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Have We Lost the War on Drugs?

After more than four decades of a failed experiment, the human cost has become too high. It is time to consider the decriminalization of drug use and the drug market.

By GARY S. BECKER and KEVIN M. MURPHY



Stephen Webster

The American "war on drugs" began in 1971.

President Richard Nixon declared a "war on drugs" in 1971. The expectation then was that drug trafficking in the United States could be greatly reduced in a short time through federal policing—and yet the war on drugs continues to this day. The cost has been large in terms of lives, money and the well-being of many Americans, especially the poor and less educated. By most accounts, the gains from the war have been modest at best.

The direct monetary cost to American taxpayers of the war on drugs includes spending on police, the court personnel used to try drug users and traffickers, and the guards and other resources spent on imprisoning and punishing those convicted of drug offenses. Total current spending is

estimated at over \$40 billion a year.

These costs don't include many other harmful effects of the war on drugs that are difficult to quantify. For example, over the past 40 years the fraction of students who have dropped out of American high schools has remained large, at about 25%. Dropout rates are not high for middle-class white children, but they are very high for black and Hispanic children living in poor neighborhoods. Many factors explain the high dropout rates, especially bad schools and weak family support. But another important factor in inner-city neighborhoods is the temptation to drop out of school in order to profit from the drug trade.

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Has the U.S. lost its war on drugs?

- Yes
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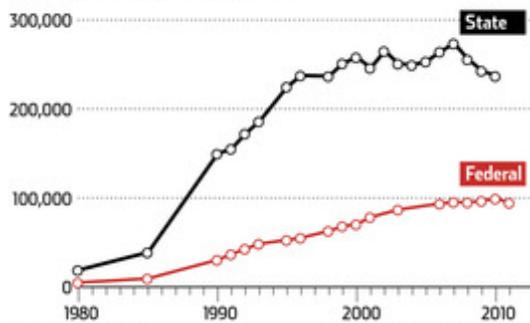
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The total number of persons incarcerated in state and federal prisons in the U.S. has grown from 330,000 in 1980 to about 1.6 million today. Much of the increase in this population is directly due to the war on drugs and the severe punishment for persons convicted of drug trafficking. About 50% of the inmates in federal prisons and 20% of those in state prisons have been convicted of either selling or using drugs. The many minor drug traffickers and drug users who spend time in jail find fewer opportunities for legal employment after they get out of prison, and they develop better

skills at criminal activities.

Inmates in Ever-Growing Numbers

Prisoners incarcerated for drug offenses



Source: Bureau of Justice Statistics, Department of Justice The Wall Street Journal

Prices of illegal drugs are pushed up whenever many drug traffickers are caught and punished harshly. The higher prices they get for drugs help compensate traffickers for the risks of being apprehended. Higher prices can discourage the demand for drugs, but they also enable some traffickers to make a lot of money if they avoid being caught, if they operate on a large enough scale, and if they can reduce competition from other traffickers. This explains why large-scale drug gangs and cartels are so profitable in the U.S., Mexico, Colombia, Brazil and other countries.

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The paradox of the war on drugs is that the harder governments push the fight, the higher drug prices become to compensate for the greater risks. That leads to larger profits for traffickers who avoid being punished. This is why larger drug gangs often benefit from a tougher war on drugs, especially if the war mainly targets small-fry dealers and not the major drug gangs. Moreover, to the extent that a more aggressive war on drugs leads dealers to respond with higher levels of violence and corruption, an increase in

enforcement can exacerbate the costs imposed on society.

The large profits for drug dealers who avoid being caught and punished encourage them to try to bribe and intimidate police, politicians, the military and anyone else involved in the war against

drugs. If police and officials resist bribes and try to enforce antidrug laws, they are threatened with violence and often begin to fear for their lives and those of their families.

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Mexico offers a well-documented example of some of the costs involved in drug wars. Probably more than 50,000 people have died since Mexico's antidrug campaign started in 2006. For perspective, about 150,000 deaths would result if the same fraction of Americans were killed. This number of deaths is many magnitudes greater than American losses in the Iraq and Afghanistan wars combined, and is about three times the number of American deaths in the Vietnam War. Many of those killed were innocent civilians and the army personnel, police officers and local government officials involved in the antidrug effort.

There is also considerable bitterness in Mexico over the war because the great majority of the drugs go to the U.S. drug cartels in Mexico and several other Latin American countries would be far weaker if they were only selling drugs to domestic consumers (Brazilian and Mexican drug gangs also export a lot to Europe).



Getty Images

In Seattle, a man smokes marijuana from a water pipe shortly after a state law legalizing recreational marijuana use took effect on Dec. 6.

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[Prescription for Addiction](#): The U.S. spends about \$15 billion a year fighting illegal drugs, often on foreign soil. But America's deadliest drug epidemic begins and ends at home

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The main gain from the war on drugs claimed by advocates of continuing the war is a lower incidence of drug use and drug addiction. Basic economics does imply that, under given conditions, higher prices for a good leads to reduced demand for that good. The magnitude of the response depends on the availability of substitutes for the higher priced good. For example, many drug users might find alcohol a good substitute for drugs as drugs become more expensive.

The conclusion that higher prices reduce demand only "under given conditions" is especially important in considering the effects of higher drug prices due to the war on drugs. Making the selling and consumption of drugs illegal not only raises drug prices but also has other important effects. For example, while some consumers are reluctant to buy illegal goods, drugs may be an exception because drug use usually starts while people are teenagers or young adults. A rebellious streak may lead them to use and sell drugs precisely because those activities are illegal.

