

PART B: SELECTED ISSUES.

11. Public expenditure attributable to illegal drugs in France in 2005

Introduction

It is necessary to highlight the costs borne by the community as a direct result of legal or illegal drug consumption. Firstly, this will help us to identify the costs of public policies introduced in order to combat, prevent and treat drug addiction, but also the indirect costs related to the consumption of psychoactive substances including for example the resulting loss of revenue or productivity. Additionally, and importantly, highlighting these costs can help influence assessments (via cost - benefit analyses) of programmes aimed at dealing with drug addiction, whether these are introduced by the legal or health authorities, and consequently to make public decision-making easier and clearer.

In analysing the social costs of drugs, numerous in-depth examinations of expenditure committed by the public authorities aimed at combating, preventing and treating drug addiction have been undertaken for several years now in a number of countries. This wish to see a thorough analysis carried out is particularly understandable as drug-related public expenditure provides an effective dissuasive tool where drug consumption is concerned (Saffer et al. 2001). Consequently, encouraged by the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), keen to harmonise the collection of data concerning public expenditure related to illegal drug use, and following a study which may be described as exploratory, (Kopp et al. 2003), we are today seeing the emergence of a common methodology for all European countries (Reuter 2006; Reuter et al. 2004). A number of methodological disagreements still need to be resolved however, such as the decision as to whether a top-down or bottom-up approach should be employed (Potsma 2004).

In France, public expenditure committed to combating, preventing and treating drug addiction has already been the subject of numerous studies. (Rosa 1994; Rosa 1996) focused on the social costs of tobacco consumption and its economic impact on public finances. In 1998, Kopp & Palle explored the possibility of measuring the cost of illegal drugs and in 2000, Kopp & Fénoglio widened the investigative field for this problem by considering not only illegal drugs but also alcohol and tobacco. Due to the controversy surrounding the results put forward by the studies of the social cost of tobacco from Rosa (1996) and from Kopp & Fénoglio (2000), a cost – benefit analysis of drugs and in particular of tobacco demonstrated the negative impact of tobacco consumption (and that of illegal drugs) on the public finances (Kopp & Fénoglio 2004). The cost of diseases related to the consumption of legal and illegal drugs was explained in detail in 2005 (Kopp & Fénoglio 2006a) and finally, the public expenditure deployed in order to combat and treat the effects of legal and illegal drugs in France was carefully assessed (Kopp & Fénoglio 2006b). The expenditure carried out by the public authorities specifically budgeted under the heading of "drugs" or for reasons related to illegal drugs was estimated at 907.03 million euros in 2003 compared to 699.45 in 1995 (Kopp & Fénoglio 2006b).

The present study seeks to update the assessments of the expenditure carried out by the French public authorities aimed at combating, preventing and treating illegal drug use for the year 2005. This work differs from previous French studies in two areas. Firstly, in order to ensure harmonisation at a European level, the presentation of the expenditure will not be broken down on an authority-by-authority and substance-by-substance basis, but rather by referring to the description of the public budgets and related expenditure. Secondly, the

method used to calculate the expenditure is based on a top-down approach, as opposed to the bottom-up approach used by Kopp & Fénoglio (2006b) (please see Postma 2004). This change in methodology will make it possible to compare the results and to assess their coherence.

Consequently, we will begin with an overview of the public budgets specifically devoted to drug addiction, and secondly we will examine the costs of the activities and initiatives carried out by the various authorities related to illegal drugs (but not specifically referred to as such).

1. Authorities and public expenditure specifically dedicated to combating, treating and preventing illegal drug use

The authorities involved in combating, preventing and treating drug addiction can be distinguished according to these three aspects. However, it has been noted that the budget credits allocated to these missions are only rarely described in detail.

The situation regarding the public budgets of the authorities concerned by illegal drug use.

Before describing the budget credits specifically described as “drug related”, we should begin by identifying the ministries concerned by this study, as a result of the various activities which they may carry out.

