



Simulating a new drug policy: the case of Italy.

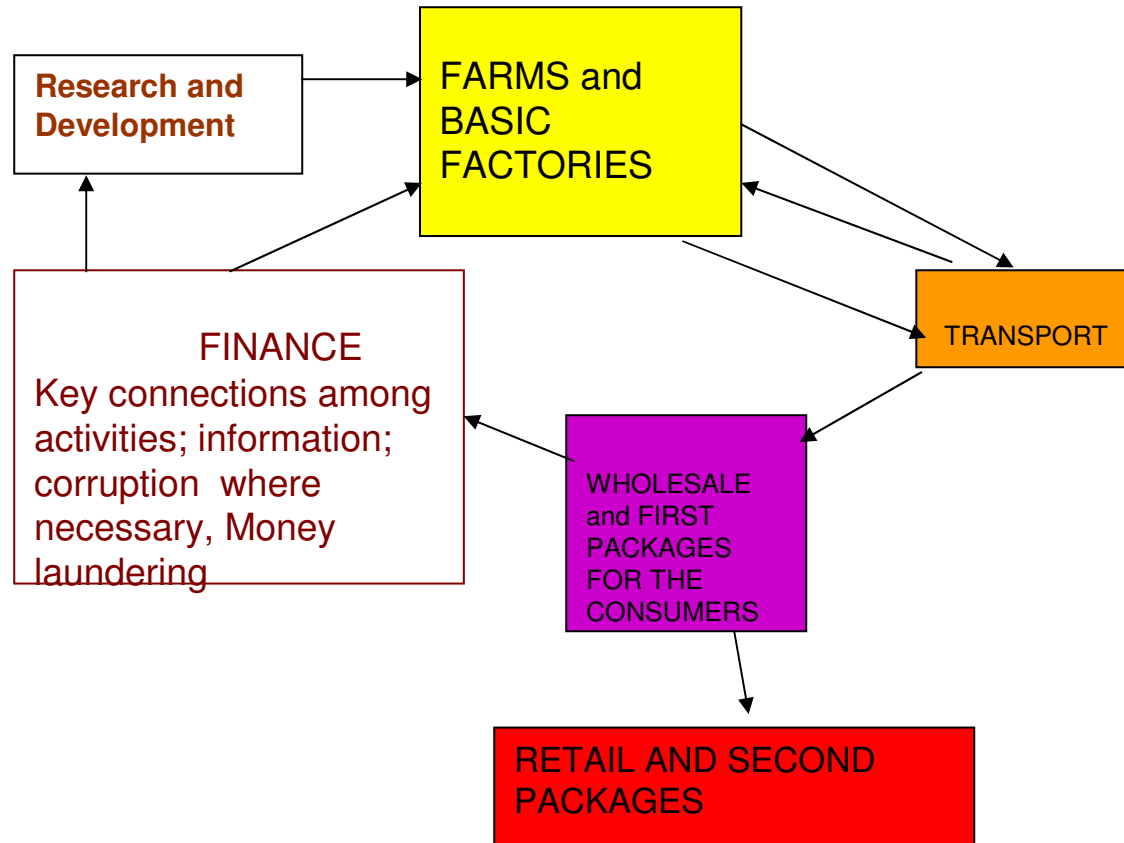
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IDM Second Workshop Roma -
September, 16-17, 2009

Juridical paradox

- The distinction between legal and illegal market is useless. Where profits are possible the market forces find all the solutions to do business
- Law enforcement is the first and the easiest solution in facing the drug problem; but, if prevalent, it can't give the best results.
- Other solutions have been adopted in other Countries and we want to propose something else, based on their experience and on a market analysis.

