



# Strategy Unit Drugs Report

## Phase one – Understanding the issues

12 May 2003

This report presents the Strategy Unit's analysis of the harms caused by crack and heroin  
This is not a statement of government policy

## **SU Drugs Project**

### **Phase 1 Report: Understanding the Issues**

**Project aim:**

**To identify the mix of policies which will substantially reduce the harms caused by drugs to users and others**

# Summary of the report's main findings

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- All drugs have an adverse impact; but heroin and crack are by far the most addictive, expensive and harmful drugs
- Heroin and/or crack users cause harm to the health and social functioning of users and society as a whole, but users also commit substantial amounts of crime to fund their drug use (costing £16bn a year). Including health and social functioning harms, the harms arising from drug use amount to £24bn a year
- There are an estimated 280,000 heroin and/or crack users: at any one time, only 20% of high harm causing users are receiving treatment, whilst 80% are not
- Over the course of a year, two thirds of high harm causing users engage with either treatment or criminal justice, but:
  - those engaging with treatment tend not to stay with it for long
  - many of those engaging with criminal justice are not formally identified as users or do not have their use dealt with
  - a third of high harm causing users do not engage with either treatment or the criminal justice system
- The drugs supply business is large, highly flexible and very adaptable; over time the industry has seen consumption grow and prices reduce
- Interventions at every stage of the production, trafficking, wholesaling and dealing process have resulted overall in modest seizure rates of up to ~20% of total production
- Even if supply-side interventions were more effective, it is not clear that the impact on the harms caused by serious drug users would be reduced

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# There are seven commonly used controlled drugs



HEROIN and  
other opiates



CRACK  
COCAINE



COCAINE



AMPHETAMINES



ECSTASY



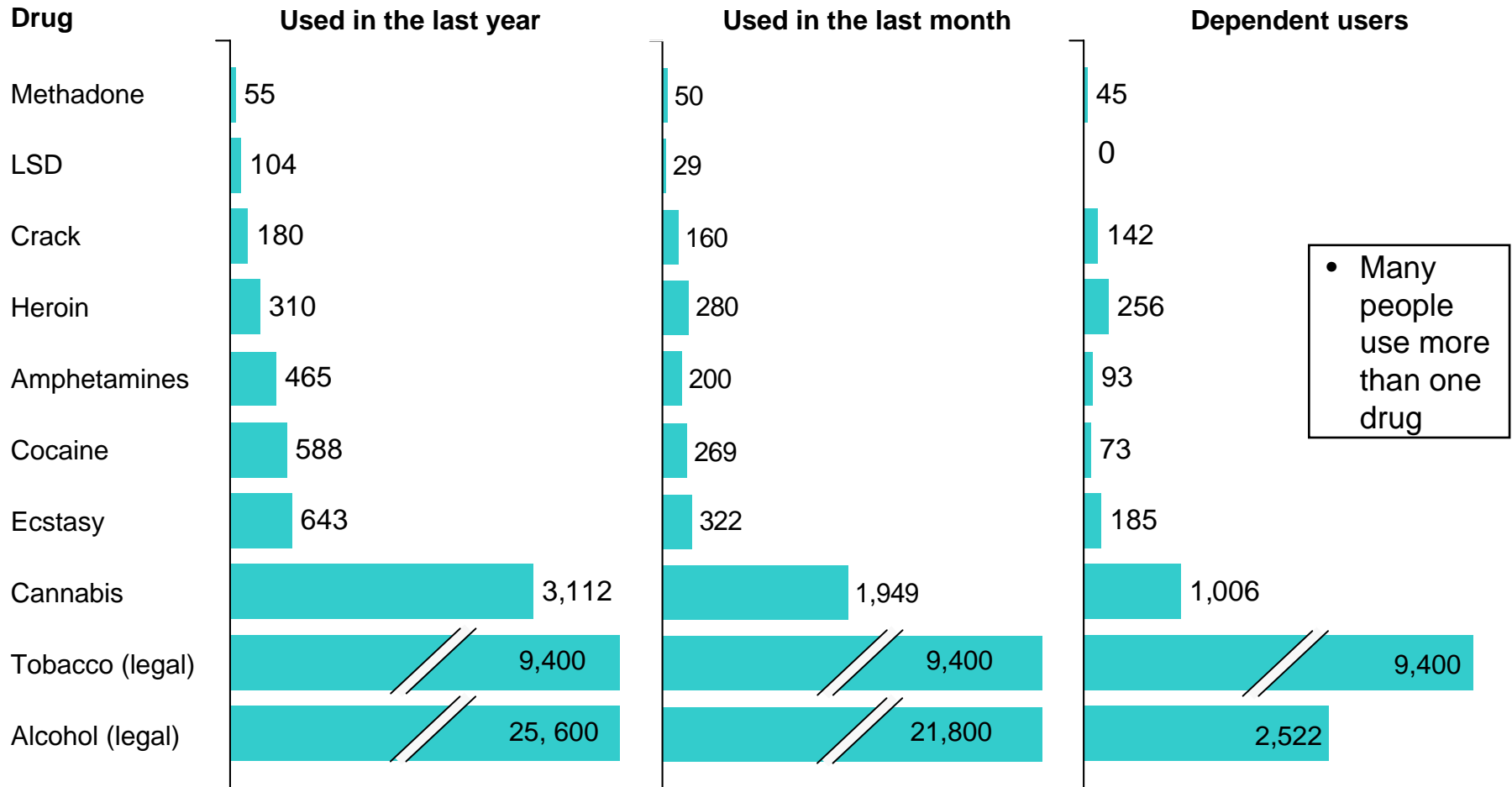
CANNABIS



LSD

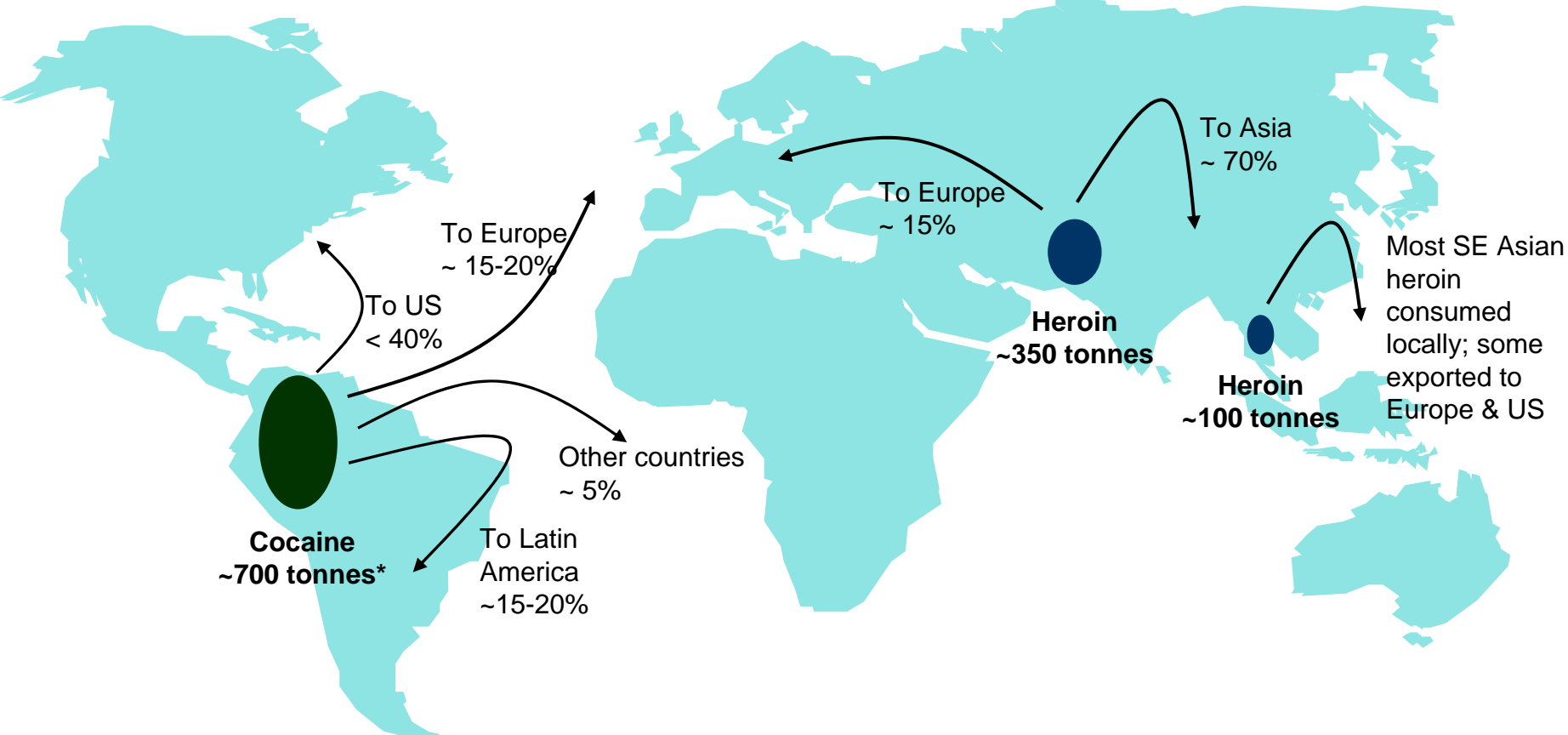
# Over 3 million people in the UK use illegal drugs every year, with more than half a million using the most serious drugs

Number of users in England and Wales, 000s



# Drugs come from many different countries and via many different routes

Annual production and distribution of heroin and cocaine (tonnes)



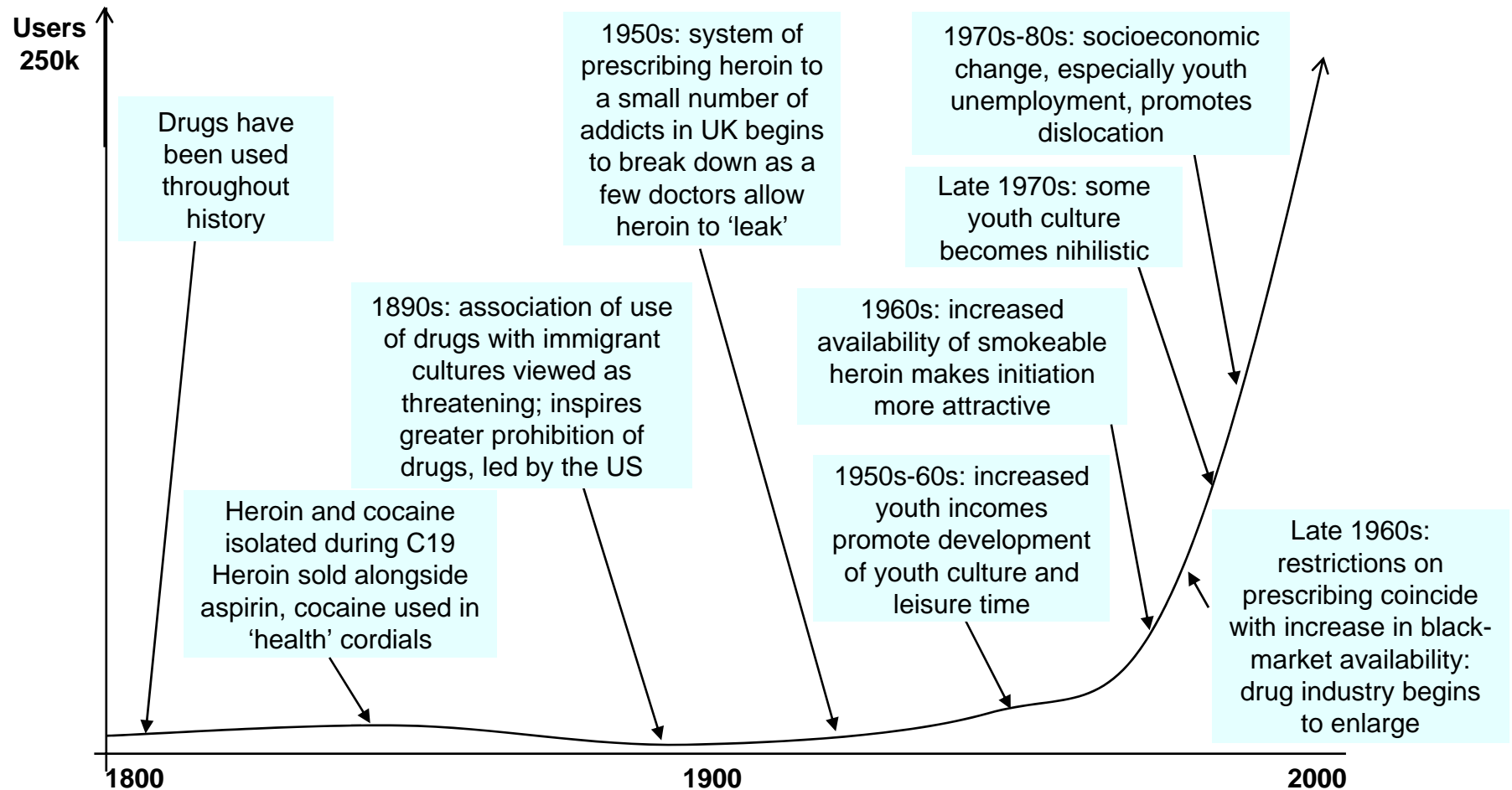
**Cocaine seizures en route  
~ 20-25% of total production**

**Heroin seizures en route ~ 15%  
of total production**

Source: HMG data, UN documents. \*Note that ~15 tonnes of heroin are produced in Latin America for the US market

# Far more drugs are used now than in the past, though they have been used for centuries

Indicative numbers of dependent users of heroin and cocaine/crack in the UK from 1800



Source: *Heroin Addiction and Drug Policy*, J. Strang and M. Gossop, 1994; 'A Brief History of British Drugs Policy 1950-2001', R. Yates, 2002; 'Social and Historical context of drug policy in UK', G. Stimson, 1991; 'Cocaine: global histories' P. Gootenberg, 1990; *The Pursuit of Oblivion* R. Davenport-Hines 2001, and others. Pre: 1890s, numbers reflect opium rather than heroin use.

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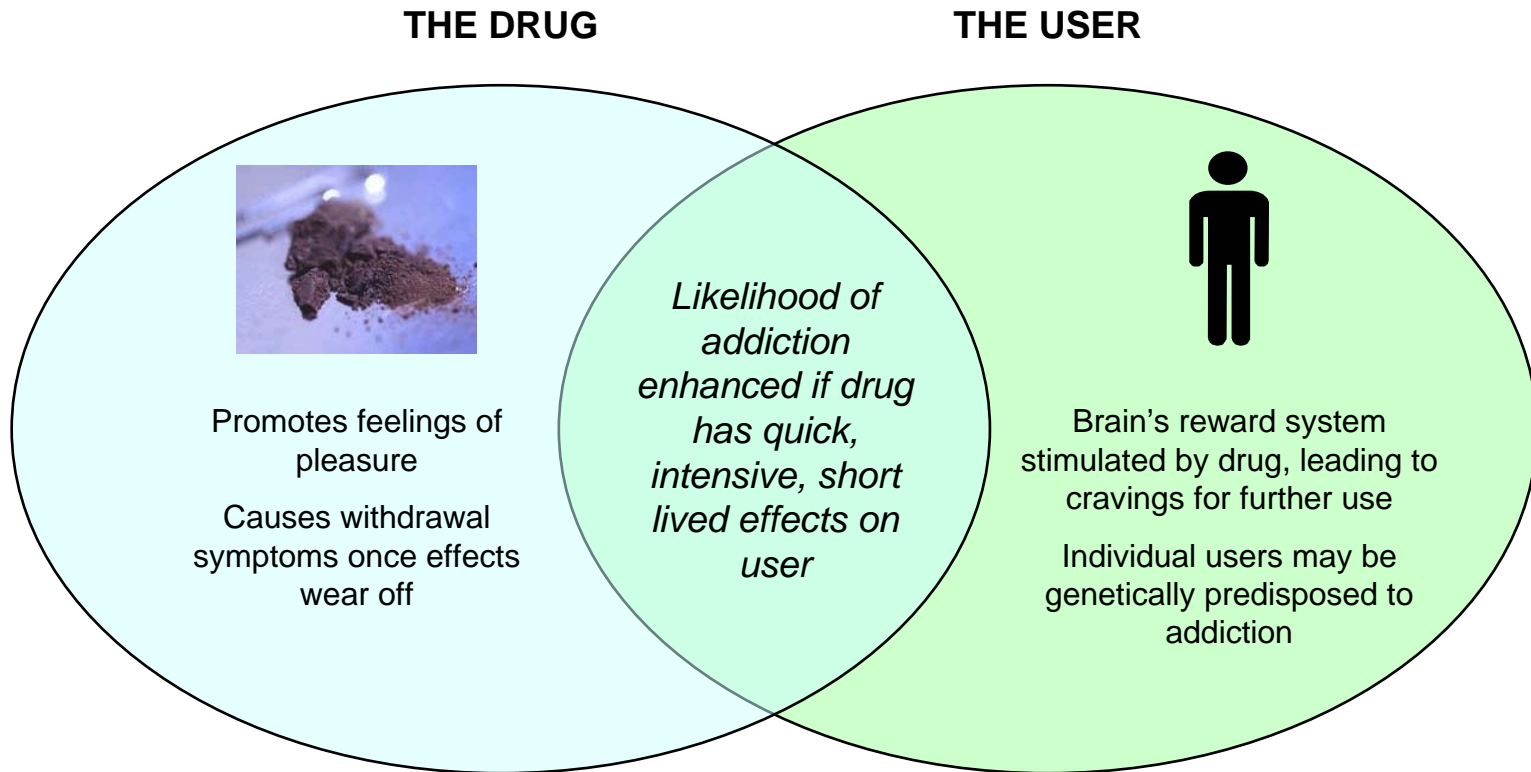
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# The individual characteristics of both the drug and of the user contribute to addiction

Interaction between the characteristics of the drug and the characteristics of the user



# Different drugs affect the user in different ways

| Drug Group           | Examples                             | Effect of drug   |
|----------------------|--------------------------------------|--|
| <b>OPIATES</b>       | Heroin, methadone                    | <ul style="list-style-type: none"><li>• Opiates promote feelings of euphoria and relax the central nervous system</li><li>• Users experience severe withdrawal symptoms if regular use ceases</li><li>• Heroin takes effect more quickly than methadone and lasts for shorter period</li></ul>   |
| <b>STIMULANTS</b>    | Cocaine, crack amphetamines, ecstasy | <ul style="list-style-type: none"><li>• Stimulants promote feelings of confidence and energy</li><li>• Users will not experience physical withdrawal but may become anxious and paranoid after use</li><li>• Crack cocaine and methamphetamines (which are smoked) take effect within seconds and effects wear off within minutes<ul style="list-style-type: none"><li>– the extremes experienced with these drugs can lead to psychotic behaviour</li></ul></li></ul> |
| <b>SEDATIVES</b>     | Cannabis                             | <ul style="list-style-type: none"><li>• Cannabis promotes feelings of calm and pleasure</li><li>• Heavy use may lead to feelings of paranoia and anxiety</li></ul>   |
| <b>HALLUCINOGENS</b> | LSD                                  | <ul style="list-style-type: none"><li>• LSD is a hallucinogenic drug - users see unusual visions and colours</li></ul>   |

# The qualities of heroin and crack make them more addictive than other drugs

## Qualities of drugs and their potential to lead to addiction

| Drug         | Speedy effect? | Intense effect? | Short-lasting effect? | Physical withdrawal symptoms? | Potential addictiveness |
|--------------|----------------|-----------------|-----------------------|-------------------------------|-------------------------|
| Heroin       | ✓ ✓ ✓ ✓ ✓      | ✓ ✓ ✓ ✓         | ✓ ✓                   | ✓ ✓ ✓ ✓ ✓                     | ✓ ✓ ✓ ✓ ✓               |
| Crack        | ✓ ✓ ✓ ✓ ✓      | ✓ ✓ ✓ ✓ ✓       | ✓ ✓ ✓ ✓ ✓             | ✓                             | ✓ ✓ ✓ ✓ ✓               |
| Cocaine      | ✓ ✓ ✓ ✓        | ✓ ✓ ✓           | ✓ ✓ ✓ ✓               | ✓                             | ✓ ✓ ✓                   |
| Amphetamines | ✓ ✓ ✓ ✓        | ✓ ✓ ✓           | ✓ ✓ ✓ ✓               | ✓                             | ✓ ✓ ✓                   |
| Tobacco      | ✓ ✓ ✓ ✓ ✓      | ✓               | ✓ ✓ ✓                 | ✓                             | ✓ ✓ ✓                   |
| Methadone    | ✓ ✓            | ✓ ✓             | ✓                     | ✓ ✓ ✓ ✓ ✓                     | ✓ ✓ ✓                   |
| Alcohol      | ✓ ✓            | ✓               | ✓ ✓                   | ✓ ✓ ✓ ✓                       | ✓ ✓ ✓                   |
| Ecstasy      | ✓              | ✓ ✓ ✓           | ✓ ✓                   | ✓                             | ✓ ✓                     |
| Cannabis     | ✓ ✓ ✓          | ✓               | ✓ ✓                   | ✓                             | ✓ ✓                     |
| LSD          | ✓              | ✓ ✓ ✓           | ✓                     |                               | ✓                       |

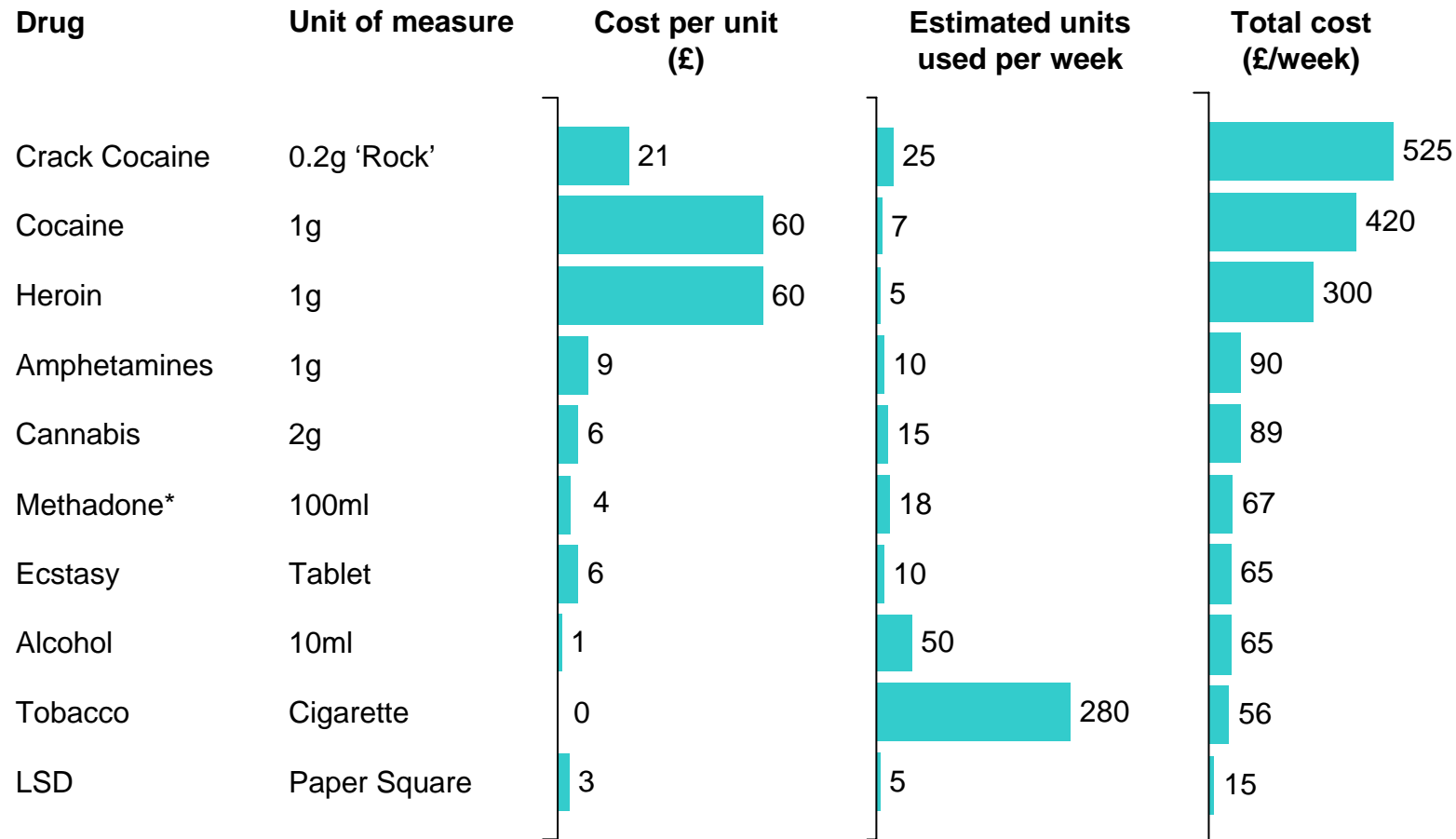
Very addictive ↑

↓ Hardly addictive

Source: Team analysis based on: National Institute of Drug Abuse, USA; 'Heroin and related opiates', D. Nutt 2002; Maudsley Hospital cocaine user records; Drugs Dilemmas and Choices, Royal College of Psychiatrists 2000; HIT, Liverpool, 2001; 'Cannabis and Ecstasy: Soft Drugs?' L. Iversen; and others

# Heavy use of crack, cocaine and heroin is very expensive to support

## Cost of drug use for a heavy user



• The more addictive and expensive a drug, the more disruptive it will be to a user

\* Price for prescribed methadone - street price may vary greatly from this

Source: NCIS "A guide to drug prices and drug valuation in the UK" May to August 2002; Maudsley Hospital cocaine user records; 'Drug Users and Drug Dealers', Brownsberger, ed., 2001

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# Significant harms attach to drug use

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## HEALTH

- Drugs can cause direct health harms, including death and mental illness
- The individual method of use can cause specific health harms, e.g., infected needles spread disease

## SOCIAL FUNCTIONING

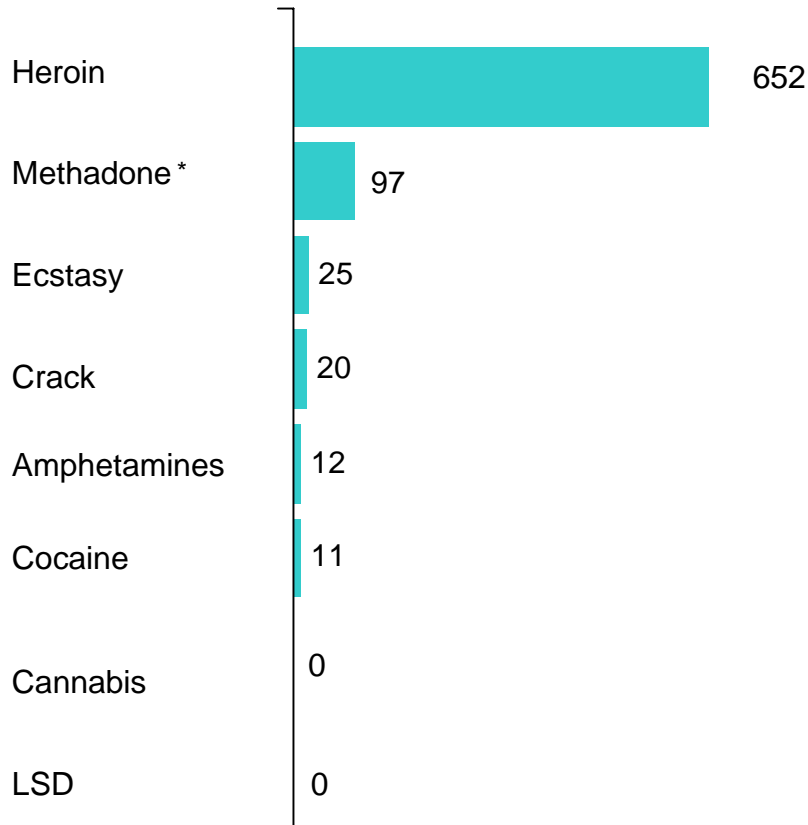
- Both the effect of drugs and the lifestyle associated with drug use have an impact on a user's ability
  - to work
  - to care for dependents
  - to form relationships

## CRIME

- Most users commit crime to fund their habit
- Some drugs can induce violent behaviour

# Heroin and methadone cause the most acute deaths per year

Acute deaths per annum as a result of illegal drug use



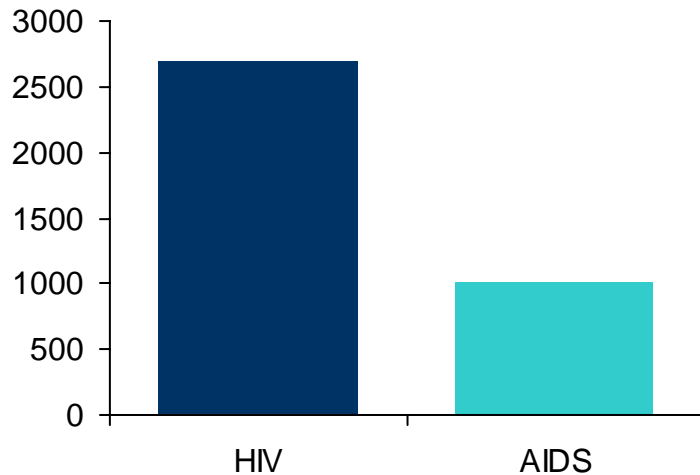
- Acute deaths caused by overdose or poisoning are recorded here, not chronic deaths caused by long-term health damage arising from drug use
- Heroin and methadone deaths are caused by overdose
- Ecstasy deaths are contributed to by drinking too little or too much water while using the drug
- 1:100 regular heroin users die each year, but only 1:100,000 cocaine users
- In comparison, alcohol causes 6,000 acute and chronic deaths per year, and tobacco smoking around 100,000

\* Methadone deaths will be chiefly those who have not had the drug prescribed  
Sources: ONS Health Statistics Quarterly 17, 'Deaths relating to drug poisoning'