Identifying the ministries concerned

The fight against illegal drug use is managed jointly by the Ministry of National Defence, the Ministry of the Interior and the Ministry of Justice thanks to the respective activities of the National Gendarmerie, of the National Police Corps and of the legal and prisons services. The Ministry of the Economy, Finance and Industry also participates in the fight against illegal drug use in as far as the Directorate-General for Customs and Indirect Taxes (*Direction Générale des Douanes et Droits Indirects* or “DGGDI”) is a branch of this ministry. Finally, although difficult to classify categorically, the Ministry of Foreign Affairs is also involved in the fight against illegal drugs via the international cooperation which it carries out aimed at combating and disrupting the international drugs trade.

Those authorities supporting activities aimed at preventing the consumption of illegal psychoactive substances are more difficult to identify. Nevertheless, the Ministry of National Education participates in activities aimed at preventing addictive behaviour, through the work of the Health and Citizenship Education Committees (*Comités d’Éducation à la Santé et à la Citoyenneté* or “CESCs”). The same applies for the Ministry of Youth and Sports.

Finally, the Ministry of Health and Solidarity is also involved in the treatment and prevention of drug abuse.

Table 11.1 shows the total budgets for these ministries in 2005.

Table 11.1. Total budget for ministries involved in combating, preventing and treating the use of illegal drugs, France, 2005.

In euros	Budget 2005*
Ministry of Foreign Affairs	4 275 479 596
Ministry of National Defence and War Veterans	45 926 274 392
Ministry of National Education, Research and Higher Education	72 561 049 685
Ministry of the Economy, Finance and Industry	62 756 651 581
Ministry of the Interior and of Land Management	13 863 121 461
Ministry of Youth, Sports and Community Life	531 790 099
Ministry of Justice	5 265 116 740
Ministry of Health and Solidarity	10 824 231 923
Total State budget	281 585 501 260

* Payment appropriations.

It is from within the budgets for these ministries that public expenditure referred to as “drug-related” will be identified.

“Drug-related” budgets

The Ministry of Health and Solidarity contributes to the treatment and prevention of addictive behaviour. We find budgets allocated to these issues in the “Public Health and Prevention” category, under action no.2: “Health determinants”. More precisely, the title of this budgetary item is “Combating High-risk Practices”, and a total of 25.8 million euros was allocated to it in 2005. Of these credits, 8% are the responsibility of the central administration, while the remaining 92% were decentralised.

The central administration uses these credits to finance risk reduction associations and health professionals, etc. For the decentralised services, these credits make it possible to support local organisations working to prevent and combat drug abuse including the drug abuse networks in local hospitals, reception centres for vulnerable drug addicts, special units for those recently released from prison, back-to-work workshops and syringe exchange programmes, etc.

It should also be stressed that at both a national and local level, these actions are closely related to the problem of HIV infection.

The Ministry of Foreign Affairs also makes a contribution to tackling the problem of illegal drugs throughout the world by financing a number of European and international organisations. These budgets can be found in the budgetary sections dealing with voluntary contributions made as part of international cooperation initiatives. In 2005, France contributed 244.5 million euros in the field of international cooperation via its Ministry of Foreign Affairs. The Pompidou Group, the Inter-American Drug Abuse Control Commission (CICAD) and the United Nations Programme for the International Control of Drugs (UNPICD) received subsidies paid for from these voluntary contributions. For 2005, the exact contributions received by these organisations have unfortunately not been stipulated. However, in 2003, these totalled 1.03 million euros for the UNPICD, and 20,000 euros for the Pompidou Group, although the latter was paid for from the MILD'T's financing package. No information is available concerning financing for the CICAD. The 1.03 million euros allocated to the UNPICD are listed as financing specifically allocated by the Ministry of Foreign Affairs for the theme of illegal drugs in 2005.

Where the Ministry of Education is concerned, the budgets for the CESCs participating in the prevention of addictive behaviour by school aged youngsters are difficult to identify. A sizeable number of their activities are financed on a project-by-project basis by the MILD'T,

the Regional Departments for Health and Social Affairs (*Directions Régionales des Affaires Sanitaires et Sociales* or “DRASS”), or the national health insurance system (*Assurance Maladie*). Furthermore, it is impossible to know whether or not these activities concern legal or illegal drugs. The financing of the Ministry of Education’s CESCs is therefore not taken into account within the scope of this study, in order to avoid the possibility of any double accounting. The same applies for the Ministry of Youth and Sports.

