Keeps Hurting Us" (Washington, DC: National Academy Press, 2001), p. 1.

5. "The long-run elasticities provide a basis for estimating potential benefits from changing the current

policy mix away from enforcement and interdiction and towards education and treatment. Applying the estimated coefficients, a 10 percent reduction in expenditures on enforcement (about 1 billion dollars by the late 1990s) would be associated with a long-run reduction of over 20% in both the number of deaths and the age-adjusted death rate. This would imply that close to 3,000 deaths a year might be avoided with a shift away from enforcement approaches to drug control. Adding the billion dollars to education and treatment would represent an 18% increase in 1998. The estimated elasticity of 1.59 implies a reduction of close to 5,000 drug-induced deaths per year as a result. Thus, the underlying estimates suggest that very substantial improvements in public health may be achieved by emphasizing education and treatment over enforcement and interdiction."

Source: Shepard, Edward & Paul R. Blackley, "US Drug Control Policies: Federal Spending on Law Enforcement Versus Treatment in Public Health Outcomes," Journal of Drug Issues, Vol. 34, No. 4, Fall 2004, pp. 781-782.

6. According to the United Nations, profits in illegal drugs are so inflated that three-quarters of all drug shipments would have to be intercepted to seriously reduce the profitability of the business. Current efforts only intercept 13% of heroin shipments and 28%-40%* of cocaine shipments. (*At most; the UN Office for Drug Control and Crime Prevention notes that estimates of production and total supply are probably understated by reporting governments.)

Source: United Nations Office for Drug Control and Crime Prevention, Global Illicit Drug Trends 1999 (New York, NY: UNODCCP, 1999), p. 51.

7. In 2004 a kilogram of heroin no. 3 in Pakistan typically sold for an average of \$2,520; a kilogram of heroin no. 4 typically sold for \$4,076 that year. In Afghanistan, a kilogram of heroin no. 3 typically sold for \$1,600 and a kilogram of heroin no. 4 typically sold for \$4,000. In Colombia, a kilogram of heroin no. 4 typically sold for \$10,149. In the US in 2004, a kilogram of heroin no. 4 cost an average of \$66,250.

Source: United Nations Office on Drugs and Crime, World Drug Report 2006 Volume 2: Statistics (Vienna, Austria: UNODC, 2006), pp. 365-366.

8. According to the US Office of National Drug Control Policy, the cost of heroin at the retail level declined from an average estimated \$1,974.49 per gram in 1981 to \$361.95 per gram in 2003. At the wholesale level, the drop went from \$1,007.60 per gram in 1981 to \$139.22 per gram in 2003. The average purity of heroin on the US market increased in that time as well, going at the retail level from an average of 11% in 1981 to an average 32% in 2003, and at the wholesale level from an average 12% in 1981 to an average 46% in 2003.

Source: Office of National Drug Control Policy, "The Price and Purity of Illicit Drugs: 1981 Through the Second Quarter of 2003" (Washington DC: Executive Office of the President, November 2004), Publication Number NCJ 207768, p. 62, Table 5 & p. 63, Table 6.

9. In 2004, a kilogram of cocaine base in Colombia typically sold for \$810 and a kilogram of cocaine typically sold for \$1,713. In Peru in 2004, a kilogram of cocaine base typically sold for \$700 and a kilogram of cocaine typically sold for \$1,000. In Mexico in 2004, a kilogram of cocaine typically sold for \$7,880. In the United States in 2001, a kilogram of cocaine typically sold for \$23,500.

Source: United Nations Office on Drugs and Crime, World Drug Report 2006 Volume 2: Statistics (Vienna, Austria: UNODC, 2006), pp. 369-370.

10. According to the US Office of National Drug Control Policy, the cost of cocaine at the retail level declined from an average estimated \$544.59 per gram in 1981 to \$106.54 per gram in 2003. At the wholesale level, the drop went from \$201.18 per gram in 1981 to \$37.96 per gram in 2003. The purity of cocaine also went up during that time. At the retail level, it averaged 40% purity in 1981 and 70% purity in 2003, while at the wholesale level cocaine averaged 56% purity in 1981 and 63% purity in 2003.

