

**Joint Economic Committee Hearing
Illegal Drugs: Economic Impact, Societal Costs, Policy Responses
Opening Statement of Senator Jim Webb
June 19, 2008**

I would like to thank Chairman Schumer for agreeing to hold this hearing and allowing me the opportunity to chair it. I would also like to thank our witnesses for appearing today. Following my remarks, I would encourage members to make opening statements.

This hearing today follows a Joint Economic Committee hearing I chaired last fall regarding incarceration. The central role of drug policy in filling our nation's prisons makes clear that our approach to curbing illegal drug use is broken.

It is a poignant day in history to hold this hearing. On this day in 1986, University of Maryland college basketball star Len Bias died from a cocaine overdose. The enormous media coverage surrounding his death firmly placed the issue of drugs at the center of our political stage. The Anti-Drug Abuse Act, which established mandatory minimum sentences for drug offenses, was signed only four months later.

Today is also Juneteenth, marking the date in 1865 when slaves in Texas were told of the abolition of slavery. It is painful to note that as people gather today to celebrate the end of slavery, Human Rights Watch reports that while "ostensibly color-blind, the U.S. drug war has been and continues to be waged overwhelmingly against black Americans."

Understanding how illegal drugs affect our society involves a complex matrix of issues. We start with the fact that the illegal drug market is enormous and lucrative. The United Nations Office on Drugs and Crime estimates that the United States, Canada, and Mexico account for 44 percent of global retail drug sales, totaling tens of billions of dollars. The total economic costs of all the factors associated with drug abuse in the United States have been estimated at \$182 billion per year. To offer a context for understanding the value of the drug trade, global exports of wine and beer are equivalent to only one-quarter of illegal drug flows.

To meet our enormously profitable and insatiable demand for drugs, there are innumerable ready suppliers in this country and outside our borders. As the Economist reported, marijuana is California's most valuable cash crop, with four-fifths of the outdoor plantations in the state run by Mexican gangs. Strategy Forecasting, Inc. estimates that "at least half of the \$65 billion worth of illegal narcotics purchased in the U.S. each year comes through Mexico."

Efforts to halt the flow of drugs into the country, however, have done little to limit supplies. Instead, we are witnessing a war on our border. Since President Calderon launched an offensive against drug gangs and cartels over a year ago, about 4,100 people have died, including 450 Mexican police officers and soldiers. President Calderon has declared that his government sees it as a war, and the U.S. State Department issued a

warning this May that the engagements in Mexican streets are “equivalent to military small-unit combat.”

While spending enormous amounts of money to intercept drug shipments at the border and inside the country, supplies remain consistent. As this chart shows, 86 percent of high school students report that it is “very easy” or “fairly easy” to obtain marijuana. 47 percent report the same for cocaine, 39 percent for crack, and 27 percent for heroin. Success in curbing drug imports would be accompanied by an increase in price. Cocaine prices, however, have fallen by approximately 80 percent since the 1980s. An indication that there may be an increase in price in 2007 still places prices well below the levels of the 1990s.

Simultaneously, efforts to curb illegal drug use in the United States have relied heavily on enforcement. The number of drug arrests tells the story of the growth in the prison population. As this chart shows, the number of persons in custody on drug charges increased thirteen times in the past 25 years. Despite the number of people we have arrested, the illegal drug industry and the flow of drugs to our citizens remain undiminished.

The arrest numbers also tell another story. Convictions and collateral punishments are devastating our minority communities. When it comes to incarceration for drug offenses, the racial disparities are alarming. Although African Americans constitute 14 percent of regular drug users, they are 37 percent of those arrested for drug offenses, and 56 percent of persons in state prisons for drug crimes.

The last piece of the drug puzzle is the need to clean up drug dependent Americans inside our prisons and our homes. Alternatives to enforcement have shown that a variety of approaches can successfully reduce incarceration, improve public safety, and produce social benefits in excess of their costs. Diversion programs and drug courts are two of the promising examples that offer better outcomes.

Our current combination of enforcement, diversion, interdiction, treatment, and prevention is not working the way we need it to. And, despite overwhelming facts – the ease with which drugs can be obtained, the price of drugs, the number of people in prison, the violence at the border – there has been little effort to take a comprehensive look at the relationship between the many interlocking pieces of drug policy.

We need to rethink our responses to the health effects, economic and social impact, violence, and crime associated with illegal drug use. We also need to reconsider our approach to the supply of and demand for drugs. The central challenge for our witnesses is to help us, and all Americans, to understand the full dynamics of this problem, and to assist us in pointing the way toward effective solutions. I welcome your thoughts today.