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The Economic Impact of Drug Control Strategies in the United States of America.

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**Abstract:**

The compelling stories of convicted felons and their communities, friends and families reflect the overbearing presence of the prison system. The justice system that was initially created to “protect and serve” equally under the constitution assumed the challenge of Nixon’s 1968 drug control policy “war on drugs”, whose goal was to eradicate the consumption and trade of habit forming drugs permanently in the United States. This “war on drugs,” which many presidents that followed Nixon embraced, has created a monstrosity of courts, jails, and prisons that have not done much to actually stop the drug use epidemic and has caused immense disarray for the communities affected by it. The criminalization of drugs is a tool to monetize drug control efforts and obtain free labor from prison industrial systems while simultaneously destroying black and brown communities. This study will analyze the economic impact of the drug control strategies under various United States administrations. It will further examine the monetization of the drug control strategies between government entities and the private sector including productivity lost by years spent in the prison system. Finally, the paper will recommend alternate strategies with more positive socioeconomic benefit to society. The study will borrow heavily from various economic literature, government and other web links.

## **Introduction:**

President Richard Nixon described the circulation of illicit drugs as “public enemy number one” in his popular press conference June 18, 1971 (drugpolicy.org). During the Bush and Reagan administration, The War on Drugs campaign was launched and put into effect. Its mission was described to be an attempt to decrease the illicit drug trade occurring in the United States. American prison and jail populations tripled between 1980 and 1993, primarily due to increased numbers of drug convictions and longer sentences for drug offenders (Coyne, date). John Ehrlichman, Nixon’s former domestic policy advisor, during an interview stated;

The Nixon campaign in 1968, and the Nixon White House after that, had two enemies: the antiwar left and black people. You understand what I’m saying? We knew we couldn’t make it illegal to be either against the war or black, but by getting the public to associate the hippies with marijuana and blacks with heroin, and then criminalizing both heavily, we could disrupt those communities. We could arrest their leaders, raid their homes, break up their meetings, and vilify them night after night on the evening news. Did we know we were lying about the drugs? Of course we did. (drugpolicy.org)

Nixon put marijuana in the Schedule 1 category temporarily, which was one of the most restrictive drug categories after the commission review that he appointed, spearheaded by Republican Pennsylvania Governor, Raymond Shafer. Nixon also pushed for the dramatic increase in federal drug control agencies and fought for policies such as *No Knock Warrants* and *Mandatory Sentencing* to be put into action. This begs the question: who was really public enemy number one; drugs or black, brown and poverty stricken communities.

Throughout the course of this paper the impact of various drug control strategies will be examined, along with mass incarceration's monetary gain on private prisons. It will also take a look at the productivity lost by an individual when they spend extended amounts imprisoned as well as the impact on their families and communities. It will further examine the productivity loss by analyzing studies about an individual's job prospects after being released from custody into the general population. Finally, the paper will discuss how these strict drug laws lead to economic disenfranchisement, especially amongst minority groups.

## **Part I: Background Information and Related Literature**

### **Section I: History of Drug Prohibition**

#### **A. Origins of Drug Use**

The Cultivation of certain drugs such as marijuana can be dated back to around 1619 when early settlers in Jamestown grew the hemp plant to make an array of goods such as rope and sails for boats (Tackett 2019). Opium became popularized after the American Civil War. It especially was popular among women and was easily accessible in drugstores for women suffering from what doctors often described as “female problems”. Shortly, cocaine followed suit rising in popularity around the mid 1800’s. However, the effects of the drug did not become as widely recognized until the 1880’s (pbs.org). Sigmund Freud wrote publications singing the praise of cocaine as well as other prominent figures such as the Surgeon General of the U.S Army who believed it had positive health effects (pbs.org). Other drugs such as morphine and heroin were used medicinally, with heroin being used to treat patients suffering from respiratory illness.

Around 1860, efforts for the regulation of pharmaceutical drugs began and gradually laws were created to help manage the distribution of drugs. Penalties were enforced for mislabeling drugs, mishandling and tampering with undisclosed narcotics; and the sale of these drugs in an improper fashion could be considered “poisons”. With poison laws, it was required that certain drugs be labeled to inform the user of its harmful side effects or whether the sale was completely prohibited altogether without a prescription from a doctor. Many prominent pharmaceutical companies agreed to consider marijuana as poisonous (Stamford.org).