Source: Office of National Drug Control Policy, "The Price and Purity of Illicit Drugs: 1981 Through the Second Quarter of 2003" (Washington DC: Executive Office of the President, November 2004), Publication Number NCJ 207768, p. 58, Table 1 & p. 59, Table 2.

11. According to a United Nations report, "Over the past decade, inflation-adjusted prices in Western Europe fell by 45% for cocaine and 60% for heroin. Comparative falls in the United States were about 50% for cocaine and 70% for heroin."

Source: United Nations Office for Drug Control and Crime Prevention, Global Illicit Drug Trends 1999 (New York, NY: UNODCCP, 1999), p. 86.

12. According to a United Nations report, "US authorities reported the mean purity level of heroin to be around 6% in 1987 but about 37% in 1997, in which year levels were even reaching 60% in New York."

Source: United Nations Office for Drug Control and Crime Prevention, Global Illicit Drug Trends 1999 (New York, NY: UNODCCP, 1999), p. 86.

13. "In summary, prices for powder cocaine, crack, and heroin declined sharply in the 1980s and have declined more gradually since then, with periodic interruptions by modest price spikes that have usually persisted for a year or less. For d-methamphetamine, the pattern is broadly similar, but the price spikes appear to be larger and longer-lasting, particularly for 1989–1991. Marijuana prices have followed a very different pattern, increasing from 1981 to 1991, then declining through 2000 and increasing over the past three years.

"The average purities of these drugs have varied substantially by drug, occasionally with divergent trends. Trends over time suggest that cutting, or diluting, across quantity levels occurs today primarily in the case of heroin. The data also show that the average purity of drugs obtained through seizures is generally higher than that of drugs observed through purchases, particularly at higher quantity levels."

Source: Office of National Drug Control Policy, "The Price and Purity of Illicit Drugs: 1981 Through the Second Quarter of 2003" (Washington DC: Executive Office of the President, November 2004), Publication Number NCJ 207768, p. vii.

14. "Between 1989 and 1998, American users spent \$39 billion to \$77 billion yearly on cocaine and \$10 billion to \$22 billion yearly on heroin. To arrive at these estimates, we multiplied the number of users by their typical expenditures, and then converted the resulting estimates to 1998-dollar equivalents. Most of the downward trend results from changes in the consumer price index."

Source: Abt Associates, "What America's Users Spend on Illegal Drugs 1988-1998" (Washington, DC: ONDCP, Dec. 2000), p. 5.

15. According to the US Office of National Drug Control Policy, federal spending on the drug war in 2001 totaled \$18.095 Billion, rising to \$18.822 Billion in 2002 and \$19.179 Billion for 2003. ONDCP estimates of federal drug control budgets released since publication of the 2002 national strategy utilize a much different methodology and exclude several billion dollars in costs including spending by the federal Bureau of Prisons to incarcerate drug offenders, so comparisons with ONDCP's budgets from 2003 onward are impossible.

Source: Office of National Drug Control Policy, "National Drug Control Strategy: FY 2003 Budget Summary" (Washington, DC: Office of the President, February 2002), Table 2, p. 6, pp. 16-23.

16. According to ONDCP, the \$18.822 Billion spent by the federal government on the drug war in 2002 breaks down as follows:

Treatment (with Research): \$3.587 Billion (19.1% of total)

Prevention (with Research): \$2.548 Billion (13.5% of total)

Domestic Law Enforcement: \$9.513 Billion (50.5% of total)

Interdiction: \$2.074 Billion (11.0% of total)

International: \$1.098 Billion (5.8% of total) In other words, \$12.686 Billion in 2002 was directed to supply reduction, i.e. law enforcement (67.4% of total), and \$6.136 Billion to demand reduction, i.e. treatment, prevention and education (32.6% of total).

Source: Office of National Drug Control Policy, "National Drug Control Strategy: FY 2003 Budget Summary" (Washington, DC: Office of the President, February 2002), Table 2, p. 6.

17. "In 2003 the United States spent a record \$185 billion for police protection, corrections, and judicial and legal activities. Expenditures for operating the Nation's justice system increased from almost \$36 billion in 1982 to over \$185 billion in 2003, an increase of 418%"

Source: Hughes, Kristen A., "Justice Expenditure and Employment in the United States, 2003" (Washington, DC: US Dept. of Justice, Bureau of Justice Statistics, April 2006), NCJ212260, p. 2.