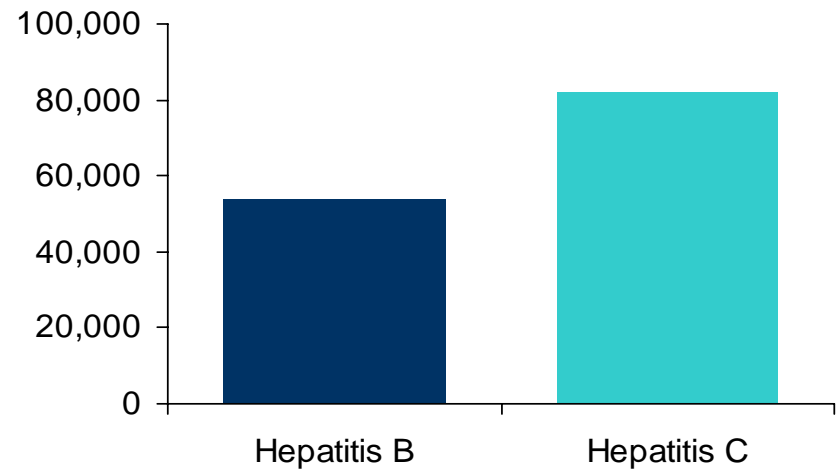
# Injecting drugs, common practice with heroin use, leads to high levels of infection with serious diseases

- Injecting users share needles and infected needles spread diseases
- Drug users then pass diseases on to non-users through other means, for example sex, causing wider public health harms

## Number of past and current injectors infected as a result of intravenous drug use



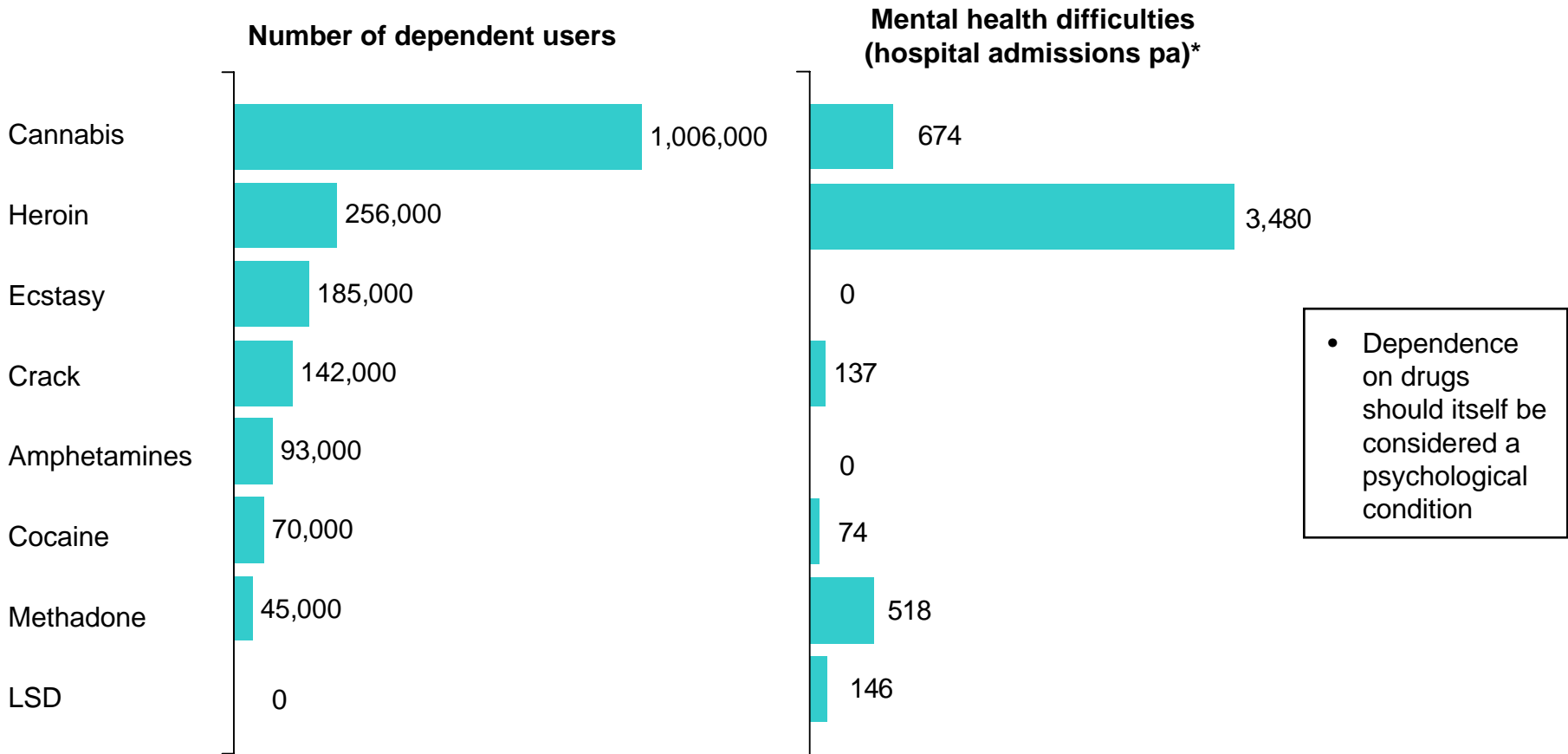
- HIV infection will lead eventually to individuals developing AIDS and to premature death
- Treatment to delay the onset of AIDS is expensive



- Hepatitis B and Hepatitis C are both chronic liver diseases
- Around 20% of those infected with Hepatitis C will die of the disease

# Drugs cause, or are associated with, psychological damage to the user

## Psychological damage caused by use of illegal drugs



\* These figures show hospital admissions where the drug was recorded as the major reason for admission  
Sources: Department of Health HES Statistics, British Crime Survey 2001/2, Psychiatric Morbidity Survey

# Reduced social functioning of dependent drug users leads to harms for both the users themselves and for their children

Drug dependent users - particularly heroin and/or crack users - spend a lot of time acquiring the money to buy drugs; then purchasing and taking drugs

Many problems with social functioning may be the cause of drug use rather than the result - it is difficult to establish the direction of causation

## Drug use reduces capacity for work

- 80% of dependent heroin users are unemployed
- 34% of users have been sacked from jobs

## Drug users become excluded from normal society

- 65% of heroin users say friends are all users

## Drug users' children suffer

- Mood swings and chaotic lifestyles of drug users can lead to neglect and abuse of children
- Children are brought up in environment where drug-taking and crime as seen as normal
- ~10,000 children of heroin addicts are in care

## Drug users' behaviour disrupts community life

- Discarded needles and dealing impact on the safety and health of communities

# Heroin and crack cause the greatest harms to the health and social functioning of users and others

## Damage to health and social functioning caused by illegal drugs

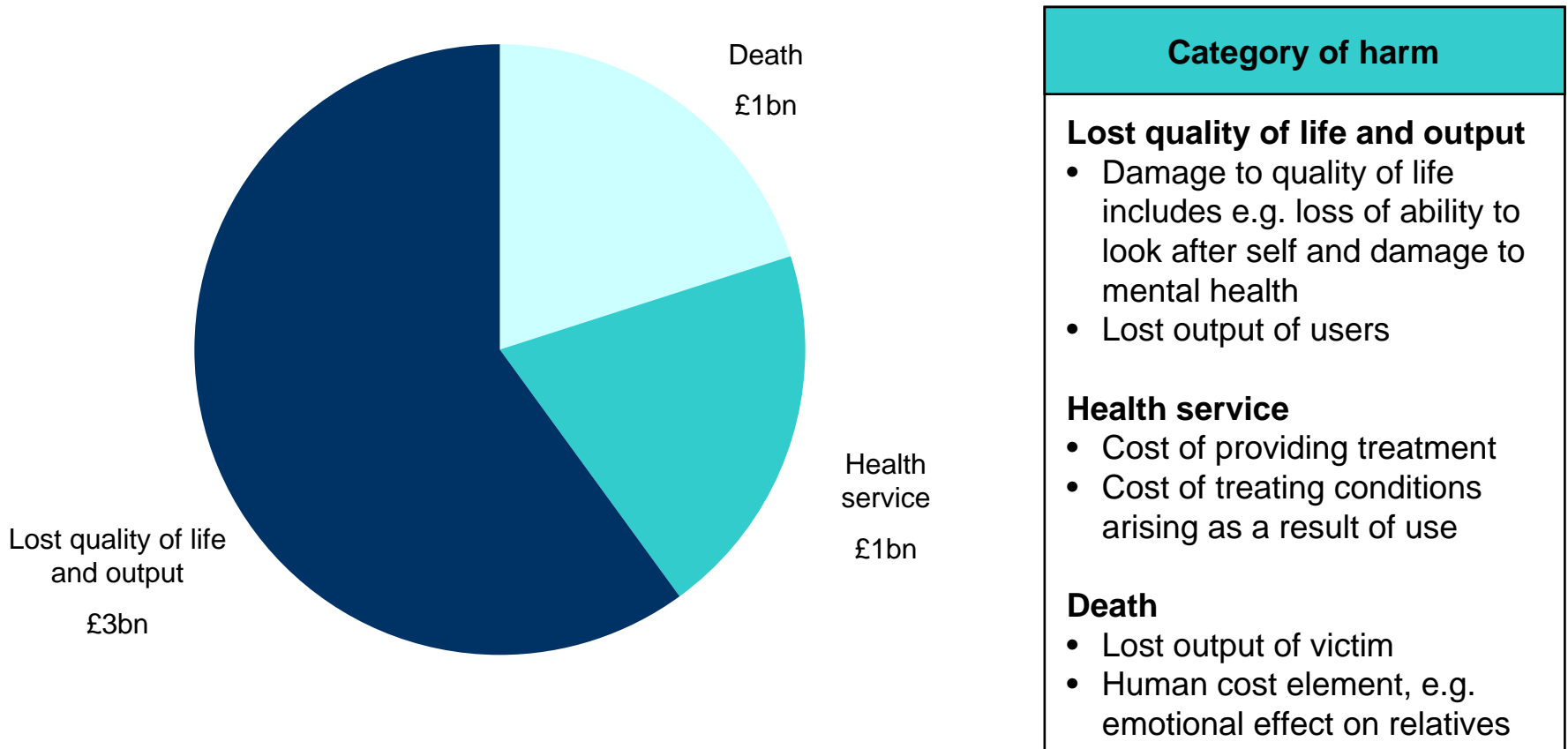
| Drug         | Acute health damage | Long-term physical damage | Long-term mental damage | Harms from injection | Damage to social functioning | TOTAL health & social harms |
|--------------|---------------------|---------------------------|-------------------------|----------------------|------------------------------|-----------------------------|
| Heroin       | ✓ ✓ ✓               | ✓ ✓ ✓                     | ✓ ✓ ✓                   | ✓ ✓ ✓                | ✓ ✓ ✓                        | ✓ ✓ ✓                       |
| Crack        | ✓                   | ✓ ✓ ✓                     | ✓ ✓                     | ✓                    | ✓ ✓ ✓                        | ✓ ✓ ✓                       |
| Methadone    | ✓ ✓                 | ✓ ✓                       | ✓                       |                      | ✓                            | ✓                           |
| Cocaine      | ✓                   | ✓                         | ✓                       | ✓                    | ✓                            | ✓                           |
| Amphetamines | ✓                   | ✓                         | ✓                       | ✓                    | ✓                            | ✓                           |
| Cannabis     | ✓                   | ✓                         | ✓ ✓                     |                      | ✓                            | ✓                           |
| Ecstasy      | ✓                   | ✓                         | ✓                       |                      | ✓                            | ✓                           |
| LSD          |                     |                           | ✓ ✓                     |                      | ✓                            |                             |

**Heroin and crack cause the most damage to health and social functioning**

\* Social functioning is weighted as equal to the other four categories amalgamated

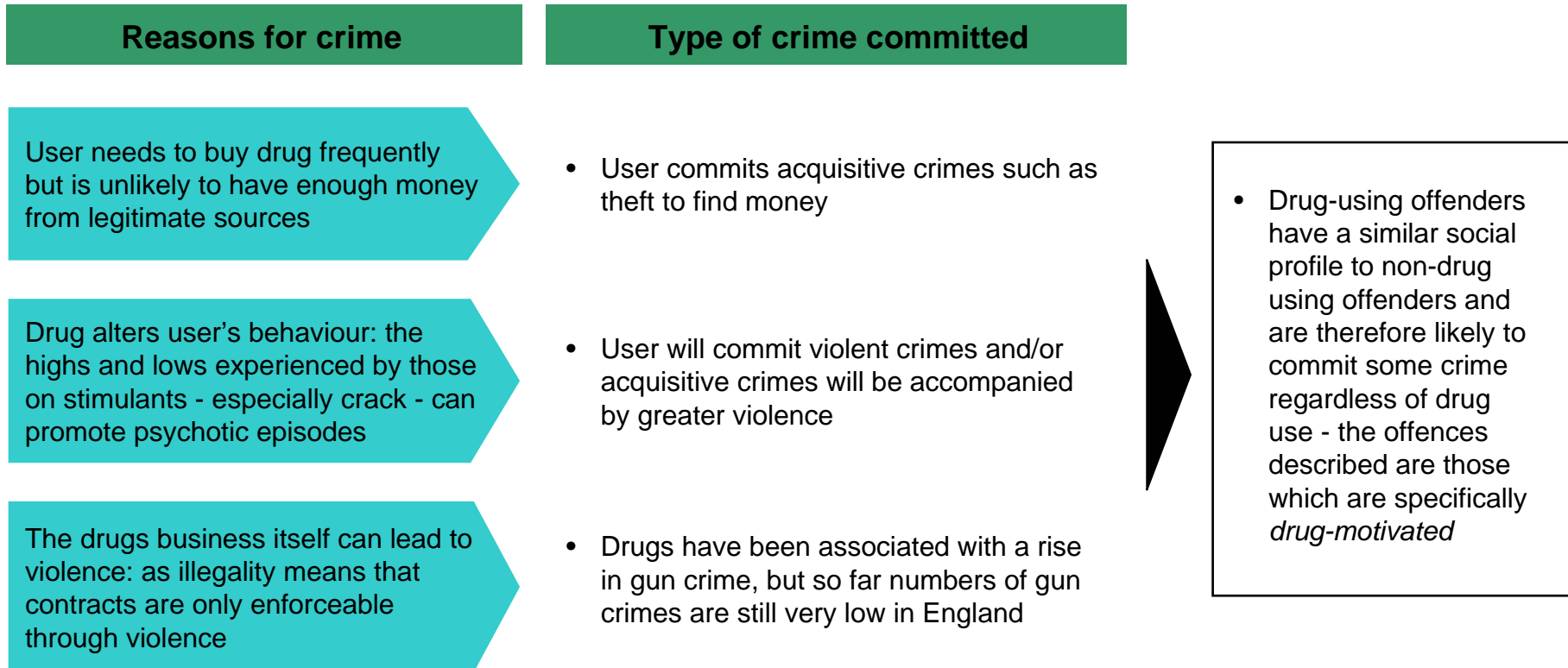
# The cost of harms to health and social functioning from heroin and/or crack use are estimated at £5bn per year

Cost of damage to health and social functioning of heroin and/or crack users arising from use



Source: Team analysis

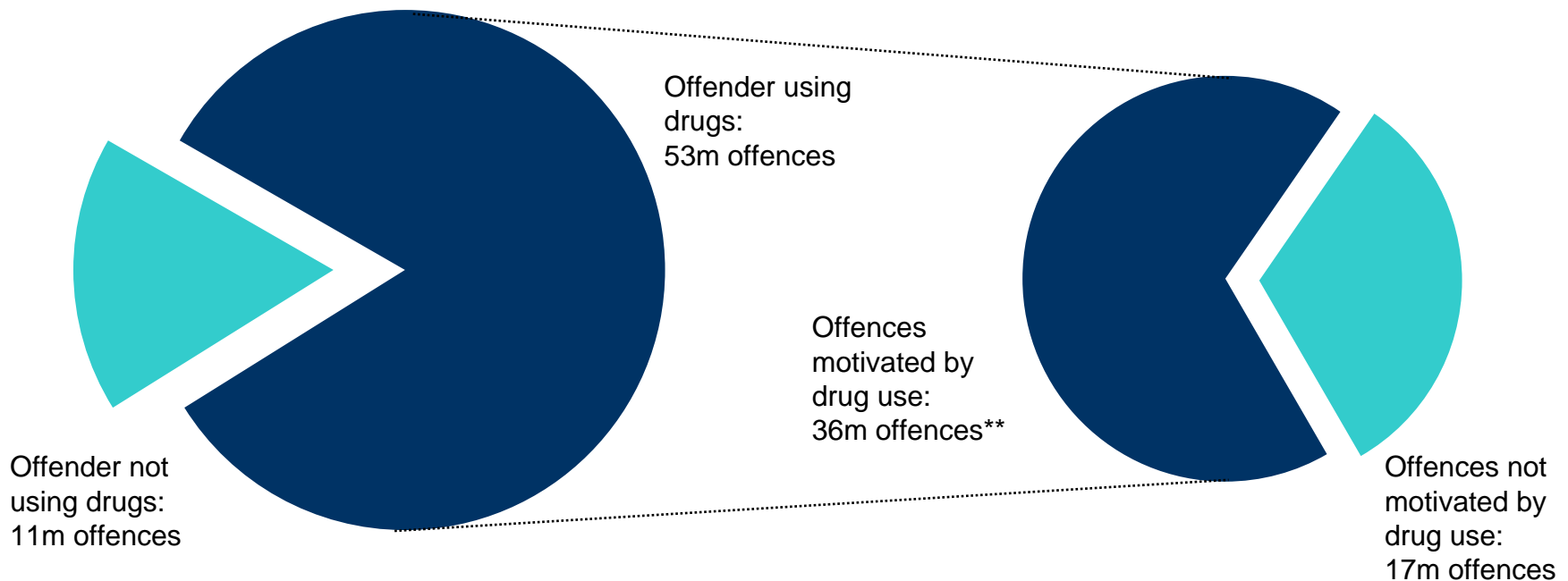
# Crime harms arise from the users' need to pay for drugs; the behaviour drug use causes; and the activities of suppliers



# Drug users are estimated to commit 36m drug-motivated crimes each year, 56% of the total number of crimes

**All crime, committed by drug users and non users\***  
64m offences

**Crimes committed by drug users, whether drug-motivated or not drug-motivated**  
53m offences



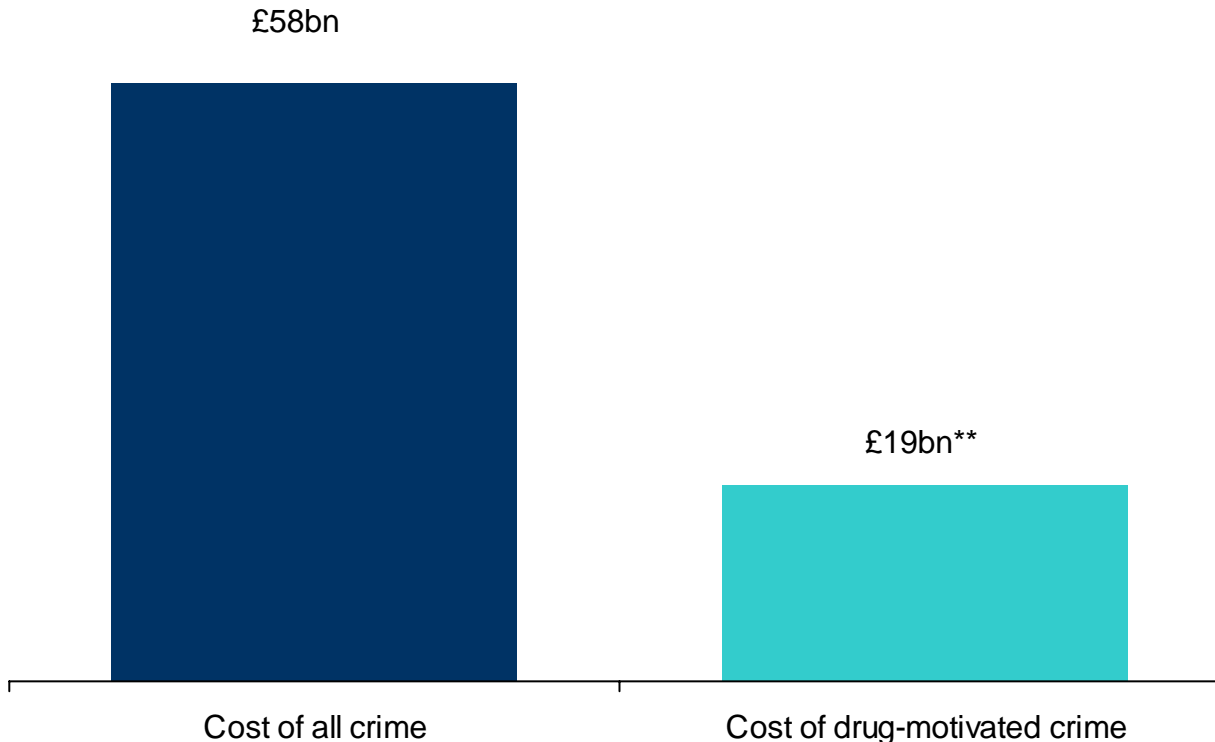
\* Offences of possession or supply of drugs were not included because the victims (i.e. the user and society at large) and costs of offences of possession or supply were already taken account of in the other harms we have analysed. Drug user defined as self-reported use of drugs from slide 4 in last 30 days

\*\* Data from NEW ADAM was to make an estimate of the proportion of drug users' crimes which are specifically motivated by drug use

Source: Team analysis, NEW ADAM survey of arrestees 1999-2002, 'Economic and social costs of crime', Home Office 2000

# Drug-motivated offences are estimated to be responsible for around a third of the total cost of crime

## Cost of drug-motivated crimes\*



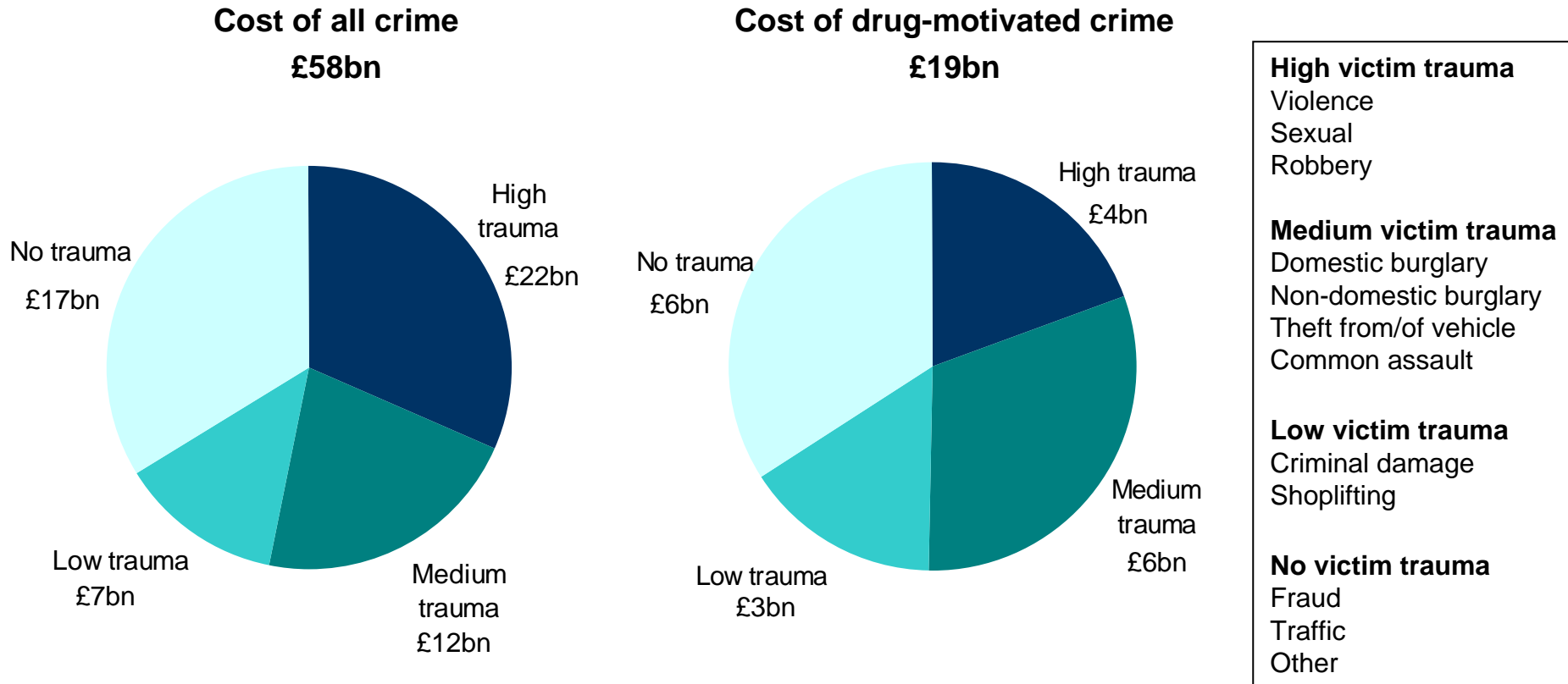
- Drug motivated crime accounts for 33% of the cost of all crime, while accounting for 56% of the volume
- The substantial contribution of drug-motivated crime to all crime was recognised in the Home Office's updated Drugs Strategy
- In comparison, the cost of crime linked to alcohol is estimated to be ~£12bn per year

\* Includes: security expenditure, property stolen, emotional impact on victim, lost output and expenditure on criminal justice system

\*\* This is an estimate within a range of £14-20bn

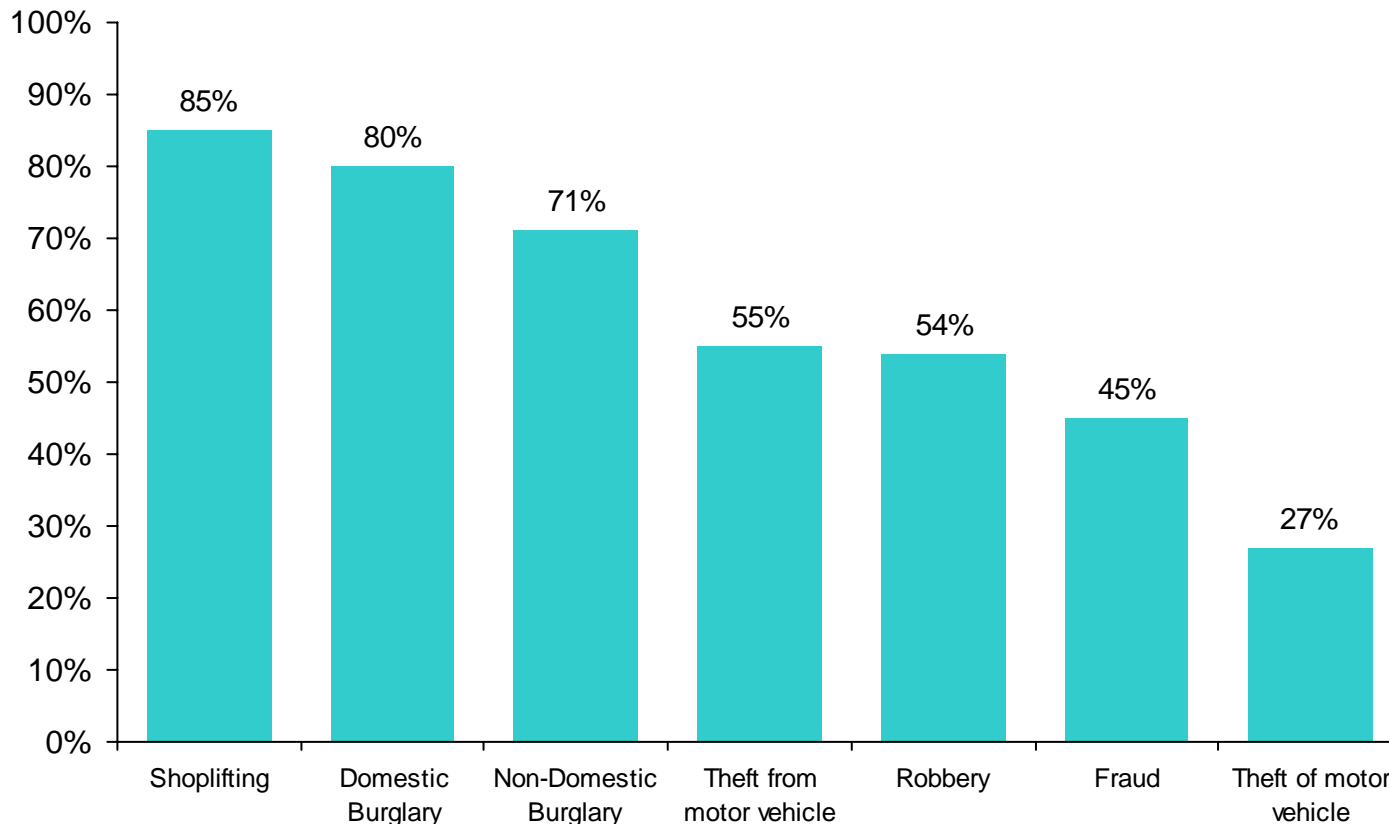
Source: Team analysis, based on NEW ADAM survey of arrestees 1999-2002, 'Economic and social costs of crime'

# Drug-motivated crime is skewed towards property crime rather than high victim trauma crimes



# Drug use is responsible for the great majority of some types of crime, such as shoplifting and burglary

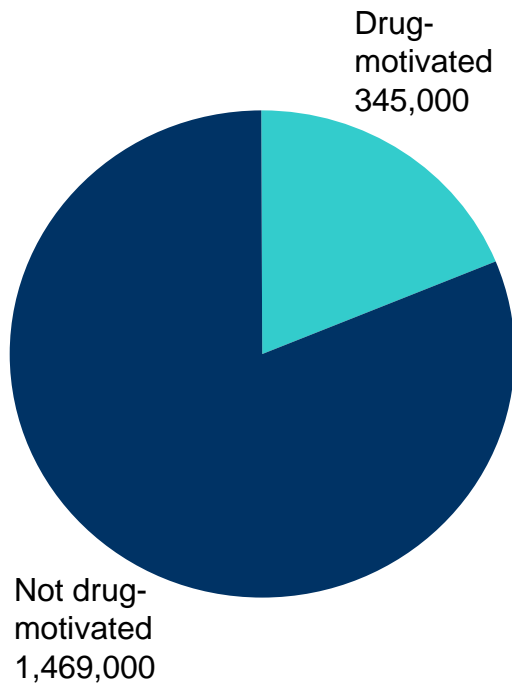
Percentage of different crimes motivated by drug use



