

DRUG POLICY

Americans Spend Nearly As Much on Illegal Drugs As They Do on Booze, Which Shows What a Ripoff Prohibition Is

A new RAND report puts spending on marijuana, heroin, methamphetamine, and cocaine at \$146 billion in 2016.

JACOB SULLUM | 8.20.2019 7:44 AM



(RAND Corporation)

Americans spent nearly \$150 billion on marijuana, heroin, cocaine, and methamphetamine in 2016, according to a [RAND Corporation report](#) released today. Total spending on illegal drugs, including psychedelics and MDMA, would have been even higher. By comparison, Americans spent \$227 billion on [alcoholic beverages](#) in 2016.

The fact that the illegal drug market and the alcohol market are in the same ballpark is pretty remarkable, given that drinkers [outnumber](#) illegal drug users by more than 4 to 1. The "risk premium" associated with prohibition helps explain why illegal drug users nevertheless manage to spend almost as much money as drinkers do. The near-parity in spending reflects the profits traffickers can earn thanks to prohibition

and the welfare loss caused by artificially high prices. Prohibition enriches criminals and rips off consumers.

Of the four drugs considered by RAND, marijuana (including state-legal products), accounted for the biggest share of spending (36 percent), followed by heroin (29 percent), methamphetamine (18 percent), and cocaine (16 percent). Adjusting for inflation, the researchers found that cocaine spending fell by 59 percent from 2006 to 2016, while spending on methamphetamine, heroin, and marijuana rose by 23 percent, 39 percent, and 53 percent, respectively.

These numbers are based on multi-step calculations drawing on several data sources related to drug use and prices. Some of those sources are more dependable than others. As RAND's drug policy researchers have [pointed out](#) before, the National Survey on Drug Use and Health (NSDUH) misses a lot of heroin users, both because they are underrepresented in the sample and because people are especially reluctant to admit the use of this drug.

By contrast, indicates a comparative detached tone.

For 2016, [according to NSDUH](#), there were fewer than 1 million heroin users in the United States, including not quite half a million who had used heroin in the previous month. [By contrast](#), the RAND report, which includes extrapolations based on information about drug use among arrestees, puts the number of "chronic heroin users" (those who took heroin on four or more days in the previous month) at 2.3 million that year. Furthermore, the authors "estimate there were 1.5 million daily/near-daily heroin users in 2016," more than six times the number indicated by NSDUH's results.

"According to" indicates a direct informational tone.

"not useful" indicates a hierarchy based on utility to the author and a negative opinion of the dataset.

The authors conclude that ["NSDUH is not a useful measure of the level of heroin use"](#) in the United States. RAND's estimate of chronic methamphetamine users [is also a lot higher than NSDUH suggests](#): 3.2 million in 2016, compared to 667,000 past-month users (a broader category) in the survey. The cocaine and marijuana estimates are higher too, although the differences are not nearly as dramatic.

NSDUH "suggests" indicates that the NSDUH only has some suggestive information rather than concrete statistics.

One striking finding in the RAND report is that the number of chronic heroin users rose by 44 percent from 2006 through 2016, a period when heroin-related deaths [more than doubled](#), according to the U.S. Centers for Disease Control and Prevention. In other words, heroin became substantially deadlier during that decade, partly because it was more commonly mixed with fentanyl and fentanyl analogs, which made potency even harder to predict. As of 2017, the category of drugs that includes fentanyl was [involved](#) in 60 percent of opioid-related deaths, up from 15 percent in 2006.

"The introduction of fentanyl into heroin markets...has increased the risk of using heroin," the RAND report notes. The authors do not mention that prohibition is responsible for this phenomenon, since it creates a black market where potency is highly variable and pushes traffickers toward stronger drugs, which are easier to smuggle.

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