18. "- Overall, local police spending represented 45% of the Nation's total justice expenditure, and State corrections accounted for the second largest portion, 33%.
 "- Police protection is primarily a local responsibility; accordingly, local governments spent 69% of the total police protection expenditure in the country in 2003.
 "- Corrections is primarily a State responsibility; as such State governments accounted for 64% of the Nation's corrections expenditure.
 "- Judicial and legal services in the United States were funded primarily by local (43%) and State (38%) governments."

Source: Bauer, Lynn & Steven D. Owens, "Justice Expenditure and Employment in the United States, 2001" (Washington, DC: US Dept. of Justice, Bureau of Justice Statistics, May 2004), NCJ202792, p. 4.

19. "The increase in justice expenditures over nearly 20 years reflects the expansion of the Nation's justice system. For example, in 1982 the justice system employed approximately 1.27 million persons; in 2003 it reached over 2.3 million.
 "Police protection
 "One indicator of police workload, the FBI's arrest estimates for State and local police agencies, grew from 12 million in 1982 to an estimated 13.6 million in 2003. The number of employees in police protection increased from approximately 724,000 to over 1.1 million.
 "Judicial and legal
 "The judicial and legal workload, including civil and criminal cases, prosecutor functions, and public defender services, also expanded during this period. Cases of all kinds (criminal, civil, domestic, juvenile, and traffic) filed in the nearly 16,000 general and limited jurisdiction State courts went from about 86 million to 100 million in the 16-year period, 1987-2003. The total of judicial and legal employees grew about 101% to over 494,000 persons in 2003.
 "Corrections
 "The total number of State and Federal inmates grew from 403,000 in 1982 to over 1.4 million in 2003. The number of local jail inmates more than tripled from approximately 207,000 in 1982 to over 691,000 in 2003. Adults on probation increased from over 1.4 million to about 4.1 million persons. Overall, corrections employment more than doubled from nearly 300,000 to over 748,000 during this same period."

Source: Bauer, Lynn & Steven D. Owens, "Justice Expenditure and Employment in the United States, 2001" (Washington, DC: US Dept. of Justice, Bureau of Justice Statistics, May 2004), NCJ202792, p. 7.

20. "In 2003, 7.2% of total State and local expenditures was for justice activities – 3% for police protection, 2.6% for corrections, and 1.5% for judicial and legal services (figure 3).
 "By comparison, 29% of State and local government spending went to education, 14% to public welfare, 7% to health and hospitals, and 4% to interest on debt."

Source: Bauer, Lynn & Steven D. Owens, "Justice Expenditure and Employment in the United States, 2001" (Washington, DC: US Dept. of Justice, Bureau of Justice Statistics, May 2004), NCJ202792, p. 4.

21. "The few studies on the local economic impacts of prisons to date have not found significant positive impacts. For example, a study by the Sentencing Project challenges the notion that a new prison brings economic benefits to smaller communities. Using 25 years of data from New York State rural counties, the authors looked at employment rates and per capita income and found 'no significant difference or discernible pattern of economic trends' between counties that were home to a prison and counties that were not home to a prison (King, Mauer, and Huling 2003). According to a recent study by Iowa State

University, many towns that made sizeable investments in prisons did not reap the economic gains that were predicted (Besser 2003). Another analysis in Texas found no impacts as measured by consumer spending in nearly threefourths of the areas examined (Chuang 1998)."

Source: Lawrence, Sarah and Jeremy Travis, "The New Landscape of Imprisonment: Mapping America's Prison Expansion" (Washington, DC: Urban Institute, April 2004), p. 3.

22. "The economic benefits of new prisons may come from the flow of additional state and federal dollars. In the decennial census, prisoners are counted where they are incarcerated, and many federal and state funding streams are tied to census population counts. According to the U.S. General Accounting Office (2003), the federal government distributes over \$140 billion in grant money to state and local governments through formula-based grants. Formula grant money is in part based on census data and covers programs such as Medicaid, Foster Care, Adoption Assistance, and Social Services Block Grant (U.S. General Accounting Office 2003). Within a state, funding for community health services, road construction and repair, public housing, local law enforcement, and public libraries are all driven by population counts from the census."

