

THE DRUG PROBLEM

Illegal drug trafficking and use in the United States is a problem of major size and scope. Although the illegal drug network now reaches every area of the Nation and all strata in society, the hard data necessary to provide a precise and complete description of the Nation's drug problem are not available. Drug data are fraught with uncertainty for a simple reason. They are data about and derived from a system that is part of the underworld. Drug traffickers and users devote great efforts to staying hidden.

This report does, however, attempt to characterize the size and impact of the Nation's drug problem by drawing on publicly available information and Federal agency estimates. Many of the numbers are constructed from limited data, so OTA generally gives them as ranges.

Illegal drugs are classified by the Controlled Substances Act into four categories: 1) cannabis (e. g., marijuana and hashish); 2) cocaine; 3) dangerous drugs (e. g., methamphetamine, LSD, methaqualone, and amphetamines); and 4) opiates (e. g., heroin). The size of the illegal economy supported by the three drugs (marijuana, cocaine, and heroin) that are the focus of this study (because they are mostly or entirely imported) are estimated by OTA to have had an annual gross retail value in 1985 of about \$50 billion (see tables 1 and 2). Thus, the retail sales of marijuana, cocaine, and heroin equal the combined sales of the Nation's two largest retailers, Sears and K-Mart. Unlike Sears and K-Mart, the drug industry requires small capital investment, involves no retail stores, and minimal investment in production and storage facilities. The industry's major operating costs are associated with paying employees and supporting the illegal transportation network that is the focus of this study.

The DEA states that the rate of drug use in the United States is higher than any other Western industrialized country. Marijuana is the most widely used illegal drug with an estimated 18.2 million Americans using it one or more times each month. As many as 5.8 million Americans use cocaine one or more times a month and there are estimated to be a half million heroin addicts.² In sum, 10 percent of the population over the age of 12 are regu-

Table 1.—Total Drug Traffic Revenues
(1985 gross averages in U.S. billions of dollars)

	Foreign wholesale	Domestic wholesale	Retail
Marijuana	\$0.4	\$6.3	\$16.8
Cocaine	1.2	2.8	20.0
Heroin	—	1.0	13.8
Total	\$1.6	\$10.1	\$50.6

NOTE: These data were derived from the 1985 Worldwide Drug Assessment prepared by DEA and 1985 National Average Prices also developed by DEA. The average of the high and low estimates for import weight of each drug was multiplied by the average of the high and low price to obtain the above estimates of gross revenue. The estimates represent only those drugs that were imported and consumed in the United States. Such portions that were stockpiled, lost, seized, or domestically produced have been deducted from these figures. These data could be very inaccurate but these are the most reliable figures OTA could obtain.

Table 2.—1985 Drug Prices
(U.S. dollars per pure kilogram)

	Foreign wholesale	Domestic wholesale	Retail
Marijuana			
(national average). . . .	35	990	2,625 ^a
Cocaine:			
(national average). . . .	9,000	40,000	285,000 ^b
(Miami)	—	30,000C	—
Heroin	4,500	160,000	2,300,000^d

^aColombian marijuana purchased in small quantities.
^bpurchased in small quantities at 35 PerCent purity.
^cFirst half of 1986 cocaine prices in Miami ranged from \$20,000 to \$32,000.
^dPurchased in small quantities at 5 percent purity.

SOURCE: Drug Enforcement Administration and Metro-Dade Police Department.

lar users of marijuana and 3 percent are users of cocaine.

Sociopolitical Impacts of Smuggling

The above statistics tell only part of the story. Another dimension is the impact of the trafficking system itself. Virtually all heroin and cocaine and about 80 percent of the marijuana consumed are smuggled across our borders. The social, economic, and political consequences of this huge industry are negative and serious.

The international drug trade is considered so dangerous that in April 1986 the President signed a National Security Decision Directive on Narcotics and National Security, and directed Federal agencies including the Department of Defense to more actively counter narcotics smuggling.³ A major fo-

³Testimony of Colonel Harvey G. Pothier, USAF, Acting Director of DOD Task Force on Drug Enforcement, before the Subcommittee on Defense, Senate Committee on Appropriations, July 30, 1986.

¹Ibid.

cus of concern has been the effect of drug revenues in corrupting political and judicial institutions worldwide. Growing evidence suggests that many political leaders, police officials, and judges provide protection for drug smugglers in exchange for bribes. In more extreme cases, political, military, and police officials are themselves active participants in the international drug trade.