The main components of the illicit drug industry



The reaction to more severe law enforcement

- The “marketing strategy” of the criminal industry reacts to more repressive policies by expanding the number of street dealers;
- the competition among them reduces the retail prices and the number of drug users rises in concomitance with the combined action of the two effects: more dealers and lower prices;
- it is exactly the opposite of the repressive policy’s objective.
- The enlargement of the manpower engaged as street dealers reduces the probability of capture both for street dealers and for traffickers.
- ***The figures show that the great seizures (>1000 grams and >1000 pills) have been reduced, in the period 2000 – 2008, by around 50 % (at least in Italy).***

An evaluation of the market: the entries

- School is a great gate where all people enter and where the evolution of the people can be observed.
- Our pilot survey on the secondary school showed:
- *45% of students older than 18 years had already taken drugs at least once in their lives, it means almost 400.000 persons yearly;*
- *10% of students (in the secondary schools that should mean 270.000 students) admit to doing illegal activities for funding their drugs consumption and among them about 90.000 were selling drugs.*
- **These figures are important and a confirmation by a more extensive survey would be needed.**

An evaluation of the market: the outcomes

- The therapeutic communities are the most usual way-out for the problematic drug users among the structures of the health care system;
- A pilot survey on the residents in some therapeutic communities showed:
 - Average age 37 years;
 - Average age of the first use of a soft drug 14.8 years;
 - Average age of the first use of a hard drug 17 years;
 - Average period of consumption before entering a community: soft drug 21.5 years; hard drug 19.3 years