Source: Lawrence, Sarah and Jeremy Travis, "The New Landscape of Imprisonment: Mapping America's Prison Expansion" (Washington, DC: Urban Institute, April 2004), p. 3.

23. "Every dollar transferred to a 'prison community' is a dollar that is not given to the home community of a prisoner, which is often among the country's most disadvantaged urban areas. According to one account, Cook County Illinois will lose nearly \$88 million in federal benefits over the next decade because residents were counted in the 2000 Census in their county of incarceration rather than their county of origin (Duggan 2000). Losing funds from the 'relocation' of prisoners is also an issue for New York City, as two-thirds of state prisoners are from the city, while 91 percent of prisoners are incarcerated in upstate counties (Wagner 2002a)."

Source: Lawrence, Sarah and Jeremy Travis, "The New Landscape of Imprisonment: Mapping America's Prison Expansion" (Washington, DC: Urban Institute, April 2004), p. 3.

24. Research assessing the impact of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) found that the termination of addiction disability payments has had a negative effect. According to the study, "A qualitative analysis, featuring in-depth interviews with 101, nonrandomly selected former recipients revealed that disability benefits promoted housing autonomy, successful cohabitation, and overall housing stability. The termination of benefits, at a time of diminishing social services (e.g., cash and housing assistance) and a housing market explosion, increased various types of homelessness for respondents and dependency on family and friends. Such negative living outcomes, in turn, further escalated the risk of drug and alcohol use, criminal participation, and victimization."

Source: Anderson, Tammy L., Caitlin Shannon, Igor Schyb, and Paul Goldstein, "Welfare Reform and Housing: Assessing the Impact to Substance Abusers," Journal of Drug Issues (Tallahassee, FL: Florida State University, Winter 2002), Vol. 32, No. 1, p. 265.

25. Research assessing the impact of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) found that the termination of addiction disability payments has had a negative effect. According to the study, "First, PRWORA of 1996 has destabilized the housing situations of the respondents and has placed them at greater risk for various types of housing problems and homelessness. Second, these housing complications have exacerbated numerous social problems (drug and alcohol abuse, crime, and victimization). It is important to consider, however, that changes in the housing market, decreased housing subsidies, and individual characteristics and behaviors also played a role in these negative outcomes.

"More specifically, we found considerable housing dependency, at some level, for all respondents, albeit most often among those who currently had no SSI benefits. Problematic dependence on family, friends, and significant others (doubling up or sharing housing with other adults) was most common, followed by dependence on state-funded program. Independent living (e.g., having one's own place and paying one's own rent), which we would hope for most by middle-age, was an uncommon occurrence."

Source: Anderson, Tammy L., Caitlin Shannon, Igor Schyb, and Paul Goldstein, "Welfare Reform

and Housing: Assessing the Impact to Substance Abusers," Journal of Drug Issues (Tallahassee, FL: Florida State University, Winter 2002), Vol. 32, No. 1, p. 289.

26. Research assessing the impact of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) found that the termination of addiction disability payments has had a negative effect. According to the study, "While the aim of SSI addiction disability termination was, for conservatives, to force individuals to take greater responsibility in their lives and to decrease dependence on governmentally funded programs, this goal appears nearly impossible to achieve given the lack of resources had by this under-skilled and poor population. Nor did the policy change necessarily decrease their risk of continued involvement in drugs and crime. We estimate that losing a stable housing situation has placed respondents at greater risk for continued drug and alcohol use, something not considered by extant etiological work on individual substance abuse. These consequences could mean a greater dependence of this population on state and federally funded programs."

Source: Anderson, Tammy L., Caitlin Shannon, Igor Schyb, and Paul Goldstein, "Welfare Reform and Housing: Assessing the Impact to Substance Abusers," Journal of Drug Issues (Tallahassee, FL: Florida State University, Winter 2002), Vol. 32, No. 1, p. 290.