In the accounts for the other ministries, no other budgetary items explicitly allocated to illegal drug use or drug addicts have been identified. It is by calculating the values assigned under several different budgetary categories that we can highlight the total budgetary expenditure in these fields. Previously, the expenditure of authorities and public operators other than the ministries were considered, including in particular the Interministerial Mission for the Fight against Drugs and Drug Addiction (*Mission Interministérielle de Lutte contre les Drogues et les Toxicomanies* or “MILD”T) and the national health insurance system (*Assurance Maladie*).

The MILD and the national health insurance system

The budgetary credits identified as being specifically allocated to combating, preventing and treating drug addiction are not only found in ministerial budgets as such. Indeed, the MILD and the *Assurance Maladie* account for a large number of budgetary items allocated to action to combat to illegal drugs.

The Interministerial Mission for the Fight against Drugs and Drug Addiction

The MILD’s budget is listed in the Ministry of Health’s “drugs and drug addicts” programme. A total of 39.3 million euros were allocated to this interministerial mission in 2005. A portion of the MILD’s credits are themselves allocated to ministries carrying out activities in the field of drug addiction. It is in the budgetary categories intended for the ministries that the expenditure commitments made by the various administrations when it comes to combating, preventing and treating the consumption of illegal drugs can be found. However, these items of expenditure are not always clearly labelled as “drug-related”.

The MILD’s budgets are also used to finance public interest groups (such as the French Observatory for Drugs and Drug Addiction (*Observatoire Français des Drogues et des Toxicomanies*) and *Drogues Alcool Tabac Info* Service (the Drugs, Alcohol and Tobacco Info Service), etc), and local organisations, (Resource Centres for Drugs and Drug Dependence or *Centre d’Informations et de Ressources sur les Drogues et les Dépendances*). They also subsidise a number of local associations and key players operating in the drug-addiction field.

The fact nevertheless remains that a major part of public expenditure is accounted for by the payments made by the French social security system.

The national health insurance system (“Assurance Maladie”)

Since January 1, 2003, the *Assurance Maladie* has assumed part of the financing package for the Specialist Drug Addiction Treatment Centres (*Centres Spécialisés de Soins aux Toxicomanes* or “CSST”), for the Alcohol Ambulatory Treatment Centres (*Centres de Cure Ambulatoire en Alcoologie* or “CCAA”) and for the Therapeutic coordination apartments (*Appartements de Coordination Thérapeutique* or “ACT”) (Circular No. 2004-395), and since January 1, 2006 that of the Reception and Risk Reduction Support Centres for Drug Users (*Centres d’Accueil et d’Accompagnement à la Réduction des risques pour Usagers de Drogues* or “CAARUDs”) (Circular No. 2006-493). Additionally, it also refunds part of the cost of the required medicines for opioid substitution treatments.

We only require details of the financing provided by the *Assurance Maladie* concerning the CSSTs and the ACTs, in addition to other organisations and schemes recently set up (cannabis consultations, etc.) as the CCAAs fall outside the scope of our study and the CAARUDs were financed from the Ministry of Health and Solidarity's budgets prior to 2006.

In 2005, the financing of these drug addict treatment organisations totalled 162.3 million euros, broken down as follows: 141.7 million for the CSSTs, 17 for the ACTs and 3.6 million euros for "cannabis consultations". Additionally, slightly more than 87 million euros were paid out by the social security system for opioid substitutes (source: Assurance Maladie 2006).

In total therefore, 249.3 million euros were specifically allocated by the *Assurance Maladie* to the treatment of drug addicts.

Other key players such as the National Institute for Prevention and Health Education (*Institut National de Prévention et d'Éducation à la Santé* or "INPES") or the National Cancer Institute (INCa) are also involved in the field of illegal drug addiction in France. Just like those for the research centres, following the example of the National Institute of Health and Medical Research (*Institut National de Santé et de Recherche Médicale* or "INSERM") or the universities, their budgets are only rarely specifically devoted to illegal drugs. The latter are not included in the data for the present study.

2. Public expenditure allocated to combating, treating and preventing illegal drug consumption

The attributable fractions that we have highlighted can be used to identify the percentages of public budgets accounted for by illegal drug use.

The percentages of public budgets attributable to illegal drug use.