More important, some drugs, such as crack or heroin, are highly addictive. Many people addicted to smoking and to drinking alcohol manage to break their addictions when they get married or find good jobs, or as a result of other life-cycle events. They also often get help from groups like Alcoholics Anonymous, or by using patches and "fake" cigarettes that gradually wean them from their addiction to nicotine.

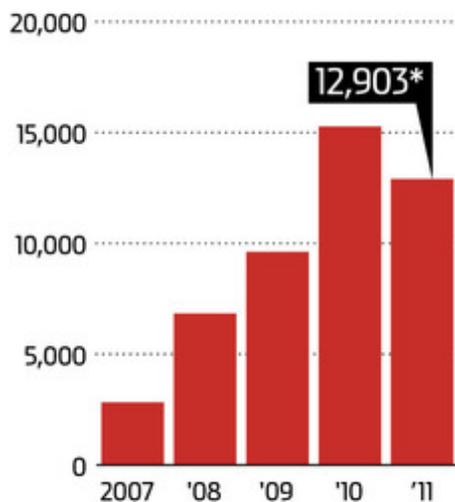
It is generally harder to break an addiction to illegal goods, like drugs. Drug addicts may be leery of going to clinics or to nonprofit "drugs anonymous" groups for help. They fear they will be reported for consuming illegal substances. Since the consumption of illegal drugs must be hidden to avoid arrest and conviction, many drug consumers must alter their lives in order to avoid detection.

Usually overlooked in discussions of the effects of the war on drugs is that the illegality of drugs stunts the development of ways to help drug addicts, such as the drug equivalent of nicotine patches. Thus, though the war on drugs may well have induced lower drug use through higher prices, it has likely also increased the rate of addiction. The illegality of drugs makes it harder for addicts to get help in breaking their addictions. It leads them to associate more with other addicts and less with people who might help them quit.

Most parents who support the war on drugs are mainly concerned about their children becoming addicted to drugs rather than simply becoming occasional or modest drug users. Yet the war on drugs may increase addiction rates, and it may even increase the total number of addicts.

South of the Border

Deaths in Mexico related to the drug war



*First three quarters of 2011
Source: Mexican government
The Wall Street Journal

One moderate alternative to the war on drugs is to follow Portugal's lead and decriminalize all drug use while maintaining the illegality of drug trafficking. Decriminalizing drugs implies that persons cannot be criminally punished when they are found to be in possession of small quantities of drugs that could be used for their own consumption. Decriminalization would reduce the bloated U.S. prison population since drug users could no longer be sent to jail. Decriminalization would make it easier for drug addicts to openly seek help from clinics and self-help groups, and it would make companies more likely to develop products and methods that address addiction.

Some evidence is available on the effects of Portugal's decriminalization of drugs, which began in 2001. A study published in 2010 in the *British Journal of Criminology* found that in Portugal since decriminalization, imprisonment on drug-related charges has gone down; drug use among young persons appears to have increased only

modestly, if at all; visits to clinics that help with drug addictions and diseases from drug use have increased; and opiate-related deaths have fallen.

Decriminalization of all drugs by the U.S. would be a major positive step away from the war on drugs. In recent years, states have begun to decriminalize marijuana, one of the least addictive and less damaging drugs. Marijuana is now decriminalized in some form in about 20 states, and it is de facto decriminalized in some others as well. If decriminalization of marijuana proves successful, the next step would be to decriminalize other drugs, perhaps starting with amphetamines. Gradually, this might lead to the full decriminalization of all drugs.

Though the decriminalization of drug use would have many benefits, it would not, by itself, reduce many of the costs of the war on drugs, since those involve actions against traffickers. These costs would not be greatly reduced unless selling drugs was also decriminalized. Full

decriminalization on both sides of the drug market would lower drug prices, reduce the role of criminals in producing and selling drugs, improve many inner-city neighborhoods, encourage more minority students in the U.S. to finish high school, substantially lessen the drug problems of Mexico and other countries involved in supplying drugs, greatly reduce the number of state and federal prisoners and the harmful effects on drug offenders of spending years in prison, and save the financial resources of government.

The lower drug prices that would result from full decriminalization may well encourage greater consumption of drugs, but it would also lead to lower addiction rates and perhaps even to fewer drug addicts, since heavy drug users would find it easier to quit. Excise taxes on the sale of drugs, similar to those on cigarettes and alcohol, could be used to moderate some, if not most, of any increased drug use caused by the lower prices.

Taxing legal production would eliminate the advantage that violent criminals have in the current marketplace. Just as gangsters were largely driven out of the alcohol market after the end of prohibition, violent drug gangs would be driven out of a decriminalized drug market. Since the major costs of the drug war are the costs of the crime associated with drug trafficking, the costs to society would be greatly reduced even if overall drug consumption increased somewhat.

The decriminalization of both drug use and the drug market won't be attained easily, as there is powerful opposition to each of them. The disastrous effects of the American war on drugs are becoming more apparent, however, not only in the U.S. but beyond its borders. Former Mexican President Felipe Calderon has suggested "market solutions" as one alternative to the problem. Perhaps the combined efforts of leaders in different countries can succeed in making a big enough push toward finally ending this long, enormously destructive policy experiment.

—Mr. Becker is a professor of economics and sociology at the University of Chicago. He won the Nobel Prize in economics in 1992. Mr. Murphy is a professor of economics at the University of Chicago Booth School of Business. Both are senior fellows of the Hoover Institution at Stanford University.

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