27. In January 2001, the National Center on Addiction and Substance Abuse at Columbia University published an analysis of costs to states from tobacco, alcohol and other drug addiction. According to the report, "CASA's analysis revealed a few cost categories where only a single category of substances is implicated. (Figure 2.B) For instance, CASA identified \$1.1 billion in state spending linked to illicit drug use only: \$574 million for public safety costs for drug enforcement programs; \$114 million for drug courts; and \$412 million linked to illegal drugs in state spending on Medicaid. "CASA estimates that \$7.4 billion in state spending is linked exclusively to tobacco through state Medicaid spending. "The single drug linked to the largest percentage of state costs is alcohol. We were able to identify \$9.2 billion in state spending linked to only to alcohol in addition to the costs associated with abuse of both alcohol and illegal drugs: \$915 million on highway safety and local law enforcement associated with drunk driving; \$837 million in state costs for the developmentally disabled as a result of fetal alcohol syndrome; and, \$7.4 billion in state Medicaid costs."

Source: National Center on Addiction and Substance Abuse at Columbia University, Shoveling Up: The Impact of Substance Abuse on State Budgets (New York, NY: CASA, Jan. 2001), p. 11.

28. "Of the \$81.3 billion states spent on substance abuse in 1998, \$77.9 billion were spent shoveling the wreckage of this enormous health and social problem. These clean-up costs equal 12.6 percent of the total \$620 billion in state spending for 1998. (Table 3.1) "Almost ninety-six (95.8) cents of every state dollar spent on substance abuse goes to carry its burden in state programs such as criminal justice, school aid, Medicaid, child welfare, developmental disabilities and mental illness because of our failure to prevent substance abuse and treat those who are abusers and addicts."

Source: National Center on Addiction and Substance Abuse at Columbia University, Shoveling Up: The Impact of Substance Abuse on State Budgets (New York, NY: CASA, Jan. 2001), p. 13.

29. "In 1998, states spent a total of \$39.7 billion for justice-related programs in adult corrections, juvenile justice and the judiciary amounting to 6.3 percent of their budgets. Of this amount, \$30.7 billion (77 percent) was linked to substance abuse."

Source: National Center on Addiction and Substance Abuse at Columbia University, Shoveling Up: The Impact of Substance Abuse on State Budgets (New York, NY: CASA, Jan. 2001), p. 15.

30. "State spending for substance abuse in the justice system amounts to over one-third (39.4 percent) of the \$77.9 billion states spend on the burden of substance abuse to state programs – 10 times the amount states spend on all substance abuse prevention, treatment and research."

Source: National Center on Addiction and Substance Abuse at Columbia University, Shoveling Up: The Impact of Substance Abuse on State Budgets (New York, NY: CASA, Jan. 2001), p. 15.

31. "States spent \$29.8 billion in 1998 for adult corrections including incarceration, probation and parole. Eighty-one percent of this amount (\$24.1 billion) was spent on substance-involved offenders. Of the \$24.1 billion, \$21.4 billion went to run and build prisons to house substance-involved offenders, \$1.1 billion for parole and \$695 million for probation for substance-involved offenders. An additional \$899 million was spent on state aid to localities for substance-involved offenders (Figure 3.A)"

Source: National Center on Addiction and Substance Abuse at Columbia University, Shoveling Up: The Impact of Substance Abuse on State Budgets (New York, NY: CASA, Jan. 2001), p. 15.

32. "Only \$513.3 million in state funds is spent nationwide on substance abuse prevention. This includes \$223 million through the department of health, \$210 million through the department of substance abuse and \$80 million in prevention in elementary and secondary education. Most spending for prevention through the schools is federally funded and that amount is not included here."

Source: National Center on Addiction and Substance Abuse at Columbia University, Shoveling Up: The Impact of Substance Abuse on State Budgets (New York, NY: CASA, Jan. 2001), p. 22.

33. "Of the \$3 billion states spend on prevention, treatment and research, \$920 million (30.7 percent) is spent by state health agencies; \$843 million (27.9 percent) by state alcohol and drug abuse offices; \$433 million (14.3 percent) by the justice system."

Source: National Center on Addiction and Substance Abuse at Columbia University, Shoveling Up: The Impact of Substance Abuse on State Budgets (New York, NY: CASA, Jan. 2001), p. 22.

34. "States report spending \$2.5 billion a year on treatment. States did not distinguish whether the treatment was for alcohol, illicit drug abuse or nicotine addiction. Of the \$2.5 billion total, \$695 million is spent through the departments of health and \$633 million through the state substance abuse agencies. We believe that virtually all of these funds are spent on alcohol and illegal drug treatment."

