

CRS Report for Congress

International Drug Trade and Its Impact on the United States

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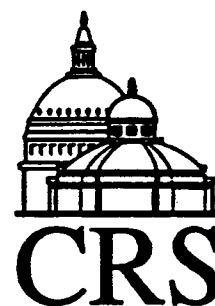


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INTERNATIONAL DRUG TRADE AND ITS IMPACT ON THE UNITED STATES

I. INTERNATIONAL DRUG TRADE

THE PROBLEM

More than 13 million Americans buy illicit drugs and use them more than once per month, spending each year, by most conservative estimates, over \$50 billion -- and perhaps as much as \$150 billion or more -- in a diverse and fragmented criminal market.¹ Such drugs are to varying degrees injurious to the health, judgment, productivity and general well-being of their users. The addictive nature of many of these drugs, their high price and their illegality may play a role in as much as half the street crime in the United States. Drug related criminal activity is seen as one of the main reasons for the substantial growth of the U.S. prison population and over one million persons are arrested each year on drug related charges in the United States.² The U.S. illicit drug market generates enormous profits that enable the growth of diversified national and international criminal organizations and extension of their reach into local communities, legitimate business, and even national governments. Such profits provide drug trafficking organizations with the resources to effectively evade and compete with law enforcement agencies, and in some instances, to challenge the authority of national governments.

Measured in dollar value, at least four-fifths of all the illicit drugs consumed in the United States are of foreign origin, including virtually all the cocaine and heroin. Of the marijuana consumed in the United States, 25% to 35% is domestically produced and virtually all of the hallucinogens and illegally marketed psychotherapeutic drugs and "designer" drugs are of domestic origin.³

¹ *The National Drug Control Strategy: 1996* on page 12 estimates that in 1993, Americans spent an estimated \$49 billion on illegal drugs. The former Select Committee on Narcotics Abuse and Control estimated that Americans spent \$140 billion on illegal drugs in 1987.

² Data supporting this premise is found in *The National Drug Control Strategy: 1994* (February) on pages 10-11 which also notes that "there is strong evidence of a significant link between homicides and the drug trade". See also: *The National Drug Control Strategy: 1996*, p. 12. and the *1993 Interim National Drug Control Strategy*, p.18-19.

³ *The National Drug Control Strategy: 1996* on page 35 estimates that as much as 25% of the marijuana consumed in the United States is domestically grown. According to the *NNICC Report: 1994* (August 1995), page 69, "Domestic clandestine laboratories produced most of the illicit dangerous drugs available in the United States." The term

Mexican criminal groups are increasingly playing an important role in the manufacture, import and distribution of methamphetamine in the United States.

Little is known about the distribution of revenues from illicit drug sales, but foreign supply cartels exercise considerable control over wholesale distribution in the United States and illicit proceeds are often laundered and invested through foreign banks and financial institutions.

Because cocaine is seen as the primary drug threat to the United States, and cocaine is produced and transported to the United States from the Andean nations of Bolivia, Colombia and Peru -- mostly through Mexico -- U.S. international drug policy has focused primarily on Latin America.

Efforts to greatly reduce the flow of illicit drugs from abroad into the United States have so far not succeeded. Over the past decade, worldwide production of illicit drugs has increased dramatically: opium and marijuana production has roughly doubled and coca production tripled.⁴ On the supply side, a major area of ongoing concern remains: how effective can international narcotics control programs be in helping to reduce U.S. domestic drug consumption? On the demand-reduction side, although the causes of demand reduction are disputed, cocaine use is substantially down from the mid-1980's, reversing an earlier rising trend. Some individuals benefit from treatment, although by far the majority of those who enter treatment programs eventually return to illicit use.

THE PROBLEM DRUGS AND MAJOR FOREIGN SOURCES

Cocaine

Approximately 1-1/2 million Americans use cocaine weekly. According to the Department of State's March 1996 *International Narcotics Control Strategy Report* [INCSR], 460 metric tons of cocaine were potentially available from Peru in 1995; 240 from Bolivia, and 80 metric tons from Colombia. In all three of these countries coca leaf cultivation increased in 1995. Colombia is the center of the international cocaine trade. Colombian traffickers import coca base, refine it into cocaine, and smuggle the finished product abroad. Seventy percent and as high as eighty percent of the cocaine entering the United States does so via Mexico-up from approximately 50% in 1991.

"dangerous drugs" in that report refers to broad categories of controlled substances other than cocaine, opiates and cannabis products.

⁴ This conclusion is supported by production data contained in the State Department's annual *International Narcotics Control Strategy Reports* for the years 1986-through 1996.

Heroin

There are approximately 500,000 to 750,000 regular heroin users in the United States. (The 1996 *National Drug Control Strategy* estimates the number at 586,000 in 1993.) Heroin is currently the target of increased U.S. drug policy emphasis. Its price is down from levels in the 1980's, purity is much greater, and new smokable forms of opium are more user friendly -- i.e., needles are not required.

Some argue that if left uncurbed, drug supply creates its own demand. Worldwide heroin production is up and Asian trafficking organizations are aggressively targeting the U.S. market, causing concern in policy circles that U.S. heroin use may be rising. Opium comes to the United States from Southeast Asia, where it is produced primarily in Burma, Laos, and Thailand, and to a lesser degree from Southwest Asia, where major producers are Afghanistan, Pakistan, and India. Burma is the world's largest producer, according to the U.S. Government and the U.N. Drug Control Program, Afghanistan is second, and Laos is third.⁵ U.S. economic investment or assistance to these three countries, if any, is negligible, which limits U.S. unilateral influence on these producers. Notably, many question the ability of countries such as Burma to control areas where trafficking organizations operate, and the ability of the central government in Afghanistan to impose its will on rival groups is questionable at best.