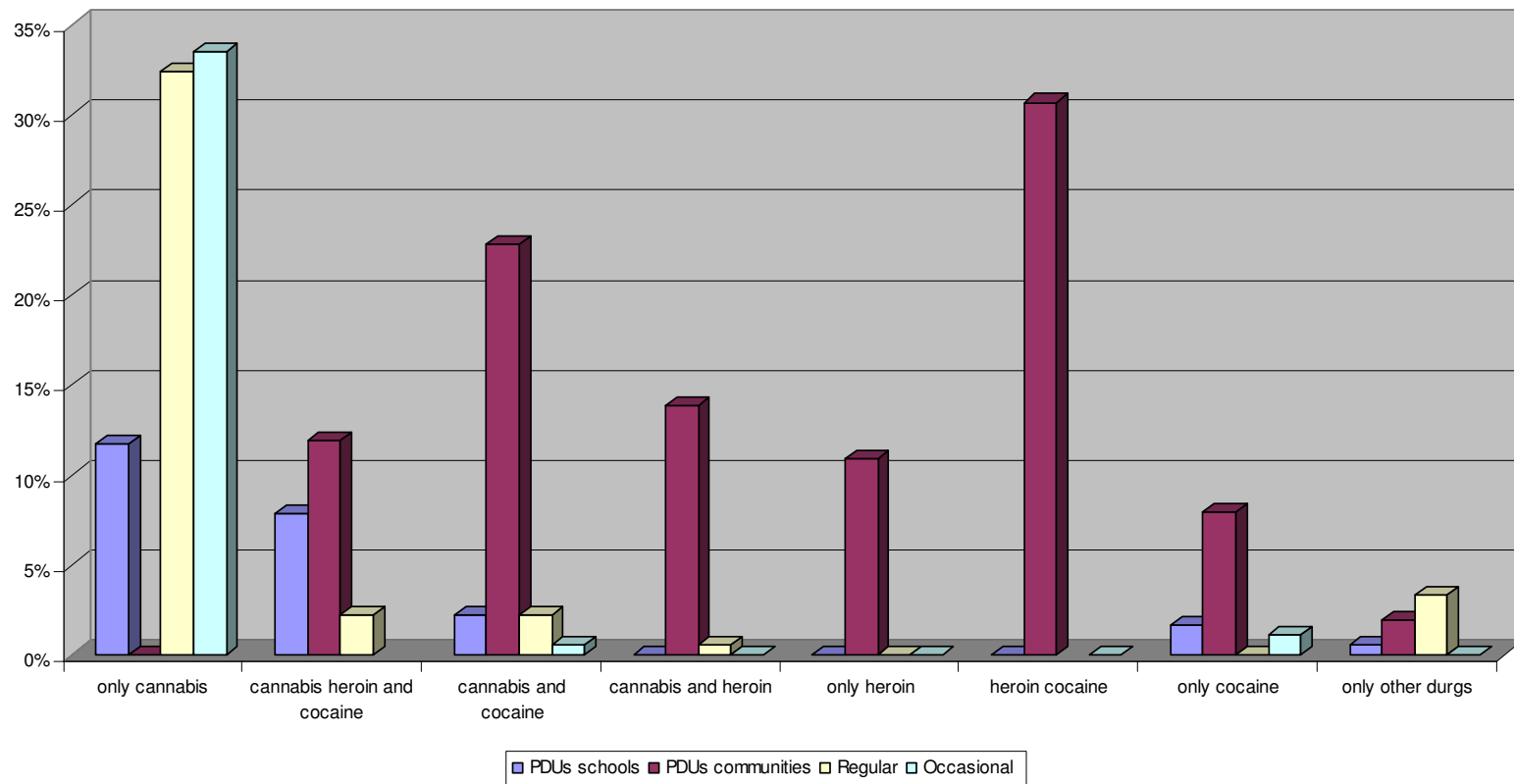
An evaluation of the regular users

- How many regular users can be expected if the residents in a community have consumed hard drugs for years?
- Combining our survey and the results of the IPSAD survey on the Italian population we obtain an estimate of about 3,000,000.

Some hypotheses on the number of consumers

- Regular but non problematic users should be:
- between 15% and 10% of the students in secondary schools;
- At least 20% of students who drop out of the school;
- In Italy about 550,000 – 500.000 regular consumers in the age class 14-19 years can be estimated.
- If a similar proportion is maintained in the other age classes we obtain the confirmation of around
3 MILION REGULAR USERS
- 175,000 problematic drug users in health care structures and Communities, 210,000 more not yet under therapy (Antidrug Policies Department, Italy 2008).
- We could consider 300.000 more problematic drug users in addition to the first ones coming from the hidden population which regularly consume hard drugs (IPSAD survey, Italy 2008).
- Prudential evaluation lead us to consider just 385.000 PDUs and about 97.000 as a result of the survey on the school (most are cannabis consumers).

How much do they consume?



	Equivalent users			quantities			values (million €)		
	PDUs	Regular	Occasional	PDUs	Regular	Occasional	PDUs	Regular	Occasional
Heroin	246.872	143.383	143.291	30.858.969	7.169.166	859.748	1.571	365	44
Cocaine	270.496	573.459	573.594	33.811.943	28.672.940	3.441.566	2.776	2.354	283
Cannabis	181.435	2.899.087	2.962.217	90.717.284	289.908.733	35.546.605	780	2.493	306
Other	9.881	166.005	453.753	2.470.322	16.600.515	5.445.041	44	297	97
<i>Total</i>	<i>708.683</i>	<i>3.781.935</i>	<i>4.132.856</i>	<i>157.858.518</i>	<i>342.351.355</i>	<i>45.292.959</i>	<i>5.171</i>	<i>5.509</i>	<i>729</i>
Total (million €)								11.410	
Multi drug index	1,47	1,21	1						
Yearly Average Consumption (gr.)				327,46	109,11	10,98			
Expenditure per capita (€)							10.727	1.756	177

The model of the illicit drug industry

- 1 $P = F(N,K) + C + E + I$
- 2 $P(\text{drug}) = F(N,K)(\text{drug}) + C(\text{drug}) + E(\text{drug}) + I(\text{drug})$
- 3 $P(\text{drug}) = W(\text{drug dealers}) + P(\text{drug}) + M(\text{drug}) + \text{SUM}(\text{input})$
- (1) the legal economy; (2) the illicit drug industry; the monetary equivalence (3): wages, profits and other costs of the drug industry can come back to the legal economy as part of C and I.
- The legal economy funds the illicit market by a reduction of its “own” savings.
- “Savings” coming from legal activities are used to buy drugs and come back in the legal economy as “consumption” and “investment” paid for by W(drug dealers) and P(drug profits).