Source: National Center on Addiction and Substance Abuse at Columbia University, Shoveling Up: The Impact of Substance Abuse on State Budgets (New York, NY: CASA, Jan. 2001), p. 24.

35. "The justice system spends \$433 million on treatment: \$149 million for state prison inmates; \$103 million for those on probation and parole; \$133 million for juvenile offenders; \$46 million to help localities treat offenders; \$1 million on drug courts. Treatment provided by mental health institutions for co-morbid patients totals \$241 million. The remaining \$492 million is for the substance abuse portion of state employee assistance programs (\$97 million), treatment programs for adults involved in child welfare services (\$4.5 million) and capital spending for the construction of treatment facilities (\$391 million). (Figure 4.B)"

Source: National Center on Addiction and Substance Abuse at Columbia University, Shoveling Up: The Impact of Substance Abuse on State Budgets (New York, NY: CASA, Jan. 2001), p. 24.

36. "The final component of state substance abuse spending is the \$433 million states spent in 1998 to regulate the sale of alcohol and tobacco and to collect alcohol and tobacco taxes (Table 5.1) Tax rates vary significantly from state to state and revenues generally are not dedicated to prevent, treat or cope with the burden substance abuse and addiction places on many state programs.
"In 1998, states collected \$4.0 billion in alcohol and \$7.4 billion in tobacco taxes for a total of \$11.4 billion. For every dollar of such tax revenues, states spent \$7.13 on substance abuse and addiction -- \$6.83 to shoulder the burden on public programs, \$0.26 for prevention and treatment, and \$0.04 to collect alcohol and tobacco taxes and run licensing boards."

Source: National Center on Addiction and Substance Abuse at Columbia University, Shoveling Up: The Impact of Substance Abuse on State Budgets (New York, NY: CASA, Jan. 2001), p. 27.

37. According to the American Corrections Association, the average daily cost per state prison inmate per day in the US in 2005 was \$67.55. That means it costs states approximately \$16,948,295 per day to imprison drug offenders, or \$6,186,127,675 per year.

Sources: American Correctional Association, 2006 Directory of Adult and Juvenile Correctional

Departments, Institutions, Agencies and Probation and Parole Authorities, 67th Edition (Alexandria, VA: ACA, 2006), p. 16; Harrison, Paige M. & Allen J. Beck, PhD, US Department of Justice, Bureau of Justice Statistics, Prisoners in 2005 (Washington, DC: US Department of Justice, November 2006), p. 9.

38. A study by the RAND Corporation found that every additional dollar invested in substance abuse treatment saves taxpayers \$7.46 in societal costs.

Source: Rydell, C.P. & Everingham, S.S., Controlling Cocaine, Prepared for the Office of National Drug Control Policy and the United States Army (Santa Monica, CA: Drug Policy Research Center, RAND Corporation, 1994), p. xvi.

39. The RAND Corporation study found that additional domestic law enforcement efforts cost 15 times as much as treatment to achieve the same reduction in societal costs.

Source: Rydell, C.P. & Everingham, S.S., Controlling Cocaine, Prepared for the Office of National Drug Control Policy and the United States Army (Santa Monica, CA: Drug Policy Research Center, RAND Corporation, 1994), p. xvi.

40. "The heavy toll drug abuse exacts on the United States is reflected in related criminal and medical costs totaling over \$67 billion. Almost 70 percent of this figure is attributable to the cost of crime."

Source: Office of National Drug Control Policy, National Drug Control Strategy 2000 Annual Report (Washington DC: US Government Printing Office, 2000), p. 66.

41. A 1998 report by the National Institute on Drug Abuse (NIDA) and the National Institute on Alcohol Abuse and Alcoholism (NIAAA) estimated the economic costs of alcohol abuse in the United States to be \$148.02 billion in 1992, 80% (\$119.32 billion) of which were due to alcohol-related illness (including health care expenditures, impaired productivity and premature death). To contrast, illegal drug abuse cost a total of \$97.66 billion in 1992, of which less than 40% (\$38.71 billion) was due to drug-related illness or premature death. This figure includes \$4.16 billion in HIV/AIDS and Hepatitis treatment costs.