The United States and the Qing Dynasty of China agreed to prohibit opium trade, however the Opium War began during the mid 19<sup>th</sup> century due to a trade dispute between

Britain and the Qing Dynasty of China (Pletcher 2109). Chinese goods such as silk, tea and porcelain were a big source of profit for Chinese Merchants. However, the issue was the Chinese would not buy British products in return. The Chinese would only accept payments of silver in exchange for their goods and because of this, huge amounts of silver continued to leave Great Britain. To stop this from happening, British merchants and East India Companies started smuggling opium from India to China illegally and insisted that they be paid in silver. That payment was then used to purchase tea and other goods.

Opium sales were responsible for the entire tea trade by 1839. After the agreement to end the shipment of opium, the rate of opium addiction did not decrease. In fact, the rate of opiate addiction increased to an all time high. It went from .72 addicts per 1000 people to a high of 4.59 per 1,000 people in the 1890s (Felter 2019).

Before the Pure Food and Drug Act was passed that required certain drugs such as cocaine, alcohol, morphine, cannabis and heroin to be labeled with what the contents were and the dosage; several drugs had been sold as patent medicines with secret ingredients or misleading labels. Even so, cocaine, cannabis, heroin and other drugs continued to be accessible through legal prescriptions. With the turn of the century came a new awareness that psychotropic drugs can have a great chance of causing addiction. The opium and cocaine abuse reached a height towards the end of the 19<sup>th</sup> century and entered the classification as a full epidemic. Local governments began making it illegal to have opium dens and opium importation. The Pure Food and Drug Act made it a requirement for physicians to label medications in 1906 and drugs were no longer viewed as harmless remedies to treat ailments (nlm.nih.gov).

## **Section II: Beginning of Federal Drug Policies**

### **A. Harrison's Narcotics Act**

Due to the steadily increasing number of people addicted to drugs in the United States, congress decided to step in and create measures in which to stop the spread of these drugs and their derivatives. The Harrison Act was passed in 1914 with the intention to stop the circulation of habit forming drugs like opium. The act restricted the production and the sale of opium, morphine, marijuana, cocaine and other drugs. The act was rigorously enforced with physicians being severely punished if found guilty of prescribing these drugs. Over 5,000 physicians were punished with jail times or other penalties between 1915 and 1938 (Stamford.edu). *Webb v. United States* was a prominent case regarding the matter. In 1919, Dr. Webb and Dr. Goldbaum were convicted of conspiracy to violate the Harrison Act after being caught continuing to prescribe patients narcotics. The Supreme Court ruled against the doctors and found that it was not under the physicians discretion to prescribe narcotics under the Harrison Narcotics Act (law.cornell.edu).

The Department of Treasury created the Federal Bureau of Narcotics (FBN) in 1930. The role of the bureau was to enforce the Harrison Narcotics Act. The FBN employed a total of 271 agents and amounted a budget of \$1,712,998 (deamusem.org). Harry J. Anslinger was appointed head of the agency. While he was commissioner, he worked to further increase the criminalization of drugs. He enacted the Boggs Act of 1951 which created heavy penalties for the use of marijuana. The Narcotics Control Act of 1956 created “the most punitive and repressive anti-narcotics legislation ever adopted by Congress. All discretion to suspend sentences or permit probation was eliminated. Parole was allowed only for first offenders convicted of possession, and the death penalty could be invoked for anyone who sold heroin to a



minor,” (McWilliams 1990, P. 116). Anslinger advocated for lengthier sentences and was especially critical of judges who he felt were giving out lenient sentences.

The Federal Bureau of Narcotics was especially known for using propaganda as a method of scaring the public about the consequences of drug use. They invented falsified stories and myths regarding drug use including blaming marijuana for different violent crimes such as murder and different sex crimes (Stamford.edu). They also incorrectly linked marijuana as the cause of various mental illnesses including insanity. Anslinger was quoted saying that marijuana can cause a person to “fly into a delirious rage and many commit violent crimes,” (McWilliams, 1990, P. 70). The horror stories depicted by the government was so outlandish that it actually did more harm than good because it caused many people to not believe any of warnings about drug use.

The 1960’s was the beginning of a new rebellious movement where it was becoming trendy to participate in recreational drug use. People in the United States grew tired of the rhetoric about drug use and other values that were typically old fashioned, so they created a counter culture where drugs like marijuana and LSD were very seen as fashionable amongst young adults. The term “hippy” was later coined to describe this group of people. The use of drugs continued to increase significantly through the 1960’s despite all efforts to contain it.

### **B. Johnson’s Narcotic Addict Rehabilitation Act**

The Johnson Administration responded to the drastic increase in drug use by passing the Narcotics Addict Rehabilitation Act of 1966 (NARA). The new law recognized drug addiction as a mental illness much like alcoholism. Under NARA, if an addict was charged with disobeying federal drug laws, the person could chose to go under the care of the Surgeon

General for drug rehabilitation treatment. If the person showed improvement within the span of three years, then the charges could be dropped.