Where the officials involved are members of friendly governments, the dilemmas posed for U.S. foreign policy are evident. U.S. efforts to crack down on the drug trade may result in destabilizing the Nation's allies.

Domestically, the range of impacts resulting from the drug trade is reported daily in the news media. The highly publicized deaths of college and professional athletes reflect a growing awareness of cocaine abuse. More generally the increase in drug abuse has led the commissioners of professional baseball and football to establish drug testing programs. Similarly, many corporations have become so concerned about drug use among their employees that they plan to require drug tests as well. Testing of U. S. military personnel over the past 5 years has apparently led to dramatic declines in the number of users in the services.

In recent years a growing number of major U.S. banks have been fined for their failure to report large cash transactions. The suspicion is that some of these large cash transactions involve the laundering of drug money. Whether the failure to report large cash transactions is conscious or inadvertent, they reflect the pervasive nature of the drug economy.

The President's Commission on Organized Crime believes that drug trafficking is the most widespread and lucrative organized crime activity in the Nation, accounting for almost 38 percent of all organized crime cases.⁴ Drugs have not only become a major activity of long-established criminal organizations, but have also led to the establishment of a growing number of newly organized crime families. Criminal organizations dominated by Latin Americans and Asians are now commonly identified. As these criminal organizations develop and mature, they grow ever more sophisticated.

⁴Report of the President's Commission on Organized Crime, Washington, DC, March 1986.

With this sophistication comes, all too frequently, efforts to corrupt U.S. political, police, and judicial officials. One member of this study's advisory committee said: "There is an old adage that everyone has his price. The drug traffickers have the revenues to pay that price.

Trends

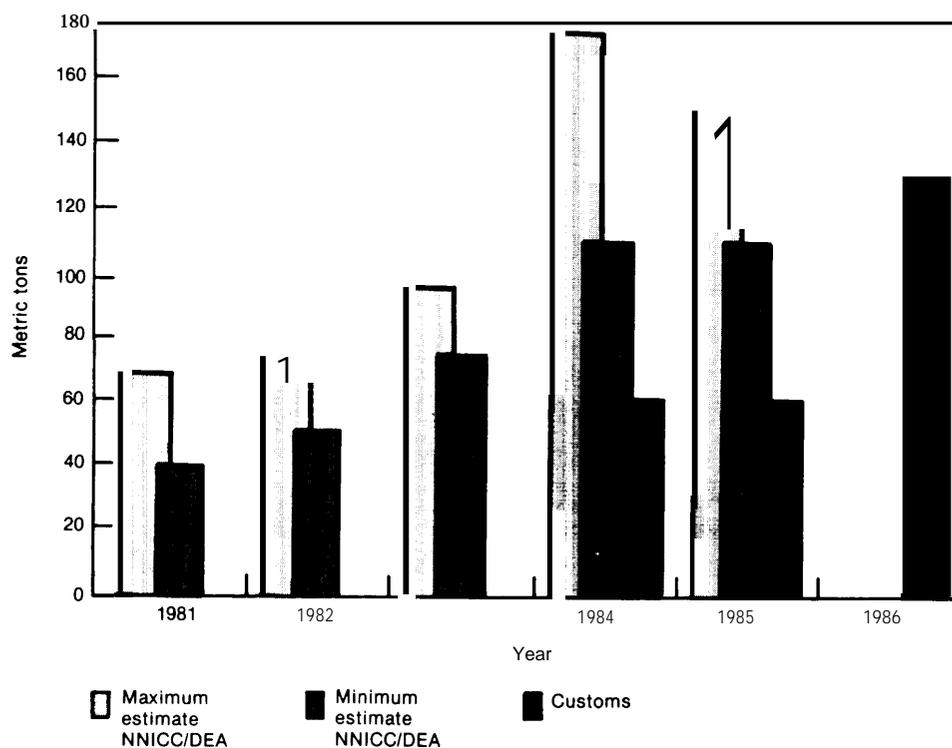
Data on the size and character of the drug trafficking system are not reliable. For the most part, estimates of the quantity of drugs being smuggled are derived from data on seizures by drug enforcement agencies. Seizure data from a given agency are often inconsistent and comparison of seizure data from different agencies regularly highlights gross contradictions. Some of the inconsistency is due to double counting, inaccurate weighing, and the existence of several different, separate data systems set up by the agencies involved. A quantitatively reliable picture of trends is not currently available. A new system to eliminate double counting among agencies began operating in October 1986. However, this improvement will not provide information necessary to evaluate effectiveness of individual program elements. Neither can it provide meaningful information about trends until enough data is acquired (perhaps in a year or two).