Source: National Institute on Drug Abuse and National Institute on Alcohol Abuse and Alcoholism. The Economic Costs of Alcohol and Drug Abuse in the United States, 1992 (Washington, DC: US Department of Health and Human Services, May 1998), Table 1.1, p. 1-3 and Table 4.1, p. 4-2.

42. A 1998 report by the National Institute on Drug Abuse (NIDA) and the National Institute on Alcohol Abuse and Alcoholism (NIAAA) estimated the economic costs of illegal drug abuse in the United States to be \$97.66 billion in 1992. Sixty percent (60%) of drug costs were due to drug-related law enforcement, incarceration and crime. Only 3% of drug costs were from victims of drug-related crime.

Source: National Institute on Drug Abuse and National Institute on Alcohol Abuse and Alcoholism. The Economic Costs of Alcohol and Drug Abuse in the United States, 1992 (Washington, DC: US Department of Health and Human Services, May 1998), Table 1.2, pp. 1-6.

43. In 1969, \$65 million was spent by the Nixon administration on the drug war; in 1982 the Reagan administration spent \$1.65 billion; in 2000 the Clinton administration spent more than \$17.9 billion; and in 2002, the Bush administration spent more than \$18.822 billion.

Sources: U.S. Congress, Hearings on Federal Drug Enforcement before the Senate Committee on Investigations, 1975 and 1976 (1976); Office of National Drug Control Policy, National Drug Control Strategy, 1992: Budget Summary (Washington DC: US Government Printing Office, 1992), p. 214; Office of National Drug Control Policy, [National Drug Control Budget Executive Summary](#), Fiscal Year 2002 (Washington DC: Executive Office of the President, April 9, 2001), p. 2, Table 1: Office of National Drug Control Policy, "National Drug Control Strategy: FY 2003 Budget Summary" (Washington, DC: Office of the President, February 2002), Table 2, p. 6.

44. The ONDCP in its 2000 annual report detailed administration requests for major increases in funding to the Federal Bureau of Prisons for drug-related prison construction. These include an extra \$420 Million in fiscal year 2001, and advanced appropriations of \$467 Million in 2002, and an additional \$316 Million

in 2003 - all drug-related.

Source: Bureau of Justice Statistics, Sourcebook of Criminal Justice Statistics (Washington, DC: US Government Printing Office, 1997), p. 20; Office of National Drug Control Policy, Executive Office of the White House, National Drug Control Strategy, 1997: Budget Summary (Washington DC: US Government Printing Office, 1997), p. 111; Office of National Drug Control Policy, Executive Office of the White House, National Drug Control Strategy: Annual Report 2000 (Washington, DC: US Government Printing Office, 2000), p. 96.

45. "The value of illegal drug exports from the Caribbean during the past two decades has fallen into two very well differentiated periods. The first period, from 1981 to 1990, was an epoch of impressive depression in the total value of the Caribbean drugs exports -- from an income over US\$20bn at its peak in 1983 to US\$5bn in 1991. Since 1991, the value of Caribbean exports of illegal drugs has stabilised around US\$5bn."

Source: "The Value Of Illegal Drug Exports Transiting The Caribbean - 1981-2000," United Nations Office on Drugs and Crime, Caribbean Regional Office, February 2004, p. 39.

46. It is estimated that Colombia repatriates \$7 billion in drug profits annually, which is nearly as high as the total legitimate exports for Colombia which were \$7.6 billion in 1993.

Source: Trade and Environment Database (TED), TED Case Studies: Columbia Coca Trade, Washington DC: American University (1997), p. 4.

47. It is estimated that Colombian narcotics cartels spend \$100 million on bribes to Colombian officials each year.

Source: Trade and Environment Database (TED), TED Case Studies: Columbia Coca Trade (Washington DC: American University, 1997), p. 4.

48. In 1993, 98% of Bolivia's foreign exchange earnings from goods and services came from the coca market.

Source: US Congress, Office of Technology Assessment, Alternative Coca Reduction Strategies in the Andean Region, F-556 (Washington DC: US Government Printing Office, July 1993).

