The Cost of Drug Prohibition in Australia

Dr John Jiggens

School of Humanities and Human Services

Queensland University of Technology

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Dr John Jiggens
School of Humanities and Human Services, QUT

Abstract

The purpose of this paper is to measure the costs of drug prohibition in Australia and to examine the effects of prohibitionist drugs policy on the cannabis and heroin markets. The key argument will be that prohibition, rather than being a hinderance to the drugs black market, acts as an economic multiplier for the black market. Prohibition is a subsidy for the corrupt.

This economic history was heavily influenced by *Drugs, Crime & Society*, the Report by the Parliamentary Joint Committee on the National Crime Authority, hereafter referred to as the Cleeland Report (after its Chairman Peter Cleeland MP) which was the first government report to approach drugs as a commodity and to understand the drug trade as a market.[1] It was a wonderfully numerate report: the first government report to estimate the size of drug markets, just as it was the first to estimate the cost of drug law enforcement.

Because of their pioneering nature, Cleeland's estimations were often rudimentary, back-of-the-envelope calculations, and later investigators, like Marks[2] and Clement and Daryal,[3] have refined these estimates. This paper continues the tradition of Cleeland revisionism, developing methods for calculating the value of the cannabis market and for estimating the cost of drug law enforcement, over a 25 year period. By comparing the value of the marijuana market and the cost of drug law enforcement over this period, this paper argues that the value of the cannabis black market has increased as a multiple of the cost of drug law enforcement.

Keywords: Drug prohibition, economics; cannabis market, economics; drug law enforcement, cost of; heroin drought; marijuana drought; cannabis plague; heroin plague.

The Origins of the War on Drugs in Australia

In his history of the US "War on Drugs", *Smoke and Mirrors,*[4] Dan Baum argues that, although the US began using police to control the use of drugs in 1914, the War on Drugs—in name and in spirit—began during Richard Nixon's 1968 presidential campaign.

The Swinging Sixties was a decade of sexual promiscuity, youthful rebellion and new drugs like pot and LSD. But as the decade progressed, the intense division between young and old, caused by conscription and the Vietnam War, exploded. By the decade's end, the sixties had become a time of riots on campus as a psychedelic counter-culture confronted the dominant culture.

In this polarised atmosphere, Richard Nixon swept into office in the USA on a political platform of 'Law and Order'. Since the counter-culture had chosen pot as its symbol, a global "War on Drugs" became an integral part of Nixon's strategy to defeat Sixties radicalism. Nixon declared drugs 'a modern curse of youth' that was 'decimating a generation of Americans'. He promised his administration would accelerate the fight against illegal drugs with more federal drug agents, massive assistance to local police, a tripled Customs Service and anti-drug operations abroad. Where Lyndon Johnson declared a 'War on Poverty', Richard Nixon declared a 'War on Drugs'. [5]

Just as they supported Nixon's foreign policy, right-wing Australian politicians, like Queensland premier Johannes Bjelke-Petersen and NSW premier Robert Askin, supported Nixon's War on Drugs and called for a police crackdown on Australian youth culture. Following the fall of the Whitlam government in 1975, these right-wing politicians launched a Nixon-style War on Drugs in Australia. Their application of US-style drugs policy to Australia would produce US-style drug problems in Australia.

The War on Cannabis

Australia's illicit drug trade began with the cannabis plague of the 1960s and the War on Drugs in Australia was chiefly intended to stop cannabis use. The most extreme of the Drug War warriors was Queensland Premier Bjelke-Petersen, who ordered his police to drive marijuana users out of Queensland. After the Queensland police burned down the houses of the inhabitants of the hippie commune at Cedar Bay in 1976, Bjelke-Petersen defended the police action, declaring he was "Tough on Drugs". Bjelke-Petersen's accomplice in the Cedar Bay raid was the young John Howard, then Minister for Business, with responsibility for the Narcotics Bureau, who has continued Bjelke-Petersen's"Tough on Drugs" politics during his period as Prime Minister.[6]

The police crackdown on cannabis in 1976 led to a criminal takeover of drug dealing by Murray Riley and his gang, who were known as "the Double Bay Mob". Previously, drug dealing was in the hands of a group of amateur drug enthusiasts, generally referred to as "the old Hippy network" who, in 1976, found themselves the targets of both the police and Murray Riley's gang. [7]

The murder of Donald Mackay[8] in July 1977, apparently by the Mr Bigs of the drug trade, provoked enormous outrage and led to the formation of the NSW Royal Commission into Drug Trafficking (the Woodward royal commission) as well as a Commonwealth royal commission, the Australian Royal Commission into Drugs (the Williams royal commission). These investigations resulted in a marijuana drought, which was accompanied by a heroin plague. This marijuana drought lasted until the end of the Williams and Woodward royal commissions in 1979, after which the

marijuana market quickly recovered, though the price of marijuana rose steeply in subsequent years. (See Table 7.)