Even the most conservative estimates of the quantities of drugs coming into the United States are cause for major concern. It also appears that the illegal drug networks will continue to seek market expansion. The drug trafficking system has evolved a level of professionalism that allows it to respond to the market with a speed and sophistication equal to or greater than that of many legitimate industries. Both the volume of drugs available and the forms of sale are flexible.

In terms of retail sales the total dollar value of cocaine is second to marijuana, but DEA views cocaine as the country's most serious drug problem, because of its widespread use, increasing availability and significant health consequences. DEA believes that this will remain the case for the foreseeable future.⁵

⁵U. S. Department of Justice, Drug Enforcement Administration, *Special Report: Worldwide Drug Assessment: Threat to the United States*, June 1986, p. 2.

Figure 1.—Total Cocaine Traffic, 1981-86
(exports to the United States based on production estimates)



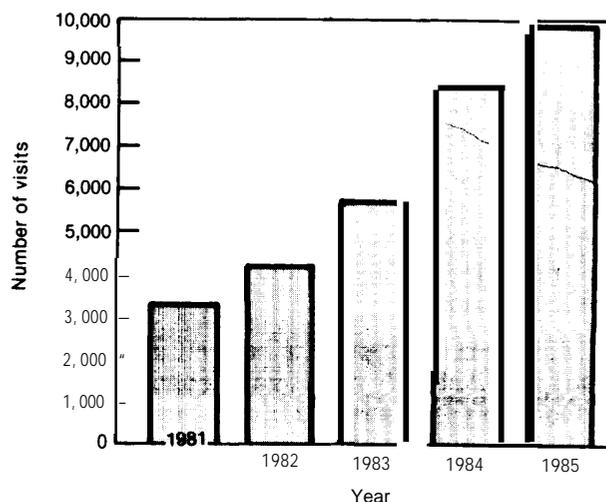
NOTE: Some law enforcement officials believe that this estimate is low and the actual cocaine imports have at least tripled in past 5 years

SOURCES: 1981-84: National Narcotics Intelligence Consumers Committee, *Narcotics Intelligence Estimate*, 1983 and 1984
1985: Drug Enforcement Administration, *Worldwide Drug Assessment*, June 1986.
1984-86: United States Customs, *Drug Smuggling Threat Estimate*, 1984-86.

Estimates are that the quantity of cocaine coming into the United States has more than doubled in the last 5 years (see figure 1). The number of cocaine-related hospital emergencies has been rising (figure 2) and cocaine use has spread to every part of the Nation. During the initial period of growth in cocaine use, it was marketed as a powder. The form in which cocaine is used, however, has been changing and at present a new form, "crack," is spreading across the United States. Crack is particularly dangerous; compared with more common forms of cocaine, it is more potent, costs less per dose, and its effects last for a shorter time before the user craves more. By most accounts, it is highly addictive.

Data on cocaine production, traffic, and consumption from 1981-85 have been collected by OTA from several sources and are displayed in figure 3. These data illustrate not only major growth