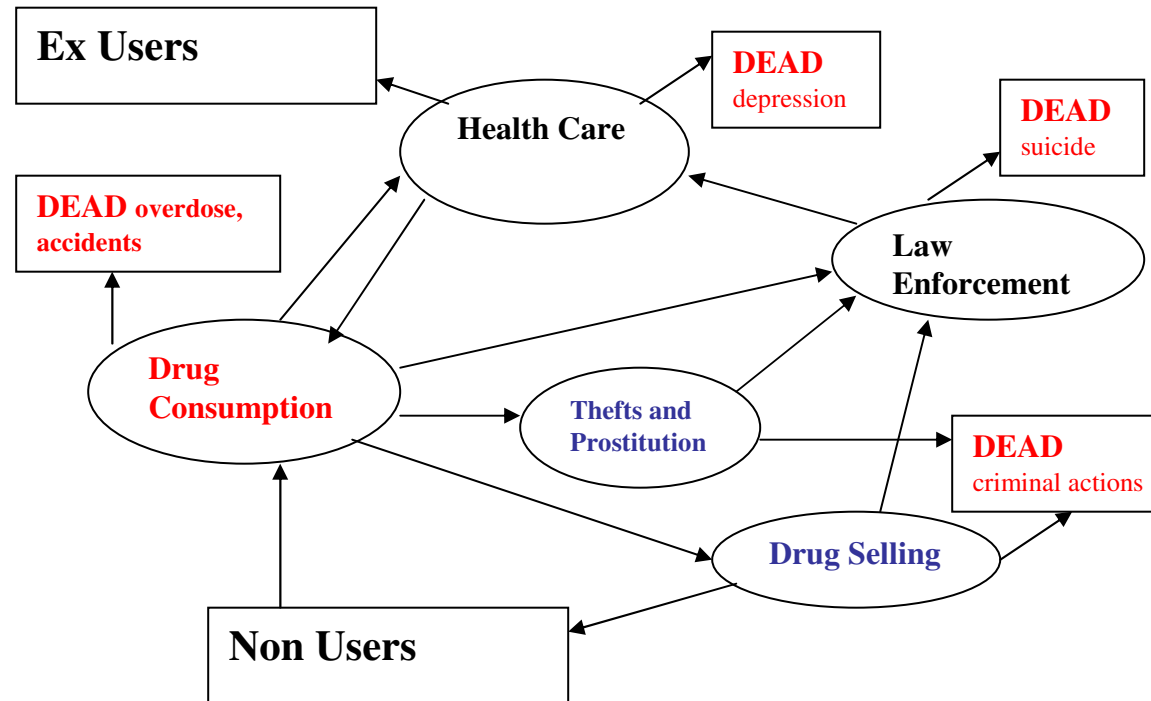
The grey zone

- Drug user behaviour generates impact in the economy in at least 4 ways:
 - $Y = C + C(\text{drug})$ just reduction of personal savings
 - $Y + T = C + C(\text{drug})$ destruction of wealth
 - $Y + T + DS = C + C(\text{drug})$ destruction of wealth and recruitment of new drug users
 - $Y + T + DS + P = C + C(\text{drug})$ destruction of wealth , recruitment of new drug users and loss of human dignity
- The reduction of savings for the legal economy was 11.6 % (ISTAT, conti economici, A.12, 2009), in Italy in 2005 and in 2008 it is likely to be around 18 % (value 2007 of savings, 2008 not yet available). This amount has reduced the available resources for legal activities, thus making illegal activities able to enlarge their business and their presence in the legal sector.