The intensified criminalisation of cannabis users following the adoption of US War on Drugs politics by Australian politicians is demonstrated in the burgeoning number of cannabis and drug offences prosecuted between 1973 and 1982 (Table 1). In the two years following July 1975, the number of cannabis offences more than doubled. This increase in cannabis prosecutions was driven by the politics of the War on Drugs. The decline in cannabis offences in 1978/79 and the comparatively small increase in 1977/78 reflect the marijuana drought and the activities of the Williams and Woodward royal commissions. Overall, six times as many cannabis offences were prosecuted in 1981/82 compared to 1973/74.

Table 1: *Drug offences and Cannabis offences in Australia 1973- 1982*

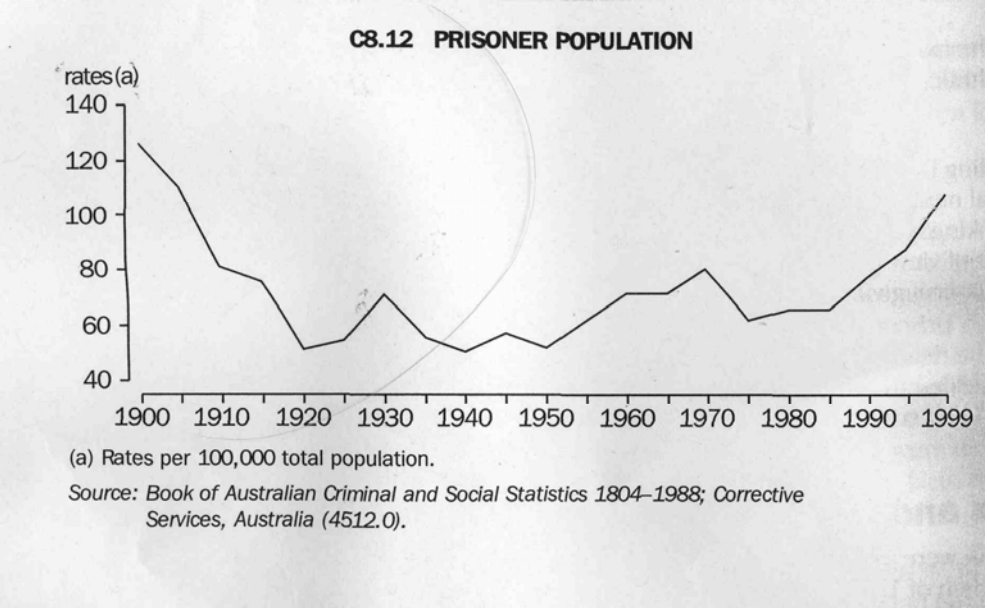
Year	**Drug offences**	**Cannabis offences**	**% increase**
1973/74	6,705	4,833	
1974/75	9,065	7,176	48%
1975/76	15,847	13,008	81%
1976/77	19,948	15,689	20%
1977/78	23,068	17,977	15%
1978/79	19,948	14,249	-20%
1979/80	22,871	17,501	23%
1980/81	24,515	20,278	16%
1981/82	31,947	26,506	31%

The major consequences of the war on cannabis were the criminal takeover of cannabis dealing, a massive increase in the price of cannabis, and the heroin plague.[9] This seems to be the pattern of prohibition: a police crackdown causes a temporary disruption of supply; lack of supply forces up price, increasing the value of the market and enticing more ruthless and organised criminals to take over. In this way, drug law enforcement acts as a multiplier for the drug market, while ensuring that control of the drug market goes to the most ruthless and “protected” members of organised crime like Murray Riley.

The War on Drugs and Prison Populations

During the War on Drugs years young Australians found their private lives criminalised; and many thousands were sent to prison for drug offences. Australia's rapidly increasing prison population is demonstrated in Graph 1.[10]

Graph 1: *Prison Population Rates per 100,000 Population in Australia*



The War on Drugs was the major cause of the burgeoning prison population. In response to the Williams and Woodward royal commissions, most Australian states enacted harsh new drug laws in the mid 1980s. As a consequence, the last fifteen years of the twentieth century saw an unrivalled boom in prison populations in Australia, demonstrated in Graph 1:

In less than two decades, the number of prisoners in Australia on drug offences increased from 688 in 1982 to 2150 in 2000 as Table 2 shows:

Table 2: *No. of Prisoners in Australia on Drug Offences V Total Prison Population in Australia by Year*[11]