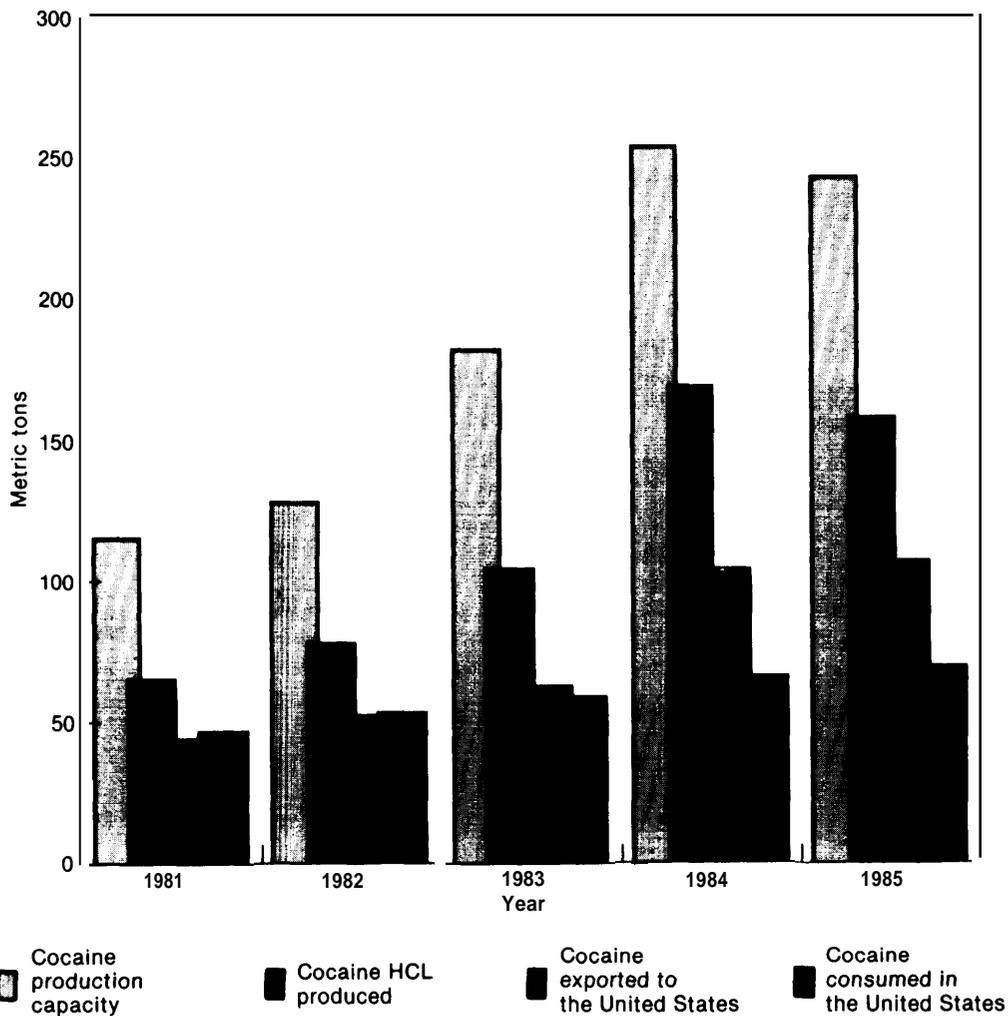
Figure 2.—Cocaine-Related Emergency Room Visits, 1981-85



NOTE: Only those emergency room visits reported through the DAWN system are included. Actual totals are probably higher.

SOURCE: Drug Abuse Warning Network.

Figure 3.-Cocaine Production, Traffic, and Consumption, 1981-85



SOURCE: National Narcotics Intelligence Consumers Committee, Narcotics Intelligence Estimate, 1983 and 1984; Drug Enforcement Administration, *Worldwide Drug Assessment*, June 1986.

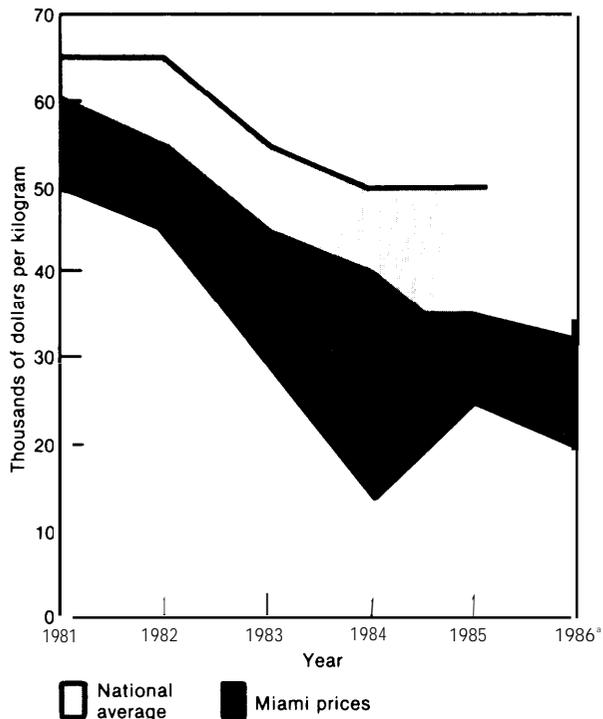
during this period but what appears to be a huge oversupply of this drug. Price data for the period, shown in figure 4, indicate a sharp decline which may contribute to the increasing numbers of users. Experts differ on the interpretation of these data and many claim they are too inaccurate to reach any conclusion.