The percentage of the public budgets which are not specifically referred to as "drug-related" but which are nevertheless devoted to illegal drugs needs to be highlighted. To do so, we will be using the top-down approach recommended by the EMCDDA, and based on the following methodology: expenditure which is not specifically "drug-related" but which is nevertheless committed by an authority for dealing with effects of illegal drugs will be equal to the expenditure of this authority multiplied by the attributable fraction of this budget devoted to illegal psychoactive substances. With this in mind, one quickly appreciates that the difficulty of carrying out this exercise lies in determining the attributable fractions concerned.

Security and public order

The State's missions of security and public order are broken down among the activities of the National Police Corps, of the National Gendarmerie, of the DGDDI (*Customs Dept.*), of the Justice Department and of the prisons service. For each of these missions, the attributable fractions are determined according to the activities carried out by these authorities.

In order to determine the percentage of the National Gendarmerie's and the National Police Corps' budget accounted for by illegal drugs, we have assumed that the type of crimes listed in the recorded incidents correspond in percentage terms to the financial and human resources committed to dealing with the same crimes. Table 11.2 shows that infractions of the Narcotics law account for 4.35% and 3.63% of the total number of incidents recorded respectively by the Gendarmerie and the National Police Corps. These percentages will be used as the attributable fractions of the National Gendarmerie's and the National Police Corps's budget accounted for by illegal drugs.

Table 11.2. Narcotics offences as a percentage of the activities of the National Gendarmerie and Police Corps, France 2005.

	National gendarmerie	National Police
Total number of offences	1 039 378	2 736 460
Narcotics law infractions	45 219	99 342
Of which		
- Trafficking / resale without use	1 083	5 025
- Use - resale	7 065	9 131
- Use	26 908	82 673
- Other narcotics offences	10 163	2 513
	4,35 %	3,63 %

Source : DCPJ (2005).

Similarly, it is thanks to the “field” activities of the customs officers that the percentage of the DGDDI’s budget attributable to illegal drugs is calculated. The customs department records concern four main areas (table 11.3) and the percentage of cases concerning drug trafficking accounts for 19.9% of all cases. It is this percentage which will be used as the attributable fraction.

Table 11.3. Percentage of recorded incidents noted by the Customs Department concerning action against narcotics, France 2005.

	Incidents
Action to combat the black economy	23 254
Action against counterfeiting	11 419
Tobacco smuggling	10 112
Underground financial networks	1 723
Action against narcotics	19 910
Heritage protection	929
Natural heritage	719
Ecological taxes	158
Cultural heritage	52
The fight against economic and financial crime	55 995
Commercial fraud: industrial and agricultural products	43 697
Commercial fraud: indirect taxes	12 298
Total recorded incidents	100 088
Narcotics as a % of the total	19,9 %

Source: DGDDI (2006).

When calculating the fraction of the Justice Department’s budget attributable to illegal drugs (excluding the budget for the prisons service), as a working hypothesis the activity levels of public prosecutors in the field of illegal drugs is considered as being representative of the cost of illegal drugs where the justice budget is concerned. Unfortunately, data from 2005 is not available, although we may take an average of the public prosecutors’ activity levels concerning illegal drugs as providing an approximate figure for the desired attributable fraction (table 11.4).

Table 11.4. Sentences for narcotics offences and no. of cases referred to the courts in France, 2000-2004.

	Court referrals for criminal offences	Sentences for narcotics offences	As a fraction (%)
2000	5 007 674	22 831	0,46
2001	5 385 826	21 203	0,39
2002	5 501 482	21 777	0,40
2003	5 309 811	28 316	0,53
2004	5 399 181	31 497	0,58
Moyenne			0,47

Source: Ministry of justice (2006).

We will consequently take an average of 0.47% as the fraction attributable to illegal drugs as part of the justice budget (excluding the prisons service).

On December 31, 2005, a total of 5718 people were incarcerated in France for drug offences. Out of a total of 38,790, these prisoners represent 14.74% of the total number of people incarcerated in 2005. Since 2001, this percentage has remained in a band ranging from 12 to more than 15% (source: Ministry of Justice, 2006). We will therefore take this level of 14.74% as the fraction of the prison service's total budget accounted for by illegal drugs.