Year	No. on Drug Offences	% of Total Population	Total Prison Population
1982	688	7.79	8830
1983	683	7.55	9040
1986	1236	10.75	11497
1988	1351	10.96	12321
1989	1297	10	12964
1990	1301	9.1	14305
1991	1322	8.8	15021
1992	1447	9.3	15559
1993	1697	10.7	15866
1994	1948	11.5	16944
1995	1935	11.1	17428
1996	1874	10.3	18193
1997	1875	9.8	19128
1998	2409	12.1	19906
1999	1960	9.1	21538
2000	2150	9.9	21714

The percentage of prisoners on drug offences reached 10% of prison population by 1986, and has hovered round that level for the last two decades, even though the number of drug offenders in prison doubled in the same period. This is because the total prison population in Australia also doubled over these years. Many of these other offences were also 'drug-related' or 'Prohibition-related'. An *Age* editorial suggested that two thirds of robberies and residential burglaries were drug-related and even that two thirds of prisoners in Australia were there for drug-related crimes.[12] Although the exact percentage is unknown, a large percentage of the expanding prison population was in prison as a result of Australia's drug laws. One consequence of this doubling of the prison population was a prison building boom in Australia in the 1990s, as nineteenth century prisons, like Brisbane's Boggo Road, Adelaide Gaol and Melbourne's Pentridge Prison, were replaced by a series of brand new US-style jails. For the prison industry, the War on Drugs created a once-in-a-century boom.

The growth of the prison sector, and the money spent on law enforcement in Australia at the end of the twentieth century, can be seen from the following table:

Table 3: *Government Expenditure on Justice (in 1998/99 dollars)* [13]

Year	1994/5	1995/6	1996/7	1997/8	1998/9	real%
Justice Sector	$m	$m	$m	$m	$m	increase
Police services	3,252	3,451	3,596	3,636	3,971	5.1%
Court admin-crim	354	355	336	361	383	2.0%
Court admin-civic	344	362	414	416	449	6.9%
Prisons	891	947	1,012	1,091	1,174	7.1%
Total justice	**4,842**	**5,115**	**5,359**	**5,504**	**5,977**	**5.4%**

The prison industry averaged 7.1% annual growth rate over the five years, becoming a billion-dollar industry in 1997. It continued to grow strongly, adding another $80 million each year thereafter. The money spent on police services increased greatly too, with an average annual growth rate of 5.1% over the same five years. By 1999 Australia was spending close to $4 billion on police services, and $6 billion on the total justice system: about 10% of this went directly on drug law enforcement; while an even larger amount was drug-related.

Problem One: Estimating the Cost of Drug Law Enforcement

In the first 25 years of the War on Drugs in Australia, from January 1976 to December 2000, close to one and a half million drug offences were prosecuted. How much money was spent arresting and prosecuting these million plus drug offences?

The first official report to cost the amount spent by Australian governments on the war on drugs was the Cleeland Report, *Drugs, Crime and Society*, which attempted to estimate the drug law enforcement costs (police, customs, prisons, courts) for 1987/88. Cleeland's rudimentary costing of drug law enforcement were refined and revised by Robert E Marks in the chapter 'Costs of the Prohibitions' in *Drugs Policy: Fact, Fiction and the Future* edited by Russell Fox and Ian Mathews. Marks calculated the cost of drug law enforcement by estimating the percentage of time that police, courts, prisons and customs devoted to drug law enforcement, and he multiplied these percentages by the total money spent by police, courts, prisons and customs, then summed the total. In this way, Marks estimated the cost of Drug Law Enforcement in 1988 was:[14]

Table 4: *Drug Law Enforcement costs 1987-88: Marks estimate*

Australian Federal Police	$33.6 million
National Crime Authority	$9.8 million
Australian Customs Service	$6.9 million
State Police	$64 million
Prisons (recurrent)	$113.3 million
Prisons (capital)	$42.3 million
Courts (recurrent)	$43.5 million
Courts (Legal Aid)	$5.9 million
Total	**$319.6 million**

This paper explores an alternative method of calculating the cost of drug law enforcement, but one which uses Marks as its basis. Obviously, the cost of drug law enforcement varies with the number of drug offences because each drug offence costs police, court and, often, prison time. The alternative equation is:

Cost of Drug Law Enforcement = No. of drug offences X av. cost per drug offence

In 1988 there were 49,070 drug offences and drug law enforcement costs, according to Marks, were $319.6 million, i.e. the average cost of drug law enforcement per drug offence was about $6,500 in $A1988. Using the CPI index and this figure, an average drug law enforcement cost per drug offence for any year can be calculated; and by multiplying this figure by the number of drug offences the cost of drug law enforcement can be calculated for any year.