Marijuana use appears to be declining in recent years, but it already represents a huge market, 18 million monthly users. Marijuana imports shown in figure 5 appear to have ranged between 10,000 and 12,000 metric tons for at least the past 5 years.

Imports appear to be decreasing while domestic production is increasing, and larger quantities of imports are coming from countries closer to the U.S. border, mainly Mexico. In addition, assessments by U.S. drug agencies indicate that over the last decade the potency of marijuana being grown for the U.S. market has been steadily increasing.

Heroin use remains relatively stable and the user population has, at least until relatively recently, been concentrated in major metropolitan areas. Figure 6 shows heroin traffic (assumed equal to consumption) from 1981 to 1986 leveling off at about

Figure 4.—Cocaine Wholesale Prices in Miami and Nationwide, 1981-86



*First half of 1986

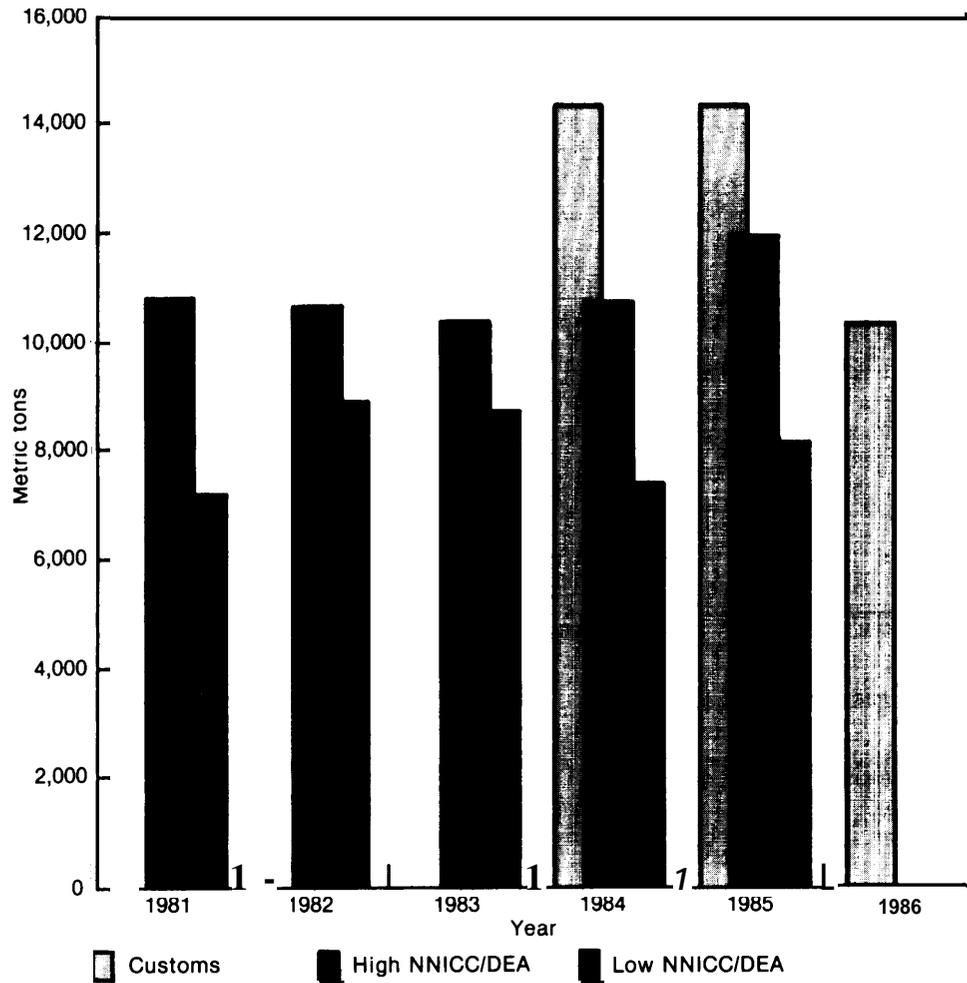
SOURCES: Art Nehrbass, Metro-Dade Police Department, personal communication, 1986 Drug Enforcement Administration, 1986.

6,000 kilograms for the past 3 to 4 years. A major change has been the recent rapid increase in the import of heroin from Mexico. One form of Mexican heroin, known as "black tar," is generally of both higher quality (i.e., higher purity) and lower price than heroin from other sources. Infusion of Mexican heroin has created a new problem for drug enforcement officials. The Drug Enforcement Administration preliminary data suggest a limited increase in heroin use during 1985.⁶ This may be a function of the lower priced, high-quality Mexican heroin, plus the novelty of a new form.