Five percent of the heroin seized in the United States in 1994 was produced in Mexico. Europe and Africa (Nigeria) are major transshipment points for Asian heroin to the United States.⁶

Marijuana

The peak year for illicit drug use in the United States was 1979, when an estimated 12.8% of the population aged 12 and older -- 23 million Americans -- used marijuana at least once a month. Between 1979 and 1993 the rate of marijuana use steadily declined to 4.3% in 1993. Among youths aged 12 to 17, the rate of marijuana use declined from 16.8% in 1979 to 4.0% in 1992. However, the 1994 *National Household Survey on Drug Abuse* showed that marijuana use among 12- to 17-year-olds had almost doubled during the period 1992-1994, and that approximately 1.6 million use marijuana at least once a month. Among the general population the rate of use has increased slightly since 1992, rising to 4.8% -- or 10 million Americans aged 12 and older using marijuana at least once a month. For some time prior to this, marijuana was not a top priority drug -- and some would say a "back burner" issue -- in many drug policy and law enforcement circles. This policy de-emphasis was due, to a large degree, to budgetary restraints and the fact that other drugs are perceived

⁵ See: The Department of State's *International Narcotics Control Strategy Report*, March 1996.

⁶ See *The NNICC Report 1994* (August 1995), pages 31 and 34-35.

as a greater danger to society, but some of it may well be attributed to attitudinal changes by some users who see marijuana use as non-addictive and perhaps only minimally injurious to health.

Colombia is one of the world's largest producers of marijuana, second only, if at all, to the United States. Mexico falls in third place, and Jamaica trails as a weak fourth. [Note that State Department INCSR data on worldwide drug production does not include U.S. marijuana production or export data, but the August 1995 *National Narcotics Intelligence Consumers Committee* (NNICC) *Report* indicates that Mexican drug organizations are responsible for smuggling 50-60% of the Marijuana available in the United States in 1994, most of it across the southwest border.] A February 1996 Drug Enforcement Administration (DEA) report (No. 96014) notes that the *potential* amount of Colombian marijuana available for consumption has increased 338% over the last 6 years and cites this increase as a resurgent drug threat.

Synthetics

A variety of illegal synthetic drugs which include stimulants and hallucinogens are of concern to U.S. policy makers. Most of these are U.S. produced varieties, Taiwanese "ice" being an exception. According to current Drug Abuse Warning Network (DAWN) statistics, methamphetamine stimulant use in certain midwest regions has more than doubled since 1991. The August 1994 NNICC report indicates that Mexican organizations have replaced U.S. outlaw motorcycle gangs as the primary producers, and distributors in western states.

THE FEDERAL RESPONSE

Overview, Historical Perspective, and Policy Pro-Cons

Overview

The federal anti-drug initiative has two major elements: (1) reduction of demand and (2) reduction of supply. Reduction of demand is sought through education to prevent dependence, through treatment to cure addiction, and through measures to increase prices, to "hassle" and embarrass, and to increase the risk of apprehension at the consumer level. Reduction of supply (which accounts for about 67% of the \$15.1 billion federal anti-drug control budget proposed for FY1997) is sought by programs aimed at destabilizing the operations of illicit drug cartels at all levels, and by seizing their products and assets. Much of this action occurs within U.S. states and cities, but as most illicit drugs are imported, a major interdiction campaign is conducted on the U.S. borders, at ports of entry, on the high seas, and on major foreign transshipment routes and production sites. An international program of source crop eradication is also being pursued. Federal policies for the reduction of illicit supply have major international components.

International cooperation is a cornerstone of U.S. counter-drug policy. The Clinton Administration views the U.N., the Organization of American States (OAS), and other regional organizations as important vehicles for implementing U.S. policy. Curbing money laundering and seizing drug-related assets is an important tool of U.S. drug policy. Curbing precursor chemical sales [sales of chemicals needed to manufacture and process illicit drugs] is an important element as well.

Historical Perspective

Throughout successive administrations, United States international drug control policy has remained largely a supply-reduction, law enforcement-oriented policy. The effectiveness of such policies has been a matter of dispute. The chilling effect of law enforcement/interdiction policies in deterring new users -- and discouraging existing ones -- is debated as exact data are not available. Cocaine use, however, since the 1980's has declined by some two million users, reversing an earlier trend.

Drug supply-line interdiction is both a foreign and domestic policy issue. Many argue that the United States should intensify law enforcement activities designed to disrupt the transit of illicit narcotics as early in the production/transit chain as possible -- well before the drugs reach the streets of the United States. Such policies are designed to provide some early deterrence to trafficking activity; to raise risks to traffickers; and to raise drug prices while cutting drug availability. They are also designed to signal a strong national political and moral commitment to combat illicit drug use and the organizations engaged in such activity. Effective drug interdiction is conceded to be very difficult because, while limiting its police powers, the United States is the world's greatest trading nation, with vast volumes of imports daily flowing through hundreds of sea, air, and land entry facilities that are designed to facilitate human and materials exchange.

Policy Pro-Cons

Proponents of supply reduction oriented policies suggest that federal funding mechanisms and federal bureaucratic structures are best tailored to tackle illicit drug supplies that flow interstate and from foreign sources where they originate. In contrast, they suggest that demand-reduction programs, which are implemented at the state and local levels, are best funded and administered at those levels.

