

# HOW BIG IS THE U.S. MARKET FOR ILLEGAL DRUGS?

Knowing the size of illegal drug markets allows us to estimate revenues going to criminal organizations, make better decisions about treatment and prevention, and evaluate drug policies.

## In order to think sensibly about illicit drug markets, policymakers need to have some idea of the scale of those markets.

**F**or example, knowing whether Americans consume tens, hundreds, or thousands of metric tons of cocaine is critical for understanding the impact of a seizure of three metric tons of the drug at a border crossing. Also, knowing the number of heavy users is important for treatment planning, and calculating total spending on drugs can help estimate the revenues going to criminal organizations inside and outside the country.

In January 2012, the U.S. White House Office of National Drug Control Policy asked RAND to generate

national estimates of market sizes for four illicit drugs: cocaine (including crack), heroin, marijuana, methamphetamine (meth). (RAND was not asked to assess prescription drug misuse.) Using data from 2000 to 2010 for each drug, the study estimated the number of users, expenditures, and consumption. The results show that drug users in the United States spend on the order of \$100 billion annually on all four drugs (in 2010 dollars). This figure has been stable over the decade, but there have been important shifts in the drugs being purchased.

### BIG CHANGES IN DRUG USE

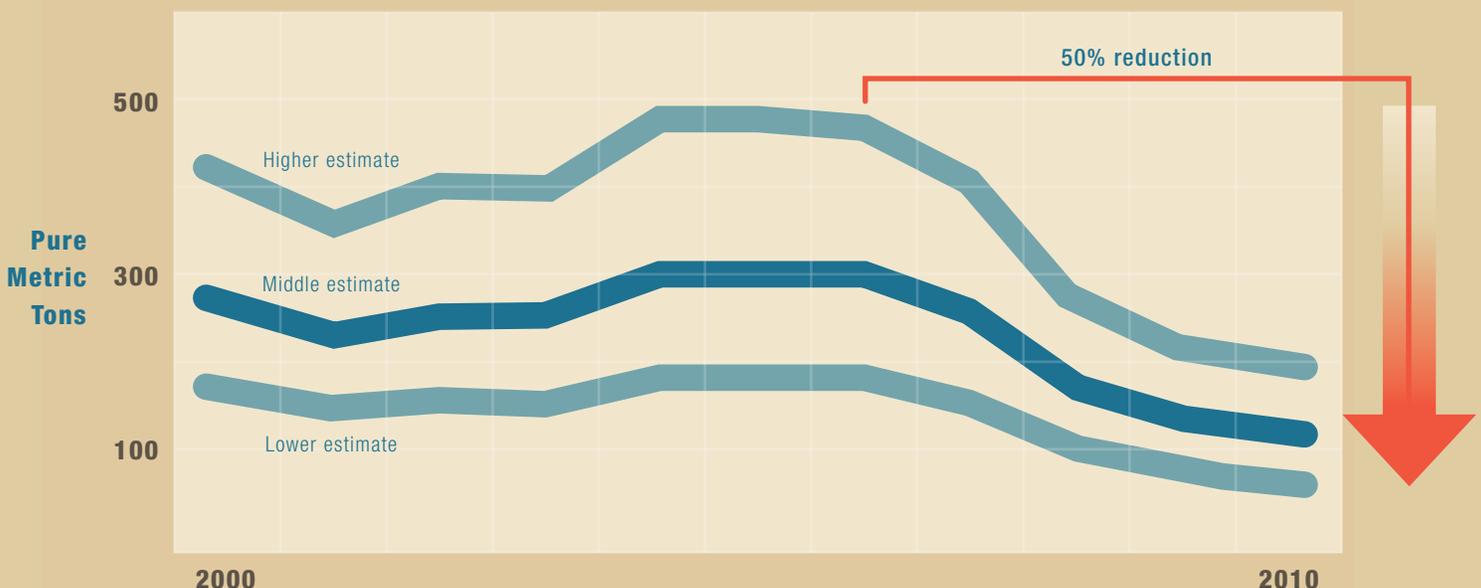
■ From 2006 to 2010, the amount of cocaine consumed in the United States declined by about 50 percent—an unprecedented change over five years. The figure below shows three estimates.

■ During the same period, marijuana consumption likely increased by more than 30 percent. These figures are consistent with supply-side indicators, such as seizures.