In sum, overall trends suggest two developments. First, illegal importation of certain drugs into the United States is increasing. Second, the illegal drug industry is demonstrating a capacity to distribute more potent drugs in a variety of forms to suit the market. Cocaine is the drug causing the greatest public concern both because of its increasing availability and its dangers. During the early period of its growth in use, some portions of society saw it as a "safe" drug. Today few doubt the dangers of cocaine.

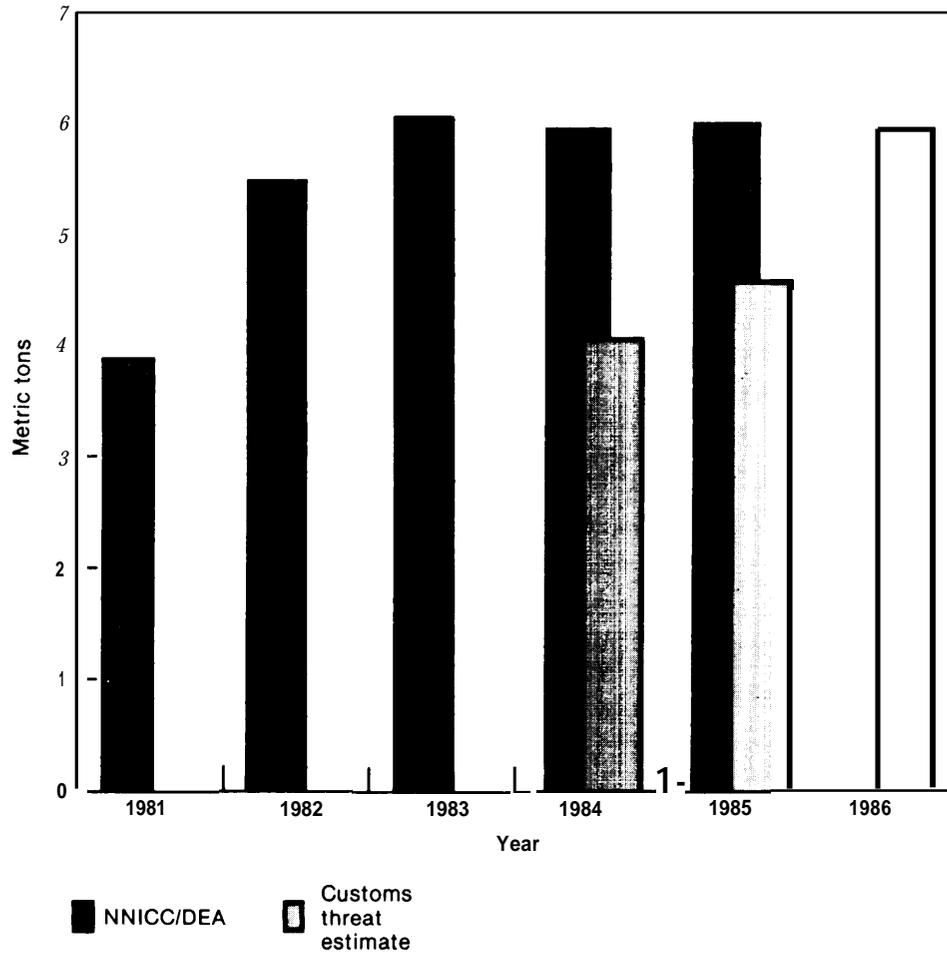
⁶Ibid., p. 3.

Figure 5.-Total Marijuana Traffic, 1981-86
(exports to the United States based on production estimates)



SOURCES: 1981-84: National Narcotics Intelligence Consumers Committee, *Narcotics Intelligence Estimate*, 1983 and 1984.
1985: Drug Enforcement Administration, *Worldwide Drug Assessment*, June 1988.
1984-88: United States Customs, *Drug Smuggling Threat Estimate*, 1984-88.

Figure 6.—Total Heroin Traffic, 1981-86 (traffic assumed equal to consumption estimates)



SOURCES: 1961-64: National Narcotics Intelligence Consumers Committee, *Narcotics Intelligence Estimate*, 1963 and 1964.
 1985: Drug Enforcement Administration, *Worldwide Drug Assessment*, June 1986.
 1964-86: United States Customs, *Drug Smuggling Threat Estimate, 1984-86*.