

# THE SOCIAL AND ECONOMIC COSTS OF SUBSTANCE ABUSE

## Submission of Bruce and Michelle Taggart

### Introduction

In summary, it is our submission that the broader social costs of illicit drug use demonstrate that the current prohibitionist policy has failed and that it is time to trial some more health-centred policy.

We suggest that “*The Honest Politicians Guide to Crime Control*” by Norval Morris and Gordon Hawkins provides a very rational and compelling analysis of the social costs of prohibiting so-called ‘victim-less’ crimes such as illicit drugs, prostitution and gambling.

Some social costs are inevitable whichever regulatory policy is employed to control victim-less crimes. The thrust of our submission is that the current prohibitionist policy with respect to illicit drugs increases the social costs of the continued use of such drugs and, particularly with respect to the incidence of drug-related crime, also means that a greater number of people are forced to suffer these costs.

### Alcohol abuse causes the greatest social and economic costs

We believe that most experts would agree that alcohol abuse causes more social and economic costs to the community than any other drug. Yet, notwithstanding these costs, alcohol remains legal and, in our opinion, justifiably so.

### The effect of Prohibition in the United States

The continuing demand for alcohol in the United States during Prohibition demonstrated that passing a prohibitionist law will not, of itself, change community attitudes with respect to drug usage.

Prohibition meant that commercial liquor producers and distributors who had operated lawfully prior to Prohibition were either forced out of business entirely, or were forced to operate illegally. Prohibition gave rise to a black market with respect to the supply and consumption alcohol and, as with any black market, consumers were forced to pay black market prices. (Morris and Hawkins have likened the introduction of Prohibition to imposition of a “*crime tariff*” on alcohol.)

As soon as Prohibition forced the commercial liquor producers and distributors out of the market their places were taken by others who were willing to break the law to meet the continuing community-wide demand for alcohol. The illegal operators took advantage of the black market created by Prohibition to make windfall profits and they were able to use some of these profits to corrupt law enforcement and public officials so as to ensure the continued success of their illegal operations. Prohibition is reputed to have led to the rise of major criminal networks in the United States.

Unlike the commercial liquor producers who were forced out of business by Prohibition, the ‘boot-leggers’ who produced ‘moon-shine’ in backyard stills weren’t subject to normal health and quality control standards. And as high quality, commercially-produced alcohol became more difficult, or more expensive, to obtain, alcohol-users were forced to resort to potentially harmful ‘moon-shine’ distilled by ‘boot-leggers’ in backyard stills. In our opinion, the increased consumption of ‘moon-shine’ during Prohibition must have given rise to adverse health consequences for many alcohol-users.

For a variety of reasons, including those outlined above, Prohibition was perceived by all except a hard core of prohibitionist-wowsers to have failed and the ban on alcohol was over-turned.

## **Tobacco**

The significant, adverse health effects of tobacco smoking are now readily apparent for all to see and, for these reasons, we share a strong opposition to smoking. However, in our opinion, given the number of people who remain addicted to nicotine, the lessons of Prohibition serve as a stark reminder for those who would advocate a total ban on the supply and usage tobacco products.

## **The use of illicit drugs**

At the outset, we would like to put on record that we also share a strong opposition to the use of illicit drugs. Nevertheless, we recognise that the reality with respect to illicit drugs is that, despite many years of prohibition, their use remains relatively widespread, especially amongst young people. (Although illicit drug use would seem to be more prevalent amongst young people from disadvantaged families, it apparently also exists amongst young people from more affluent circumstances.)

As parents of two teenage children we have been concerned to understand what could possibly motivate young people to use illicit drugs for the first time. As part of this process we have had to acknowledge the fact that throughout human history parents and other persons in authority have decried the propensity of young persons to take risks and ignore the well-meaning advice of their elders. (As baby-boomers, we are both still young enough to remember and honest enough to admit having ignored well-meaning advice from our own elders when we were growing up.)

We believe that young people, particularly during adolescence, receive so much well-meaning advice from persons in authority and feel so invulnerable that they feel justified in taking risks, especially when influenced by their peers, particularly by potential sexual partners. In our opinion, these factors will always limit the effectiveness of drug education programs and, as a result, provide an endless supply of illicit drug users.