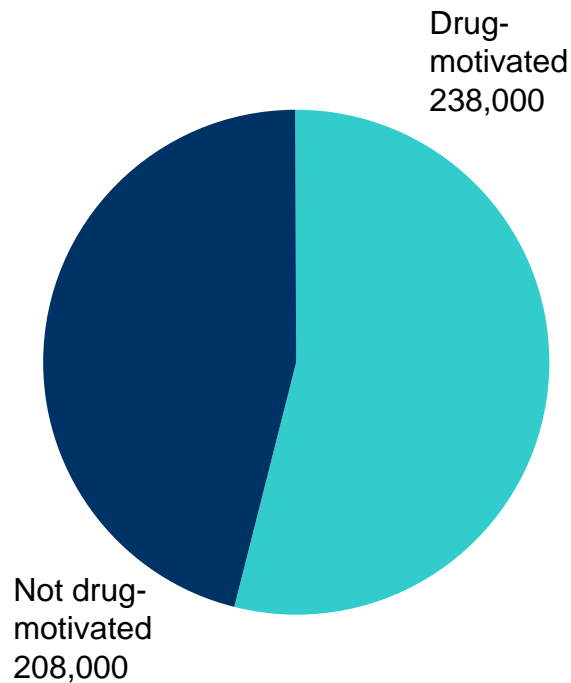
# However, drug use is still linked to some violent crime, including ~130 homicides in a year

- While a lower proportion of drug-motivated crimes is high trauma than other categories of crime, a significant number of violent crimes are nonetheless associated with drugs

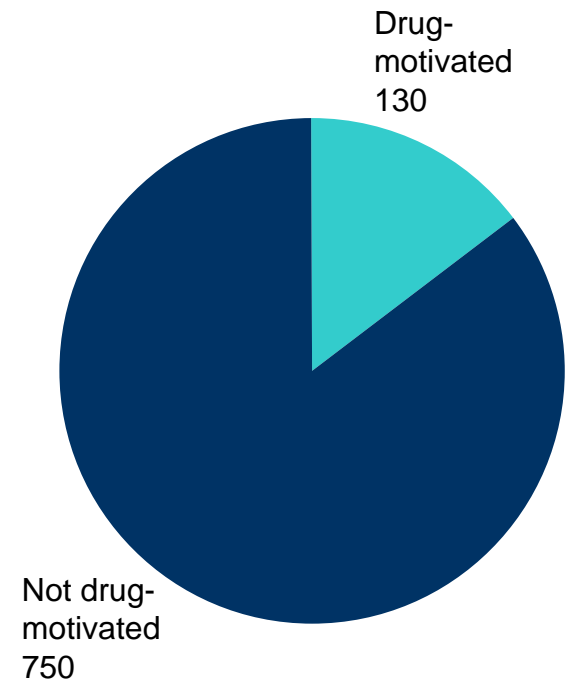
### Stranger & acquaintance violence



### Muggings



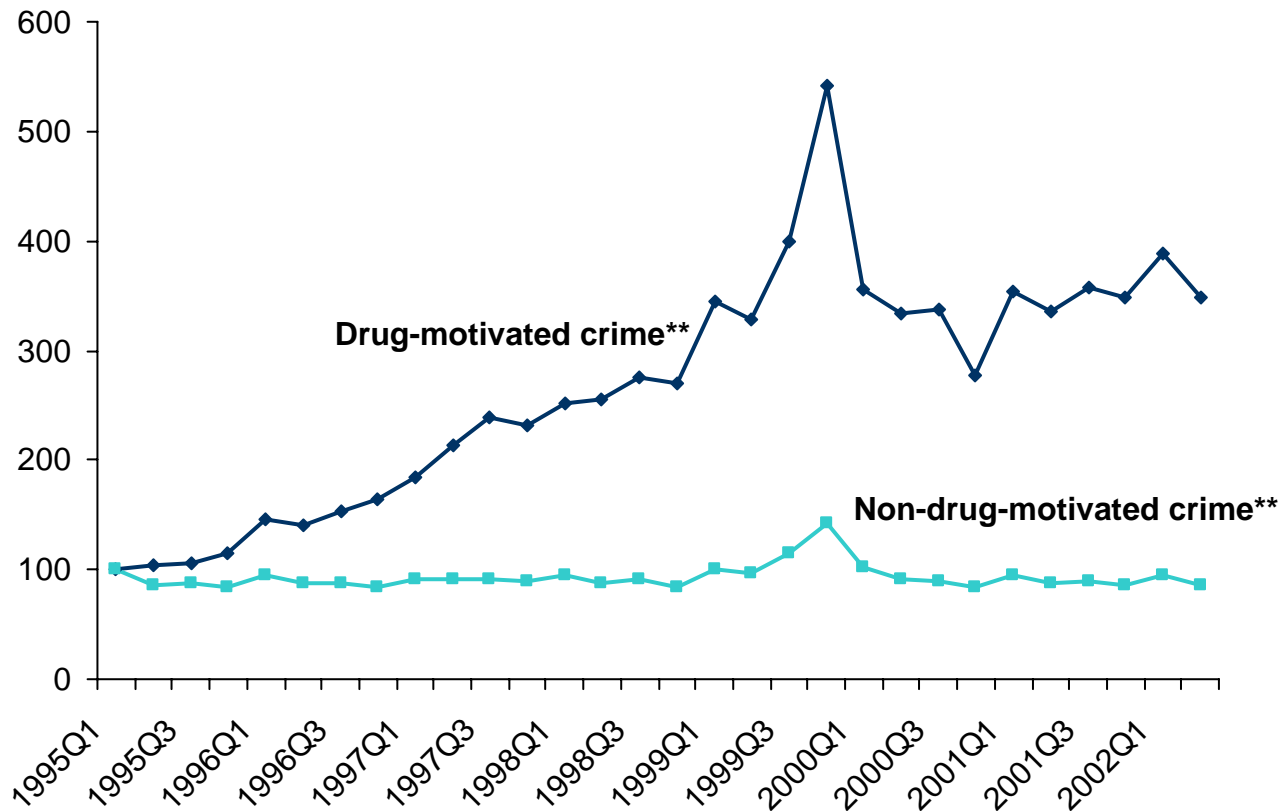
### Homicide



# Drug-motivated crime has risen over the last 7 years, while other crime has remained stable or fallen

Changes in drug-motivated and non-drug-motivated crime since 1995\*

Index (1995Q1 = 100)



• Home Office work shows that drug-motivated crime has risen, while other crime has remained relatively stable

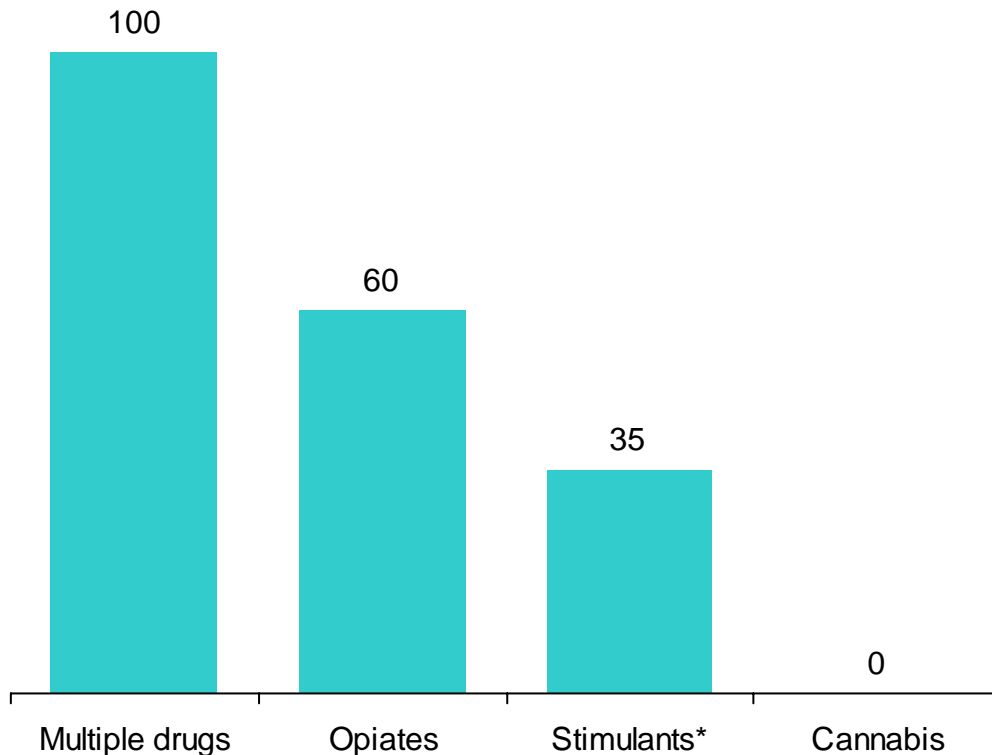
\* NB: analysis based on conviction data which may mirror the efficiency of the CJS rather than actual crimes committed

\*\* Includes acquisitive and violent crimes

Source: 'A volume index for drug-related crime: measurement using individual conviction histories', S. Pudney & C. Goulden, Home Office, not yet published.; the peak in 1999 has not been fully explained but is thought to be due to reporting anomalies.

# Driving under the influence of drugs causes 200 deaths per year - most from opiates, stimulants or a combination

Deaths caused by driving under the influence of illegal drugs each year in England



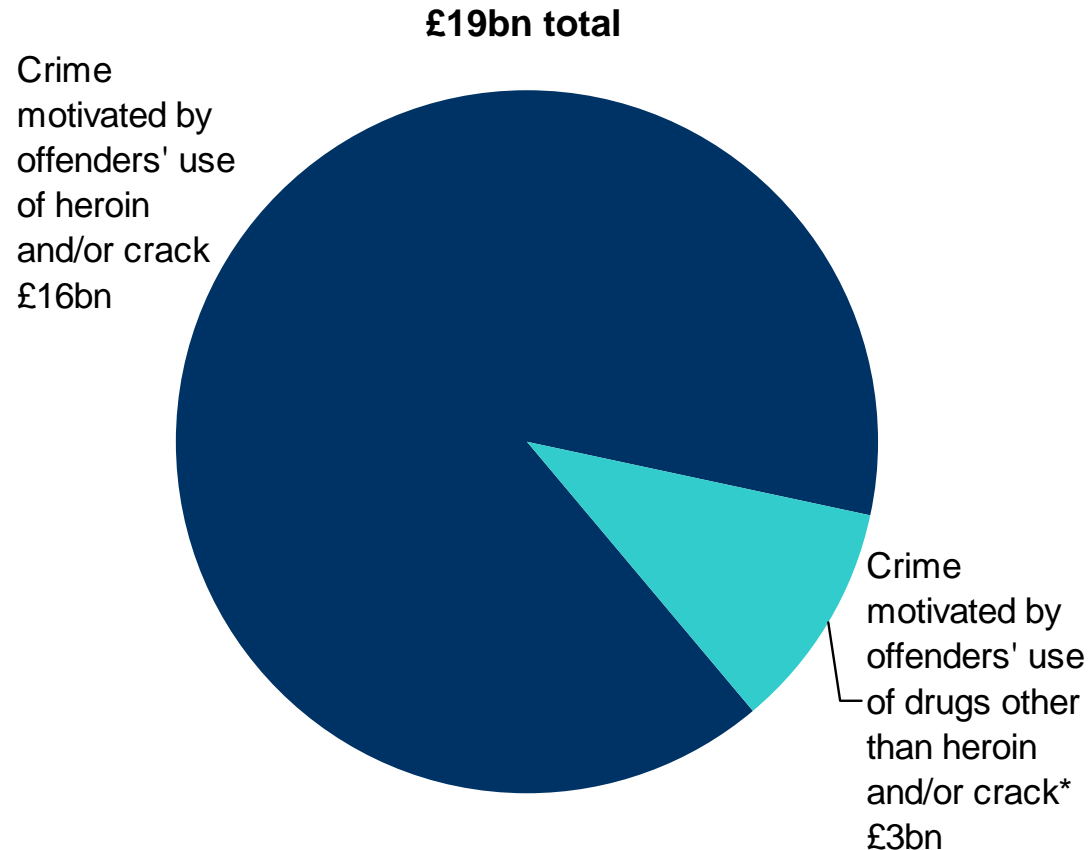
- The pharmacological effect of illegal drugs can impair judgement, so driving while under the influence of illegal drugs can be dangerous
- Different drugs have different effects - extensive tests on cannabis, for example, suggest it is unlikely to cause deaths from driving, though this is not definitive

\* including cocaine and amphetamines

Source: Team analysis based on 'The incidence of drugs and alcohol in road accident fatalities' TRL 49, Inquiry into the Effects of Drugs on Road Safety in Victoria, DfT road accident statistics

# The 280,000 users of heroin and/or crack are responsible for the vast majority of the cost of drug-motivated crime

## Cost of drug-motivated crime by drugs used

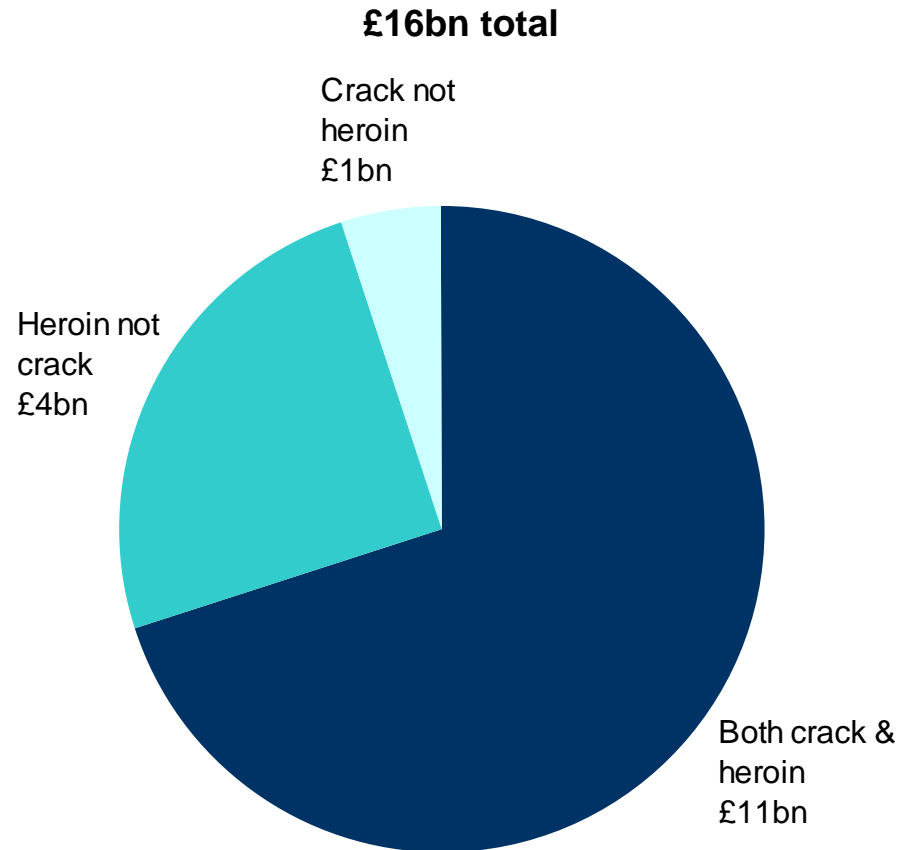


- 280,000 users of heroin and/or crack are responsible for 87% of the cost of drug-motivated crime
- Many heroin and crack users also take other drugs, but it is the use of heroin and crack that drives their criminal behaviour
- Very few people who only use cocaine commit crime as a result of their drug use

\* Includes: amphetamines, cannabis, cocaine, ecstasy, LSD and methadone  
Source: NEW ADAM, 'Economic and social costs of crime'

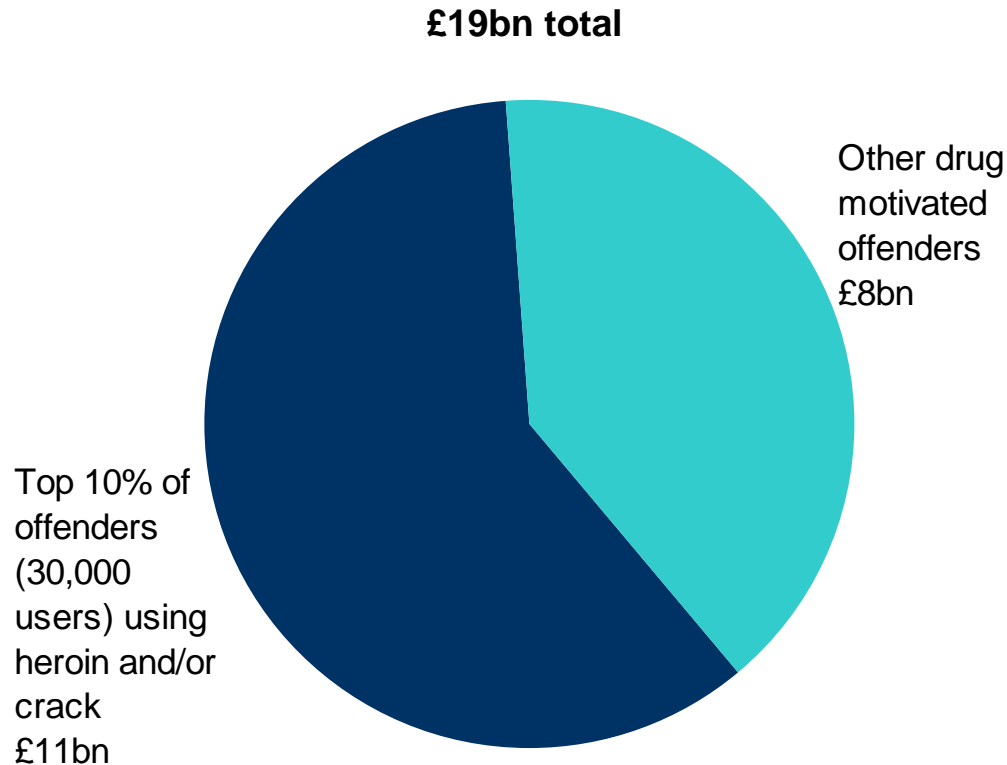
# The 120,000 users who take both heroin and crack commit nearly three-quarters of the crime associated with these drugs

Cost of heroin and crack users' crime, by drug(s) used



# The 30,000 highest offending heroin and/or crack users commit more than half of all drug-motivated crime

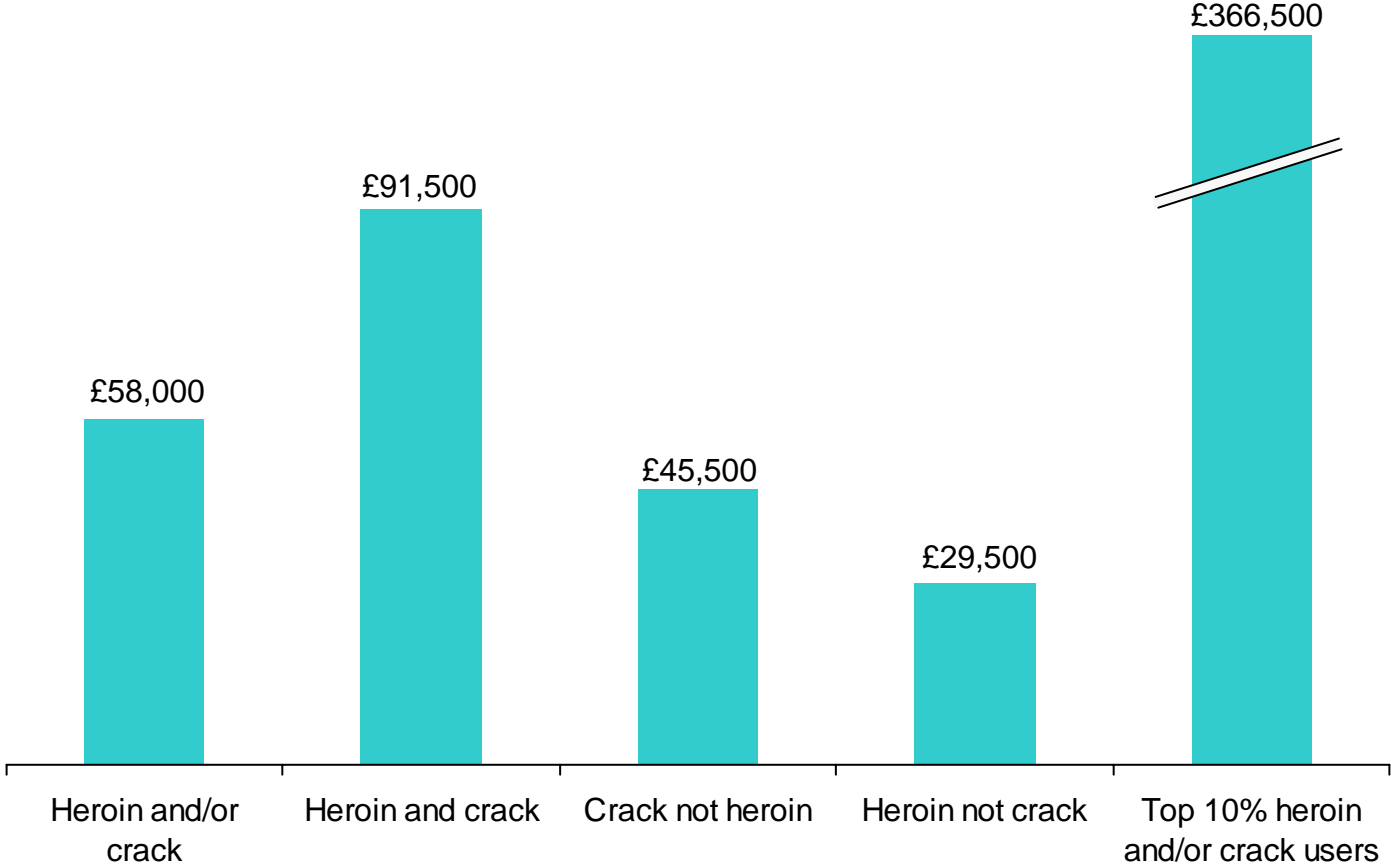
Cost of drug-motivated crime, split by top 10% of most offending heroin and/or crack users and by the remainder of drug users



- 30,000 people (10% of heroin and/or crack users) commit:
  - 21m offences per year (an average of 680 offences each per year)
  - around a third of the volume of all crime
- We have not yet identified any characteristics of this group of 30,000 which are significantly different from those of other heroin and/or crack users
- We will do further work to understand this group

# The highest offending heroin and/or crack users could be responsible for crime costing over £360,000 per user per year

Estimated cost of crime per user per year



Source: Team analysis, NEW ADAM survey of arrestees 1999-2002, 'Economic and social costs of crime'  
NB as before, these exclude crimes of possession or supply of drugs

# Users of heroin and/or crack cause high levels of every kind of harm

|                               | HEALTH harms  | SOCIAL FUNCTIONING harms   | CRIME harms  | TOTAL harms |
|-------------------------------|---|--|--|-------------|
| <b>Heroin and crack users</b> | <b>High</b> - users at high risk of overdose and infection from injecting | <b>High</b> - daily heroin use and crack binges seriously affect ability to work and care for others | <b>High</b> - heroin and crack associated with very high cost of offending             | ✓ ✓ ✓ ✓ ✓   |
| <b>Crack not heroin users</b> | <b>Medium</b> - long term threat of heart disease                         | <b>High</b> - crack binges seriously affect ability to work and care for others                      | <b>High</b> - crack users responsible for high cost of crime                           | ✓ ✓ ✓ ✓     |
| <b>Heroin not crack users</b> | <b>High</b> - users at high risk of overdose and infection from injecting | <b>High</b> - daily use of heroin seriously affects ability to work and care for others              | <b>Medium</b> - users commit slightly lower cost of crime than those also taking crack | ✓ ✓ ✓ ✓     |

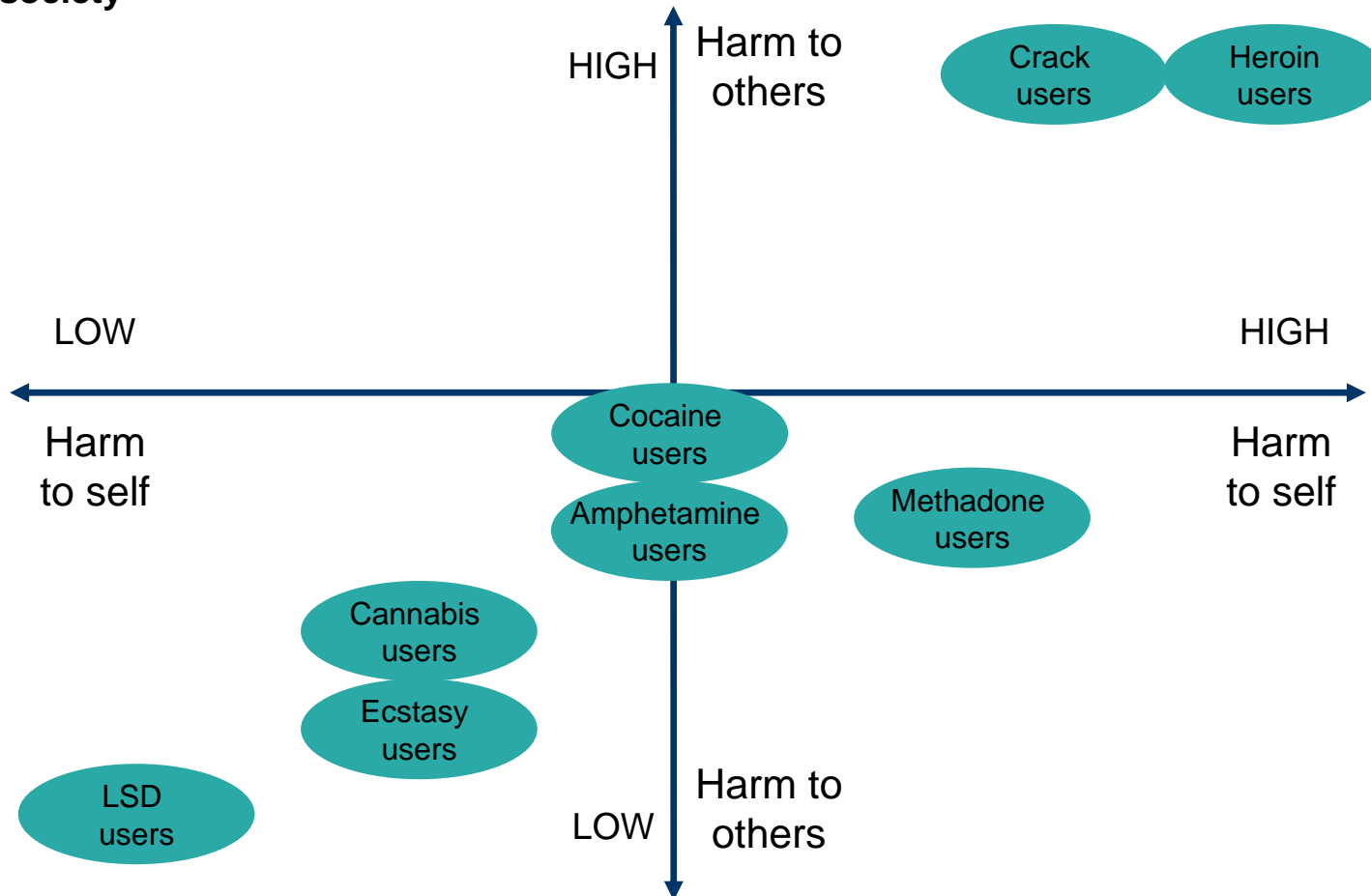
# In comparison, users of other drugs do not cause significant harms

|                               | HEALTH harms   | SOCIAL FUNCTIONING harms  | CRIME harms                                 | TOTAL harms |
|-------------------------------|--|---|---|-------------|
| <b>Cocaine, amphetamines,</b> | <b>Medium</b> - unlikely to cause death, though can lead to cardiac problems and some mental illness | <b>Medium</b> - very heavy use may affect ability to work and care for others | <b>Low</b> - use unlikely to motivate crime | ✓ ✓         |
| <b>Cannabis, ecstasy, LSD</b> | <b>Low</b> - unlikely to cause significant health damage   | <b>Medium</b> - very heavy use may affect ability to work and care for others | <b>Low</b> - use unlikely to motivate crime | ✓           |

Source: Team analysis, from previous sources

# Users of heroin and/or crack are by far the drug users who cause the most harm, both to themselves and to society

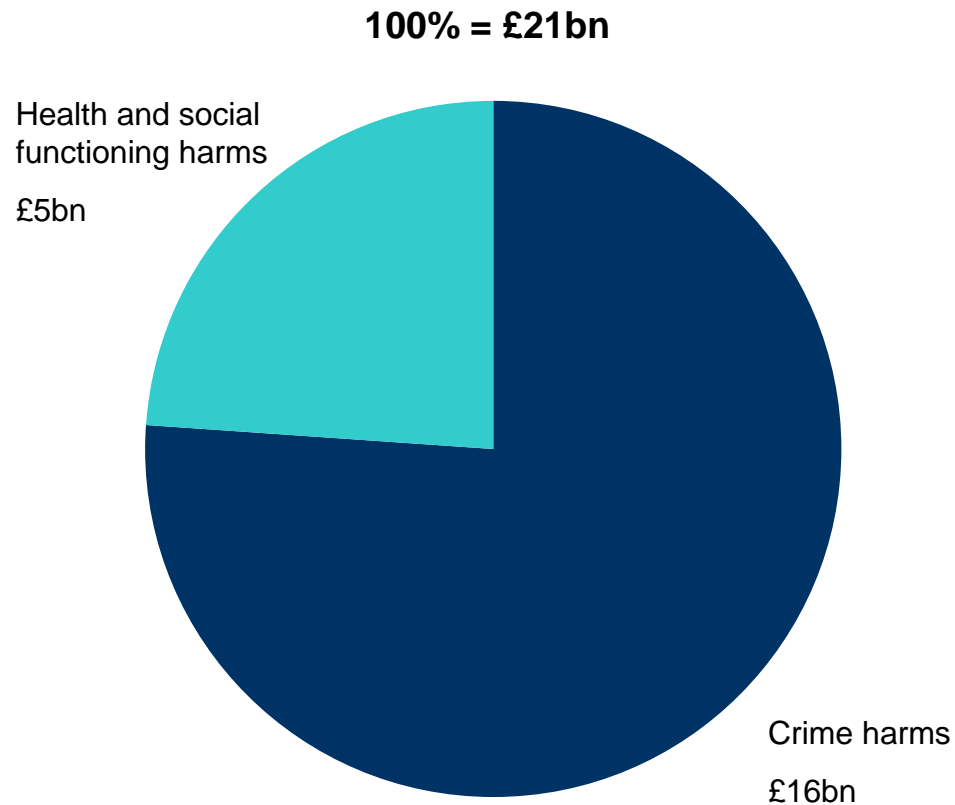
Scale of crime, health and social harms caused by the users of different drugs to themselves and to society