Table 5: *Cost of Drug Law Enforcement by year*

Year	**Drug Offences**	**Cost/Offence**	**Cost of Drug Law Enforcement**
1973	6,705	$1600	$10 m
1982	31,947	$4275	$140 m
1984	52,025	$4750	$250 m
1988	49,070	$6500	$320 m
1991	73,508	$7500	$550 m
1998	85,000	$8500	$720 m

How do the projections in Table 5 compare with other historic estimates?

It is important to note that researchers adopt different strategies for calculating the cost of drug law enforcement. Where Marks differed from many is by including a cost for Prisons (capital). This accounts for 13% of his total estimate, so that estimates based on Marks are often correspondingly higher than other estimates because the other estimates have not included the cost of building more prisons, as Marks has. More surprisingly, some other calculations fail to add in a cost for Customs (2% of Marks' total). For a fair comparison, it is nearly always necessary to reduce the Marks derived estimate by 13% or 15% to account for the fact that other estimates have not included a costing for Prisons (capital) and Customs.

For example in 1973, the Marks derived model estimated that the cost of drug law enforcement was $10 million and that the cost per drug offence was $1600. If we reduce this figure by 15% to remove the cost due to Prisons (capital) and Customs, the estimated cost per drug offence becomes $1360. By comparison, in 1975 the Cannabis Research Foundation's Advisory Council, which included JJ McRoach, calculated the cost of drug law enforcement in 1974 at $10 million, based on 7,300 offenders at an average cost of $1200 per drug offence for police and courts alone. Their prison costs were worked out separately, calculated at $65 per day for each day of prison (recurrent costs), and they did not include a cost for Prisons (capital) or Customs as Marks' did. When their prison costs were included, the Cannabis Research Foundation estimated cost per drug offence was $1350.

Going forward in time from 1988, the National Drug Strategy monograph *The social costs of drug abuse in Australia in 1988 and 1992* by David Collins and Helen Lapsley estimated the cost of drug law enforcement in Australia for 1992 at $450 million. This was less than the Marks based estimate of $550 million, but again the difference is largely because there was no estimate for Prisons (capital) in the Collins and Lapsley estimate. If we again exclude Prisons (capital), the Marks-derived estimate becomes $480 million. The Collins and Lapsley estimate of the cost of drug law enforcement in 1991/92 was:[15]

Table 6: *Collins and Lapsley's estimate of Drug Law Enforcement costs in 1991/92*

Australian Federal Police	$43.6 million
National Crime Authority	$19.9 million
Australian Customs Service	$9 million
State Police	$83.5 million
Prisons (recurrent)	$230 million
Prisons (capital)	na
Courts (recurrent)	$64 million
Courts (legal Aid)	na
Total	**$450 million**

Finally, consider the estimate that the cost of drug law enforcement was $720 million in 1998. Because our estimate of the cost of drug law enforcement includes costings for Prisons (capital) (13% of total) and Customs (2% of total), as well as costing for the Justice sector (prisons, police and courts), we need to reduce our drug law enforcement cost by 15% to obtain the Justice sector only component of drug law enforcement, estimated at $612 million in 1998. Table 3 (above) shows that the total cost of the Justice sector in Australia was about $6,000 million dollars in 1998/99. If the Justice sector component of drug law enforcement spending was $612 million, this would mean that drug law enforcement was 10.2% of total Justice sector spending. By comparison, Table 2 (above) shows that prisoners on drug offences represented 12.1% of total prison population in Australia in 1998, and that 10.1% of prisoners in Australian jails were there for drug offences between 1996 and 2000.

Since about 1,500, 000 drug offences were prosecuted between 1976 and 2000 at an average cost per drug offence of $8500 in $1998A, this suggests that about $13 billion (in 1998 dollars) was spent on drug prohibition in the period between 1976 and 2000.

Problem Two: Estimating the value of the cannabis market

Australia's cannabis trade is the nation's oldest and largest illicit drug trade. Marijuana smoking in Australia exploded during the 1960s following the discovery of a wild cannabis infestation in the Hunter Valley, north of Sydney. After 1967, Australia's marijuana market was supplied by US troops on 'rest and recreation' leave from Vietnam who flew in with some of the best pot on the planet. Although the number of smokers in the first decade of Australian marijuana smoking is unknown, from 1973 onwards, there are a number of nation-wide surveys (McNair 1973, 1977; Morgan 1979, 1982, 1984; NCADA/NDS 1985, 1988, 1991, 1993, 1995, 1998) which allow us to estimate the number of Australians who smoked marijuana in the last year.