Opponents of supply-reduction policy generally question whether reduction of the foreign supply of narcotic drugs is achievable and whether it would have a meaningful impact on levels of illicit drug use in the United States. Such critics note that world drug production is expanding, and see interdiction as costly and at best able to seize only a small percentage of illicit drugs entering the United States. They suggest that given a best-case scenario, one in which illicit drug supplies to the United States were severely curtailed, users would simply pay more for their drugs or switch to substitute drugs. For such

analysts, the purpose of interdiction programs is to hold the line and buy time for policymakers to implement effective demand-reduction programs within the United States. Thus, they maintain, the ultimate solution to the U.S. drug problem is reduction of demand at the source, and not reduction of supply at the source. Such demand-reduction programs emphasize education, prevention, treatment, and rehabilitation. However, a major obstacle to implementation of such policies is a lack of effective treatment regimes.

Clinton Administration Policy Directions

The Clinton strategy continues to define cocaine as the primary threat and upgrades heroin to a close second.⁷ The Administration during its tenure has attempted to place greater emphasis on demand-reduction measures and has scaled back drug interdiction programs in transit zones -- primarily south of the U.S. border. It envisions a shift of resources from interdiction beyond U.S. borders and territorial seas towards host nation enforcement programs with countries that demonstrate the will to combat the international narcotics trade. Implementation of the policy emphasizes aid programs that focus on source country institution building, particularly law enforcement and judicial institutions. Public awareness and demand-reduction programs in foreign countries are given modestly enhanced emphasis. Added emphasis is placed on arrest and prosecution of traffickers, both in the United States and abroad. The strategy also makes clear that legalization, both in supply and transshipment countries as well as in the United States, is not a viable policy option.

Administration spokesmen have argued that previous interdiction efforts have been costly and ineffective in curtailing supply and have alienated many in countries with whom we need friendly relations. The central problem is U.S. demand and the poverty and governmental weakness of some developing nations. Consequently, a wise policy should strike at the true source of the problem through treatment, education and rehabilitation at home, while shoring up the ability of drug-producing and transit nations to curb illicit drug production and trafficking.

However, in response to public and congressional pressure, and perhaps spurred by a need not to appear soft on drugs and crime in the eyes of the electorate, the Administration's recent budget requests reflect strong federal supply reduction policies with 67% of all federal drug control resources devoted to reduction of supply.

The Administration's FY1997 drug control budget request totals \$15.1 billion. Resources for international programs, which constitute 3% of the drug budget request, would increase by 25.4% from \$320 million in FY1996 to \$401 million in FY1997. The State Department's FY1997 request for international narcotics programs totals \$193 million, up \$78 million from FY1996 enacted levels of \$115 million. Major components of the State Department request

⁷ See *The National Drug Control Strategy: 1996*, which emphasizes that "Heroin presents a particularly grave threat to the American people" (p. 12).

include (1) \$116.2 million for Latin American Programs; (2) \$27.2 million for Latin American inter-regional aviation support; and (3) \$18.8 million for programs in Asia, Africa and Europe. The FY1997 funding request for interdiction, which constitutes 10% of the federal drug control budget, increased by 7.3% over FY1996 levels, from \$1.3 to \$1.4 billion. On June 27, 1996, the Senate Appropriations Committee recommended \$160 million for the Department of State's international narcotics control budget -- \$10 million higher than the amount approved earlier by the House (H.R. 3450, S.Rept. 104-295).

Congressional Drug Policy Directions

Congress has long continued to fund a drug policy which emphasizes drug supply reduction and punishment measures as a means of deterring users as well as traffickers, thereby reducing demand. In particular, many Members of Congress question the soundness of reducing drug interdiction programs and see nonpunitive demand-reduction measures, such as treatment, as not working. Many see the President's desire to emphasize demand-reduction programs and his initial budgetary de-emphasis of the interdiction aspects of U.S. drug policy as a retreat in the war on drugs and a betrayal of leadership in moral values. Some view such policies as contributing to recent increases in illicit drug use by high school students.

Congressional opponents of the Administration's drug policies seek strong interdiction programs, strong penalties for drug trafficking, beefed-up law enforcement, and at least a modicum of corollary control over illegal immigration. Corruption is seen as a major obstacle to implementation of U.S. drug programs in foreign countries -- even in countries certified as fully cooperating with the United States on narcotics issues such as Mexico, Bolivia and Peru. And free-trade borders with Mexico have led some critics to refer to NAFTA as the "North American Free Drug Agreement." Some in Congress are also skeptical of the ability of multinational organizations such as the U.N., the OAS, and others to function effectively and to adequately promote U.S. policy interests -- in drug matters or otherwise. Some in Congress have been critical of the Administration's March 1996 decision to certify Mexico as fully cooperating with the United States, instead of applying foreign aid or trade sanctions against Mexico as was done with Colombia.

Congress and the Administration have steadfastly rejected arguments by a small but vocal school of critics that the U.S. counter-drug approach is based too much on law enforcement measures and ignores health and broader societal goals of reducing overall harm to society. Some activists point to damage caused by the spread of AIDS and the commission of crimes by addicts in furtherance of a need to feed costly addictive habits. In this critique, punishment and interdiction raises drug prices and criminal profits, stimulates underground, profit-driven corruption and has proven ineffective. For a minority in the academic, law enforcement, and health policy community, decriminalization of drug use is seen as a promising option.