Other economic effects

- In Norway (A.L.Bretteville-Jensen, M.Sutton - 1996) the total income of the addicts, who have admitted illicit sources, comes from: work (3,6 %); benefit (6,1%); theft (18,8 %); dealing (52,6%); prostitution (17,2 %); other minor sources (1,7 %).
- Our surveys showed that the illegal sources are already used by students and in the case of PDUs the parameters change in this way: 31 % have never worked; 35 % have sold drugs and 55 % have done robberies and other illegal activities.
- It is still difficult elaborating the parameters like in Norway.
- Making an attempt we can assume at least 1/3 of PDUs consumption is financed by illegal activities. Equal to 1.7 billion euros of petty-crimes in robberies and other illegal activities.
- Concerning the street dealing activity it is correct to assume that each year they have initiated at least one occasional and one regular user.

MORTALITY



Proportionally to a US estimate it is possible to estimate 4500 deaths in Italy, to which, of course, we should add the victims of drug related crimes

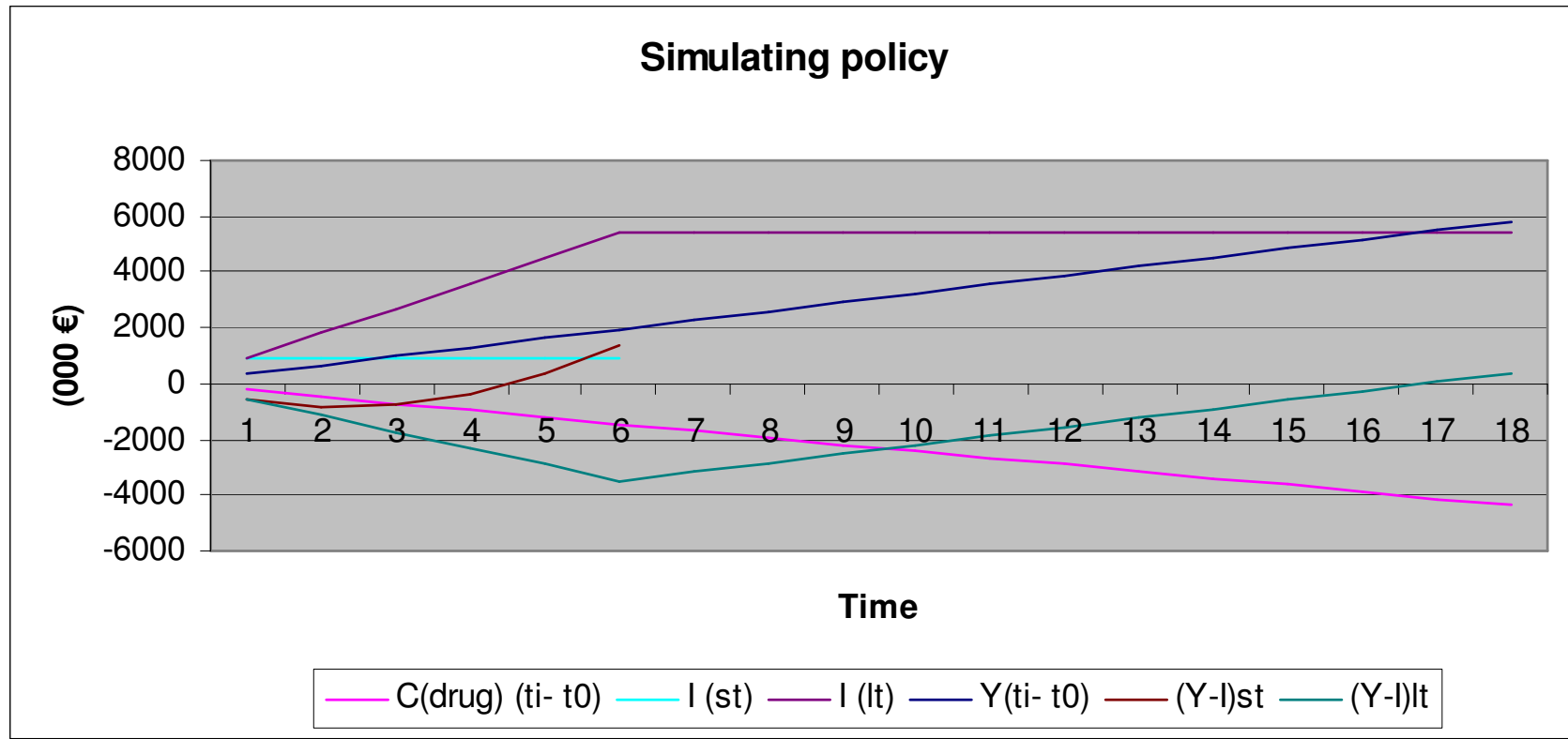
A new approach

- *the Law Enforcement could be re-oriented by decriminalizing the possession of quantities lower than 5 grams (for simplification all kind of drugs) and 30 % of the current actions could be avoided, Police resources could be employed in other actions.*
- **Potential saving for the P.A. around 900 million Euros**
- *No prison for drug abusers and projects of rehabilitation for the 20.000 PDUs who are incarcerated every year, the technicalities exist for building up a system of social benefits and grants for the projects of rehabilitation of these persons*
- **Financial resources for each incarcerated 45,000 (investments) = 900 million Euros**
- 45,000 Euros in one year is equivalent to 123.2 Euros each day, this money could be used for productive projects better than for keeping people in prison.

A new approach

We expect:

- The drug supply is almost the same.
- At least 5% less of PDUs figures which represent 2 % of the market (214 million euros)
- At least 20,000 new drug users and 20.000 new regular users do not come into the market (more 38 million euros, minimal value).
- 242 million euros lost by the market. Drug prices could decrease.
- People can buy 5 grams quantities and street dealers can sell their stocks faster than before. Prices could rise.
- Police could seize greater quantities. Their action becomes more efficient.
- At least 80 million euros of equivalent petty-crime reduction.



With the re-introduction in the productive economy of 100.000 PDUs at the 6th period the revolving fund can be self financed