These population figures on 'recent users' can be used for an estimation of the size of the Australian marijuana market. Obviously, the amount of cannabis smoked in Australia increases proportionally to the number of Australians smoking cannabis. Mathematically, the size and value of the marijuana market for any particular year can be calculated using the following equations:

Estimated yearly market size = No. smokers X Green Mean;
Estimated Market Value = No. smokers X Green Mean X price/oz;
where the Green Mean represents the amount of pot smoked by the average Australian cannabis smoker in a year.

Drugs, Crimes and Society, the report by the Parliamentary Joint Committee on the National Crime Authority, chaired by Peter Cleeland MP, was the first government report to estimate the size of the Australian marijuana market, and their figure can be used to calculate the Green Mean. By definition, the Green Mean equals the amount of pot smoked in a year in Australia divided by the number of smokers. The Cleeland Report estimated the size of the Australian cannabis market in 1988 at 120 tonnes of cannabis. The population surveys for that year, show that there were 1,500,000 Australians who smoked pot in 1988. By dividing Cleeland's 1988 'guesstimate' by the number of smokers in 1988 the Green Mean can be calculated at 80 grams (about 3 ounces) per annum. Note this is an average for ALL users, not for heavy users.

Table 7, *The Australian Marijuana Industry Chart, 1973-1998*, is compiled from a number of historical sources. The number of smokers is a calculation based on a series of nation-wide surveys between 1973 and 1998. Estimated market size for any year is based on the Cleeland Report, and assumes a standard market size of 120 tonnes in 1988. This is multiplied by the ratio of the number of smokers in that particular year divided by the number of smokers in 1988. The figure for price is based on a number of historical sources. The 1988 projections agree with the Cleeland Report, which is the measure used to estimate the other years. Because the years between 1977 and 1979 were the years of the marijuana drought/heroin plague that followed the launch of the War on Drugs in 1976, no estimate is made for the value of the market in these years.

Table 7: *The Australian Marijuana Industry Chart, 1973-1998*

Year	No. Smokers	Survey	Market Size	Price/Oz	Value ($ml)
1973	500,000	McNair	40 tonnes	$30	$40m
1977	675,000	McNair	55 tonnes	$30	drought
1979	750,000	Morgan	60 tonnes	$50	drought
1982	975,000	Morgan	77 tonnes	$200	$550m
1984	1,175,000	Morgan/NCADA	94 tonnes	$300	$1020m
1988	1,500,000	Morgan/NCADA	120 tonnes	$450	$1,900m
1991	1,625,000	NCADA	130 tonnes	$450	$2,000m
1993	1,666,000	NCADA	135 tonnes	$450	$2,200m
1995	1,850,000	NCADA	150 tonnes	$450	$2,400m
1998	2,700,000	NCADA	210 tonnes	$400	$3,200m

During 25 years of the War on Drugs the value of the cannabis market increased by an astonishing 7500%. A large part of this rise was due to the rapid increase in the price of cannabis caused by the War on Drugs, as Table 7 shows. It also demonstrates what little long-term effect the War on Drugs had on cannabis comsumption in Australia after the initial years of drought. Critics of prohibition have argued that prohibition creates a "forbidden fruit" syndrome that perversely glamorises drug use. On the evidence, this seems plausible. Rather than declining under a rigorous regime of prohibition, cannabis use increased by 440%. Although prohibitionists argued that tough new drug laws would curb cannabis use, cannabis use amongst the young increased dramatically, possibly because it was illegal.

Comparison with other estimates of the size of Australia's cannabis market

The traditional method for estimating the size of the marijuana market through consumption figures was pioneered by the Cleeland Report, and was based on the idea that those who used cannabis most were responsible for most of the cannabis consumed. Therefore, you could estimate the size of the market by the equation:

Size of the cannabis market = No. heavy smokers X average consumption of heavy user.

The method presented in this paper, the Green Mean model, is a different consumption model, which uses for its estimation of the cannabis market the number of recent users (all those who used cannabis at least once in the last year) rather than calculating from the heavy users figures (those who use cannabis several times a week or daily). The reason the Green Mean model was developed was because recent cannabis use (used in last year) has been measured by a series of polls in Australia, dating back to 1973; whereas the Cleeland equation depends on polls measuring heavy cannabis use, which do not exist before 1988. So the Green Mean model can estimate the size of the market back to 1973, unlike the Cleeland model, which is of no use beyond 1988.