Impact of U.S. Drug Control Policies on Other Foreign Policy Goals

Pursuit of anti-drug goals can undermine foreign policy interests and bring political instability and significant economic loss to countries where narcotics production has become entrenched economically and socially. Drug supply interdiction programs and U.S. systems to facilitate the international movement of goods, people, and wealth are often at odds. U.S. international narcotics policy requires cooperative efforts by many nations and must operate in the context of competing foreign policy goals.

Despite a national political resolve to deal with the drug problem, inherent contradictions regularly appear between U.S. anti-drug policy and other policy goals and concerns. U.S. narcotics policy seeks reduction of the supply of illicit drugs to the United States and reduction of user demand within the United States. On the other hand, important aspects of U.S. foreign policy aim at promoting the political and economic stability of U.S. friends and allies and avoiding excessive involvement in their internal affairs.

Important issues for some in Congress center around the degree to which U.S. foreign drug policy may give support to government institutions that may be prone to suppress human rights in countries such as Peru, Bolivia, or Burma. Another is whether pressing some countries too hard on drug demands -- i.e., perhaps Colombia -- may weaken the hand of those in the society and governmental sector who support U.S. drug policies through internal political processes and change. Finally, some argue that as the drug trade often brings at least short-term economic benefits to a country's economy -- such as employment and income to farmers who live at marginal subsistence levels -- pushing foreign politicians hard to eradicate crops risks loss of the popular support required to maintain power so they can work towards achieving joint counter-narcotics goals.

Impact of Drug Trade on Drug-Producing or Transit Nations

Drugs bring big sums to drug-producing and transit countries, and in some instances foster the growth of powerful criminal organizations such as the Colombian and Mexican "cartels." In the newly published book, the *Andean Cocaine Industry* (St. Martin's Press, 1996), authors Patrick Clawson and Rens Lee suggest that drug trade income constitutes 4-5% of Peru and Bolivia's GDP and 7-9% of Colombia's. In the case of Mexico, it is generally estimated that the illegal drug trade generates \$30 billion per year and the U.S. Treasury estimates that Mexican financial institutions launder in the neighborhood of \$10 billion

per year.⁸ Very conservatively speaking, such laundering activity alone would yield \$1 billion in processing fees into the hands of criminal elements.⁹

Drug money brings corruption. A June 12th GAO report (NSIAD 96-112), cited corruption as one of 5 major obstacles to effective implementation of U.S./Mexican efforts to combat drug trafficking. The press is full of reports of the spreading corruption scandal in Mexico linked to operations of the Ex-President's jailed brother (e.g., *Washington Post*, July 11, 1996, A-2). It is suspected that some of the funds deposited in Swiss and other accounts by Raul Salinas were illicit drug profits.

Corruption in some countries such as Panama and Nigeria, where the drug trade flourishes, is so endemic that academic pundits often refer to these two nations as "kleptocracies." Panama's President has acknowledged that a company linked to drug traffickers gave \$51,000 to his 1996 election campaign. Allegations of receipt by Colombia's president of drug money were a deciding factor in President Clinton's March 1996 decision to cut off aid to Colombia.¹⁰

A nagging question for U.S. policymakers is what effect corruption will have on a host nation's ability to implement U.S. promoted or assisted counter-narcotics programs. Bluntly, the question becomes: what is the sense of having a program if corrupt officials implement it? Moreover, corruption severely undermines often fledgling democratic institutions. If, indeed, drug related corruption is rampant in many major drug-producing and transit countries as it appears to be, then this corruption can be said to pose a major threat to the democratic functioning of institutions in those countries and ultimately to the survival of democracy in these nations.

Finally, there appears to be a link between drug production and/or a nation's role in promoting the drug trade **and** illicit drug use. Heroin-producing nations such as Pakistan, Thailand and Burma have substantial addict populations. Increasingly, cocaine-producing or transit countries such as Colombia and Mexico are experiencing drug consumption problems.

⁸ See: *Traffickers: Mexico's New Desperados* by Molly Moore and John Andersen, *Washington Post*, April 28, 1996, A-1 and 22; and testimony of Senator Alfonse D'Amato before Senate Banking Committee Hearing on Legislation that would make continued economic aid to Mexico contingent upon improving anti-drug efforts by Mexico, March 28, 1996.

⁹ Informed sources indicate that money laundering fees in Mexico in July 1996 ranged between 10 and 20%.

¹⁰ The issue of corruption in the Samper Administration and allegations of narco-contributions to the President's election campaign are discussed in the Department of State's *International Narcotics Control Strategy Report*, March 1996, on page 84. The Statement of Explanation for Colombia attached to Presidential Determination No. 96-13 of March 1, 1996, which decertifies Colombia, notes that efforts to curb corruption in the government by the Colombian Prosecutor General were "undermined by members of the Samper Administration, who publicly attacked the Prosecutor General and thwarted their own state drug control policy."

TABLE 1. The President's International Narcotics and Law Enforcement Affairs FY1997 Budget Request (\$000)