- Our subsequent analysis will focus on heroin and/or crack users as they are the 'high harm causing users'
- This analysis supports the emphasis of the government Drugs Strategy

# The total cost of all harms caused by heroin and/or crack users is £21bn, with crime harms by far the most costly

Harms caused by heroin and/or crack users per year



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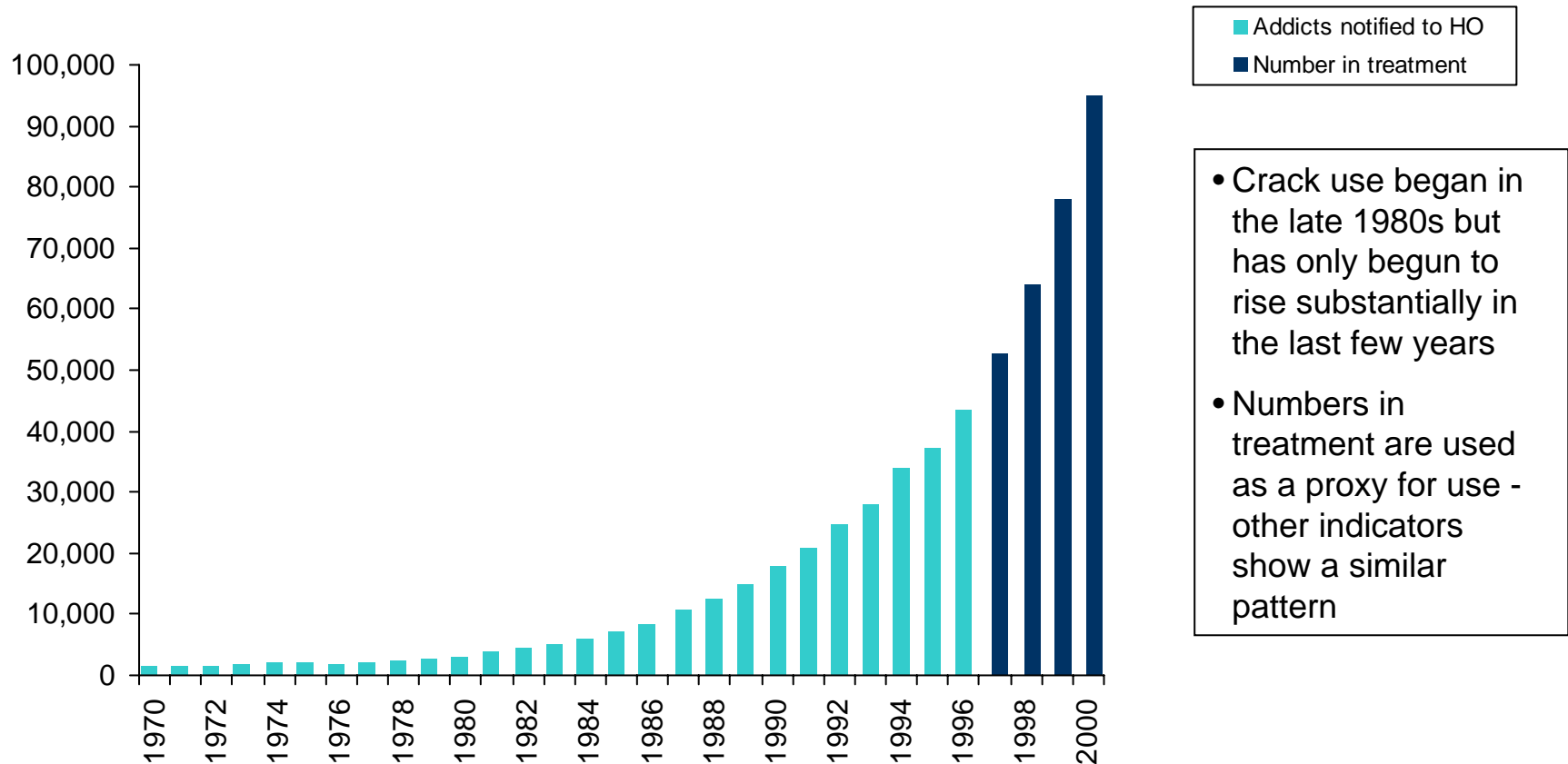
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# The use of high harm causing drugs has risen dramatically over the last 30 years

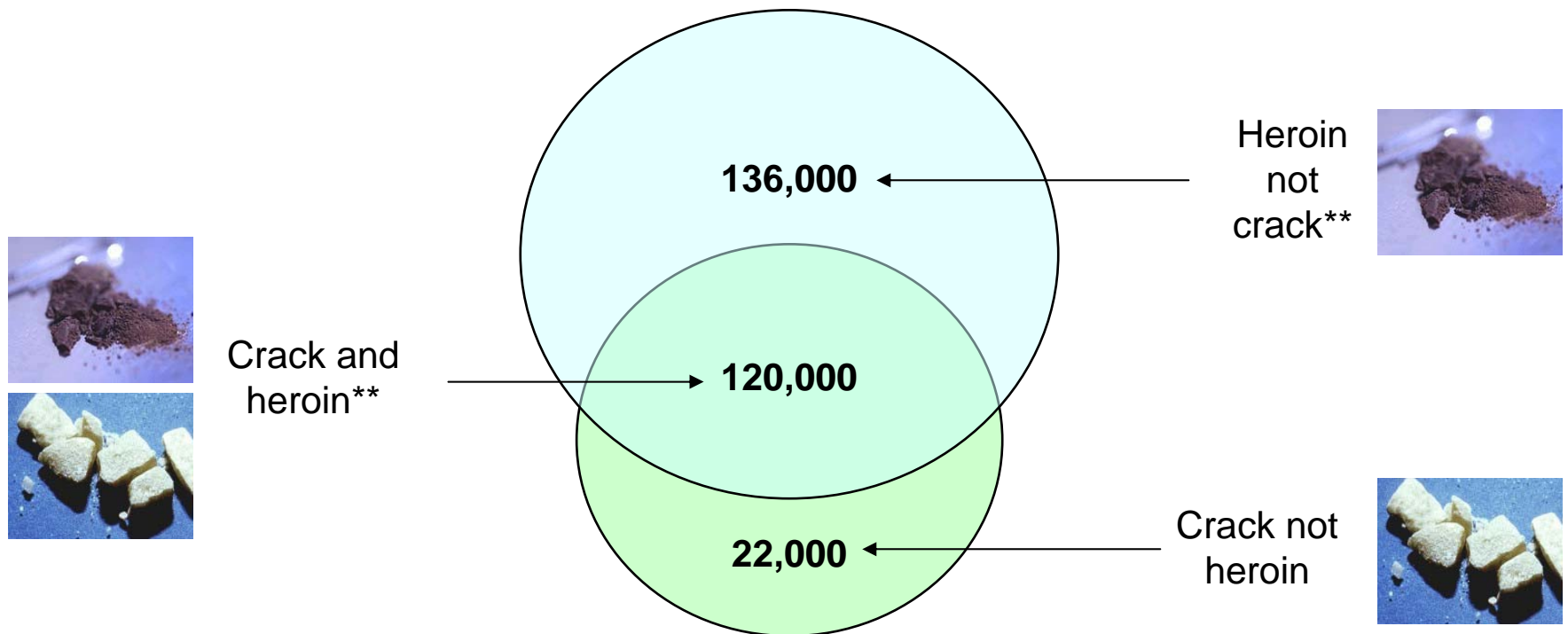
Dependent opiate and cocaine users known to treatment services, by year



Sources: Home Office Addicts Index, Regional Drugs Misuse Treatment Databases. NB it is not possible to separate opiates from cocaine.

# There are an estimated 280,000 high harm causing drug users in England

## OPIATE AND CRACK USERS



In addition, there are 15,000 ex-high harm causing users in prison who are likely to relapse on release

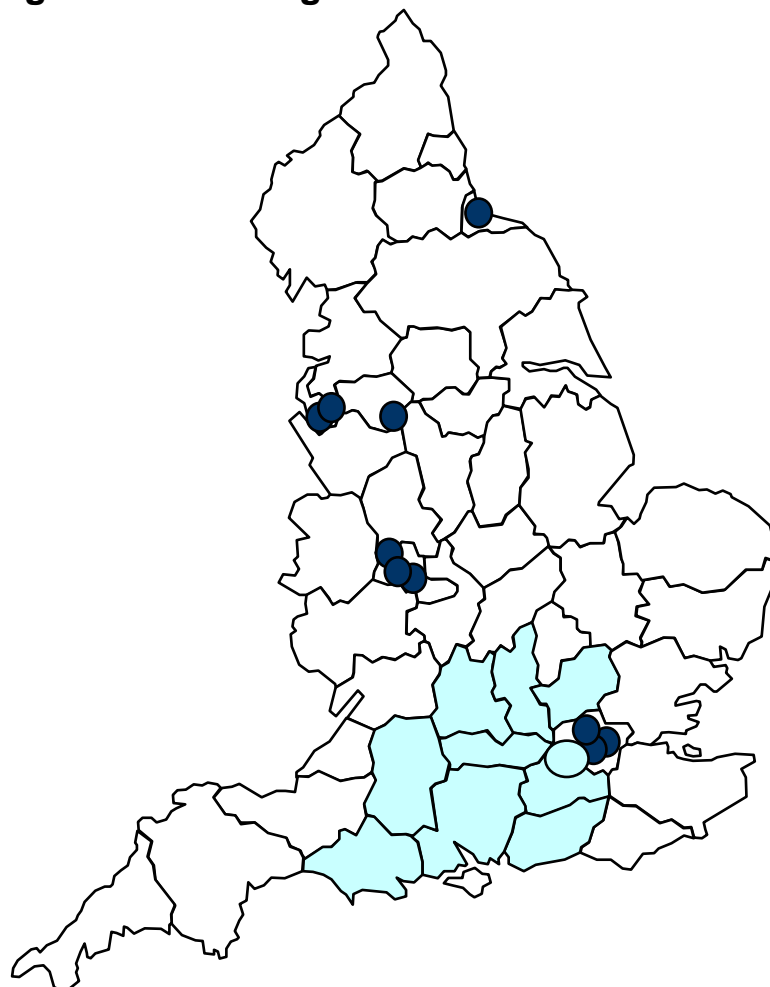
N. B. This estimate has a range of 200,000-400,000

\*\* Includes other opiates such as methadone being used in treating users

Source: Team analysis, DH treatment statistics, NEW ADAM, Arrest Referral statistics

# The 280,000 high harm causing drug users are more likely to be found in deprived urban centres

Health authority areas in England with the highest and lowest proportions of high harm causing users



## Highest ten areas (problem drug users per 1000 population 15-44 yrs)




|            |    |                    |    |
|------------|----|--------------------|----|
| Liverpool  | 31 | Tees               | 25 |
| E London   | 31 | St Helen's         | 24 |
| Manchester | 28 | Wolverhampton      | 23 |
| Lambeth    | 25 | Camden & Islington | 22 |
| Birmingham | 25 | Sandwell           | 22 |

## Lowest ten areas (problem drug users per 1000 population 15-44yrs)

|                 |   |                    |   |
|-----------------|---|--------------------|---|
| East Surrey     | 4 | Buckinghamshire    | 6 |
| West Surrey     | 4 | Hertfordshire      | 7 |
| N and Mid Hants | 5 | Berkshire          | 7 |
| Oxfordshire     | 6 | Kingston & Richm'd | 7 |
| W Sussex        | 6 | Wiltshire          | 7 |

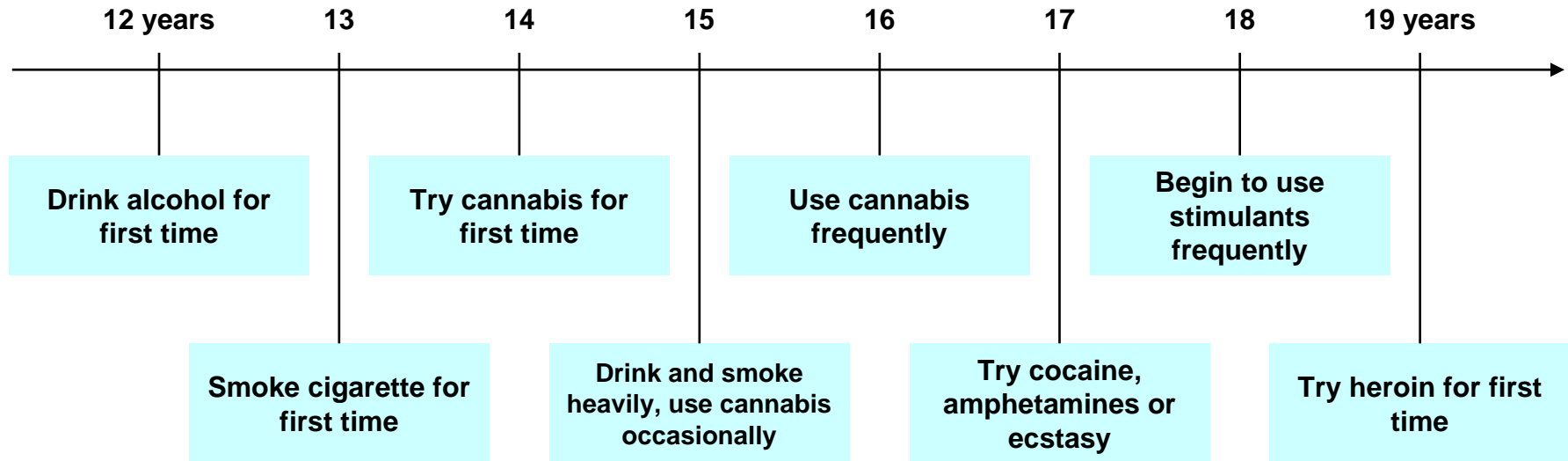
# High harm causing users share many characteristics, though there are some differences

## Indicative pictures of users

|                               |   | AGE/ GENDER/ ETHNICITY                    | TREATMENT HISTORY  | CRIMINAL JUSTICE HISTORY   |
|-------------------------------|---|---|--|--|
| <b>Heroin and crack users</b> |    | 25 up<br>Male<br>White                    | Been in treatment several times, probably for heroin use, which started before crack use | Multiple arrests and spells in prison for short periods.<br>Possibility of one or two longer sentences for violent crime |
| <b>Crack not heroin users</b> |    | 20 up<br>Male<br>Disproportionately black | Unlikely to have spent much time in treatment  | Multiple arrests and spells in prison for short and long periods   |
| <b>Heroin not crack users</b> |  | 20 up<br>Male<br>White                    | Been in treatment several times  | Multiple arrests and spells in prison for short periods  |

# High harm causing drug users share risk factors with young offenders and tend to drink and smoke before taking drugs

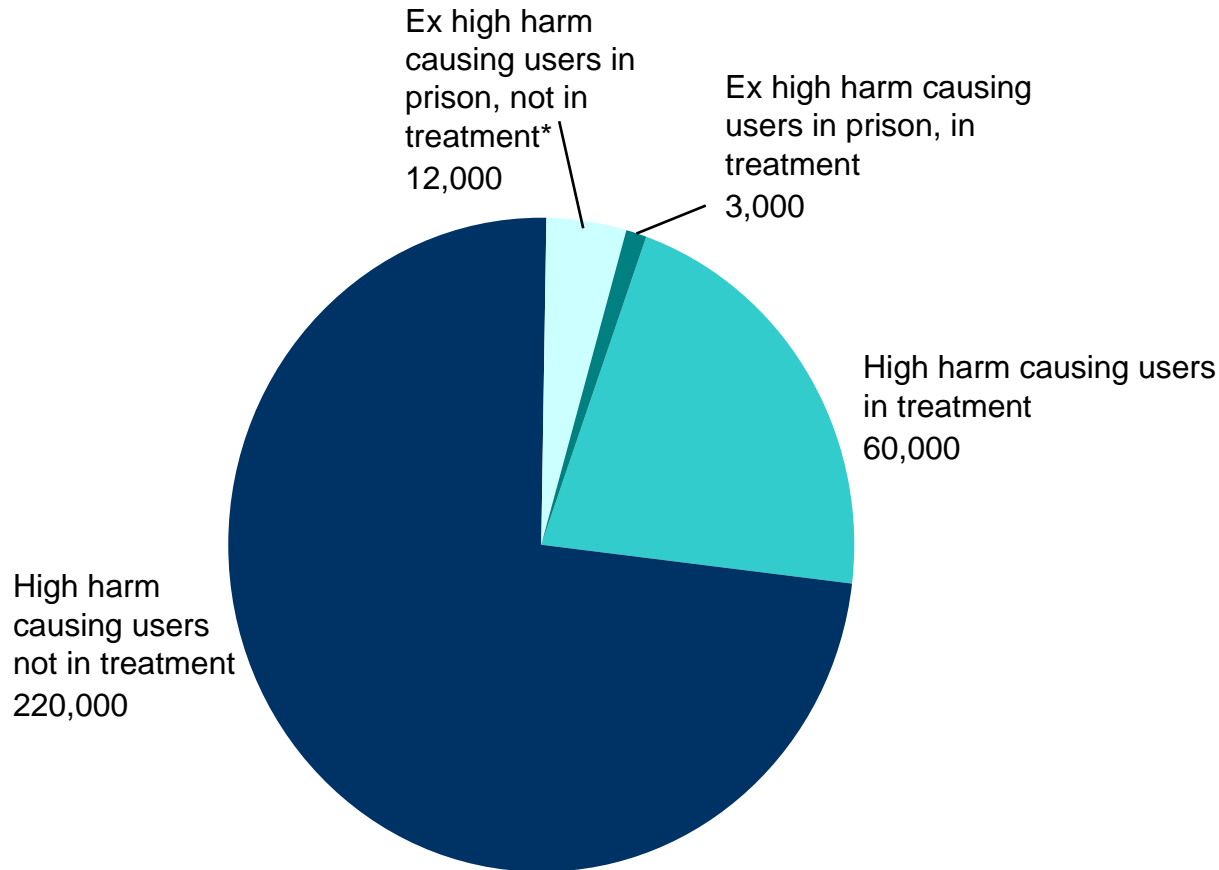
## Indicative pattern of drug use



- Family background - and specifically family conflict - is a key risk factor for heavy drug use
- Socioeconomic background can contribute to family risk factors such as conflict and also makes it more likely young people will come into contact with drugs
- These risk factors lead initially to young offending, which almost always precedes early experimentation with less harmful drugs such as cannabis, followed by heavy use of heroin and/or crack
- While light use of recreational drugs always precedes heavy use of heroin and/or crack, the key indicators for heavy use later are family background, criminal behaviour and recreational drug use in early to mid teens

# At any one time, over 220,000 high harm causing drug users are *not* engaged in treatment

## Snapshot of high harm causing users' interaction with treatment

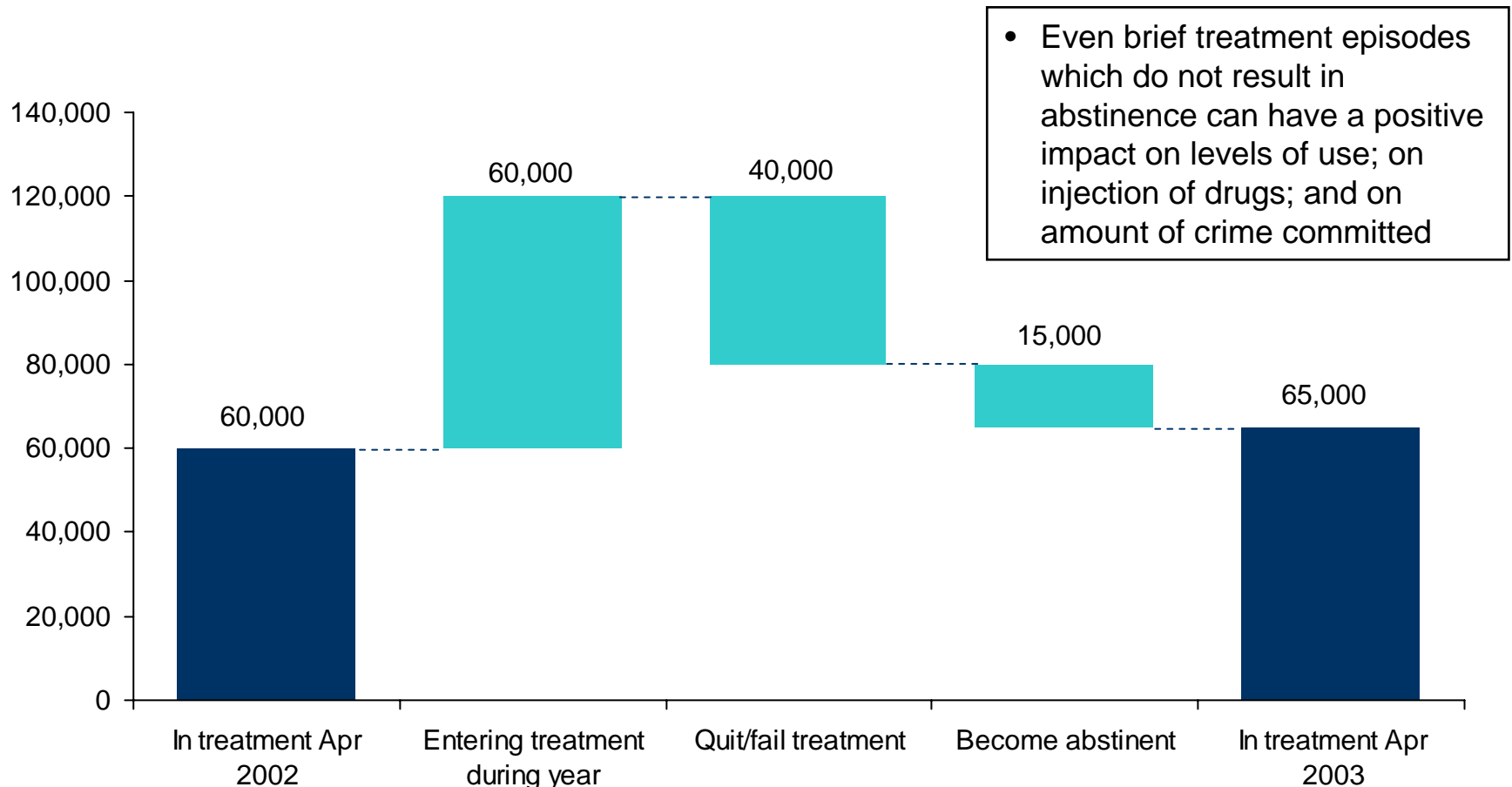


- Treatment outside prison can take place in the community or in residential settings
- Community interventions include methadone maintenance or weekly counselling
- Residential treatment includes detoxification and/or intensive counselling/therapy

\* Included because a high proportion are likely to re-use on release

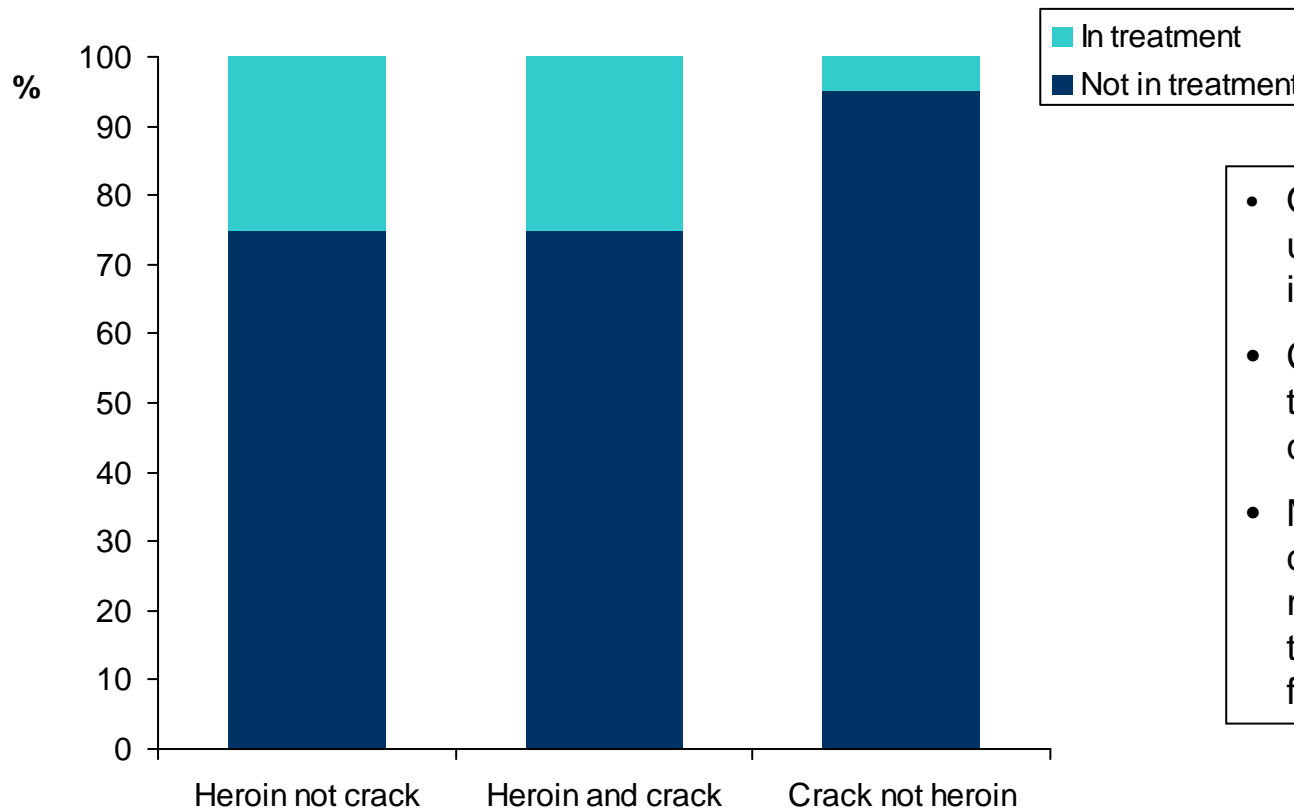
# Less than half of high harm causing drug users engage with treatment each year

High harm causing users in treatment, entering treatment and moving out of treatment during the course of a year



# A particularly low proportion of crack users are engaged in treatment

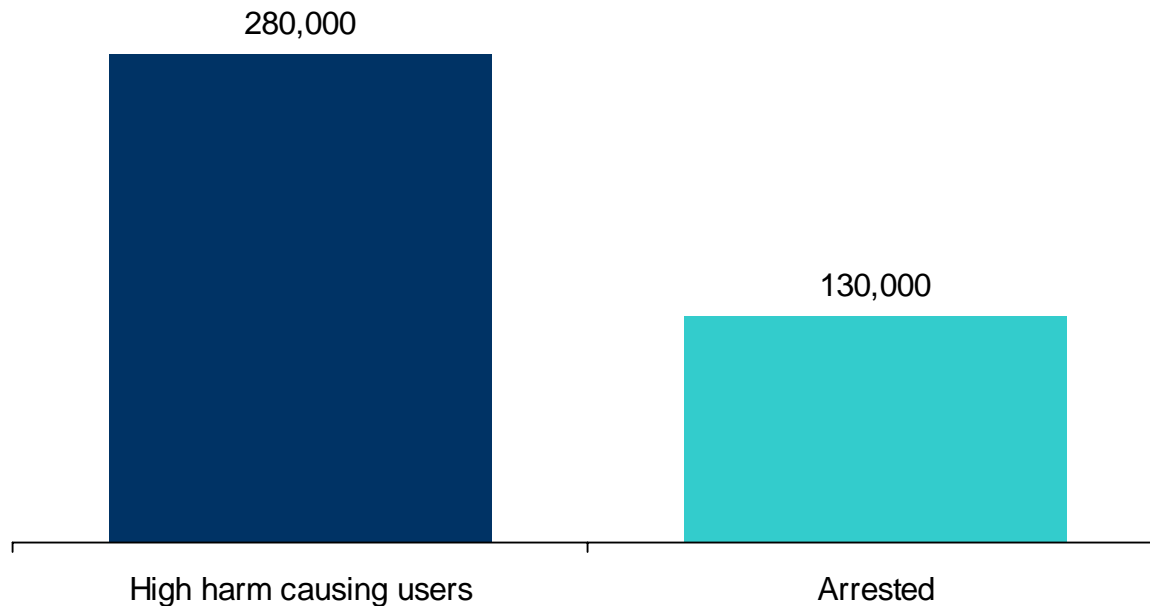
Percentage of users in treatment at any one time, according to drug/s used



- Only ~1,000 crack-only users (5% of whole) are in treatment
- Crack use can be difficult to treat and capacity is currently very limited
- Many of the heroin and crack users will be receiving treatment for their heroin use but not for their crack use

# High harm causing drug users engage frequently with the criminal justice system - nearly half are arrested every year

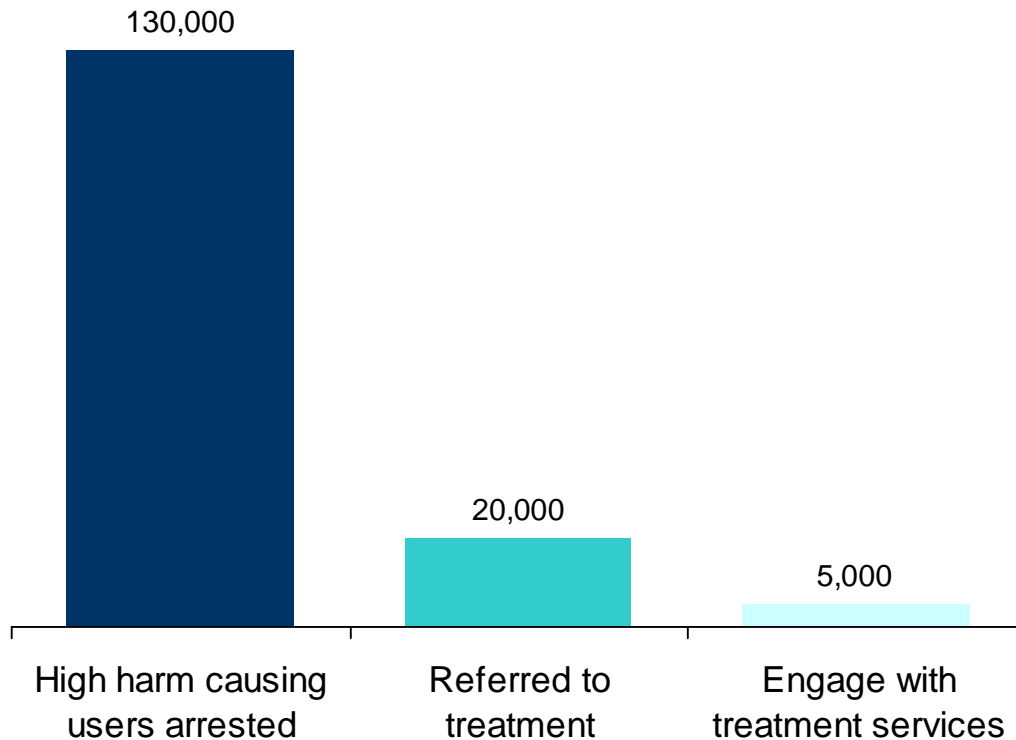
High harm causing users arrested in the course of a year