## **Prohibitionist policies create a black market in illicit drugs**

It is axiomatic that illicit drug users create a demand for illicit drugs. As Messrs Morris and Hawkins make clear in their book, the criminalisation of the supply and use of illicit drugs creates a black market and gives organised criminal networks a monopoly over supply.

The higher the penalties for suppliers of illicit drugs, the higher the price users have to pay and the greater the potential profits for successful suppliers. (It is rather ironical that the suppliers of illicit drugs would have the most to lose from legalisation because the huge profits they are able to generate in the existing prohibitionist environment are completely dependent upon the continuation of that environment.) The only significant differences between the current policy of prohibiting illicit drug usage in Australia and Prohibition in the United States lies in the nature of the prohibited product and the size of the market for that product, in every other respect the black market consequences are identical.

## **Another consequence of the black market**

Those involved in the illicit drug industry are unable to use the legal system to resolve disputes. Drug 'rip-offs' and collection of drug-related debts often leads to serious violence and even death.

## **Windfall profits virtually guarantee corruption**

The same heroin that is sold on the streets in Australia for up to a million dollars a kilo would almost certainly have been produced for no more than a few hundred dollars in some clandestine laboratory in the Golden Triangle. This price differential provides another example of the "*crime tariff*" referred to by Messrs Morris and Hawkins. We support their contention that the crime tariff on illicit drugs means that law enforcement can never effectively control the black market. The crime tariff enables suppliers of

illicit drugs to generate windfall profits. It is only logical that, in the pursuit of these windfall profits, the suppliers of illicit drugs would be prepared to go to extreme lengths to ensure the success of their illegal enterprise, including the widespread corruption of law enforcement officials.

We believe that, over time, the widespread corruption of law enforcement officials that has resulted from the current prohibitionist policy with respect to illicit drugs has, in turn, contributed to a significant diminution in respect for authority, particularly among young people.

### **Drug laws inevitably create criminals**

The crime tariff also means that the cost of a long term heroin user's habit is so high that, in the long term, it is inevitable that the addict will only be able to finance his or her habit in one of the following three ways:

1. By selling illicit drugs;
2. By prostituting himself or herself; or
3. By engaging in some other unlawful behaviour, particularly burglary, theft, fraud, or armed robbery.

Although each of the above methods of financing the purchase of illicit drugs results in social costs, drug-related crime is the social cost that is most likely to be experienced by members of the general community. Drug-related crime is a social cost that many people in the wider community are likely to experience at least once in their lives.

In our opinion, the current prohibitionist policy makes it inevitable that long term heroin addicts will eventually fall foul of the law enforcement system. The sad fact is that, but for their addiction, many of these heroin addicts would not have come to the notice of the authorities.

We believe that the propensity of drug addicts to commit property offences and crimes of violence in an effort to pay for drugs and consequential involvement of the criminal justice system also makes any health-focused treatment option more difficult to implement.

### **Policing the drug war**

The fact that drug dealers operate hermetically-sealed supply networks means that the police have had to employ more and more intrusive policing techniques to prosecute them. And, in order to obtain the requisite evidence, the police often have to engage in the very same conduct they are seeking to prosecute. In our opinion, the more the police have to resort to these sorts of tactics to pursue the war against drugs the greater the need to consider some alternative approach to the drug problem.

### ***“Plate sin with gold and the strong lance of justice hurtless breaks”***

The profits from drug dealing are so great that even if a major drug dealer is caught 'red-handed' he or she can afford to retain the very best criminal lawyers to take every possible legal point in defence of the charges. The high penalties for commercial drug dealing operate as a total disincentive to pleading guilty.

We believe that one of the least obvious social costs of the drug trade is the adverse effect that drug profits have had upon the criminal justice system in this country.

There has been such a significant increase in the number of lawyers in the last 25 years to the point where there is now significant competition among lawyers for the available work. In our opinion, it is inevitable that this competition has created downward pressure on the observance of legal ethics. Word

inevitably spreads amongst those in the criminal fraternity about which lawyers are prepared to bend the rules the most to assist their clients. As these lawyers gain more clients it inevitably puts pressure on the others to do likewise. The cash resources that the major drug syndicates are able to devote to their cause only exacerbates this process.