	FY1995 Enacted	FY1996 Plan	FY1997 Request
NARCOTICS PROGRAMS			
<i>Latin America</i>			
Bahamas	700	700	800
Bolivia	28,219 *	15,000	50,000
Brazil	1,000	1,000	1,000
Colombia	26,000 *	16,000	25,000
Ecuador	500	500	850
Guatemala	2,100	2,100	2,000
Jamaica	600	700	800
Mexico	-- ¹	1,200	5,000
Peru	20,800 *	15,500	25,000
Venezuela	500	500	500
Latin America Regional	<u>3,962</u>	<u>3,700</u>	<u>5,250</u>
Subtotal	84,381	56,900	116,200
<i>Asia/Africa/Europe</i>			
Laos	2,200	2,000	2,500
Pakistan	2,500	2,500	3,000
Thailand	1,800	1,500	4,000
Turkey	400	400	400
NIS/EUR Regional	--	3,900	4,000
Asia/Africa/ME Regional	<u>1,450</u>	<u>1,500</u>	<u>5,000</u>
Subtotal	8,350	11,800	18,900
<i>Interregional Aviation Support</i>	24,952	25,800	27,200
<i>ESF Transfer to INL</i>	--	<u>20,000</u> ²	--
Total Country Programs	117,683	114,500	162,300
<i>International Organizations</i>	7,000	7,000	12,000
<i>Law Enforce. Train./Demand Reduc.</i>	7,000	7,000	12,000
<i>Prog. Devel. and Support</i>	6,300	6,500	6,700
TOTAL NARC. PROGRAMS	137,983	135,000	193,000
INTL. CRIMINAL JUSTICE³			
<i>Haiti Police Monitor Program</i>	24,539	0	0
<i>Intl. Criminal Justice Programs</i>	25,380	18,200	20,000
TOTAL INTL. CRIM. JUSTICE	49,919 ⁴	18,200 ⁵	20,000
TOTAL INTL. PROGRAMS	187,902	153,200	213,000

* Includes FY1995 FMF funding (Bolivia \$3.229 mil.; Colombia \$10 mil.) and ESF (Bolivia \$13.990 and Peru \$5.8 mil.).

¹ In FY1995 only PD&S support was provided to Mexico from the LA Reg. Account.

² In FY1996, up to \$20 mil. ESF Counternarcotics funds will be transferred to INC account (\$14 mil. for Bolivia, \$4 mil. for Peru and \$2 mil. for Laos).

³ Includes Allocation/Transfer of funds from FSA, SEED Act and ESF for ICJ programs and PKO and ESF Funds allocated/transferred from the Haiti Police Monitor Program.

⁴ Includes Allocation of FSA and SEED funds (total \$13.2 mil.) and \$5 mil. ESF.

⁵ The FY1997 budget only reflects the request for \$20 mil. ESF funding. Additional FSA and SEED funding, estimated at \$20 mil. for ICJ programs, will be included in the USAID budget.

**TABLE 2. FY1995 - FY1997 International Narcotics and
Law Enforcement Affairs
Budget Summary by Functional Activity (\$000)**

	FY1995 Enacted	% of Total	FY1996 Plan	% of Total	FY1997 Request	% of Total
NARCOTICS PROGRAMS						
Law Enforcement Assistance and Institution Devel.	59,564	43.2	64,800	48.0	84,000	43.5
Military Counternarc. Support ¹	13,229	9.6	3,500	2.6	18,500	9.6
Sustainable Development ¹	19,790	14.3 ²	20,000	14.8	30,000	15.5
Crop Control/Eradication	14,500	10.5	15,000	11.1	18,000	9.3
International Organizations	7,000	5.1	7,000	5.2	12,000	6.2
Drug Awareness/Demand Reduction	2,450	1.8	3,200	2.4	5,000	2.6
Law Enforcement Training	5,700	4.1	5,000	3.7	8,000	4.1
Program Development Support	<u>15,750</u>	<u>11.4</u>	<u>16,500</u>	<u>12.2</u>	<u>17,500</u>	<u>9.1</u>
TOTAL NARC. PROGRAMS	137,983	100	135,000	100	193,000	100
 INTERNAT. CRIM. JUSTICE	 49,919 ³		 18,200 ⁴		 20,000 ⁵	
 TOTAL PROGRAM PLAN	 187,902		 153,200		 213,000	

¹ Includes FY1995 FMF funding (Bolivia \$3.229 mil.; Colombia \$10 mil.) and ESF (Bolivia \$13.990 and Peru \$5.8 mil.).

² In FY1996, up to \$20 mil. ESF Counternarcotics funds will be transferred to INC account (\$14 mil. for Bolivia, \$4 mil. for Peru and \$2 mil. for Laos).

³ Includes Allocation/Transfer of funds from FSA, SEED Act and ESF for ICJ programs and PKO and ESF Funds allocated/transferred from the Haiti Police Monitor Program.

⁴ Includes Allocation of FSA and SEED funds (total \$12.6 mil.) and \$5 mil. ESF.

⁵ This amount does not include FY1997 FSA and SEED funding to be allocated.

II. IMPACT OF DRUG ABUSE ON THE UNITED STATES

After a decade of gradual decline, the recent rise of illicit drug use, especially among juveniles, has heightened concerns about the impact of drug abuse on the United States. Though difficult to compile and interpret, drug-related statistics provide the best method of measuring the various ways in which drug abuse harms the nation. To grasp the extent of the problem, policymakers turn to data on drug use, the connection between drugs and crime, the costs of drug abuse to the nation, government expenditures to reduce and eliminate drug abuse, and public concern and perceptions of its dangers.

STATISTICS ON DRUG ABUSE

Leading drug use indicators suggest that illicit drug use, especially marijuana and methamphetamine use, is on the rise. The leading sources for drug abuse measurement are (1) the *National Household Survey on Drug Abuse*, a sophisticated survey of trends in drug abuse within a national sample of American households; (2) the Monitoring the Future Survey, a study of illicit drug use among 8th, 10th, and 12th graders from randomly selected public and private schools; and (3) the Drug Abuse Warning Network (DAWN), providing data for drug-related hospital emergency department episodes, or visits directly related to the use of an illegal drug or the non-medical use of a legal drug. An additional indicator, the *Pulse Check*, is a quarterly report that provides subjective assessments of drug abuse by experts working in the field.