Health

It would be very tempting to count the cost of treatments provided in hospital and via doctors, and refunded by the *Assurance Maladie* or financed from hospital budgets as public expenditure attributable to illegal drugs. This has already been carried out for France for the year 2003, and demonstrated that the cost of illnesses and diseases attributable to illegal drugs was estimated at somewhere between 573 and 632 million euros. The main portion of this expenditure was attributable to infectious illnesses (slightly more than 80%), (Kopp & Fénoglio 2006a). This estimate will not be updated and, *de facto*, will not be incorporated in the present study. Obviously, the cost of the treatments attributable to illegal drugs constitutes public expenditure, incurred indirectly due to the harmful effects of consuming psychoactive substances. But it is not the result of a clearly established political initiative, following the example of risk reduction policies (substitute medicines, or the creation of specific organisational structures for dealing with drug addicts).

Based on the cost allocation methods highlighted above, only those items of expenditure incurred in the implementation of the law will be assessed.

Public expenditure accounted for by the fight against illegal drugs.

The public expenditure figure attributable to illegal drug use is obtained by multiplying the public budgets of the authorities concerned, by the respective attributable fractions. However, in order to be as precise as possible, anything specifically attributable to another purpose has been removed from these budgets. As an example, following an examination of the activities covered by the National Police Corps' budget, it transpired that part of this budget is covered by the heading "road safety" ²⁹. The same applies for the National Gendarmerie's budget. Consequently, the figures from the budgets for the National Police Corps and the National Gendarmerie, (minus the figures for road safety), multiplied by the

²⁹ The road safety budget may be taken into account insofar as the screening of drivers for certain illegal drugs is now being carried out at the wheel. However, this is only just getting underway and for the moment the cost is certainly marginal compared to the total budgets allocated to road safety. Consequently the decision has been taken to omit these figures from the calculation.

attributable fractions highlighted elsewhere (table 2) enable us to obtain the total value of these budgets allocated to illegal drugs. Accordingly, the total police budget attributable to illegal drugs is estimated at 275.8 million euros, while that of the Gendarmerie is 243.9 million euros.

For its part, the DGDDI (customs department) has a twofold mission. Firstly it is a tax authority, with the task of collecting certain forms of taxation and duties, including in particular duties on products which are subject to indirect taxes (alcohol, tobacco and petroleum products), and secondly this authority has responsibility for investigating and combating fraud. This second activity naturally includes the fight against drug trafficking. The budget for the customs department totalled 517 million euros in 2005, and the DGDDI had a total of 19,000 operatives working in two separate areas of activity, namely the monitoring of commercial operations in addition to national and border surveillance activities. Half of the custom department's workforce is devoted to this second activity. The total budget for the customs authority has consequently been divided in two in order to consider only those budgetary items allocated to the prevention of trafficking, with the other half of the customs department's workforce being engaged the collection of taxes and duties. The fraction attributable to illegal drugs as a total percentage of the activities carried out by the "uniformed" customs staff is estimated at 19.9% (table 3). The budget for the customs department attributed to illegal drugs is therefore estimated at 51.5 million euros.

The budget for the Ministry of Justice totalled 5.26 billion euros in 2005, of which 1.87 billion was devoted to the prisons service. It is based on the remaining 3.39 billion that public expenditure in the justice field attributable to illegal drugs has been assessed. However, before applying the relevant attributable fraction (table 11.4) the sums allocated to civil justice are removed from this budget, leaving only the standard and above all penal budgets. Following these deductions, and by applying the attributable fraction of 0.47%, the expenditure of the Ministry of Justice directly attributable to illegal drugs is 13.1 million euros. That of the prisons service, (using the attributable fraction of 14.74%) totalled 270.2 million euros.

Table 11.5. Budgets allocated to combating, preventing and treating illegal drugs, France 2005, in Euros.

Ministry / Authority	Action	Cofog	Classification: Reuter 2006	Level	Amount
Ministry of health and solidarity		7	1,2,4		25,8
	Subsidies	07.4		Central	2,1
	Subsidies	07.4		Regional	23,7
Ministry of foreign affairs	International cooperation	02.3	3	Central	1,0
MILDT			1,2,3,4		39,3
	Interministerial credits			Central	5,0
	Subsidies			Central	12,0
	Subsidies			Regional	21,0
	Support funds			Central	1,3
Assurance Maladie (nat. health ins)			2,4	Regional	886,0
	Opioid substitutions	07.1			87,0
	Treatment centres	07.3			162,3
	Hospitals	07.3			287,1
	GP	07.2			349,6
Ministry of Interior	National police	03.1	3	Central	275,8
Ministry of Defense	National Gendarmerie	02.2	3	Central	243,9
Ministry of the Economy	DGDDI (custom dpt)	03.2	3	Central	51,5
Ministry of Justice			3	Central	283,3
	Legal services	03.3			13,1
	Prisons services	03.4			270,2
				Total	1806,0

Source: OFDT.