However, the Green Mean model is calibrated on the Cleeland committee's estimation of the size of the marijuana market in 1988 at 120 tonnes and this estimation was challenged by Clements and Daryal in their 1999 discussion paper, *The Economics of Marijuana Consumption*. The 1988 Cleeland estimation was another back-of-the-envelope calculation which Clements and Daryal turned into a rigorous, economic history of Australia's marijuana market by employing the National Drug Strategy Household Survey polls from 1988, 1991, 1993 and 1995 to determine the number of heavy users. They then used Cleeland's heavy-user equation to estimate the size and value of the Australian marijuana market between 1988 and 1995. Because Clements and Daryal used different polls and different consumption figures to Cleeland, they came up with an estimate for the size of the market in 1988 of 8,460,000 ounces, about 240 tonnes, twice Cleeland's estimate. If they were correct, the Green Mean

should be 160 grams a year. Obviously, my choice of an 80 gram Green Mean shows I consider that Clements and Daryal overestimate consumption by a factor of two.

My major criticism of Clements and Daryal's model, and the reason I reject the 160 gram Green Mean, is that they over-estimated the cannabis consumption of heavy users. Their model suggests that heavy cannabis users in 1988 spent $160 per week on cannabis. If this were true, heavy cannabis users would need to resort to crime like heroin users to maintain such expensive habits. The comparison between the Green Mean model (based on an 80 gram Green Mean as well as a 160 gram Green Mean) and Clements and Daryal's model of the size of the Australian marijuana market is given in Table 8. [16]

Table 8: *Size of the Australian Marijuana Market 1988-1995 (in thousands of ounces) Green Mean model versus Clements and Daryal*

Year	**1988**	**1991**	**1993**	**1995**
Clements and Daryal	8460	11381	9983	11271
Green Mean (80g)	4300	4660	4840	5380
Green Mean (160g)	8600	9320	9680	10760

Drug Law Enforcement as a Multiplier of the Black Market

Combining Table 5 with Table 7 gives us Table 9 which compares the cost of law enforcement with the value of the cannabis black market for any year. It shows how law enforcement acts as a subsidy for the cannabis black market. Multiplying the cost of drug law enforcement by about four gives a reasonably accurate estimate of the value of the marijuana market.

Table 9: *Value of cannabis market V Cost of drug law enforcement*

Year	**$Value of Cannabis Market**	**Cost of Drug Law Enforcement**
1973	$40m	$10m
1977	drought	$60m
1979	drought	$100m
1982	$550m	$140m
1984	$1020m	$250m
1988	$1,900m	$320m
1991	$2,000m	$550m
1998	$3,,200m	$720m

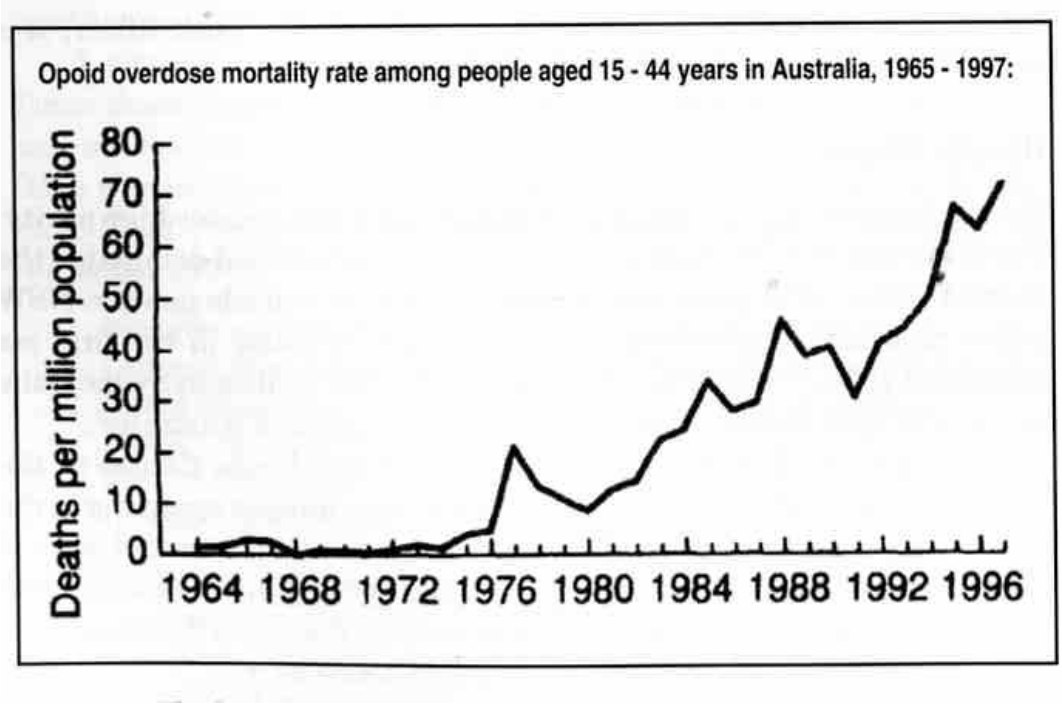
Between 1973 and 1998, every dollar spent on drug law enforcement in Australia simply added another four dollars to the cannabis black market; with the exception of 1988, when each dollar of drug law enforcement was worth six dollars for the cannabis black market! The explanation for this curious phenomenon is that the price of cannabis increased with the level of prohibition, moving from $30 an ounce in 1977 to $450 an ounce in 1988.