National Household Survey on Drug Abuse¹¹

Preliminary estimates from the 1994 *National Household Survey on Drug Abuse*, released September 12, 1995, show that current illicit drug use (*meaning respondents were asked at the time the survey was performed if they used any illicit drug in the past month*) among those aged 12 and older remained at the same levels as in 1992. Using improved estimation procedures, surveyors estimated that during an average month in 1994:

- 13 million Americans used illicit drugs;
- 10 million Americans used marijuana, the illicit drug with the highest reported use; and
- 1.4 million Americans used cocaine (weekly cocaine use has remained the same since 1985, but the number of occasional cocaine users has declined dramatically).

Also, the survey reported data showing that the rate of past month use of marijuana and hashish among 12- to 17-year-olds from 1992 to 1994 had almost doubled, from 4% in 1992 to 7.3% in 1994.

¹¹ U.S. Department of Health and Human Services. Substance Abuse and Mental Health Services Administration. *Preliminary Estimates from the 1994 National Household Survey on Drug Abuse*. Washington, September 1995. p. 2, 12.

The Monitoring the Future Survey¹²

On December 15, 1995, Health and Human Services (HHS) Secretary Donna E. Shalala released the Monitoring the Future Survey, which surveys the use of tobacco, alcohol, and illicit drug use by 8th, 10th, and 12th graders nationwide. (The survey was administered in the spring of 1995.) According to the HHS press release:

Use of marijuana/hashish continued to climb. Between 1994 and 1995, lifetime and past year marijuana use increased among 8th, 10th, and 12th graders, and past month use increased among 8th and 12th graders. This was the third consecutive increase in lifetime and past year marijuana use among 10th and 12th graders and the fourth for 8th graders.

Surveyors stated that the recent reported increase in use of any illicit drug use by 8th and 10th graders has been "driven in large part by the rise [in use] of marijuana." Other survey results included reports of increases in past month use of cocaine (10th graders), heroin (10th and 12th graders), hallucinogens (10th and 12th graders), and stimulants (10th graders). Also, the number of students who perceived a risk in drug use continued to decline.

The Drug Abuse Warning Network¹³

Released May 1996, preliminary estimates from the Drug Abuse Warning Network (DAWN) found that the estimates for the first six months of 1995 for drug-related hospital emergency department episodes, or visits directly related to the use of an illegal drug or the non-medical use of a legal drug, continued to rise to record levels:

- total drug-related episodes increased by 10%, from 252,600 in the first half of 1994 to 279,100 in the first half of 1995;
- cocaine-related episodes increased by 12%, from 68,400 in the first half of 1994 to 76,800 in the first half of 1995;
- marijuana/hashish-related episodes increased by 32%, from 19,100 in the first half of 1994 to 25,200 in the first half of 1995; and
- methamphetamine episodes increased 35%, from 7,800 in the first half of 1994 to 10,600 in the first half of 1995.

¹² U.S. Department of Health and Human Services. Annual Survey Shows Increases in Tobacco and Drug Use by Youth. Press Release. December 15, 1995. 3 p.

¹³ U.S. Department of Health and Human Services. Substance Abuse and Mental Health Services Administration. *Preliminary Estimates from the Drug Abuse Warning Network: January-June 1995 Preliminary Estimates of Drug-Related Emergency Department Episodes*. Washington, May 1996, p. 2.

Pulse Check¹⁴

The latest *Pulse Check* study, released by the Office of National Drug Control Policy in June 14, 1996, reported that heroin use is on the rise, largely among blue collar workers and suburban users. Almost 75 percent of these heroin users inject the drug. Also, ONDCP Director Barry McCaffrey reported indicators suggest that crack cocaine use has dropped sharply, but cocaine dealers have started promoting the sale of heroin (a practice known as "double-breasting" since both cocaine and heroin are available to buyers) while methamphetamines have nearly replaced cocaine as the most used illicit drug in southern California.

DRUG ABUSE AND CRIME¹⁵

In 1994, almost 1.4 million people were arrested for drug abuse violations, a total 61 percent higher than in 1985. For example, the number of arrests for drug abuse violations in North Carolina rose from 26,931 in 1993 to 29,987 in 1994. North Carolina arrests of offenders *under the age of 18* for drug abuse violations increased from 2,248 in 1993 to 3,003 in 1994.

Drug abuse and crime are interconnected in several ways. First, the use, possession, manufacture, or distribution of illicit drugs is a criminal activity. Drug users may engage in other criminal behaviors, such as violence against others including family members, neighbors, police officers or rival drug dealers, as well as theft to obtain the money to buy drugs. The recruitment and use of children (aged 7 to 13) is not uncommon. The Survey of State Prison Inmates, 1991, released by the Bureau of Justice Statistics,¹⁶ Department of Justice in March 1993, found that 17 percent of state inmates committed their offense to get money for drugs. Individuals imprisoned on drug convictions make up a growing share of the prison and jail population. According to the Bureau of Justice Statistics, the proportion of drug offenders in federal prisons increased from 38% in 1986 to 61% in 1993; from 9% in 1986 to 21% in 1991 in State prisons; and from 9% in 1983 to 23% in 1989 in local jails. Due in part to 1986 and 1988 anti-drug abuse laws and the sentencing guidelines that went into effect in 1988, those charged with federal drug violations are receiving longer sentences and are serving a greater percentage of their sentence than in the past.

¹⁴ Heroin Resurgence Continues While Meth Abuse Stands Firm. *Narcotics Enforcement and Prevention Digest*. Vol. 2, June 20, 1996, p. 1-2.