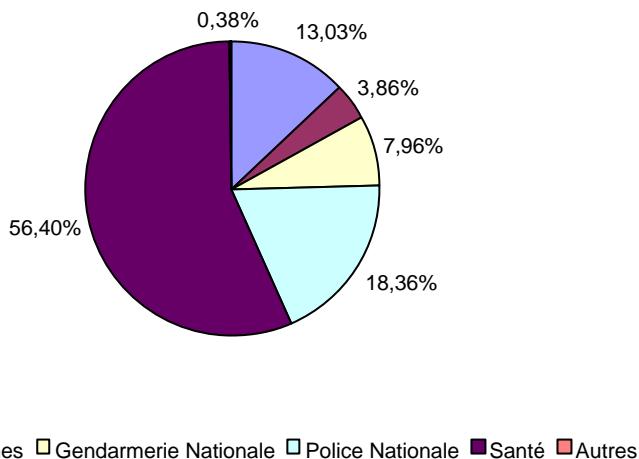
Conclusion.

To conclude, public expenditure attributable to illegal drugs in 2005 can be estimated at a total of 1170 million euros (table 11.5). This is approximately 263 million more than the latest estimate from Kopp & Fénoglio (2006a) for the year 2003. This variation may be explained by a possible increase in public expenditure allocated to illegal drugs *per se*. However, if we compare the budgetary items identified in Kopp & Fénoglio (2006a) and those of this study, no major differences are noted. These 263 million may therefore be explained more realistically by differences in the calculation method used.

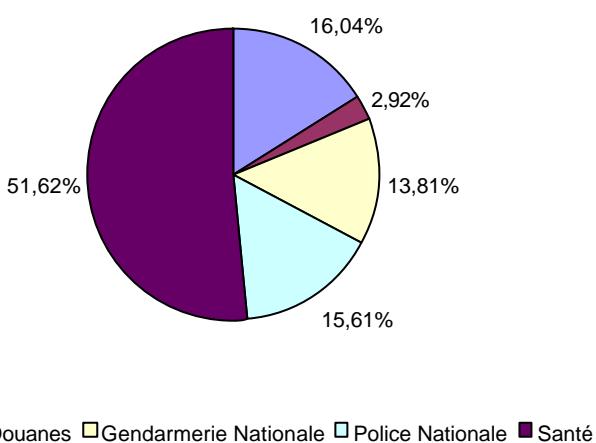
Indeed, unlike the top-down method, the use of a bottom-up approach does not require the use of an attributable fraction which may wrongly represent the percentages actually attributed to actions concerning illegal drugs. The identification of expenditure using this second approach may appear to be more precise but favours the omission of certain nameless budgets which nevertheless contribute to policies deployed vis-à-vis illegal drugs.

As an example, where legal services are concerned, Kopp & Fénoglio (2006a) have estimated a figure of 92 million euros compared to 13.1 in our study. Similarly, the expenditure of the prison service is assessed at 89 million euros by Kopp & Fénoglio (2006a) whereas our calculations total 270 million euros. Nevertheless, the repartition of public expenditures did not show major changes (graph 11.1 and 11.2):

Graph 11.1. Public expenditures due to illicit drugs according to Kopp & Fénoglio (2006a, 2006b), France, 2003.



Graph 11.2. Public expenditures due to illicit drugs according to Kopp & Fénoglio (2006a, 2006b), France 2005.



Consequently, it is difficult to categorically say which approach is better. The bottom-up approach nevertheless features a number of problems, in that it appears to be far more costly in terms of information collection.

Despite these differences, a comparison of these methods and the resulting estimates enables us to consider that in France, the total public expenditure attributable to illegal drugs is approximately one billion euros.

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