- Crack users - especially those who do not use heroin as well - are much more likely to be arrested than other high harm causing users

# Of high harm causing drug users arrested, less than 1 in 5 are referred to treatment - and less than 1 in 25 actually attend

## High harm causing users referred to treatment through Arrest Referral

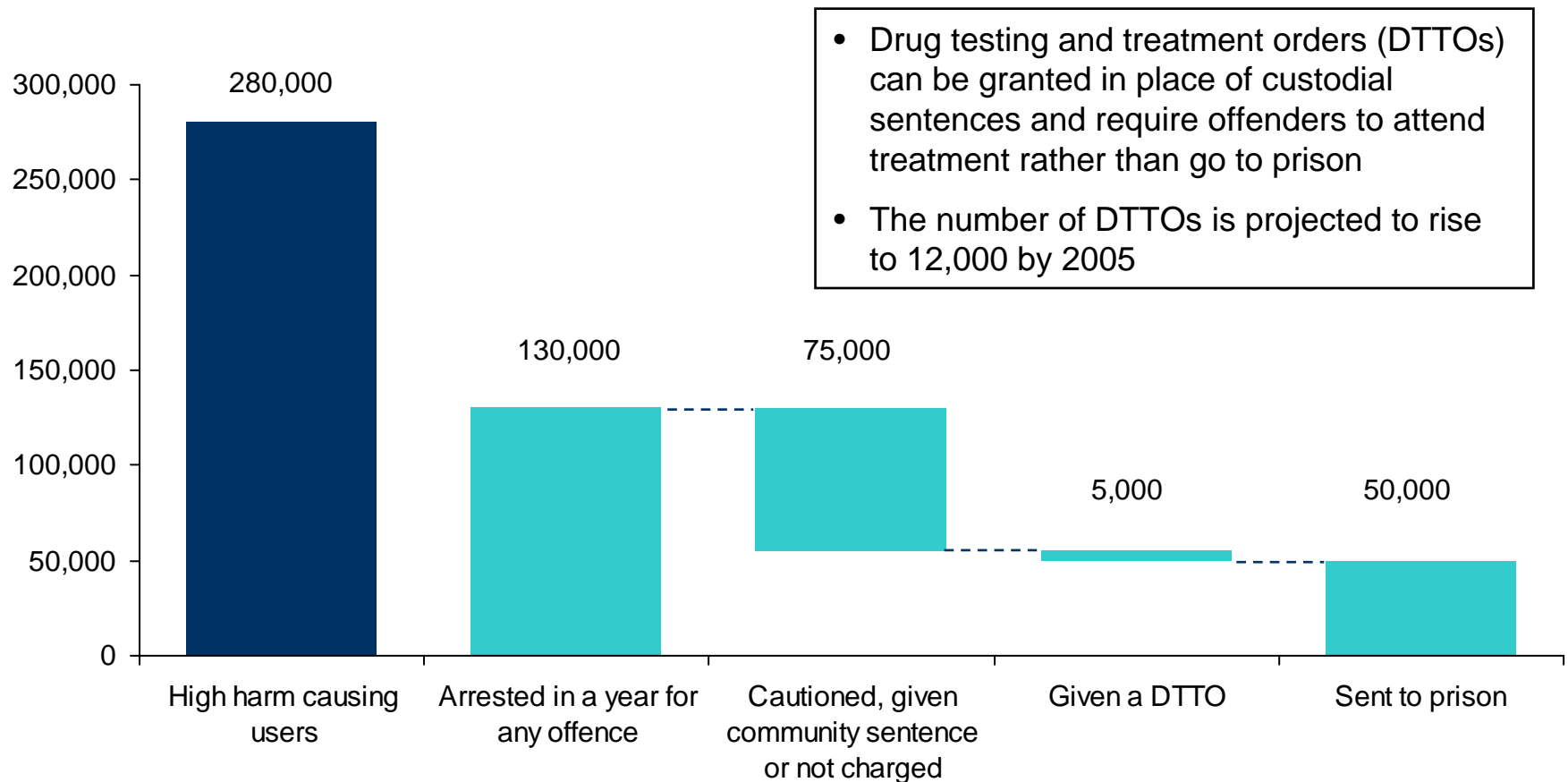


- Arrest Referral is an informal system which aims to identify drug users among arrestees and refer them to treatment
- Arrestees are assessed for drug dependence by interview
- Drug testing of those arrested for a 'trigger offence'\* is currently being rolled out to 30 BCUs. It is intended to identify more users among arrestees, and identify users with greater certainty
- Currently there are no sanctions if the arrestee does not engage with treatment after referral. However, the Criminal Justice White Paper suggests that those not taking up treatment should not be bailed

\* 'Trigger offences' are those typically linked to drug use, e.g. mugging, shoplifting, drugs offences, burglary  
Source: Arrest Referral Statistical Update 2001

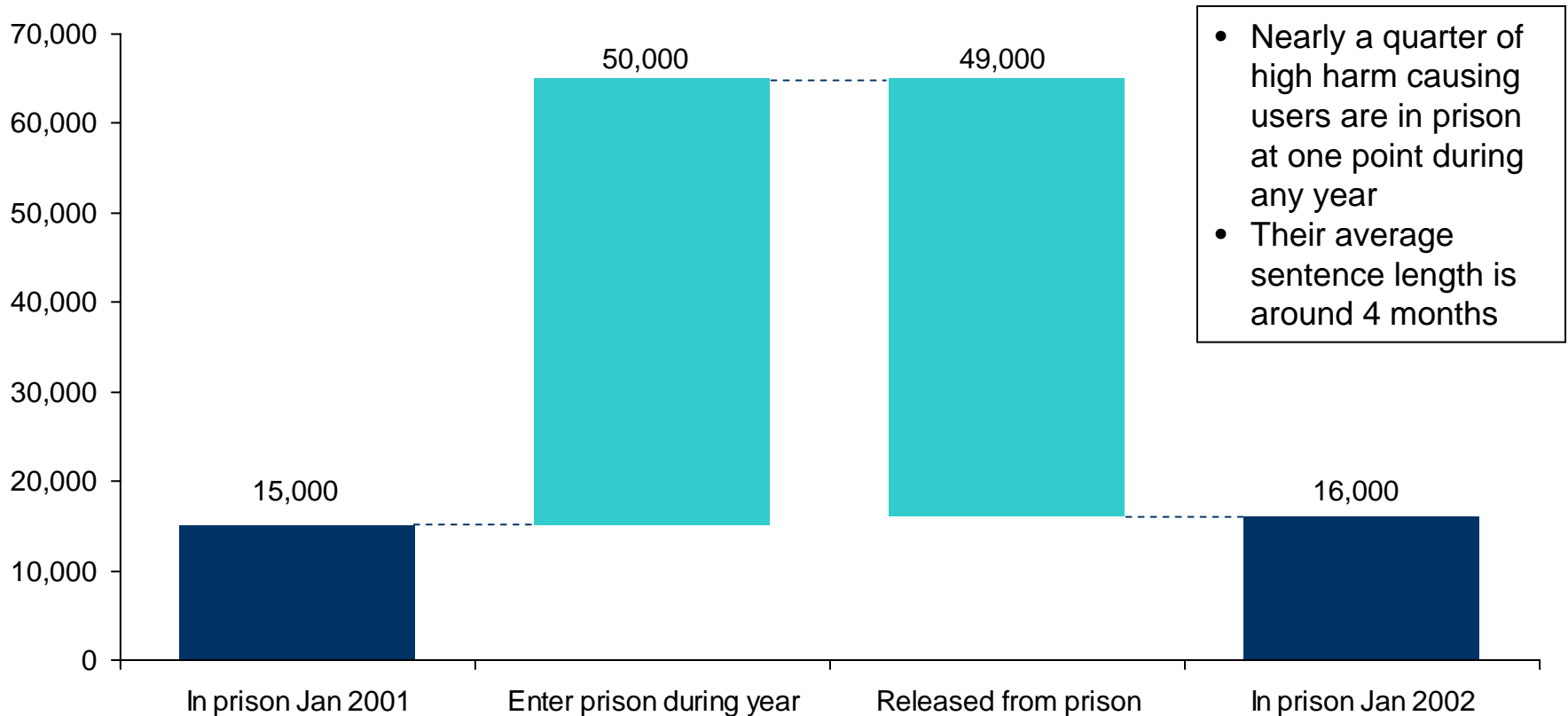
# Only 5,000 high harm causing drug users receive a sentence each year specifically addressing their drug use

High harm causing users passing through the criminal justice system in the course of a year



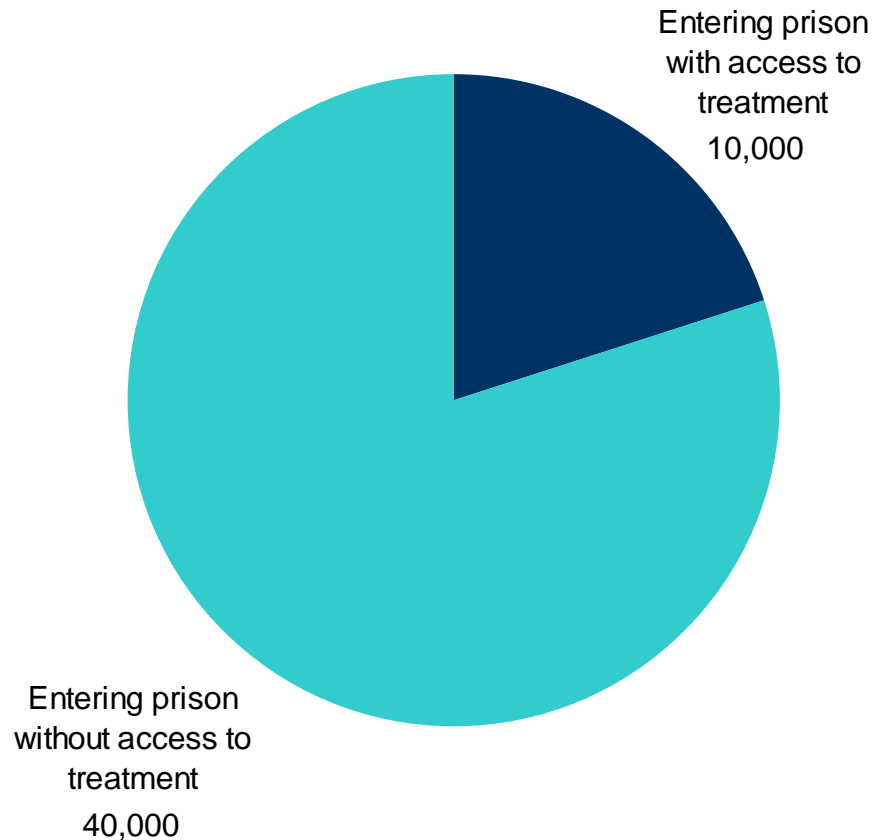
# Many high harm causing users enter prison each year, and most leave again within a year

High harm causing users in prison, entering prison and leaving prison during a year



# Of high harm causing users entering prison, a minority have access to specialised treatment

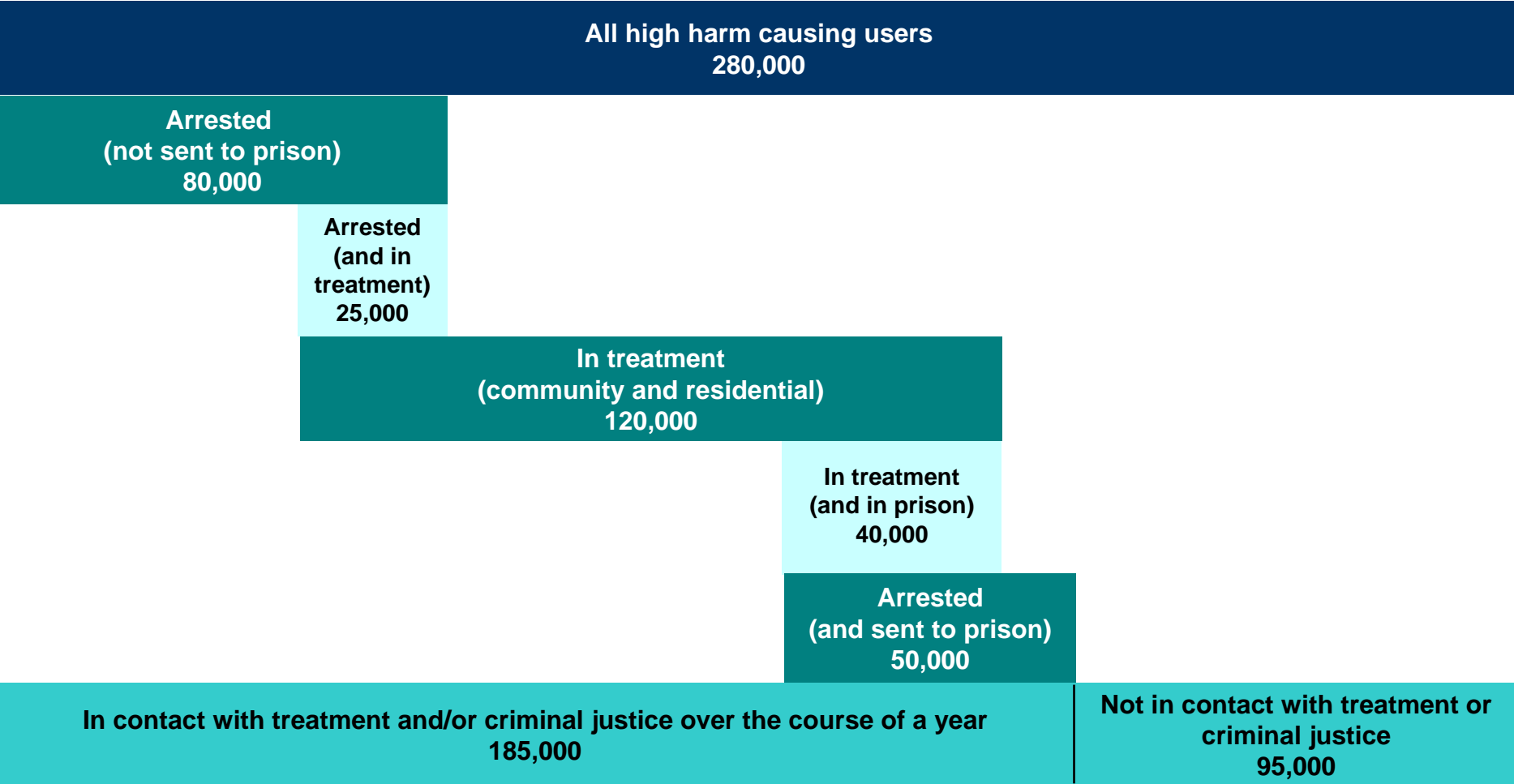
High harm users entering prison in a year with access to specialist treatment units



- Prisoners are assessed for health needs on arrival in prison, including drug problems
- Most high harm users are imprisoned for minor offences and short periods; as a result they are most likely to enter local prisons - which are less likely than higher security prisons to have specialist drug treatment services

# In sum, the majority of high harm causing users have contact with treatment or criminal justice each year - but a third do not

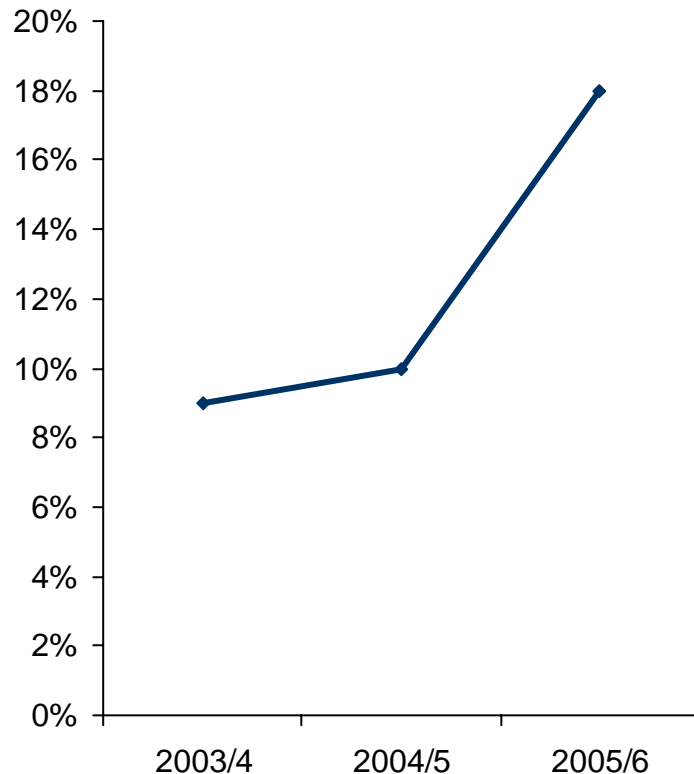
Interactions of high harm causing users with the treatment and criminal justice system over the course of a year



Source: Team analysis

# Planned additional treatment capacity may be insufficient to deal with the scale of high harm causing use

## Cumulative real growth in treatment resources from 2002/3, by year



Source: NTA, Team analysis

- Treatment resources come from two sources: a ringfenced budget (the pooled treatment budget) and mainstream budgets (e.g. NHS, local authorities)
- Over the Spending Review period the pooled treatment budget will increase by 57% in cash terms
- But over the same period funding from mainstream treatment budgets is projected to remain roughly constant
- After allowing for price increases, total treatment resources will increase by around 18% over the period 2002/3 - 2005/6
- The picture is far from uniform across the country: the increase in resources will vary widely

### However:

- Current treatment capacity appears to be well below need
- The mismatch is particularly acute for crack users who cause disproportionate harm
- The effectiveness and efficiency of treatment services and the scope for their expansion and improvement will be examined in Phase 2

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# Main conclusions on drug consumption

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## THE DRUGS

- Heroin and crack are the most addictive drugs, and some of the most expensive

## THE HARMS

- Drug use (especially of heroin and crack) damages health and quality of life
- Drug use causes users to commit crime
  - heroin and/or crack users commit most crime
  - the worst offenders use heroin and crack in combination

## THE USERS

- The vast majority of heroin and/or crack users are not in prison or in treatment at any one time
- Two-thirds of high harm users will come into contact with treatment and/or criminal justice in the course of a year
- When users do come into contact with services
  - they do not engage for long
  - they are not identified and dealt with as users

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# Summary of analysis of the drugs supply market

## Production

- Interventions to reduce production are complex, time-consuming and expensive to achieve. They often result in displacement of production elsewhere

## Trafficking

- Traffickers have adapted effectively to government interventions. They run highly profitable businesses and can withstand temporary shocks to their profitability. Interventions have been short-lived or have had a negligible impact on the retail market

## Money laundering

- Cash is of critical importance for traffickers, but the money laundering business has become increasingly sophisticated and difficult to disrupt

## UK market

- The UK drugs business is highly fluid; dealers manipulate purity and alter the weights sold to maintain revenue

## Impact of intervention

- Even if supply interventions did successfully increase price, the evidence is not sufficiently strong to prove that this would reduce harm. However, shortages in local availability when they do occur can influence short-term demand and drive users into treatment

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# Poverty often leaves farmers in drug growing regions few options but to grow illicit crops

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Poverty and weak agricultural sectors in drug-growing regions leave farmers with a lack of viable alternatives that can match illicit crop returns:

- Coca bush and poppy are amongst the few crops that grow successfully on the poor quality land available to farmers
- High population densities and a lack of non-agricultural opportunities provide plentiful manpower for the labour-intensive cultivation process
- Farmers often have no access to licit markets that offer stable or reliable cash incomes, as in the northern Highlands of Thailand before intervention
- There is typically limited (or costly) access to the infrastructure necessary to transport alternate crops or products to markets
- There is a lack of knowledge about how to grow other crops productively
  - Plan Colombia found that some farmers were using outdated growing techniques that limited productivity and therefore viability

# Additional factors beyond poverty have also helped to entrench farmers' cultivation of illicit crops

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A range of additional factors help drive cultivation patterns:

- Debts denominated in illicit crops force farmers into an ongoing crop cultivation cycle
  - landlords and drug traders extend credit to farmers, such as in Afghanistan
  - this credit must usually be paid back in harvested opium and so even if the farmers were able to raise cash, they would still be tied into growing the crop
  - illicit crops can become the only reliable means of exchange
    - this forces farmers to grow the crop just to buy the goods necessary for survival
- A lack of access to land forces farmers to grow illicit crops
  - due to the profits that they can make, landowners only lease land if tenants agree to cultivate illicit drug crops
  - illicit crops are in any case often well-suited to the terrain and the workforce
- Cultural factors support the production of illicit crops
  - widespread consumption of drugs in producer areas is traditional
  - in Bolivia, cultivation for personal use is legal
- Powerful interests drive continued production of illicit crops
  - farmers and their families can face violence from drug traders if they try to stop growing illicit crops (as seen in the Andean area)
  - officials corrupted by drug traders have an interest in hindering alternative incomes for farmers

# Western influence in production areas is limited because a drugs economy thrives where the rule of law has failed, or where international norms have been breached

## Typical conditions in major drug-producing countries

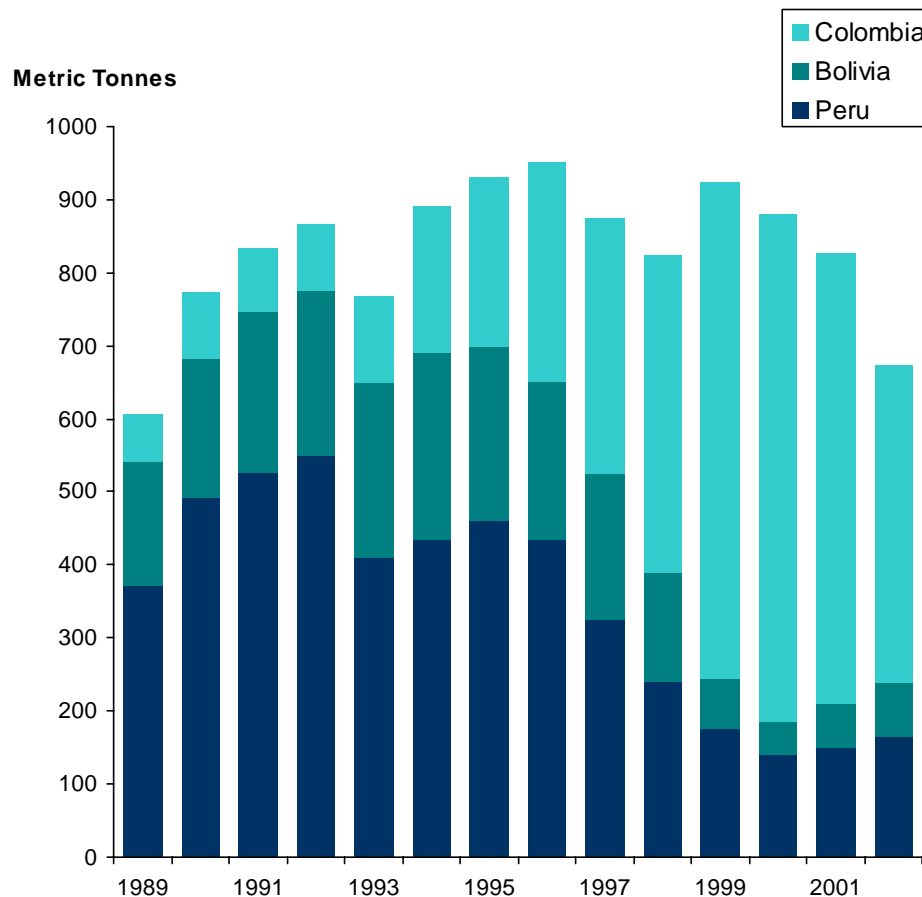
- Large-scale drug cultivation often occurs in weak or failing states, and is enabled by the interaction of several related political factors
  - a lack of central government control in key production areas
  - the presence of anti-government movements
  - widespread corruption of individual officials or whole sectors of the government apparatus
- Organised trafficking groups take advantage of this breakdown of the rule of law by
  - working closely with anti-government groups or individuals
    - FARC in Colombia are connected to major Colombian traffickers
    - influential governors in Afghanistan support, and profit from, traffickers' activities
  - working with corrupt elements in the government, or actively bringing about that corruption to subvert law enforcement
    - the embedding of criminality within parts of the government is particularly difficult to remove
- 'Pariah states' can be directly implicated in the large-scale production of drugs, e.g., the Taleban

## Failing states

- Drugs lock countries into a vicious spiral leading towards state failure
  - whilst the breakdown of the rule of law is a necessary factor for widespread drugs cultivation, the profits of the drugs industry themselves drive further political destabilisation

# Drug crop eradication alone appears not to limit illicit crops in the long term

## Manufacture of cocaine\*

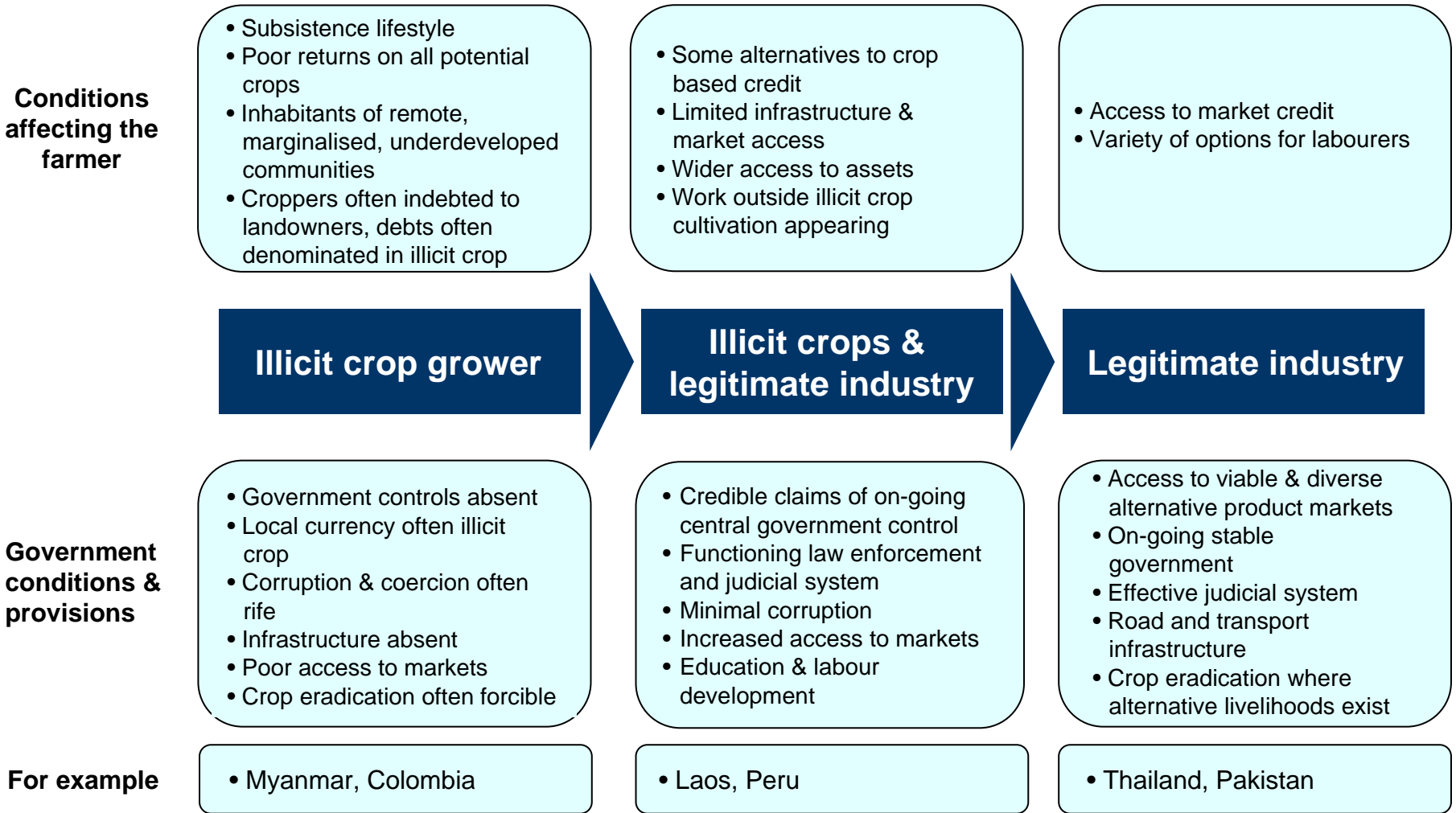


- Uncompensated crop eradication alone has not worked as a method of reducing acres under plantation in the long term
  - eradication does not address the forces that drive farmers to grow the crops in the first place
- Farmers and crop buyers respond in different ways to eradication programs
  - different cultivation techniques, e.g., use of smaller plots or interspersed with other crops
  - displacement: crops grown in new areas in-country, as well as in other countries
  - prices in the eradicating country are driven up, encouraging farmers furtively to return to growing
- Effective efforts at eradicating coca growing in Colombia is thought to have displaced crops to Peru and Bolivia. Whether this displacement will outstrip the reduction achieved in Colombia remains to be seen
- Eradication has been successful, as in Thailand and Pakistan, but only when undertaken following a comprehensive set of interventions designed to address the underlying drivers of cultivation