Because Prohibition is a supply side solution, all that is achieved by increasing the amount spent on drug law enforcement is to increase the price of the drug, so the value of the black market rises as a multiple of drug law enforcement. For example, if we reduced the amount spent on drug law enforcement to almost nothing (that is, if we abandoned prohibition), the price of drugs would fall to a level where the black market would collapse. Like all products, the price of illicit drugs is determined by the costs involved in getting the drugs to market. In a situation of prohibition, most of that cost is created by drug law enforcement.

Australia's Heroin Plague 1976-2000

The uncertain purity of black market heroin, which can range from 10% to 100%, combined with the low dosage required for a lethal overdose, make heroin particularly fatal under prohibition. Just as the failure of drug prohibition in Australia is mirrored in the graph of Australia's expanding prison populations, the failure of heroin prohibition in Australia is measured in Graph 2, *Opioid overdose mortality rates among people aged 15-44 in Australia 1965 –1997.* Before the launch of the War on Drugs, Australia had only a handful of opiate overdoses. By targeting cannabis, the War on Drugs produced a marijuana drought in 1977, which in turn generated a heroin plague. Opioid overdose deaths climbed steeply after 1976, reaching one hundred and fifty by 1977. Despite extreme penalties for heroin offenders, including the execution of drug couriers Barlow and Chambers, opioid overdoses continued to increase over the next two decades, peaking in 1999 under the 'Tough on Drugs' policies of Prime Minister John Howard at 958. That year over 1100 young Australians died as a result of illicit drug overdoses. Since the primary aim of sensible drugs policy is to minimise drug deaths, this measure of the thousands of young lives lost to drug overdoses in Graph 2 remains the greatest indictment of Australia's prohibitionist drugs policy. [17]

Graph 2



The Causes of the 2001 Heroin Drought

The number of fatal overdoses has since fallen to about 400 per year in 2002 because of the heroin drought, which started in January 2001, which has been accompanied by a methamphetamine plague. The heroin drought/methamphetamine plague of 2001 provokes comparisons with the marijuana drought/heroin plague of 1977, the most obvious being that drought conditions in one drug created the ideal conditions for a new drug plague.

The fall in overdose deaths has been accompanied by much boasting by the Howard government who now claim their drug policies are a success because they have reduced drug overdose deaths from 1100 per year! What they don't say is that it was as a result of their own disastrous drugs policy that 1100 young Australians died of drug overdoses in 1999.

Following the lead of the Howard government, AFP Police Commissioner Mick Keelty now claims responsibility for the heroin drought due to successful drug law enforcement. However, before the heroin drought, Commissioner Keelty predicted it, claiming that southeast Asian drug lords were moving out of heroin into methamphetamine because the penalties involved were lower and because methamphetamines were easier to produce than heroin and more profitable.

If police seizures caused the heroin drought of 2001, then a very large section of the market had to be seized; so we would expect to find a series of large heroin seizures in the year before 2001 which precipitated the heroin drought. To be large enough to cause a drought, these seizures would have to be record-breaking, the biggest seizures of all time (because no other series of seizures has caused a comparable drought). However, although the heroin drought began around January 2001, the seizure figures for 2000 are small in comparison to previous years; about two thirds of 1999, and one third of the amount seized in 1998; and only the fouth highest of the decade.

The largest seizure of heroin in Australian history was 390 kilos seized in October 1998,[18] which was estimated by Customs as 8 million hits and worth $300 million "street value"; yet even a seizure of this magnitude (twice the size of the total seizures for 2000!) did not cause a drought. As the figures on opioid overdoses show, the following years, 1999 and 2000, were the peak years of heroin consumption in Australia with prices low and purity high. Not only did the number of opioid overdoses double between 1995 and 2000, consumption of heroin in Australia also doubled during these years. [19]

While demand for heroin in Australia doubled in the five years before January 2001, production of heroin from the Golden Triangle, the major source of heroin for Australia, declined significantly because of a long drought. The *Australian Illicit Drug Report* described the shortage of opium in Myanmar (Burma) in 2000 due to the poor 1999 growing season:

"Severe drought in Myanmar's poppy growing areas – principally northern and southern Shan state - caused production and cultivation to decline significantly in 1999; the third year in a row … Myanmar's estimated gum opium potential was almost 38% lower than in 1998 and almost half the average annual potential area for 1991 to 1999 …" [20]

The most spectacular decline in opium production occurred in Afghanistan: from an estimated 89,172 hectares in 2000 to an estimated 7606 hectares in 2001; a reduction of 91%. Afghanistan produced an estimated 79% of the world's illicit

opium in 1999, but this dropped to 70% in 2000, following a decree issued by the Taliban authorities in September 1999, requiring all opium-growers to reduce output by one-third. A second decree, issued in July 2000, required farmers to completely stop opium cultivation.[21] Given this decline in Asian opium production, the Australian heroin drought should be no surprise.

The causes of the heroin drought in Australia in January 2001 include: an enormous rise in the amount of heroin consumed in Australia; a significant decline in opium production in south-east Asia due to drought; a move away from heroin towards methamphetamine production by Asian drug gangs; and the Taliban's crackdown on Afghani opium.

Conclusion

Between January 1976 and December 2000, Australian governments spent in the order of $13 billion prosecuting about one and a half million drug offences with the purpose of reducing drug use. However, drug prohibition did not reduce illicit drug use; instead it created an enormous black market, spiralling prison populations and a plague of heroin overdoses.

The futility of prohibition was demonstrated even in “successes” like the marijuana drought of 1977, which created the conditions for the heroin plague, and the heroin drought of 2001, which led to the current methamphetamine plague. On the two occasions they have occurred, droughts have only acted as incubators for a new drug plague.

Prohibition is a cure that makes the disease worse. It aims to stop the use of drugs, but instead, it glamorises drug use. It aims to morally improve the drug user, but instead, it corrupts society. Under the rule of morals improvers and “War on Drugs” advocates like Sir Joh Bjelke-Petersen and Sir Robert Askin, states like Queensland and New South Wales descended to levels of corruption that made their police forces a public scandal. Rather than being suppressed by the police, the drug trade thrived and became the lucrative fiefdom of corrupt detectives and their close friends; so that, even though more people went to jail for drugs each year, every year there were more drugs on the street.

At the start of the War on Drugs, free market economist, Milton Friedman, declared that the failure of prohibition was inevitable because of corruption as officials succumbed to the lure of easy money: Said Friedman: “So long as large sums of money are involved—and they are bound to be if drugs are illegal—it is literally hopeless to expect to end the traffic or even to reduce seriously its scope.”[22] As this paper shows, money spent on drug prohibition simply acts as a multiplier for the drug market, increasing the amount available for perverting officials. It is this capacity of the black market to corrupt the gatekeepers that causes prohibition to fail year after year. The result is the entrenched system of corruption whereby the drug trade continues under the protection of corrupt police.

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[5] ibid, 10-15

[6] Jay, Jay. *Marijuana Australiana*, 41-47

[7] Jiggens, John*.. The Sydney Connection*. Murray Riley was an ex-NSW detective and Olympic medallist, who became one of Sydney's biggest vice entrepreneurs. Riley won the bronze medal at the 1956 Melbourne Olympics in sculls, partnering another NSW detective, Mervyn Wood. Strange but true, Mervyn Wood became NSW police commissioner in 1976, the same year Murray Riley became the Mr Big of the drug trade.

[8] Donald Mackay was a Griffith businessman, Liberal Party candidate and anti-marijuana campaigner during a period when the Murrumbidgee Irrigation Area was the largest producer of cannabis in Australia. He disappeared from the car park of the Griffith Hotel on the night of 15 July 1977, presumably murdered. Despite the many investigations into his murder, his body was never found.

[9] Jay, Jay. *Marijuana Australiana,* 34-35

[10] Australia. *Year Book Australia 2001*, p490

[11] Like many of my tables, this table has been assembled from a number of sources to give a more long-term perspective. Figures from 1990 - 2000 come from *Prisoners in Australia*, Australian Bureau of Statistics, 4517.0. Figures for 1986, 1988, 1989 come from the Law & Order section of *Australian Year Book 1989, 1990, 1991* . Figures for 1982, 1983 from John Walker and David Bell, *Australian Prisoner*, Australian Institute of Criminology

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[13] Australia. *Year Book Australia 2001*, p451

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[16] Clements and Daryal, *The Economics of Marijuana Consumption*. Note that their 1991 estimation seems disproportionately high, compared with their own 1988 and 1993 estimates, as well as against the 1991 Green Mean (160g). Indeed, it is 35% higher than their 1988 estimate, an astonishing increase!

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