We believe that, in the current legal climate, the corruption of lawyers by the major drug syndicates is just as inevitable as the corruption of police and public officials. We understand that major drug syndicates often retain their own syndicate lawyers.

With the large cash resources that are available to fund the defence of major drug dealers, their lawyers are able to devote themselves to discovering weaknesses in our criminal justice system, which their clients can then exploit. Given the nature of our criminal justice system it is likely that any weakness that is exploited by one defendant will become common knowledge and will be exploited right across the whole system. In our opinion, this devalues the effectiveness of our criminal justice system and increases the cost of administering justice. We submit that the ever increasing length of criminal trials is at least partially attributable to the common aim of the major drug syndicates and their syndicate lawyers to defeat the criminal justice system no matter what the costs.

### **The high cost of prohibition in budgetary terms**

The various State and Federal Governments currently expend millions of dollars of taxpayers' funds in seeking to enforce the current prohibitionist policy with respect to illicit drugs. These funds are expended on policing, prosecution, the legal system and the prison system. A change in policy towards a more health-centred approach to the drug problem would free up a significant proportion of these funds for education and other beneficial social programs.

The cost of the drug war in terms of taxpayers' funds is yet another social cost that is borne by the wider community.

### **Prohibitionist policy makes over-doses inevitable**

Suppliers of illicit drugs are not subject to any of the regulations that control the legal drug industry. This means that by the time illicit drugs are broken down to street-level deals, such deals vary considerably in strength and quality. These variations virtually guarantee a high frequency of over-doses, with consequential costs for our public health system.

The current prohibitionist policy means that most users over-dose well away from public view, which increases the likelihood of fatality. We submit that the families of the victims of fatal over-doses also pay a very high price for the current prohibitionist policy.

### **Other health consequences**

Intravenous users of illicit drugs in the current prohibitionist environment pose a significant potential health threat for the wider community. Such drug users, because of their lifestyle, are likely to be at greater risk of contracting serious diseases such as tuberculosis, Hepatitis C and HIV and they can foster the spread of these diseases into the wider community.

## **Recent policy changes in relation to comparable victim-less crimes**

Illegal gambling was once a serious problem in Australia. Prior to the introduction of legal casinos and the TAB, illegal casino operators and SP bookmakers flourished and used some of their significant profits for the corruption of law enforcement and public officials. (It has been alleged that corrupt payments from illegal gaming went as high as at least one former Premier of NSW (now deceased) and several Commissioners of Police and Assistant Commissioners.) The introduction of the TAB (particularly Pub-TAB) and legal casinos have largely removed these problems. We believe that much the same can be said about the legalisation of prostitution.

No-one can pretend that legalised gambling and prostitution are completely free of social problems. However, such social problems as do remain are, in our opinion, significantly less than the problems caused by the endemic corruption of law enforcement and public officials that existed before gambling and prostitution were legalised.

The law has changed with respect to gambling and prostitution and, in our opinion, it is time to consider similar changes with respect to illicit drugs.

### **Legalisation need not mean social approval**

Although the current prohibitionist approach demonstrates the community's unequivocal disapproval of illicit drug use, it hasn't succeeded in removing the demand for illicit drugs. By contrast, there has been increasing social disapproval of public tobacco use notwithstanding that tobacco remains a legal drug. For these reasons, we submit that if the current prohibitionist policy were to be replaced by a policy of limited legalisation the community would still be able to demonstrate its disapproval of illicit drug use, especially through the re-direction of funds currently used to fight the drug war towards programs aimed at improving drug education and rehabilitation.

For the same reasons that the current prohibitionist policy has not succeeded in eliminating illicit drug usage, we believe that its replacement by some other more rational policy is unlikely to encourage the more widespread use of such drugs.

### **Limited Legalisation not open slather**

We believe that legalisation should only go so far as to enable existing addicts to obtain their drugs under controlled conditions, so as to undermine the black market and ameliorate its harmful consequences as outlined above.

### **Summary**

Some social costs are inevitable whichever regulatory policy is employed to control the use of illicit drugs. We accept that limited legalisation of illicit will not provide an instant panacea for the drug problem. However, we submit that it has the potential to reduce many of the social costs of the drug problem and, in particular, will facilitate a clearer focus on the problem from a health perspective.

Bruce Taggart

Michelle Taggart