Source: UNODC, team analysis

\* Potential production based on coca bush cultivation

# Weaning farmers off a dependence on illicit crops is a time-consuming, complex and expensive process of state-building



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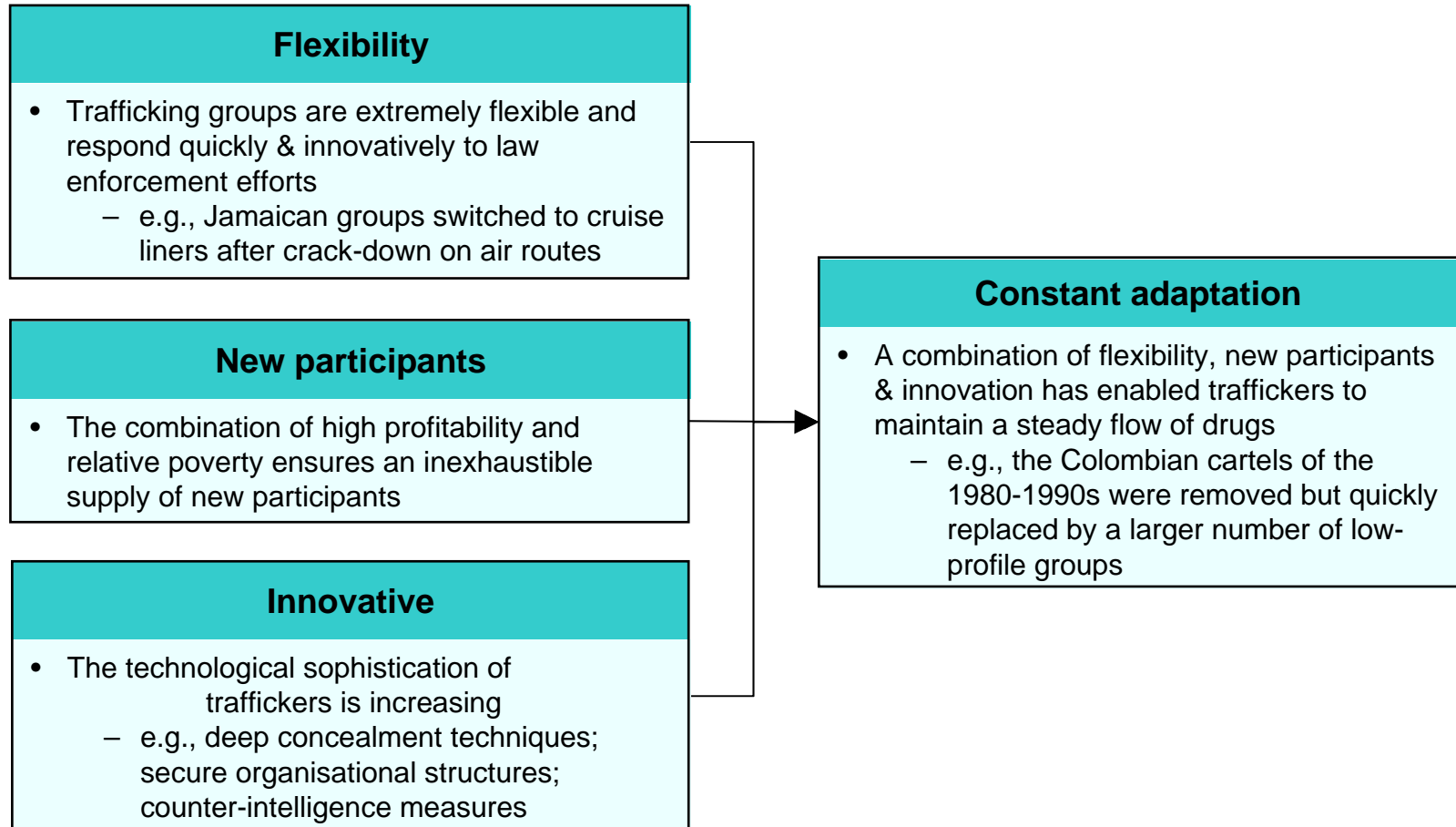
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# The capacity of the drugs industry to source and supply heroin and cocaine is enhanced by the wide diversity of routings, methods and types/scales of organisations involved

Characteristics of some principal drug-trafficking groups

|  | Colombians   | Jamaicans  | Turks   | Gulf-based  | West Africans  |
|--|--|--|---|---|--|
| <b>Drug</b>                                      | Cocaine; some heroin to the US   | Cocaine  | Heroin  | Heroin  | Cocaine, heroin & other drugs  |
| <b>Variation in routes &amp; transport types</b> | <b>High:</b> exit via Colombia, Ecuador, Venezuela; sea transportation includes containers, mother ships, fast boats                                     | <b>Low:</b> operate from Jamaica and Eastern Caribbean using air couriers                                  | <b>Medium:</b> operate via a range of European road transport routes, as well as sea routes                           | <b>Not known:</b> likely to be <b>medium</b> , particularly using containers via a potentially wide range of routes | <b>High:</b> worldwide operations using air couriers, particularly to service second-tier markets. |
| <b>Size of consignments</b>                      | <b>High:</b> consignments can be over 10 tonnes in size, though smaller in the EU  | <b>Low-Medium:</b> up to 1 kg for internal concealment; up to ~50kg in freight                             | <b>Medium:</b> consignments can be up to 100s of kgs, usually repeat transactions with trusted UK wholesale customers | <b>Medium-High:</b> traffick multi-tonne consignments   | <b>Low-Medium:</b> usually small but frequent operations, though some larger                       |
| <b>Degree of central organisation</b>            | <b>High:</b> sophisticated and with international reach  | <b>Low:</b> small groups operating independently   | <b>Medium:</b> tightly knit distribution networks, often based on clan and extended family ties                       | <b>High:</b> highly-organised trafficking operations, well protected by senior officials in the Gulf states         | <b>Low:</b> fluid & opportunistic groups come together for particular operations                   |
| <b>Numbers of players involved</b>               | <b>Medium:</b> over 160 principal groups estimated to be operating   | <b>Medium:</b> several dozens of similarly-sized players operating   | <b>Medium:</b> 30-50 major groups operating   | <b>Low:</b> probably a few key traffickers  | <b>Medium:</b> many groups operating   |
| <b>Degree of integration in the supply chain</b> | <b>Medium/High:</b> source drugs direct from rebel groups; maintain control over consignment into destination country, but small UK distribution network | <b>Medium:</b> source drugs from other traffickers, but have access to significant UK distribution network | <b>Medium:</b> source drugs from other traffickers, but have access to significant UK distribution network            | <b>Not known:</b> but unlikely to have significant distribution capacity downstream                                 | <b>Low:</b> no vertically-integrated supply chain maintained – no distribution capacity            |

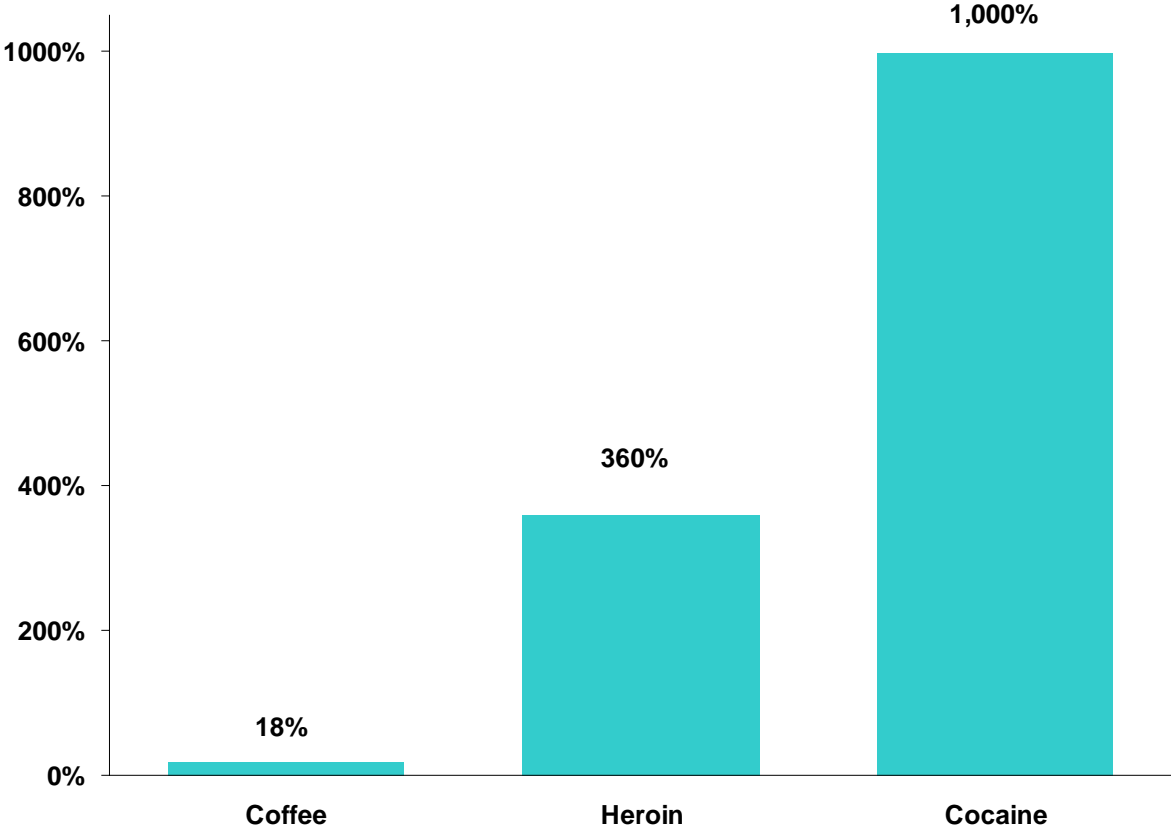
# The drugs trafficking business is innovative and flexible in response to law enforcement interventions



# The high profitability of the drugs business is derived from a premium for taking on risk, as well as from the willingness of drug users to pay high prices

Price mark-up for shipping across a border : product comparisons

% mark-up  
(price at import  
compared to  
price at export)



Source: Reuter and Greenfield (2001), HMG data, team analysis. Cocaine mark-up is Colombia to Spain; heroin mark-up is from Iran to UK

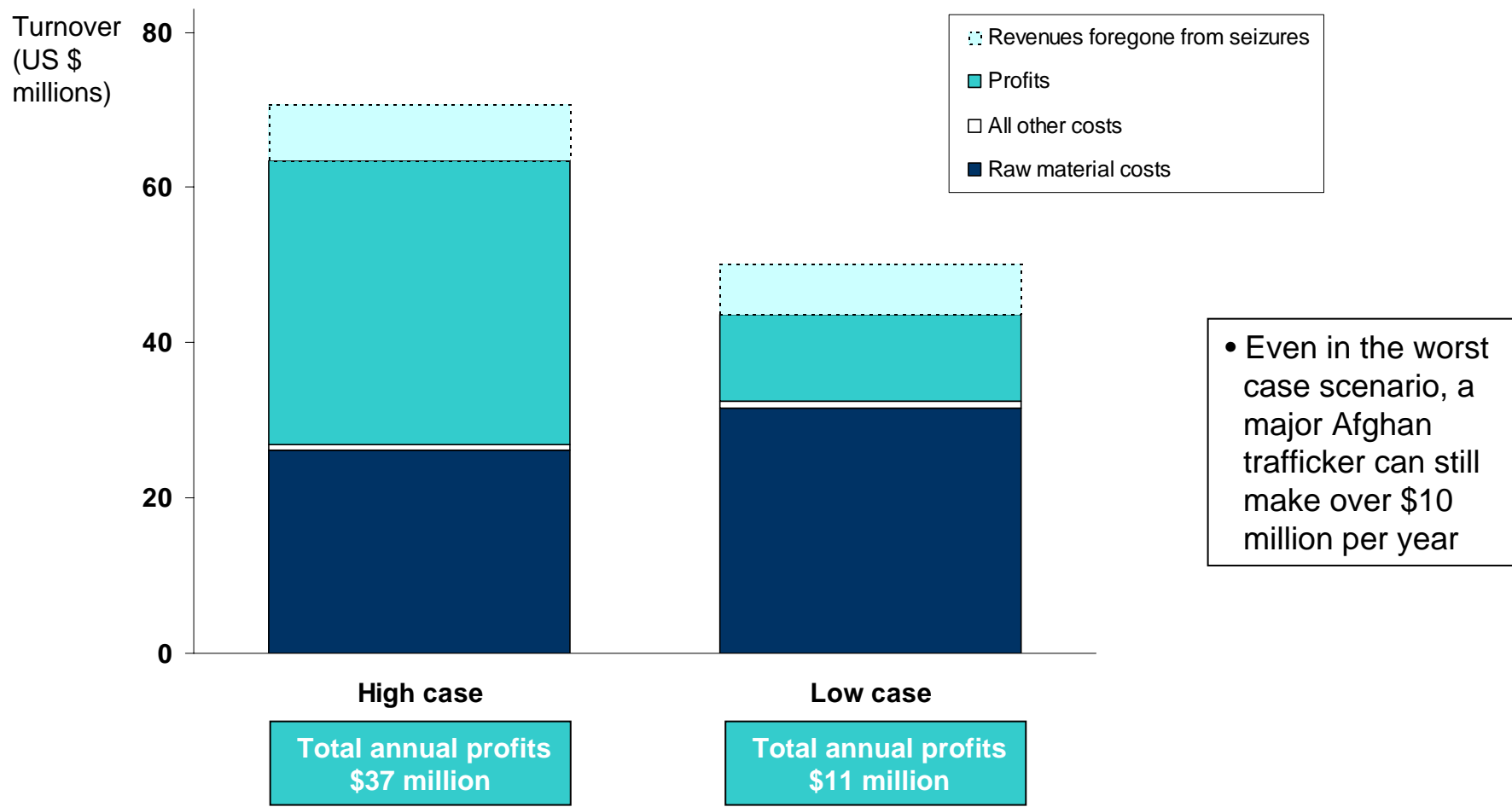
# The appetite for risk varies between individual traffickers, making the impact of increasing risk unpredictable

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- Individual traffickers have different tolerances to risk
  - some employ a range of risk-minimisation techniques, particularly for personal risk e.g. using go-betweens when dealing with purchasers; as a result, they perceive risks to themselves as being quite low
  - others actually appear to enjoy the risks of “taking on” law enforcement agencies by being more closely involved in operational activities
  - traffickers may take more risks earlier in their careers in order to establish themselves
  - variation in risk tolerance may reflect cultural differences between different ethnic groups
- Quantitative estimates of personal risk appear to bear out these differing perceptions of risk
  - undercapitalised risk-toleraters are up to 10 times more likely to be apprehended by law enforcement agencies than well-capitalised risk-minimising principals
- Risk-minimisers benefit from the same high prices charged by risk-toleraters, despite taking on less risk
  - so risk-minimising traffickers may actually benefit from increasing levels of risk because overall prices are driven up

# Seizures only have a limited impact on profitability for traffickers

## Modelled total annual turnover for a major Afghan trafficker



Source: HMG data, team analysis. Data is for trafficker processing base and shipping to Turkey. 'High case' refers to low costs (including product costs), high sale price, and low seizure rates; vice versa for 'Low case'.

# Despite the commodity nature of drugs, profit margins for traffickers can be even higher than those of luxury goods companies

## Modelled profits per kg for a major Afghan trafficker

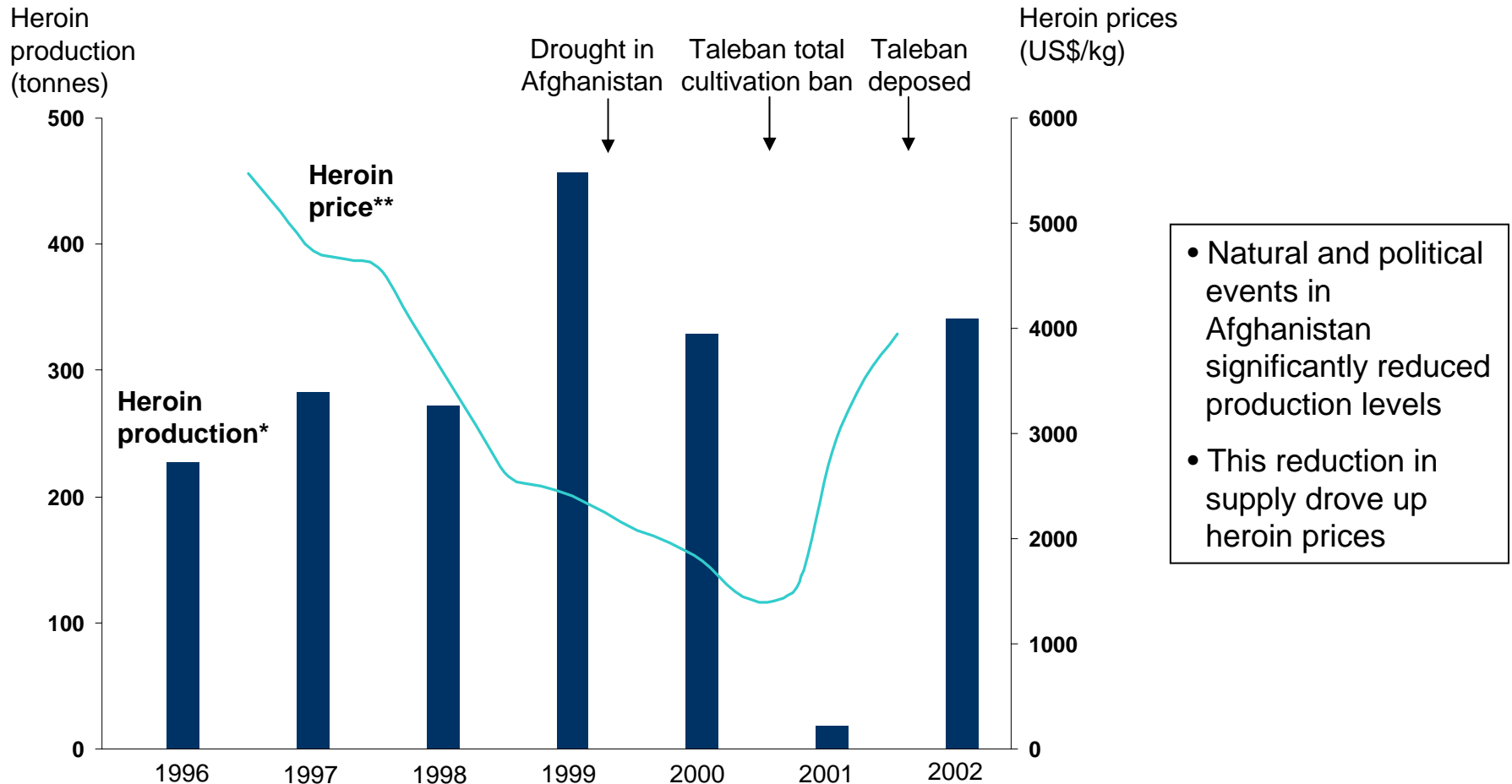


\* Profit margin = profit/revenues

Source: HMG data, team analysis. Data is for for each kg of heroin processed and successfully shipped to Turkey. Costs of seizure are reflected in lower revenues . 'High case' refers to low costs (including product costs), high sale price, and low seizure rates; vice versa for 'Low case'.

# Major upstream interruptions to drug production can drive up prices in the producing region

## Variations in opiate production and price in South West Asia



# The impact on street prices of shortages upstream is minimised, however, because drug traffickers do not pass on the increase in costs

## Variations in price between Turkey and the UK

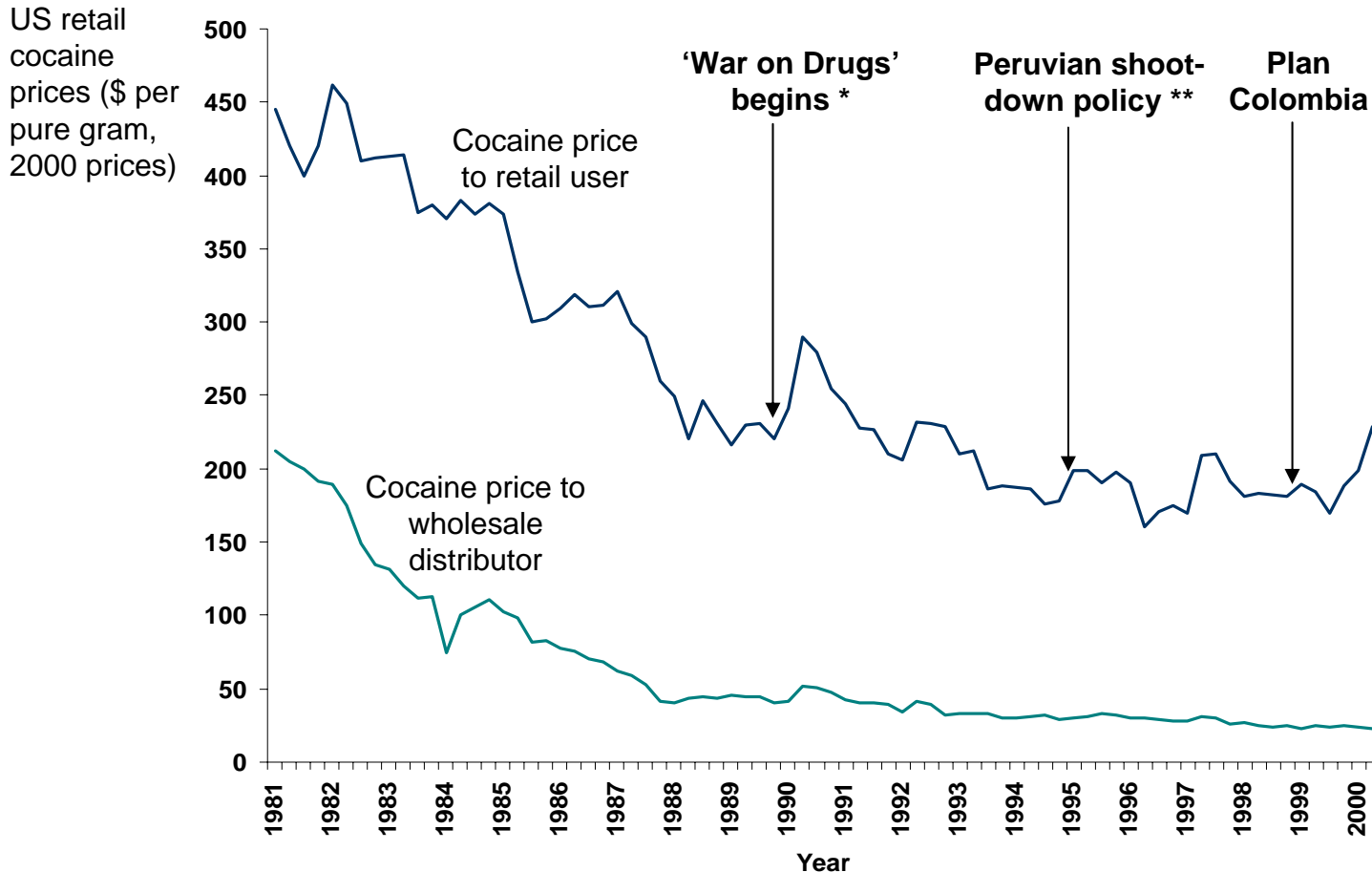
|                                    | September 2001 (£/kg) | September 2002 (£/kg) | Price increase |
|------------------------------------|-----------------------|-----------------------|----------------|
| Morphine base imported into Turkey | 670                   | 1,670                 | ~150%          |
| Processed heroin sold in Turkey    | 3,330                 | 5,000                 | ~50%           |
| Heroin sold in UK                  | 13,000                | 16,000                | ~25%           |
| Trafficker mark-up *               | ~1,850 %              | ~850 %                |                |

- Although September 11th caused a 150% increase in morphine prices in Turkey, the cost of heroin purchased in the UK increased by only 25%
- Instead of passing on price increases to their UK customers, Turkish traffickers were prepared to see their profit margins cut

\* For a vertically-integrated trafficker sourcing morphine in Turkey and selling heroin in the UK. Mark-ups do not factor in other costs. Whilst purity changes have not been factored in, latest evidence suggests that Turkish purity dipped until end-2001, and then started increasing through 2002. Source: HMG data / NCS.

# Western government interventions have tended to have a short-lived or negligible impact on retail prices downstream

## Governmental interventions against the cocaine trade in Colombia



- The impact of US & Colombian interventions against the cocaine trade appears to be small and short-lived
- Wholesale price is a better indicator of the impact of upstream intervention than retail price

\* US/Colombian campaign against the cartels

\*\* Unidentified light planes flying between Peru & Colombia

Source: ONDCP, 2001, US Institute for Defence Studies

# The high seizure rates required to put a major trafficker out of business pose a substantial challenge to law enforcement

Profit margins for a major trafficker at different seizure rates

| Seizure Rates | High case | Low case    |
|---------------|-----------|-------------|
| 10%           | 58%       | 26%         |
| 25%           | 49%       | 14%         |
| 40%           | 37%       | <b>bust</b> |
| 60%           | 5%        | <b>bust</b> |

**Example:  
Afghan traffickers**

- A sustained seizure rate of over 60% is required to put a successful trafficker out of business
  - anecdotal evidence suggests that seizure rates as high as 80% may be needed in some cases
- Sustained successful interventions on this scale have never been achieved

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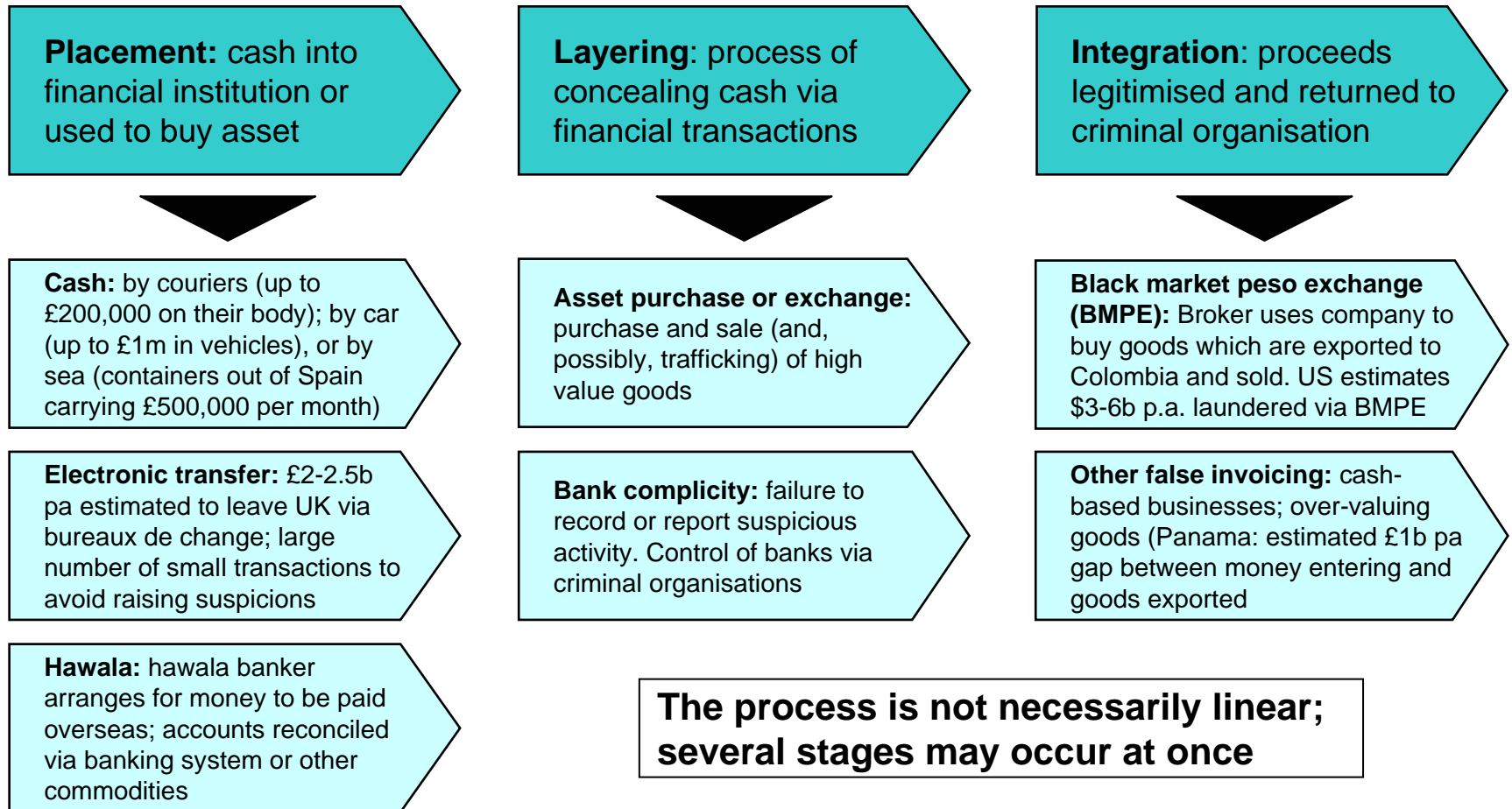
# Cash is of vital importance to the drugs business

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- The trafficking of drugs generates significant volumes of cash; if it is to be used or enjoyed by those involved in the drugs business it needs to flow back across borders and to be legitimised within the financial system
- Managing the flows of cash is of vital importance to drugs traffickers
  - traffickers rely on current sales to pay for future imports
  - where traffickers make use of credit, they rely on proceeds to pay off their debts
- The most challenging tasks for drugs traffickers are
  - getting cash into the legitimate financial system
    - criminal organisations are likely either to make small deposits in financial institutions or to use cash-based businesses to achieve this
  - moving cash across borders
    - many traffickers will physically carry cash across borders (£1m weighs around 20 Kg in sterling, 15 Kg in dollars, and 3 Kg in Euros)
    - electronic transfer is widely used, mainly via money service businesses

# Money laundering is a highly complex process

There are three key phases:



# The money laundering business has become increasingly sophisticated and difficult to disrupt

---

- The money laundering business has become sophisticated, global and flexible. Its importance is highly valued by drugs traffickers
  - money laundering has become increasingly sophisticated
    - traffickers, especially for cocaine, place more emphasis on trusted contacts (often family members) for managing the proceeds than for trafficking the product
    - the management of proceeds has become increasingly separate from the trafficking of product
    - the increase in fees paid by drugs traffickers for money laundering services demonstrates increased professionalisation (fees have increased from 6-8% in early 1980s to 20-25% now)
  - traffickers will seek and find the weakest link in law enforcement; despite significant progress in the UK, countries with poor controls/enforcement will continue to be used
    - the Gulf: poor banking supervision; money laundering laws still in draft; patronage of governing elite
    - the Turkish Republic of Northern Cyprus: relative lack of financial regulation
    - Central America: Panama legislation not to be enacted until 2005



While money laundering legislation may be effective in targeting specific trafficking groups, it is less likely to have a long-term strategic impact in disrupting the flows of drugs money

- New money laundering patterns may emerge which will make it even more difficult to tackle
  - for example, we may see an increased use of internet, purchase/control of banks, increasing use of hawala in response to money laundering legislation