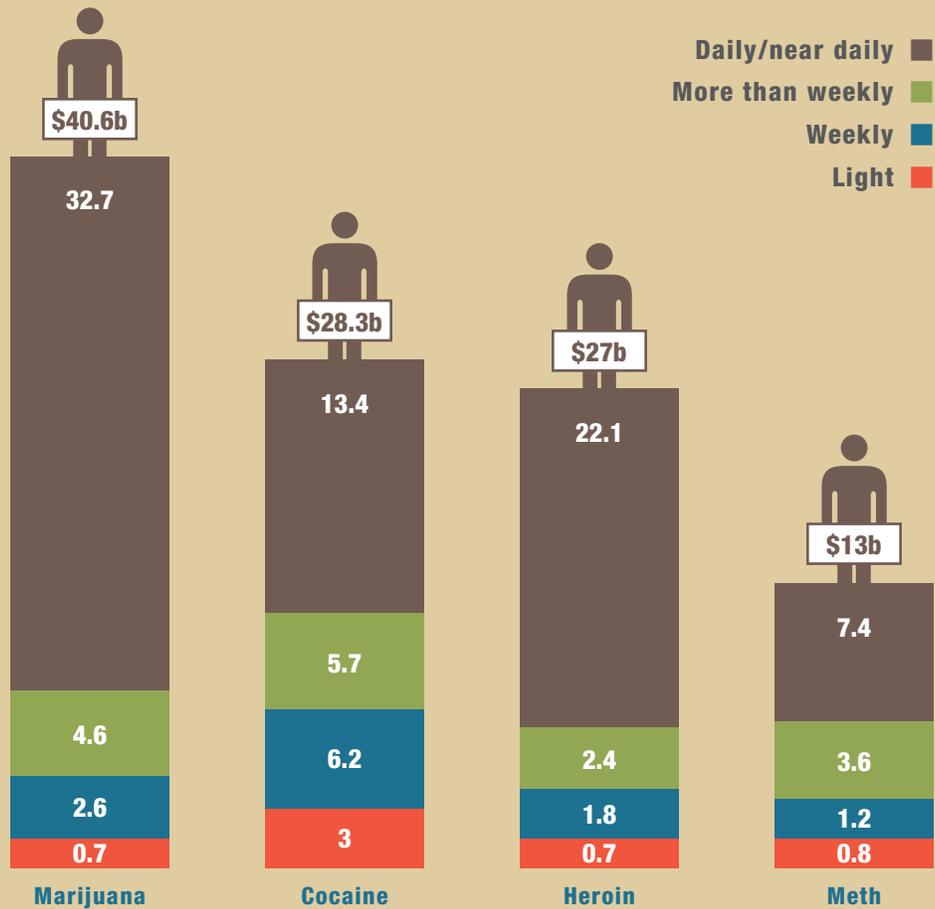
■ Meth consumption rose sharply from 2000 through the middle of the decade; this trend was followed by a steep decline through 2008.

■ Heroin consumption remained fairly stable throughout the decade, although there is some evidence of an increase in later years.

## Cocaine consumption fell by half after 2006



From 2002 to 2010, our middle estimates for marijuana increased from roughly \$30 billion to \$40 billion. These estimates, however, assumed that users continued to consume the same weight of marijuana per use day even though THC-levels were increasing. If instead the amount of THC consumed stayed constant (meaning total weight consumed decreased), the 2010 spending figure would be closer to \$25 billion.



## Frequent users account for the vast majority of drug expenditures (2010 estimates)

The report also shows that for every drug the heaviest users are responsible for most of the spending (and consumption). The figure above shows the breakdown of drug spending by the frequency with which users consume for all four drugs. For marijuana, those who consume daily or nearly daily accounted for about 80 percent of total expenditures; for the decade the figure for heroin is closer to 85 percent.

### Estimates of Market Size Are Far from Precise

There is great uncertainty surrounding estimates of the size of illegal drug markets, particularly for meth. In many cases, the extent of the uncertainty cannot be bounded or quantified. Although this analysis weaves together information from a variety of indicators, self-reports remain a principal source of information



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about user behaviors—frequency of use, quantity, and spending. The organizations conducting these surveys expend a great deal of effort trying to minimize misreporting, including sometimes confirming self-reported data by testing users for the presence of drugs. Nevertheless, there is no way to fully escape the limitations of self-reporting. Unfortunately, supply-side estimates are plagued by different but equally severe limitations.

## LOOKING AHEAD

### To improve future estimates we recommend:

1

Revise some of the questions on existing self-report surveys.

2

Expand efforts to capture data about meth users who live outside urban areas.

3

Invest in regular (though not necessarily annual) collection of detailed data from users, especially heavy users (e.g., via the Arrestee Drug Abuse Monitoring Program).





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