¹⁵ U.S. Department of Justice. Uniform Crime Reports. *Crime in the United States*, 1994. Washington, 1995. p. 216, 278-79; and *Crime in the United States*, 1993. Washington, 1994. p. 278-79. U. S. Department of Justice. Bureau of Justice Statistics. *Survey of State Prison Inmates*, 1991. March 1993, p. 22.

¹⁶ Unpublished data from Bureau of Justice Statistics' (BJS) website.

Drug trafficking is sometimes connected to other forms of violent and white collar crime. Turf warfare originally related to drug selling activities, appears to create an atmosphere of violence, encourage the use of lethal weapons, and undermine the safety of innocent bystanders, in homicides and injuries due to drive-by and indiscriminate shootings. The use of proceeds from drug sales for organized crime enterprises, the increased reliance on money laundering, and the corruption of public officials, are examples of how drug trafficking contributes to white collar crime and threatens society at large.

ILLICIT DRUGS AND HIV/AIDS TRANSMISSION

The spread of the AIDS virus is positively correlated with intravenous (IV) drug injection. More than 30 percent of individuals with AIDS are abusers of IV drugs, and thousands of IV drug abusers are asymptotically HIV+.¹⁷ Drug use has also been associated with the spread of HIV through sexual contact. Crack cocaine smokers, who have been known to exchange sex for drugs, engage in more high-risk sexual behaviors, including having multiple partners and not using condoms or other barriers, than the general population.

EFFECTS OF PERINATAL EXPOSURE TO CRACK/COCAINE¹⁸

Researchers estimate there are between 100,000 and 740,000 births of drug-exposed babies per year, and that an estimated 30,000 to 160,000 newborns have been perinatally exposed to crack/cocaine. Most pregnant, drug-abusing mothers use a variety of drugs (i.e., tobacco, alcohol, other illicit drugs); therefore single drug explicit numerical estimates are difficult to make. These children are at risk for a variety of physical, cognitive, or emotional difficulties. On average, newborns perinatally exposed to crack/cocaine have lower birth weights and smaller head circumference than unexposed infants. Research conducted by the National Institute on Drug Abuse (NIDA) has shown a clear association between maternal drug use and developmental difficulties. The public health costs of caring for cocaine-exposed children include: longer hospital stays for mother and infant, lost productivity from job and family-related activities, the cost of caring for the babies until child welfare systems can place the child in foster care, treatment for chronically ill or disabled children, treatment of AIDS-related illness, and special education needs.

¹⁷ Presidential Advisory Council on HIV/AIDS, July 9, 1996. United States Sentencing Commission. *Special Report to the Congress: Cocaine and Federal Sentencing Policy*. February 1995.

¹⁸ *Special Report to the Congress: Cocaine and Federal Sentencing Policy*, February 1995.

COSTS OF DRUG ABUSE¹⁹

President Clinton's FY1997 budget contains an estimate of \$67 billion annually for the costs of drug abuse to society. (This estimate is based on a 1993 study sponsored by the Robert Wood Johnson Foundation.) A study sponsored by the National Foundation for Brain Research (NFBR), a non-profit organization for the advancement of the prevention and cure of disorders and diseases of the brain, estimated that the total cost of drug abuse and dependence for 1991 was \$71.2 billion. The NFBR study contained estimates for the direct costs of drug abuse and dependence treatment (\$2.9 billion); the indirect costs related to illness and premature death due to drug disorders (\$10.8 billion); the direct costs for crime expenditures and social welfare administration (\$16.7 billion); the indirect costs of drug disorders including productivity losses for victims of crime, imprisonment of offenders, and diversion of potential employees into criminal careers (\$24.4 billion); and costs related to special diseases such as the spread of AIDS and the exposure of infants to cocaine through drug abuse (\$16.5 billion).

In February 1996, the Center on Addiction and Substance Abuse (CASA) at Columbia University released a study estimating that substance abuse and addiction in New York City alone cost more than \$20 billion in 1994:

... \$5.1 billion in health care; \$4.9 billion in productivity lost from the city's economy; \$4.1 billion in police, courts, prisons and the rest of the criminal justice system; \$3.5 billion in public and private social services including welfare, food stamps and foster care; \$1.6 billion in increased insurance, security and workers' compensation to business; and \$835 million in property costs.

FEDERAL DRUG CONTROL EXPENDITURES

Federal drug control expenditures increased from approximately \$1.5 billion in FY1981 to \$11 billion in FY1991, to about \$12 billion for each year, FY1992-FY1994, an estimated \$13.3 billion in FY1995, and an estimated \$13.8 billion in FY1996. The Clinton Administration is requesting \$15.1 billion for FY1997. By comparison, an ONDCP report released in December 1993 found that state and local governments spent almost \$16 billion in FY1991. (Of the \$11 billion spent

¹⁹ Executive Office of the President. Office of Management and Budget. *Budget of the United States Government: Fiscal Year 1997. Budget Supplement*. Washington, 1996. p. 106; Institute for Health Policy, Brandeis University. *Substance Abuse: The Nation's Number One Health Problem*. Key Indicators for Policy. Prepared for the Robert Wood Johnson Foundation. Princeton, New Jersey. October 1993. pp. 15-16; *The Cost of Disorders of the Brain*. The National Foundation For Brain Research. Washington, 1992. p. 50; and *Substance Abuse and Urban America: Its Impact on an American City, New York*. Center on Addiction and Substance Abuse (CASA), Columbia University. New York. February 1996. p. 2.

by the federal government in FY1991, about \$3.2 billion was in federal drug grants included in state and local totals.)