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# The UK heroin, cocaine and crack market is estimated to have a value in excess of £4 billion per annum

## UK drugs market estimates\*

|  | Heroin   | Crack    | Cocaine |
|--|----------|----------|---------|
| <b>Estimated User Numbers**</b>                | 260,000  | 140,000  | 250,000 |
| <b>Estimated Average Annual Spend per User</b> | ~£10,000 | ~£10,000 | ~£5,500 |
| <b>Derived Retail Market Size</b>              | ~£1,9bn  | ~£1bn    | ~£1,4bn |
| <b>Price per gram</b>                          | £60      | £105     | £60     |
| <b>Derived retail tonnes</b>                   | 31       | 10       | 22      |

- The entire estimated UK supply of heroin and cocaine could be transported into the country in five standard-sized shipping containers

\* These estimates are conservative, and may underestimate true market value

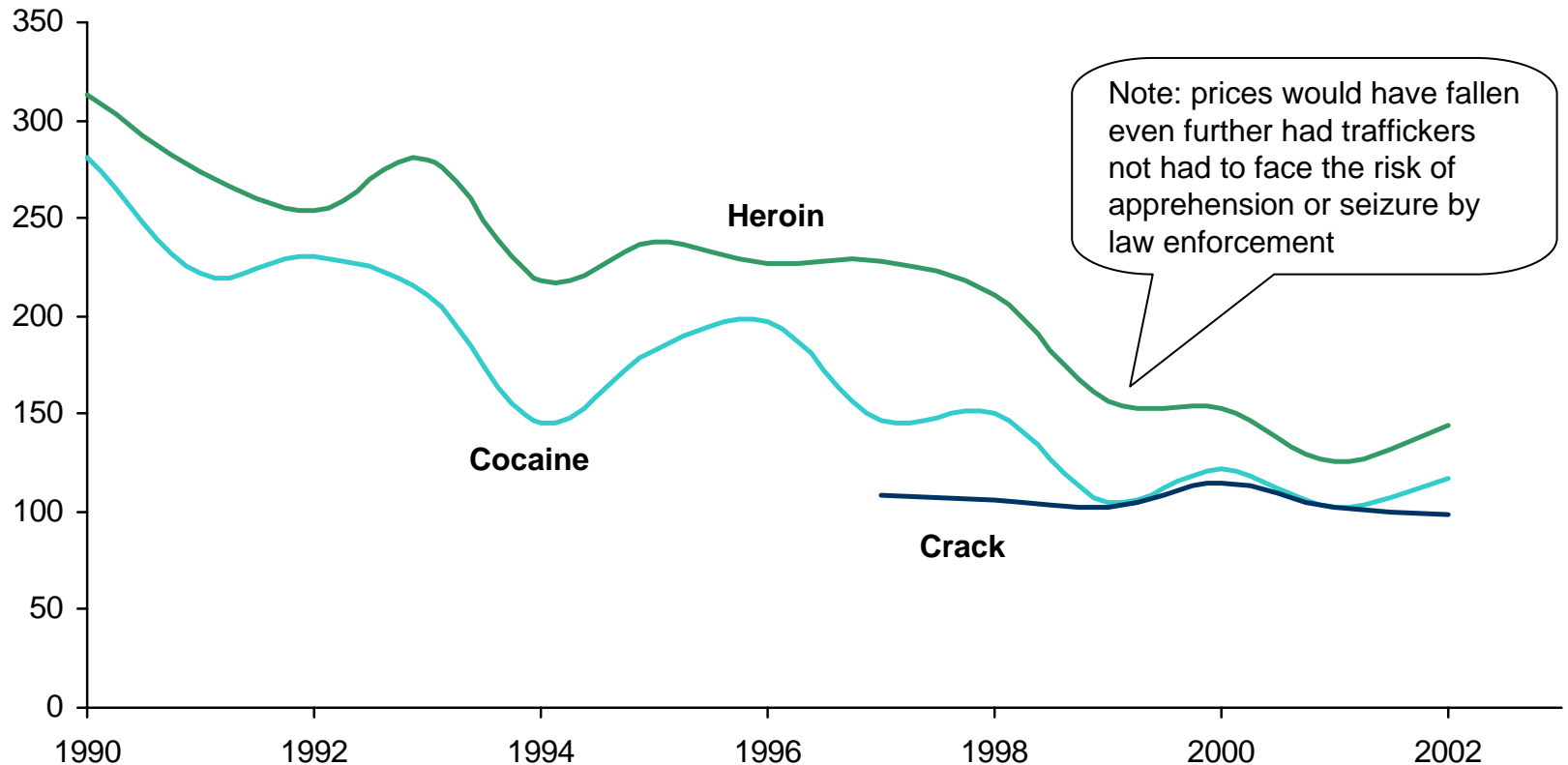
\*\* These numbers are not additive. Total heroin and/or crack user population is estimated at 280,000

Source: HMC&E, Team analysis

# The long term decline in the real price of drugs, against a backdrop of rising consumption, indicates that an ample supply of heroin and cocaine has been reaching the UK market

## Real purity-adjusted retail prices\*

£/pure gram,  
2000 prices

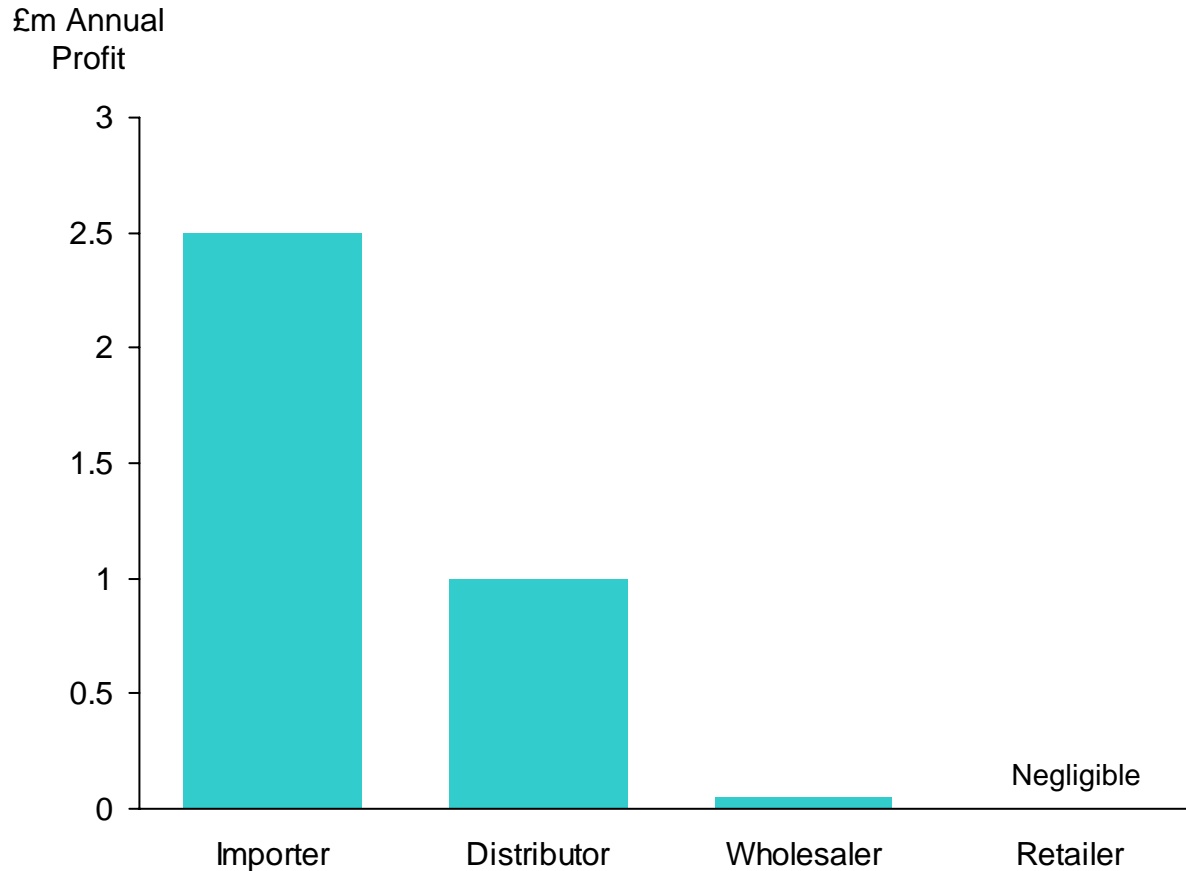


\* Real purity adjusted prices show a different trend to nominal unadjusted purity prices. Nominal prices have remained largely stable, while purity has risen over time. This leads to falling real purity adjusted prices

Source: NCIS Streetwise, Forensic Science Service Drug Abuse Trends

# UK importers and distributors make significant annual profits

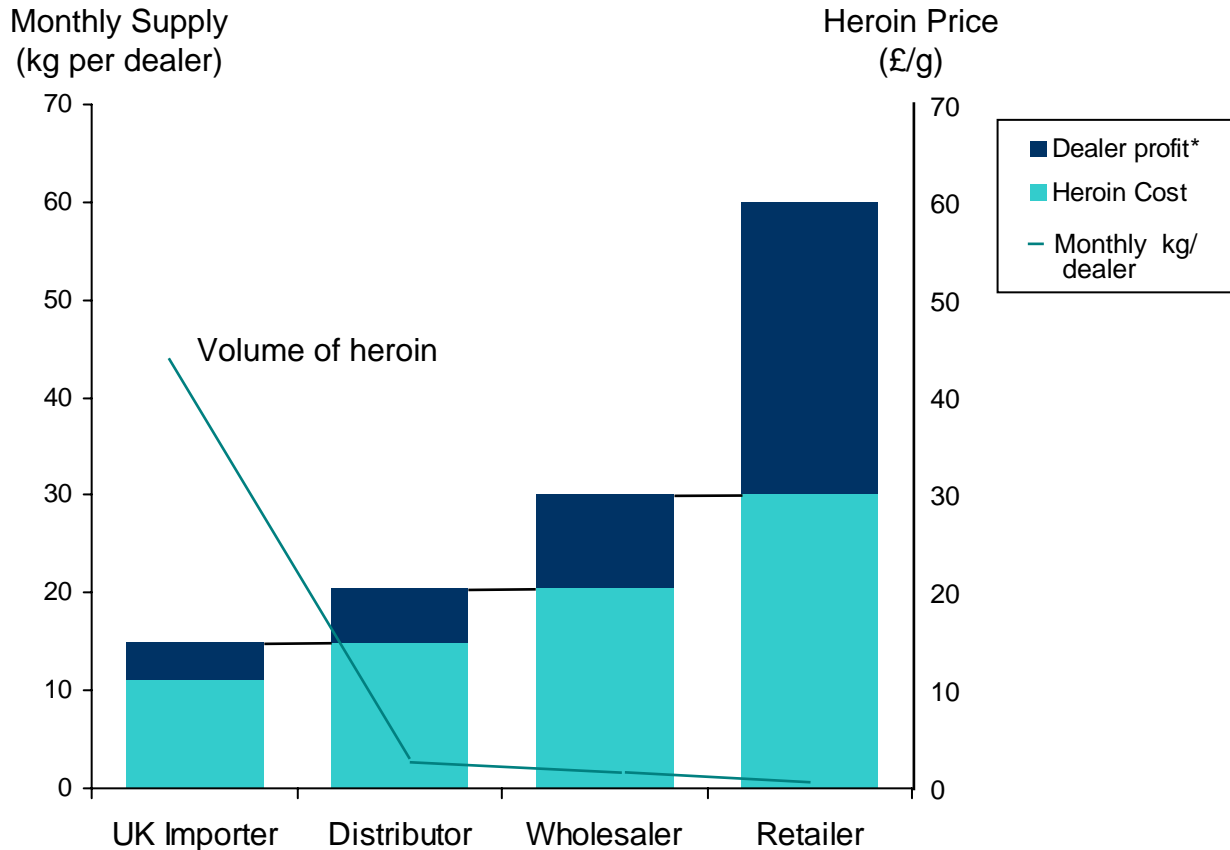
## Indicative profits of key players in the distribution of drugs in the UK



Source: Team analysis. Note that the margin of error in these averages ranges from 25% to 75%

# UK importers and suppliers make enough profit to absorb the modest cost of drug seizures

## Profitability in the UK supply chain

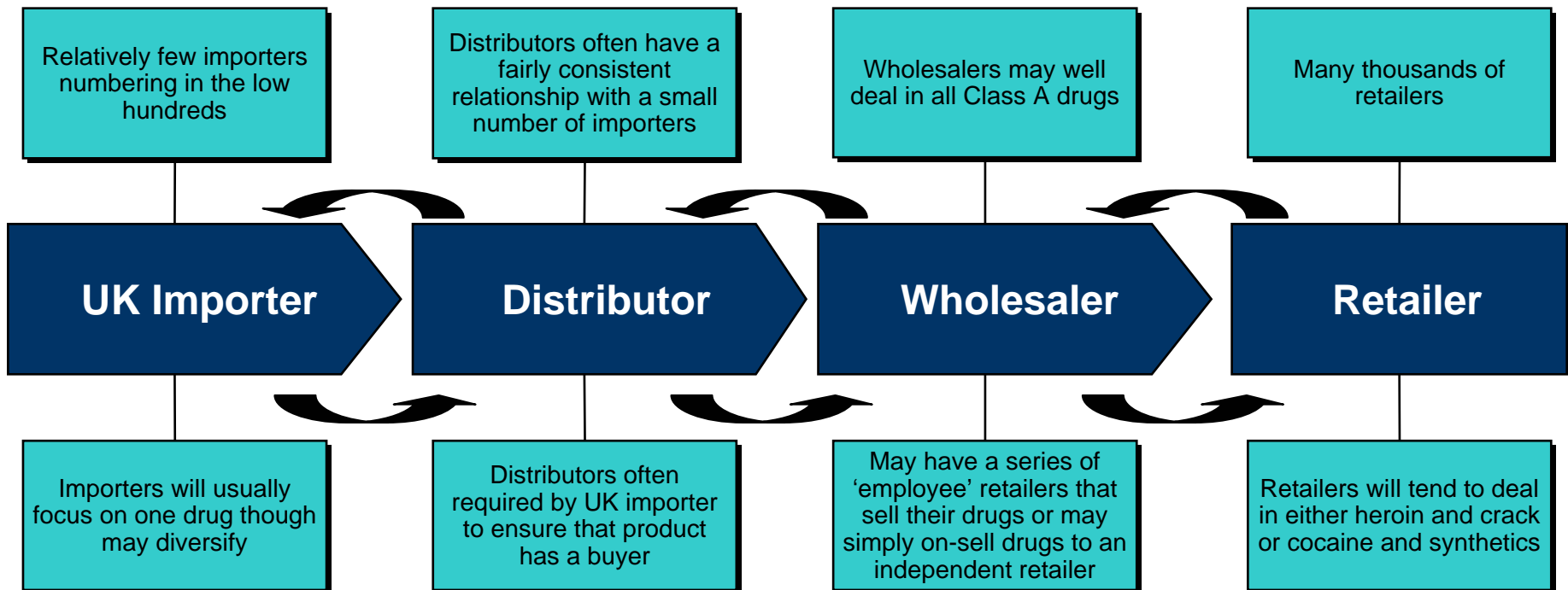


- While retail dealers make most profit per gram, they sell only very small quantities
- Differences between drugs:
  - Heroin: retail profits are highest per gram, but absolute returns increase up the chain
  - Crack: appears to mirror heroin patterns
  - Cocaine: too little is known about cocaine trading to know whether it is similar to crack or heroin
- Because upstream UK suppliers enjoy high profits, they are more able to absorb the cost of interception. Thus upstream seizures may temporarily impact street availability, but are unlikely to threaten the viability of any individual business

\* Total revenue less cost of product

Source: Team analysis, NCIS Streetwise

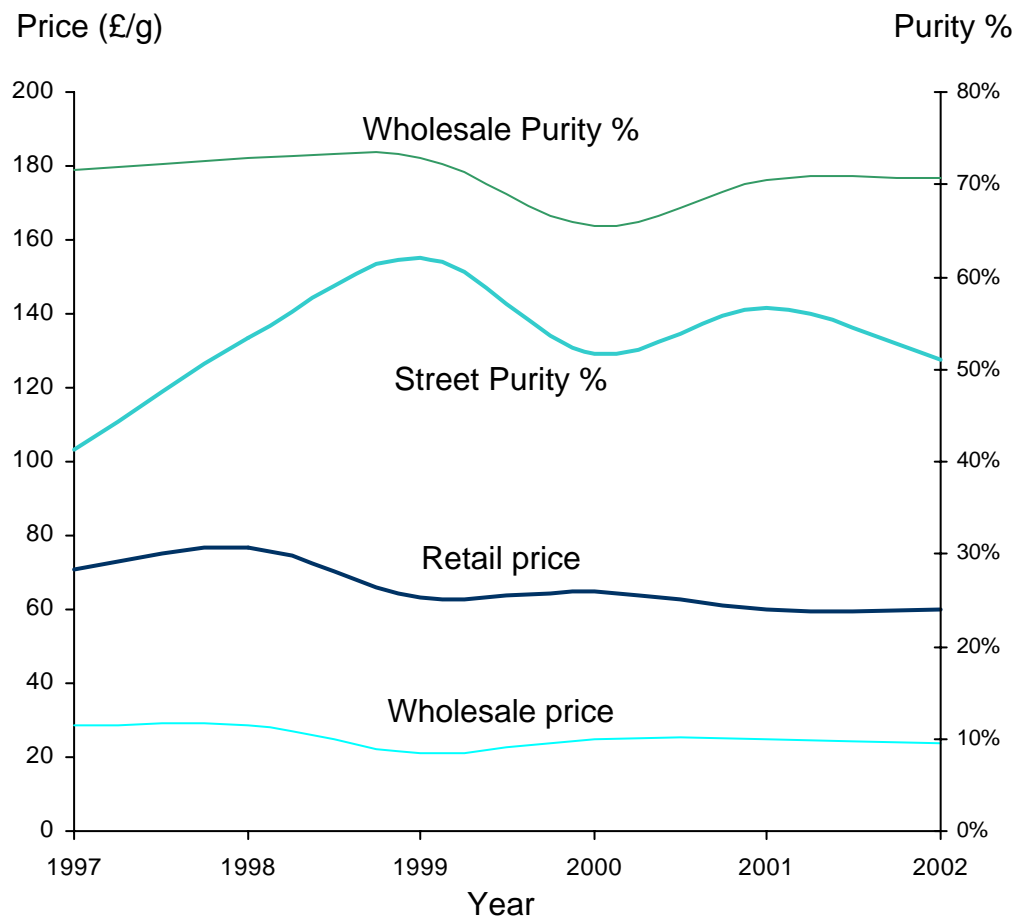
# The lure of higher profits encourages suppliers to move up the supply chain



- Moving up the supply chain requires the funds to bank-roll consignments before revenue is received
- There are often more than four links in the supply chain
- Some supply chains will be formed specifically for a particular consignment; others are more enduring
- Individuals' positions in the chain are fluid and they will operate in different roles e.g. as a retailer on one drug consignment and as a wholesaler on a simultaneous but separate consignment

# Cocaine retailers maintain revenues by adjusting purity, not price, so that their prices remains stable

## Nominal retail cocaine prices and purity



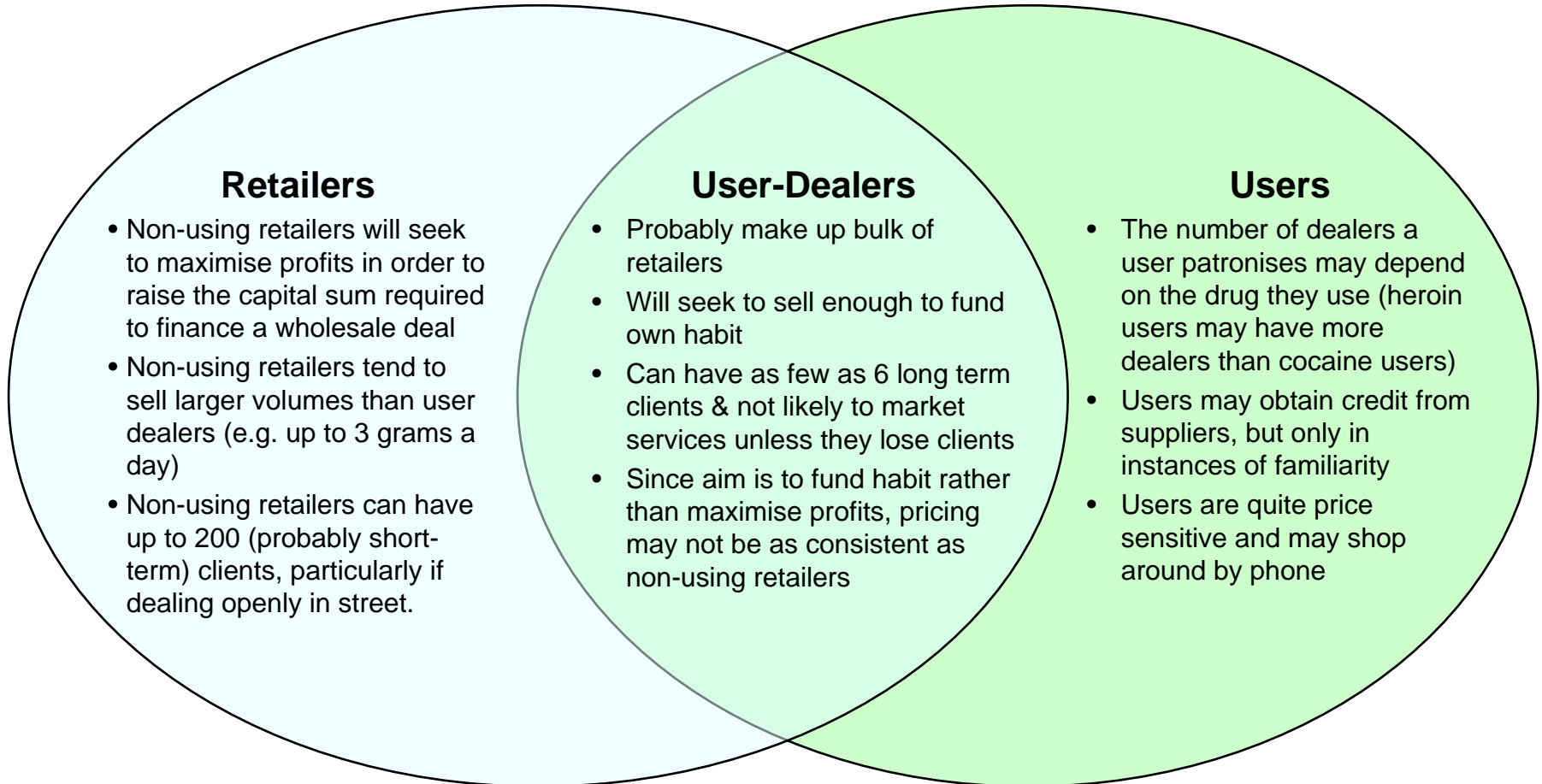
Source: NCIS Streetwise, Forensic Science Service Drug Abuse Trends

### UK retailer tactics

- Nominal retail prices have remained steady
- Street purity, on the other hand, has oscillated up and down around the 50% mark
- Dealers appear to keep prices constant and to adjust purity to cope with short-term fluctuations in supply
  - a shortfall leads to a reduction in purity, so drug retailers maintain their revenues
- Heroin retailers do not appear to react in the same way. They may alter the size of unit sold more frequently instead. Further research is needed here
- Cocaine retailer behaviour means purity can play a role in tracking street volume trends

# The user-dealer relationship will vary between individuals but has some common characteristics

## The retailer-user relationship



# Less is known about the UK drugs market than about drug production and trafficking overseas

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- Data across the UK drug supply chain has not been consistently collected, analysed and interpreted
  - UK drug suppliers are numerous, operate in a fluid fashion and adapt effectively to surveillance efforts
- As a result, there are still significant gaps in government knowledge about the UK market in drugs
  - the typical number of links in the domestic supply chain is estimated at between 4 and 7, but there is insufficient evidence to be certain
  - the buy and sell rates at the various points in the chain (other than wholesale and retail) are largely unknown; revenues and profits along the chain can only be estimated
  - though the numbers of individuals involved in the chain can be estimated, there is little hard evidence or intelligence available

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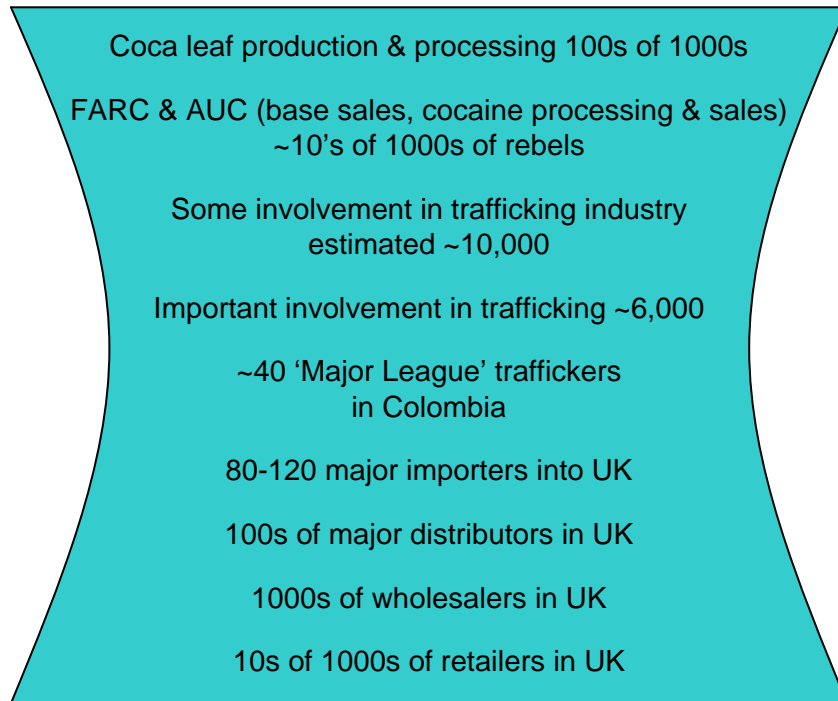
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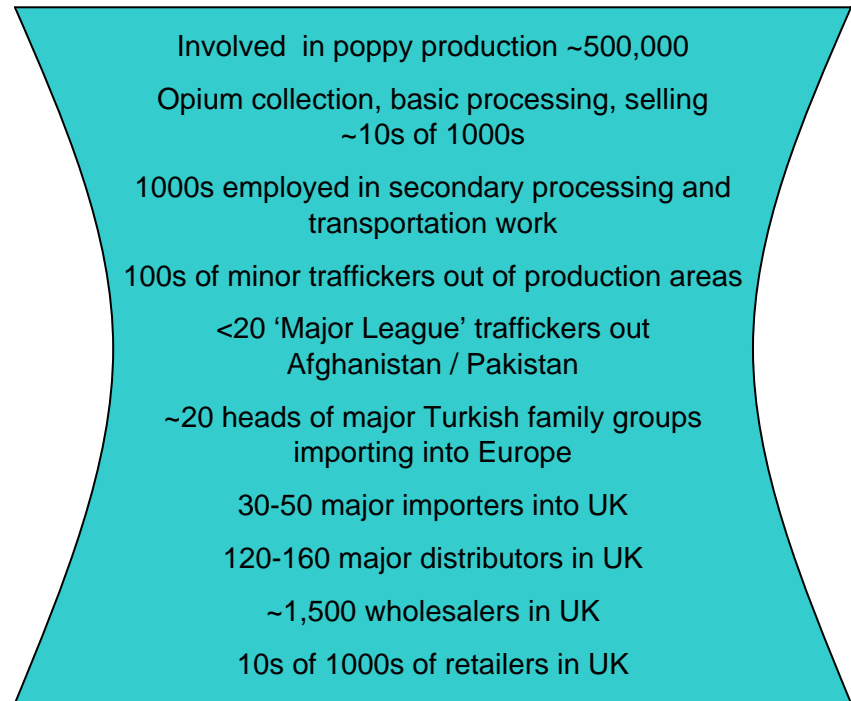
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# The drugs industry is a large employer worldwide, but with comparatively few personnel involved in cross-border trafficking into the West

## Worldwide cocaine industry



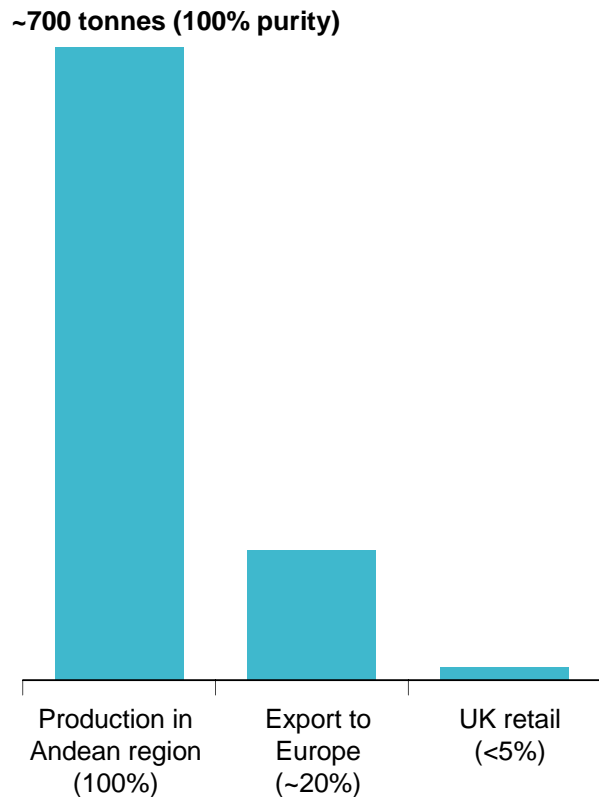
## Worldwide heroin industry



- In addition to the concentration of the industry around a relatively small number of major traffickers, there are certain geographical choke-points
  - The Netherlands in particular is a major entrepot for the European class A drugs industry

