

WHY WE SHOULD LEGALISE HEROIN.

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Since 1954 diacetyl morphine—known as Heroin since its first sale by the Bayer Company around the turn of the century—has been a prohibited drug in all states (except Victoria), and its importation into Australia has been illegal. Australia has not been alone in this, indeed the Americans began restricting their physicians from 1914, although the British, with some restrictions, have allowed theirs to continue to prescribe the drug.

The people who successfully pushed for the prohibition of heroin might have expected that this would prevent its continued use. But the prohibition has been ineffective. Black-market heroin is readily available throughout Australia. The expensive, impure street drug may result in sickness and death among its users, not because of the drug itself (properly administered, pharmaceutical heroin of known dosage results in no apparent chronic physical or mental deterioration), but because of the impurities, the unknown strength (which might result in overdosing), and contamination of shared needles by the HIV virus or other infections.

Had the prohibition resulted in the elimination of the demand for heroin, there would be no problem. But the demand has not withered, and by all available indicators, despite the efforts of the Drug Initiative and the expenditure of millions of taxpayers' dollars, the numbers of users continues to grow, and with it arrests, sickness, and death among habitual users. A recently observed phenomenon is that of weekend users, who are much less likely to become sick or fall foul of the law—not all drinkers become alcoholics, not all heroin users become addicts.

This strong demand supports the illegal but apparently highly profitable industry of smuggling and distributing heroin in Australia. The high black-market prices are a consequence of this high demand, which means that if more of the drug is seized by the authorities and so prevented from reaching the street—the Federal Police have recently admitted that there is no evidence of this happening—the result is higher street prices and hence higher costs both to the users and to society at large. These social costs include:

- the risk of theft and burglary;
- higher insurance premiums;
- the insidious but intangible costs of the corruption of some public officials.

In addition, taxpayers foot the bill for:

- the costs of the police and customs services' attempts to enforce the prohibition;
- the costs of the courts and prisons (it costs \$40,800 per year to hold each prisoner in a N.S.W. jail, while construction costs for a maximum security cell are over \$200,000); and
- the costs of the medical treatment of users of street drugs who suffer illness because of the prohibition.

Of course, the costs of morbidity and mortality associated with the use of the legal drugs of alcohol and nicotine are much greater than those associated with heroin use, but I have argued that we can readily reduce the social costs associated with heroin use by relaxing the prohibition; it is very much harder to reduce the social costs associated with alcohol and tobacco from their present levels.

Why do we as a society permit relatively easy legal access to some harmful drugs, while other drugs, less harmful, are totally prohibited? How long will we continue to pay the high direct and indirect costs associated with the prohibition of heroin, with no signs of success in attempting to enforce the prohibition, apart from the high street prices, which exacerbate the costs to us all?

It has been proposed that licenced users should be supplied (at cost, a few dollars a day) with heroin. The provision of legal, pure heroin of known dosage would undercut the black marketeers, thus virtually eliminating the black market. One model for this proposal is the British clinic system after 1968, in which registered addicts were prescribed injected heroin. Perhaps because they needed to "cure" the U.K. addicts of their habits, the clinic staff successively weaned them from injected heroin to injected methadone to oral methadone, ending up with a system very similar to Australian methadone maintenance programmes today. Not coincidentally, I would argue, the demand for black-market heroin grew, until today Britain has a thriving illicit trade. I do not accept that this indicates that providing registered addicts with prescription heroin fails to eliminate the black market, rather the experience highlights the trade-off between legal availability and the demand for street drugs: attempts to restrict the supply of legal heroin to users will result in the growth of a black market, as their excess demand spills over to the street.

Indeed, one moral of this tale may be that *medical* control is no more appropriate for heroin than it is for alcohol. A second model is that for the sale of alcoholic beverages in many U.S. states and Canadian provinces: government shops to provide the drug without advertising or price promotions.

As an island nation with strict immigration controls, Australia is well placed to pioneer a rational response to the persistent demand for heroin and the

social costs associated with the black market: supply of pharmaceutical heroin to licenced users. Moreover, with some of the world's most productive opium poppy farms in Tasmania legally supplying morphine to the pharmaceutical industry, we could grow our own and cut our imports bill.

As an economist, I approach the social problem of heroin use from a utilitarian perspective: weighing social costs against social benefits. I accept that some people may have moral objections to apparent government sanction of yet another intoxicant. To these people I can only say, "Be aware that you may have been ill-informed about heroin and the consequences of its proper use. Be aware of the costs that your scruples are imposing on society and yourselves."

One imponderable in the proposal is the number of new heroin users which would result. The low price elasticity of demand for the drug (a measure of its attractiveness which means that as the price increases, the number of users falls only slightly) suggests that the converse holds: as its price falls, the number of users will rise only slightly. The recent appearance of occasional users, mentioned above, suggests that we have underestimated total user numbers, but that the costs associated with these weekend users is slight and so should be of no-one's concern but their own.

Of course, this brief note can only sketch the broad strategy. Much detail remains to be fleshed out. But I firmly believe that Australian society will be healthier, saner, and under less threat when legal heroin is supplied to licenced users, successfully undercutting the black market.