PUBLIC CONCERNS ABOUT DRUG ABUSE¹⁶

On May 1, 1996, ONDCP Director Barry McCaffrey released a Gallup poll, conducted by telephone nationwide in December 1995. According to the poll, concern over drug abuse ranks second among respondents, after the primary concern about the related area of crime and violence. Other findings included:

- two in three respondents agreed that drug abuse often leads to violent crime;
- almost one half (45 percent) of respondents reported that they, a family member or a close friend have ever used illicit drugs; and
- 82 percent support the use of tax dollars to reduce drug abuse among young people.

¹⁶ The Gallup telephone surveys were based on a random, representative sample of 2,016 non-institutionalized adults residing in the contiguous continental United States. In 95 out of 100 cases for samples of this size, the sampling error is ± 2.2 percent. Office of the President. Office of National Drug Control Policy. *Consult with America: A Look at How Americans View the Country's Drug Problem*. Gallup Poll. May 1, 1996, p. 5-6, 18-21, 30.

TABLE 3. Federal Drug Control Budget by Function, FY1989-FY1996
(in millions of dollars)

Function	FY1989	FY1990	FY1991	FY1992	FY1993	FY1994	FY1995	FY1996 est. ¹	FY1997 Req.
Supply Reduction									
Interdiction	1,440.7	1,751.9	2,027.9	1,960.2	1,511.1	1,311.6	1,280.1	1,339.4	1,437.2
Investigations	959.7	1,090.4	1,288.2	1,408.0	1,417.8	1,646.4	1,796.6	1,824.8	2,024.0
International	304.0	500.1	633.4	660.4	523.4	329.4	295.8	319.5	400.5
Prosecutions	388.9	455.9	583.4	716.9	792.0	801.2	820.4	910.3	1,000.9
Corrections	933.4	1,780.7	1,265.1	1,520.5	1,736.5	1,765.6	2,057.1	2,299.6	2,607.7
Intelligence	53.4	64.9	104.1	98.6	150.9	291.7	336.6	340.4	375.9
State/Local Assistance	334.1	696.5	1,015.4	992.7	1,055.6	1,128.2	1,492.5	1,734.2	1,775.2
Regulatory/ Compliance	29.8	28.5	31.4	31.4	63.5	55.3	44.2	45.1	98.1
Other Law Enforcement	115.5	185.5	202.0	273.4	614.1	338.6	336.6	291.0	284.6
Research and Development	24.8	39.8	111.4	152.6	91.8	91.9	101.4	107.3	89.0
Total: Supply Reduction	4,584.2	6,594.2	7,262.3	7,814.7	7,963.2	7,759.9	8,559.3	9,211.6	10,093.1
Demand Reduction									
Drug Abuse Prevention	725.4	1,238.0	1,479.2	1,538.7	1,556.4	1,597.4	1,559.1	1,430.1	1,591.6
Drug Abuse Treatment	1,148.2	1,638.9	1,877.3	2,204.7	2,251.6	2,398.7	2,692.0	2,697.4	2,908.7
Research and Development	205.9	287.9	338.5	352.0	406.3	428.4	440.8	462.3	470.2
Total: Demand Reduction	2,079.5	3,164.8	3,695.0	4,095.4	4,214.3	4,424.5	4,691.9	4,571.8	4,970.5
Supply/Demand Split (Percent)	68.8 31.2	67.6 32.4	66.3 33.7	65.6 34.4	65.4 34.6	63.7 36.3	64.6 35.4	66.8 33.2	67.0 33.0
Total: Federal Drug Budget	6,663.7	9,758.9	10,957.6	11,910.1	12,177.6	12,184.4	13,251.2	13,783.5	15,063.6

¹ Released on April 29, 1996, the drug control budget estimate for FY1996 does not incorporate final totals for several drug-related appropriations from the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (P.L. 104-134; H.R. 3019), signed into law by the President on April 26, 1996.

Source: Executive Office of the President. Office of National Drug Control Policy. *National Drug Control Strategy, 1996: Program, Resources and Evaluation*. April 1996, p. 312-19. Adapted from the Appendix, Table 4. Details may not add to totals due to rounding.

TABLE 4. Unavailable Costs of Illegal Drug Use

Criminal justice expenditures on drug-related crime	Health care costs	Lost productivity costs	Other Costs to society
* Investigating robberies, burglaries, and thefts for drug money and adjudicating and punishing the offenders	* Injuries resulting from drug-related child abuse/neglect	* Of drug-related accident victims	* Loss of property values due to drug-related neighborhood crime
	* Injuries from drug-related accidents	* Of drug-related crime victims	* Property damaged or destroyed in fires, and in workplace and vehicular accidents
* Investigating assaults and homicides in the drug business (or by a drug user who has lost control) and adjudicating and punishing the offenders.	* Injuries from drug-related crime	* Time away from work and homemaking to care for drug users and their dependents	* Agricultural resources devoted to illegal drug cultivation/productions
	* Other medical care for illegal drug users, including volunteer services and out-patient services, such as emergency room visits	* Drug-related educational problems and school dropouts	* Toxins introduced into public air and water supplies by drug production
	* Resources used in nonhospital settings	* Offenders incarcerated for drug-related or drug-defined crimes.	* Workplace prevention programs such as drug testing and employee assistance programs
			* Averting behavior by potential victims of drug-related crime
			* Pain and suffering costs to illegal drug users and their families and friends.

Source: Drugs, Crime, and the Justice System, p. 127. U.S. Department of Justice, December 1992.