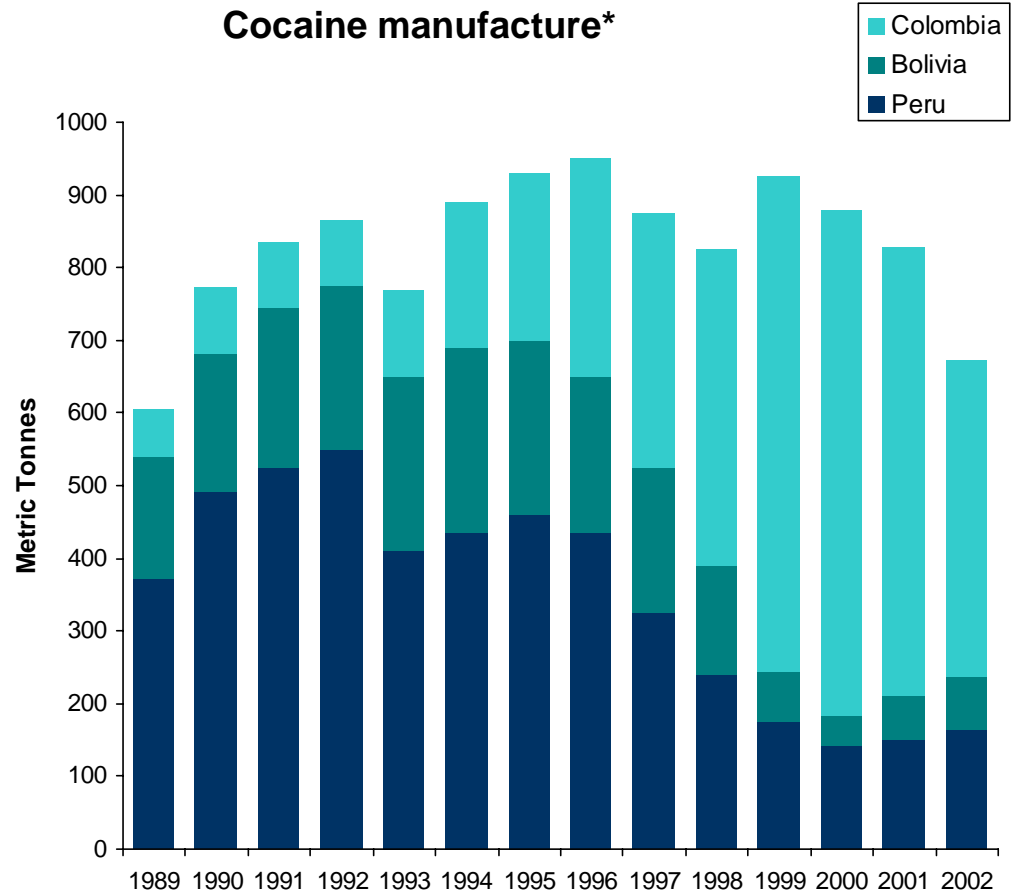
# Exports of cocaine to Europe and the UK account for a small proportion of total production

Estimated cocaine production, and consumption in Europe and UK



Source: HMG data, UN documents  
 Note: UK retail volumes based on retail purity of c.50%

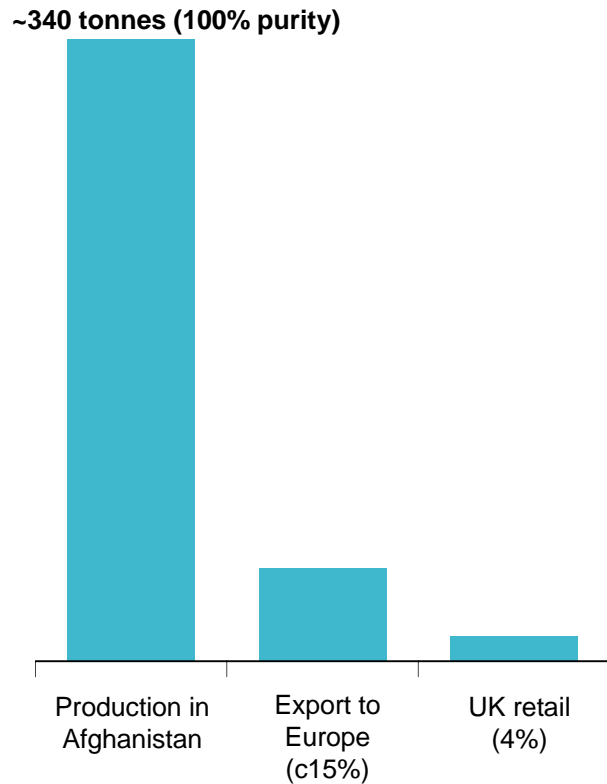
Cocaine manufacture\*



\* Potential production based on coca bush cultivation  
 Source: UNDCCP Global Illicit Drug Trends 2002

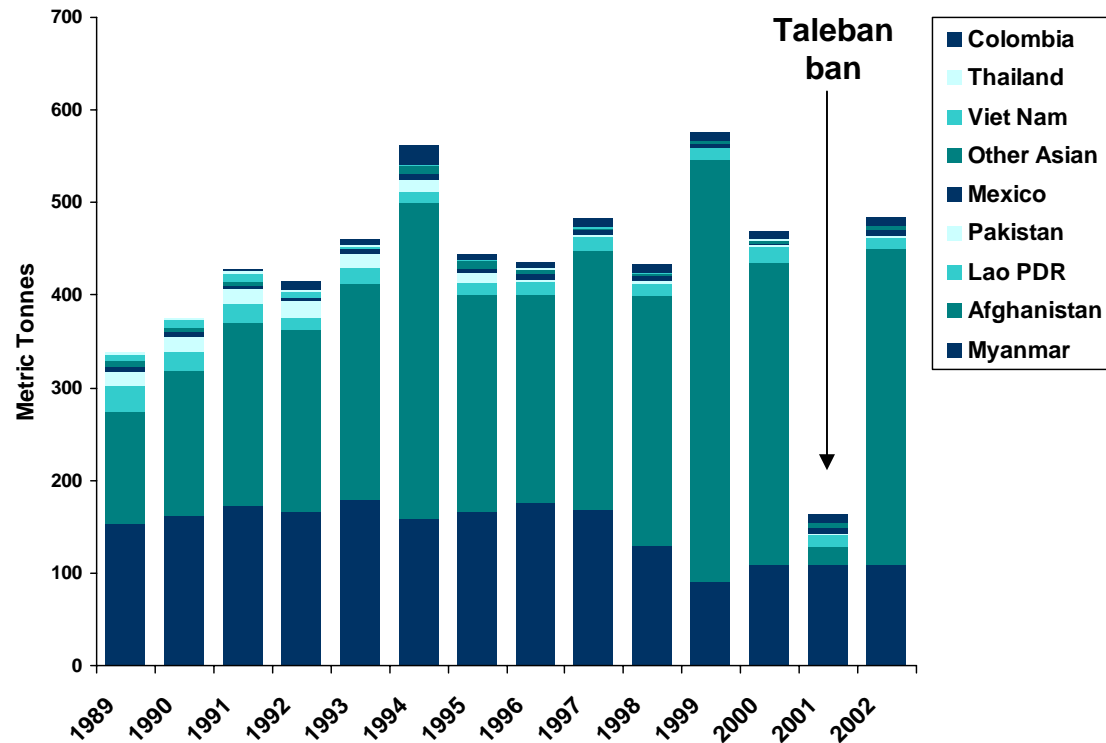
# Exports of heroin to Europe and the UK also account for a small proportion of total production

Estimated heroin production, and consumption in Europe and UK



Source: HMG data, UNODC  
 Note: UK retail volumes based on retail purity of c.40%

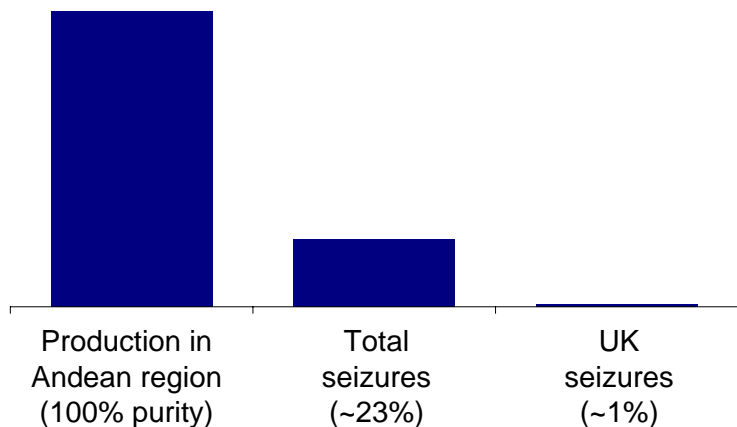
Heroin manufacture \*



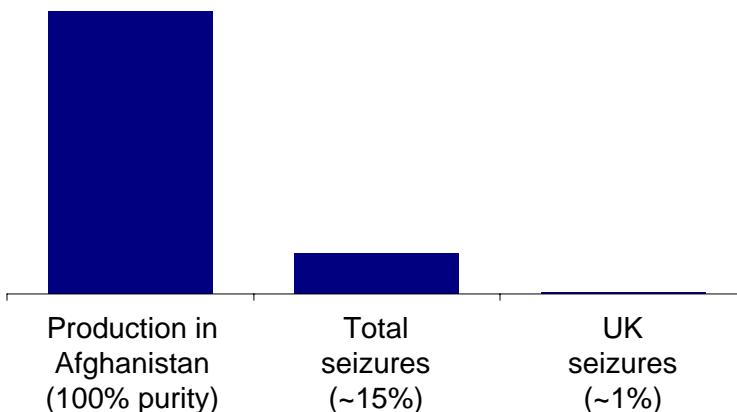
Source: UN DCCP Global Illicit Drug Trends 2002.  
 \* Estimate for countries other than Afghanistan in 2002 based on 2001 data; potential production based on opium cultivation

# Although some drugs are seized, falling prices and rising consumption over time suggest that the market receives an ample supply

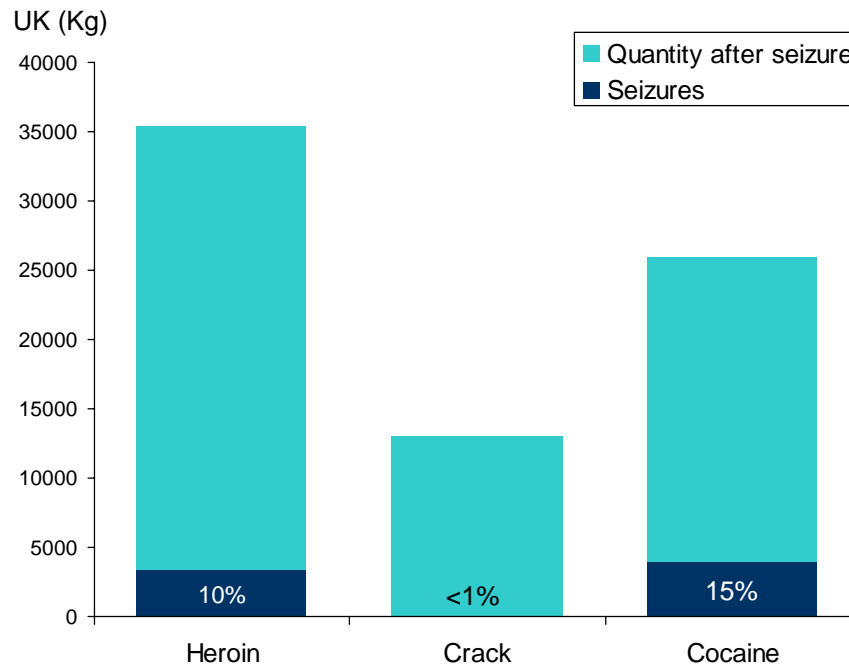
## Estimated worldwide cocaine seizures



## Estimated worldwide heroin seizures



## Estimated UK seizures



• Despite seizures, real prices for heroin and cocaine in the UK have halved over the last ten years

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# In summary, government can make a range of interventions in the supply chain which have different advantages and disadvantages

| Objective   | Nature of Intervention  | Value of intervention  |
|---|---|--|
| Reducing quantities of drugs released into supply chain | Compensated forced eradication                                | Release resources into local communities... but very expensive & encourages further planting by farmers  |
|   | Uncompensated forced eradication                              | Increases risks of illegal cultivation to farmers... but increases social tensions in poor communities, benefits anti-government groups & displaces cultivation to new regions   |
|   | Comprehensive set of alternative development interventions    | By targeting causes of illicit cultivation, has a high impact on overall production levels & is sustainable... but is expensive, takes time & requires development of good governance in source country... and displaces cultivation to other countries                |
| Seizing drugs before they reach the UK                  | Upstream supply chain seizures                                | Larger consignment sizes mean bigger seizures... but proximity to source means that consignments are low in value & easy to replace, and there is no assurance that consignments are UK-bound  |
|   | Downstream supply chain seizures (e.g. at UK border)          | Proximity to UK means that seizures will directly reduce flow of drugs into the UK market, & consignments are of high value & harder to replace, but small consignment sizes mean smaller seizures & it is impossible to disrupt the large number of routes completely |
| Disrupting distribution networks within the UK          | Targeting higher-level dealers (distributors and wholesalers) | Removes drugs before they hit the streets in small quantities...but resource-intensive & relatively little known about this part of the market   |
| Disrupting retailer activity within the UK              | Targeting street dealers                                      | High visibility policing helps reduce anti-social street dealer behaviour...but street dealers replaced quickly & only tiny quantities of drugs removed from circulation   |
| Reducing financial rewards for drugs-trafficking        | Targeting proceeds and assets of drug groups                  | Attacks profits & hence rationale of drugs-traffickers...but is resource-intensive & technical, and money-laundering modus operandi likely to change as law enforcement focuses on this area   |

## Conclusions on the drugs supply market

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- Over the past 10-15 years, despite interventions at every point in the supply chain, cocaine and heroin consumption has been rising, prices falling and drugs have continued to reach users
  - government interventions against the drug business are a cost of business, rather than a substantive threat to the industry's viability
  - however, by increasing risk, government interventions are likely to have slowed the decline in prices

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# Current policies are underpinned by an assumption that reducing drug availability and increasing price reduce harm

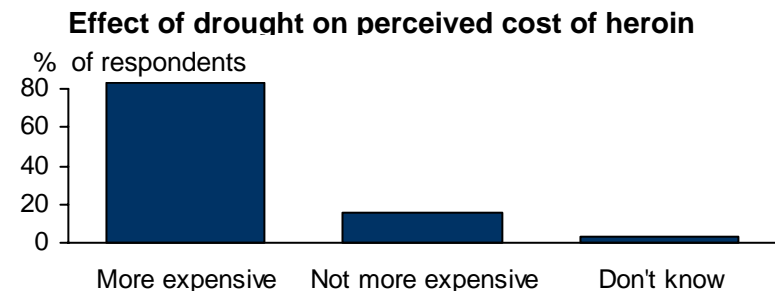
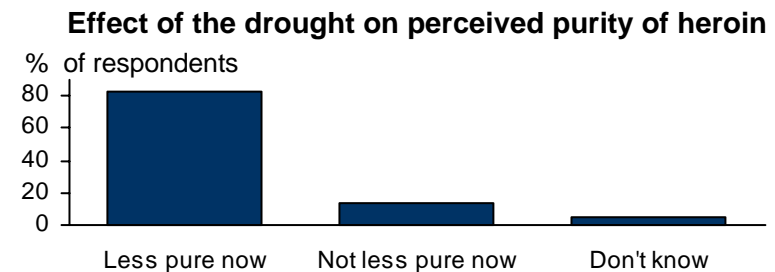
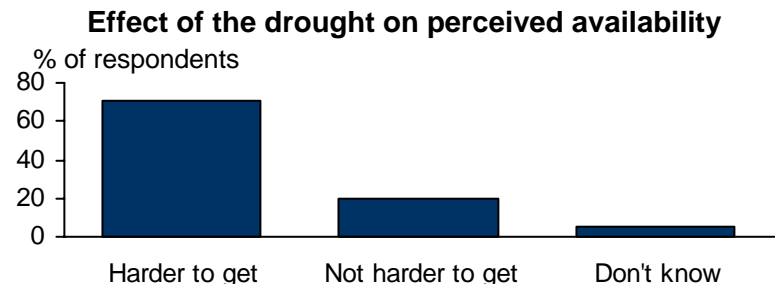
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- Supply-side interventions may impact on price, purity, and/or availability. Current supply-side policies focus on seizing drugs and disrupting the business in order to reduce availability and increase price. The implicit assumption is that this will lead to a reduction in harm by
  - reducing consumption amongst the most problematic users
  - inhibiting the initiation of new users
  - buying ‘breathing space’ for demand-side policies to take effect
- For all of this to hold true, evidence would need to demonstrate that overall levels of harm respond to changes in price, purity and/or availability to the drug user
  - e.g., that seizures, by reducing availability and/or increasing price, thereby reduce crime-motivated harms as well as health and social functioning harms
  - and that supply-side policies can successfully reduce availability and increase price

# There have been few instances of drug availability reducing and prices increasing

## The Impact of the Australian Heroin Drought

- The best evidence we have of the effects of a sharp reduction in availability, and a consequent increase in price, is from the Australian heroin drought, in Christmas 2000.
- The drought had an impact on the availability, purity and price of heroin in Australia
  - availability was down
  - purity was reduced
  - the price of heroin increased
- However, the cause of the drought is unclear
  - the Australian government argued that law enforcement played a key role
  - but there were also severe droughts at the same time in source countries
  - and the drought may have been due to marketing by Asian crime syndicates to promote methamphetamines



# The consumption of drugs does appear to react both ways to changes in price

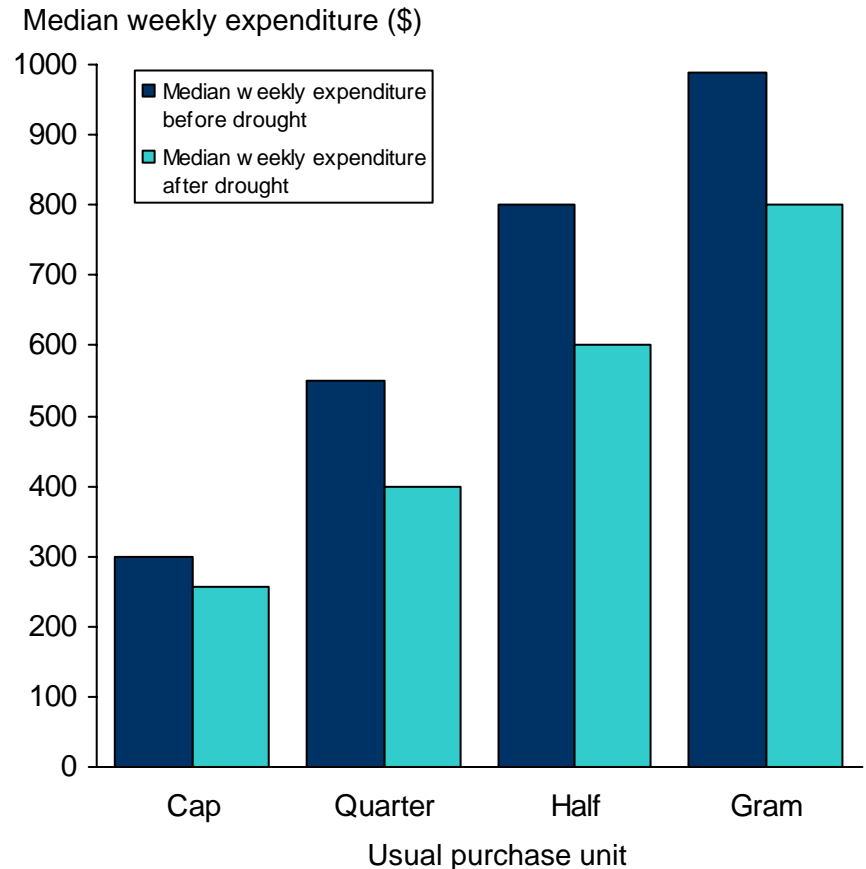
## When prices rise

- In Australia, there was a sharp drop in positive tests for opiates after the drought, and total expenditure on drugs appears to have fallen, at least amongst regular users.

## When prices fall

- In the UK, heroin and cocaine consumption has at least doubled over the last 10 years whilst real purity adjusted prices have halved
- Recent academic literature argues that price **increases** may reduce consumption significantly, but there is a wide range of estimates about the scale of the impact
  - conversely, **falling** prices may have contributed to the significant increase in initiation rates

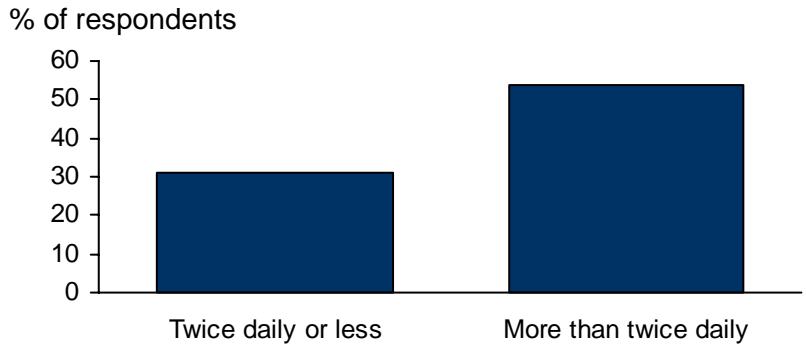
## Effect of the drought on median weekly heroin expenditure



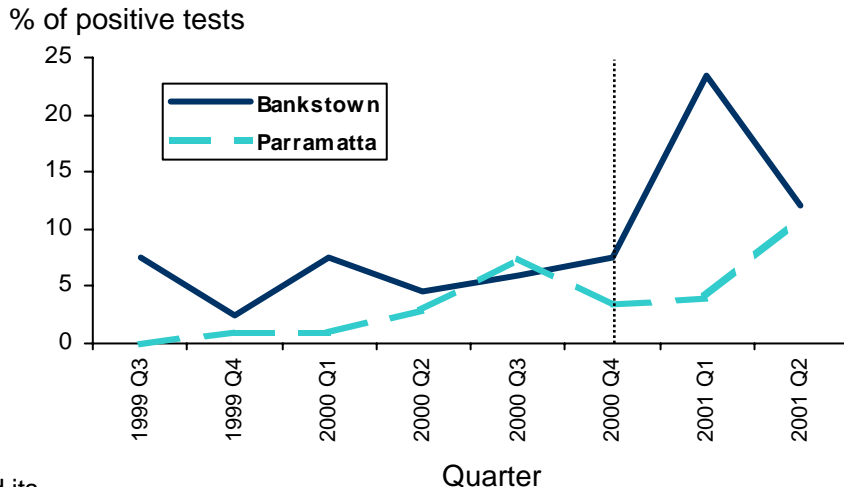
# Even though overall consumption may drop as prices go up, those who cause most harm, however, may be more willing to pay higher prices to maintain their habit

- In the Australian drought, heavy users were less responsive to price increases and committed more crime
  - after the drought, 42% committed more crime (of those who used heroin more than twice a day, over half reported more crime)
  - and user-dealers in Oslo have proved much more willing to pay higher prices than ordinary users
- Reduced consumption of one drug may also be offset by increased consumption of another harmful drug
  - during the heroin drought, cocaine use increased, especially among heavy users
- It is possible, therefore, that price increases may even increase overall harm, as determined users commit more crime to fund their habit and more than offset the reduction in crime from lapsed users
- BUT it is also plausible that sustained price rises - at a far higher level than has hitherto been achieved - could have a significant long-term effect as users either face difficulties in increasing criminal income to fund consumption and become incarcerated, or seek treatment

**Percentage reporting more crime by level of heroin use**



**Trends in positive urine tests to cocaine (September 1999 to June 2001)**



Source: Team analysis, Weatherburn D et al, 'The Australian heroin drought and its implications for drug policy', in *Contemporary Issues in Crime and Justice*, 2001

# Successful seizures appear most likely to lead to purity changes rather than to price changes, but the consequential impact on harm is unclear

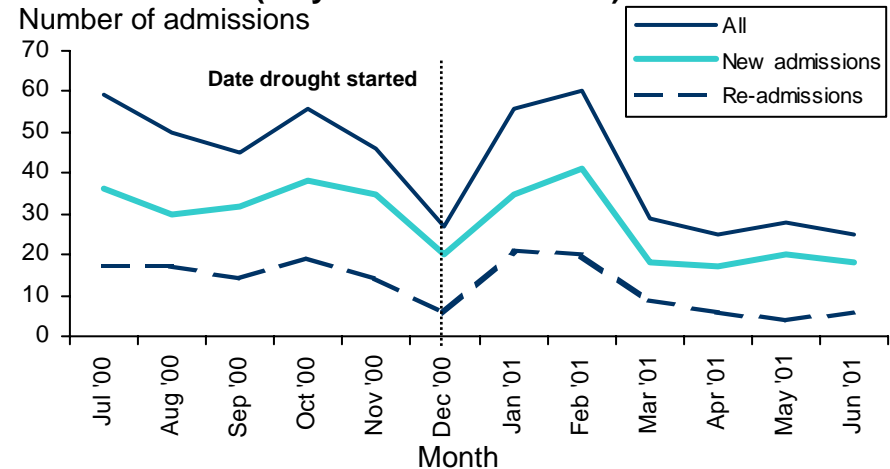
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- Evidence on prices in the UK suggests that nominal prices tend to be held steady at street level whilst purity levels may vary
  - dealers appear to show a tendency to dilute purity (particularly for cocaine), or reduce the size of unit sold, in response to drug shortages rather than to increase price
  - this response may be because dealers fear losing customers if they raise price
  - as a result, dealers maintain their income and users' expenditure (and therefore crime harms) remains steady even where volumes fluctuate, reducing the harm impact of successful seizures
- Fluctuating purity levels may also have an adverse impact on health harms
  - reduced purity may increase health harms by increasing risk of overdose when higher purity levels return
- Short-term shortages in drugs supply tend to be manifested through changes in purity (or transaction size) rather than changes in nominal prices
  - this maintains total expenditure levels despite the reduced volume of drugs on the street, thereby reducing the potential impact of seizures on harm

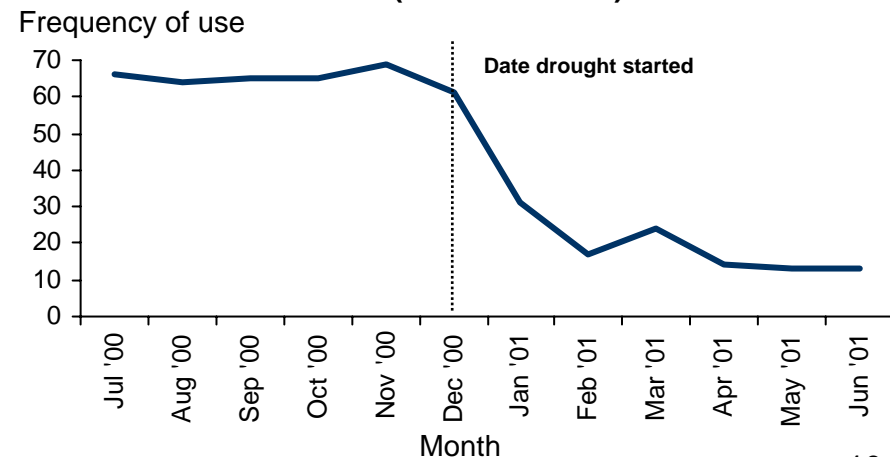
# Reductions in local availability may have a greater impact on harms than changes in price or purity

- The most pronounced effect of the Australian heroin drought was in its positive impact on treatment and overdose levels
  - it prompted a sharp upturn of admissions and re-admissions to methadone treatment
  - re-admissions appear to have stabilised at a lower level after the drought, suggesting that the positive impacts may have been sustained
  - the drought also resulted in fewer overdoses: there were 74% fewer overdose administrations in the first half of 2001 than in the last half of 2000
- Local absence of availability may therefore have a greater beneficial impact on harms than changes to other supply chain variables
- **If** interventions were successfully to reduce local availability, even for a period, they might bring a sustainable benefit in reducing demand
- The harm impact is complex, however, as the shortage in Australia pushed up both prices and the volume of crime committed by heavy users

Admissions to methadone in Cabramatta, Australia  
(July 2000 to June 2001)



Trends in Narcan use (for overdoses) in Cabramatta



Source: Team analysis, Weatherburn D et al, 'The Australian heroin drought and its implications for drug policy', in *Contemporary Issues in Crime and Justice*, 2001

# The supply side outcomes that are most likely to reduce some harms tend to be those that are hardest to achieve

| Outcome of intervention | Impact on harm  | Ease of achieving   |
|-------------------------|---|---|
| Higher prices           | <p>Increases some harms, reduces others</p> <ul style="list-style-type: none"> <li>• Heavy users tend to be price resistant and may commit more crime; higher prices may lead to more dangerous methods of use (injecting)</li> <li>• BUT higher prices appear likely to reduce initiation rates, and sustained price increases may prompt heavy users to seek treatment</li> </ul> | <p>Very difficult</p> <ul style="list-style-type: none"> <li>• Overall prices have been falling</li> </ul>  |
| Reduced purity          | <p>Slightly increases harm</p> <ul style="list-style-type: none"> <li>• Reduced purity may actually increase harms by increasing risk of overdose when higher purity levels returned, and by enabling dealers to increase real prices</li> </ul>  | <p>Least difficult</p> <ul style="list-style-type: none"> <li>• Analysis of the UK market suggests that purity is the first thing to change in response to shortages in drugs supply</li> </ul> |
| Reduced availability    | <p>Reduces some harms, increases others</p> <ul style="list-style-type: none"> <li>• Reduced availability can push more people into treatment</li> <li>• Lower availability is likely to reduce initiation rates</li> <li>• But the most addicted high harm causing users may commit more crime to fund the purchase of ever more expensive drugs</li> </ul>                        | <p>Very difficult</p> <ul style="list-style-type: none"> <li>• There is no evidence to suggest that law enforcement can create such droughts</li> </ul>   |

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# Conclusions at the end of the first phase of the project

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- The rising use of serious drugs over the past twenty years has had an increasingly adverse impact on users, their families and the rest of society
- The drugs supply market is highly sophisticated, and attempts to intervene have not resulted in sustainable disruption to the market at any level. As a result:
  - the supply of drugs has increased
  - prices are low enough not to deter initiation
  - but prices are high enough to cause heavy users to commit high levels of crime to fund their habits
- The 280,000 high harm causing heroin and/or crack users engage frequently with treatment and/or criminal justice but either remain engaged for short periods of time and/or do not have their use identified. There is scope for the state to deal more effectively with users when they come into contact with government services and substantially to reduce the harms the cause

## Phase 2: next steps

---

- To identify policies which will substantially reduce the harms caused by drug users, both to society and to themselves

In particular to :

- Define a rationale for intervention in the drugs supply chain, such that interventions in the market help to reduce harm
- Identify which interventions with users and potential users will most reduce harm
- Propose the most cost-effective means overall of reducing harms through interventions both with users and in the supply chain