

Executive Summary

Since 1991, the Office of National Drug Control Policy has published a biennial report on expenditures by Americans on illegal drugs and on legal drugs used illegally. This current version of *What American's Users Spend on Illegal Drugs* provides comparable estimates of cocaine, heroin, methamphetamine and marijuana expenditures and consumption for 1988 through 1999 and projects estimates for 2000.¹ Previous versions of this report presented supply-based estimates of the flow of cocaine and heroin from producer nations, through transshipment zones, and into the United States. This version drops detailed discussion of supply-based estimates, which appear in two companion reports.² Similarly, previous versions explained how we estimate trends in the domestic prices of illicit drugs. This current version uses price estimates whose derivations are explained in a companion report.³

Because of the quality of available data, there is considerable imprecision in estimates of the number of chronic and occasional users of drugs, the retail sales value of their drug purchases, and the amount of drugs they consume. The best estimates reported in this paper follow:

- In 1999, about 2.8 million Americans were chronic cocaine users, and about 900,000 were chronic heroin users. The number of chronic cocaine users has declined over the last decade (the figure was 3.6 million in 1990). The number of chronic heroin users had decreased, perhaps due to the AIDS epidemic and increased incarceration, but that decrease had largely abated by the latter part of the decade, perhaps because new users were attracted by the availability of high-quality low-cost heroin.
- About 3.2 million Americans were occasional cocaine users, and about 250,000 were occasional heroin users. The number of occasional cocaine users dropped from 6.0 million in 1988, and the number of occasional heroin users increased from 170,000 in 1988.
- More Americans use marijuana than either cocaine or heroin. In 1999, about 12 million Americans had used marijuana at least once in the month prior to being surveyed. The number of marijuana users has remained fairly constant over time, with some dip in use during the middle 1990s when prices were relatively high.
- Methamphetamine abuse is now recognized as a major problem, but estimates of the size of the problem are imprecise. Perhaps 600,000 Americans are chronic methamphetamine users. Consistent with other sources, we find increases in the number of methamphetamine users over the last decade.

- Many Americans use illicit drugs other than cocaine, heroin, methamphetamine and marijuana, or they may use licit drugs illegally. About 12 million Americans admitted using these other drugs in 1999. These numbers include some overlap of polydrug users.

Deriving estimates of the total expenditure on illicit drugs and licit drugs consumed illegally is more difficult and uncertain because those estimates require more data about amounts used and prices paid. Nevertheless, the best estimates projected for 2000 indicate the following:

- In 2000, Americans spent about \$36 billion on cocaine, \$10 billion on heroin, \$5.4 billion on methamphetamine, \$11 billion on marijuana, and \$2.4 billion on other substances (see Table 1).
- Again, estimating trends is risky, but it appears that expenditures on cocaine, heroin, and marijuana have fallen over the last decade. Much of the reduction is attributable to an increase in the consumer price index. Expenditures on methamphetamine have increased over the decade.
- During the latter part of the 1990s, Americans consumed about 270 metric tons of cocaine per year, down from over 300 metric tons earlier in the decade. (See Table 2.) Also during the latter part of the 1990s, Americans used close to 14 metric tons of heroin, which may represent an increase over the amount used during the middle of the decade. Although not shown in table 2, Americans used nearly 1000 metric tons of marijuana and 20 metric tons of methamphetamine toward the end of the decade.

Estimates of cocaine consumed in the United States were compared to estimates of cocaine availability based on coca cultivation estimates. As noted earlier, details about the supply-based estimates appear in companion reports. The STAR model affords an estimate of cocaine that leaves South America by beginning with the domestic consumption estimates reported in this document and augmenting those consumption estimates to include seizures, shipments to destinations other than the United States, and other reductions from the distribution system. The STAR Model provides a second estimate of cocaine that leaves South America by beginning with coca cultivation, transitioning to production potential, then subtracting seizures, indigenous consumption and other reductions from the system. The two estimates should agree, and broadly, they do. Between 1997 and 2000 the coca cultivation-based estimate is that from 537 to 616 metric tons departed from South America; during that same period, the domestic consumption-based estimate is that from 500 to 600 metric tons departed South America.

A different kind of comparison was used for the heroin flow model. Starting with the consumption estimates, and accounting for reductions from the distribution system, the model provides estimates of the amount of heroin that comes from South America and Mexico. Those estimates can be compared to potential production-based estimates for those two sources. The domestic consumption-based estimates for 1996 through 2000 are that 3.5 to 4.3 metric tons of heroin originated from Mexico and 7.0 to 9.5 metric tons originated from Colombia. The potential heroin production-based estimates for those same years are 4.0 to 6.0 metric tons for Mexico and 6.4 to 7.5 metric tons for Colombia. Colombia seems to produce somewhat less heroin, and Mexico seems to produce somewhat more heroin, than can be accounted for by the domestic consumption-based estimates. These differences might be explained by incorrect information about processing efficiencies, because estimates of processing efficiencies, which are based on Southwest and Southeast Asia studies, may not apply to Colombia and Mexico.

Although consumption-based estimates are imprecise, they are sufficiently reliable to conclude that the trade in illicit substances was somewhat less than \$70 billion per year during the latter part of the 1990s (Table 1).⁴ The costs to society from drug consumption, however, exceed the amounts spent on drug abuse. Drug use fosters crime; facilitates the spread of catastrophic health problems, such as hepatitis, endocarditis, and AIDS; and disrupts personal, familial, and legitimate economic relationships. The public bears much of the burden of these indirect costs because it finances the criminal justice response to drug-related crime, a public drug-treatment system, and anti-drug prevention programs.

Table 1 - Total U.S. Expenditures on Illicit Drugs, 1988-2000 (\$ in billions, 2000 dollar equivalents)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Cocaine	107.0	88.4	69.9	57.1	49.9	45.0	42.8	40.0	39.2	34.7	34.9	35.6	35.3
Heroin	26.1	24.3	22.5	20.3	17.2	13.8	13.2	13.2	12.8	11.4	11.1	10.1	10.0
Meth...	5.8	5.8	5.7	3.7	4.8	5.1	7.6	9.2	10.1	9.3	8.0	5.8	5.4
Marijuana	12.1	11.0	15.0	14.0	14.6	12.0	12.2	10.2	9.5	10.5	10.8	10.6	10.5
Other Drugs	3.3	2.8	2.2	2.3	1.5	1.5	2.6	2.7	2.7	2.5	2.3	2.6	2.4
Total	154	132	115	97	88	78	78	75	74	68	67	65	64

Columns may not add due to rounding. Estimates for 2000 are projections.

Sources: See Tables 3 through 10.

Table 2 - Total Amount of Cocaine and Heroin Consumed, 1988-2000 (in metric tons)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Cocaine	660	576	447	355	346	331	323	321	301	275	267	271	259
Heroin	14.6	16.6	13.6	12.5	11.7	11.2	10.8	12.0	12.8	11.8	14.5	14.3	13.3

Estimates for 2000 are projections

Sources: See Tables 3 through 6