Financial conditions

- The rehabilitation of PDUs or of regular users is a gain for the legal economy, which avoids reducing its resources and wealth.
- The investment of 45,000 € for each PDU should be considered an average investment for the rehabilitation of each incarcerated person; it could be given in several different ways: a share of a cooperative-project or a financial aid to an existing firm that wants to enrol a PDU in a job.
- The simulation doesn't consider the revenues of the cooperatives and of the jobs, that should permit an autonomous reintegration of the revolving fund and, of course, doesn't consider the several forms of funding, firstly the use of the confiscated property of the traffickers.

Concluding remarks

- The more severe measures consisting in more aggressive law enforcement have had paradoxical effects, because the marketing of the illicit drug industry has replied with the enlargement of the number of the street dealers. In spite of the more severe law, or thanks to it, 30% of the Police actions have seized less than 5 grams of drugs. On the other side, in the last observed 8 years, the seizures of more than 1 kg of drugs have been progressively reduced to just 50% and they are just 5-6% of all the actions.
- A new coordinated action considering the four pillars (Prevention, Health Care, Law Enforcement and Harm Reduction) must be studied looking at the best practices, where especially rehabilitation has given the best results in terms of reduction of addicts, crime and deaths.
- Working on the demand side approach, we have been seeing that three groups of consumers are relevant in the market: 1) the daily users (PDUs); 2) the regular or weekly users (almost 100 times in a year) and 3) the occasional (once in a month).
- PDUs and regular users, even if they are the minority, are the main engine of the market both as consumers and street dealers.
- The study verifies a new strategy (on the Italian situation) based on: decriminalization of 5 grams possession; no prison for PDUs, as an alternative these people have to participate in productive projects for complete rehabilitation; this rehabilitation must involve medical treatment and the possibility of working in the productive and legal economy.
- The setting-up of a revolving fund or other financial technicalities could give better success for the social integration and rehabilitation of PDUs. The economic benefits permit the break-even point for the project when 100.000 PDUs could participate in the program with success, from that moment on the vicious cycle can turn into a virtuous cycle where the program could be refinanced by its own results.