49. In a report funded by the Wisconsin Policy Research Institute, researchers concluded that "drug sales in poor neighborhoods are part of a growing informal economy which has expanded and innovatively organized in response to the loss of good jobs." The report characterizes drug dealing as "fundamentally a lower class response [to the information economy] by men and women with little formal education and few formal skills," and the report notes "If the jobs won't be created by either the public or private sector, then poor people will have to create the jobs themselves."

Source: Hagedorn, John M., Ph.D., The Business of Drug Dealing in Milwaukee (Milwaukee, WI: Wisconsin Policy Research Institute, 1998), p. 3.

50. In a report funded by the Wisconsin Policy Research Institute, researchers concluded that drug-dealing plays a substantial role in the local economies of poorer urban neighborhoods. "At least 10% of all male Latinos and African-Americans aged 18-29 living in these two [surveyed] neighborhoods are supported to some extent by the drug economy." The report also concluded that "most drug entrepreneurs are hard working, but not super rich" and that "most drug entrepreneurs aren't particularly violent." One-fourth of all drug-dealers surveyed said they encountered no violence at all in their work, and two-thirds reported that violence occurred less than once per month.

Source: Hagedorn, John M., PhD, The Business of Drug Dealing in Milwaukee (Milwaukee, WI: Wisconsin Policy Research Institute, 1998), p. 1.

51. "Although residents of disadvantaged neighborhoods, neighborhoods with high concentrations of minorities, and neighborhoods with high population densities reported much higher levels of visible drug sales, they reported only slightly higher levels of drug use, along with somewhat higher levels of drug dependency. This finding indicates that conflating drug sales with use, so that poor and minority areas

are assumed to be the focus of the problem of drug use, is plainly wrong. The finding is based on the data collected across 41 sites, including city and suburban (but not rural) areas in all regions."

Source: Saxe, Leonard, PhD, Charles Kadushin, PhD, Andrew Beveridge, PhD, et al., "The Visibility of Illicit Drugs: Implications for Community-Based Drug Control Strategies," American Journal of Public Health (Washington, DC: American Public Health Association, Dec. 2001), Vol. 91, No. 12, p. 1991.

52. "Although serious drug use is slightly more prevalent in poor minority neighborhoods than elsewhere, the major problem for disadvantaged neighborhoods is drug distribution. These communities are victims not only of their own drug abuse but also of a criminal drug market that serves the entire society. The market establishes itself in disadvantaged communities in part because of the low social capital in these neighborhoods. The drug economy further erodes that social capital."

Source: Saxe, Leonard, PhD, Charles Kadushin, PhD, Andrew Beveridge, PhD, et al., "The Visibility of Illicit Drugs: Implications for Community-Based Drug Control Strategies," American Journal of Public Health (Washington, DC: American Public Health Association, Dec. 2001), Vol. 91, No. 12, p. 1992.

53. In its annual report for 1998-1999, the French organization Observatoire Geopolitique des Drogues writes of the US: "Inmates are even less likely to find a job after than before serving a sentence, and if nothing changes most of them are doomed to unemployment for life ... and are likely to go back to prison."

Source: Observatoire Geopolitique des Drogues, The World Geopolitics of Drugs 1998/1999 (Paris, France: OGD, April, 2000), p. 133.

54. The French organization OGD points out the deeper economic impact from the eventual release of American drug felons: "(A)ccording to some estimates some 3.5 million prisoners will be released between now and 2010, and an additional 500,000 each year thereafter. "Such a large-scale release of unskilled people - most of them cannot even read and write - will have a negative impact on wages, which are already low in deprived urban areas, due to a massive influx of men desperate to get a job; especially, since the reform of the welfare system in 1996 severely reduced felons' access to welfare money."

Source: Observatoire Geopolitique des Drogues, The World Geopolitics of Drugs 1998/1999 (Paris, France: OGD, April, 2000), p. 133.

Home	Common Sense for Drug Policy	Research Links and Materials for Journalists and Policy Makers	Media Awareness Project News Archive	Public Education and Advertising Campaign
Drug War Distortions	Effective National Drug Control Strategy	Put a Drug War Facts banner on YOUR site	Links to Drug and Criminal Policy Organizations	Real-Time Drug War Clock

Copyright © 2000-2005, [Common Sense for Drug Policy](#)

Updated: Monday, 21-May-2007 10:56:17 PDT ~ Accessed: 123853 times