According to reports from psychiatrists, under proper implementation of treatments from the medical model, anywhere between one third and two thirds of people were successful with recovery long term (Friedman). Unfortunately, the NARA act didn't get to reach its full potential due to improper funding. It did however open the conversation about drug rehabilitation up and influenced drug abuse treatments that would come to fruition in later decades.

### **C. Nixon's "War on Drugs" campaign**

President Richard Nixon took to office in 1971. He was quoted saying during a popular speech that, "America's public enemy number one in the United States is drug abuse. In order to fight and defeat this enemy, it is necessary to wage a new, all-out offensive" (Sharp, 1994, P. 1). Nixon hoped to achieve a decrease in both the buying and selling of drugs with this new drug policy. At first he recognized the disease aspects of drug use and launched funding for drug intervention programs including the methadone maintenance program which was met with a lot of controversy. Nixon publicly addressed congress in summer 1971 and retracted his initial stance on drug rehabilitation stating that all efforts were destined to fail. Nixon said in part, "as long as there is a demand, there will be those willing to take the risks of meeting the demand (Sharp, 1994, p.27)."

In 1973, the Drug Enforcement Agency (DEA) was created as an interdiction effort against Mexico to regulate the marijuana growers. The United States tried to stop trade of marijuana into the country and spent hundreds of millions of dollars to achieve these efforts. Nixon was successful in the end with his goal; the trade of marijuana between the U.S and

Mexico came to a complete halt. This was only a temporary victory for Nixon because Columbia quickly replaced Mexico as the supplier of marijuana to the States.

The U.S government quickly learned how the distribution of drugs worked. They realized that every effort to try and stop the supply of drugs to the U.S would only result in a reorganization of the drug trade, but it will most likely not eradicate it completely. It is not possible to stop the trade of drugs as long as there is a demand for them.

### **Carter's Decriminalization Efforts**

In 1977, President Carter took a different route in drug reform and called to decriminalize marijuana. Although he has not in favor of legalizing marijuana, he did advocate for more lenient sentences saying in part, “penalties against possession of the drug should not be more damaging than the drug itself (Rosenberger, 1996, p25).” Similar to President Nixon, President Carter was focused on combatting the trade of drugs and supported interdiction methods and programs to aid in the eradication.

The Federal and State governments refused to proceed any further with marijuana decriminalization because of the sudden spike in cocaine use. At this time, marijuana was linked to cocaine as a feeder drug therefore many people blamed the sudden spike on marijuana (Stamford.edu). Between 1978 and 1984, there was 700 percent increase in the demand of cocaine with cocaine consumption jumping to between 71 and 137 tons from 19 to 25 tons (Collett, 1989, P. 35).

Marijuana decriminalization neither failed nor was it acknowledged. During Carter's presidency a sharp increase in cocaine use occurred. From 1978 to 1984, cocaine consumption in America increased from between 19 and 25 tons to between 71 and 137 tons. The demand for

cocaine increased as much as 700 percent in just six years<sup>3</sup>. Marijuana was widely connected to cocaine as a feeder drug. Thus, the federal and state governments moved away from marijuana decriminalization.

#### **D. Reagan's "Demand Side Policy"**

President Reagan echoed a lot of the same sentiments to that of Nixon when it came to drug control efforts. He went on to say during a speech in 1981, "It's far more effective if you take the customers away than if you try to take the drugs away from those who want to be customers." (Rosenberg, 1996). This unfortunately put a target on the backs of drug users and treated them more like criminals than viewing drug abuse as a medical condition. Mirroring that of Nixon's efforts, Reagan put into action pricey eradication programs to control the supply side. However, just like Nixon's policy, Reagan's demand side policy did little to stop the circulation of drugs. Interdiction programs reached an all time high during Reagan's presidency, shooting to \$1.4 billion in funding from around \$386 million during Carter's presidency (Rosenberger, 1996, p. 26).

Reagan's primary goal was to adopt a tough on crime mentality. He created a program called the "zero tolerance" program where he encouraged harsher punitive measures to be used on people who were found using drugs. The Anti Drug Act of 1986 further emphasized the low tolerance for drug users. It made possession of drugs a severely punishable offense. There were few treatment options in comparison to the legislature in favor of drug criminalization.

#### **E. Clinton's "Tough on Crime" Bill**

During Clinton's presidency, he passed one of the most controversial crime bills to date as his strategy to end drug abuse. In 1994, the federal crime bill was passed and was responsible

for incentivizing states to create even more prisons and pass even harsher laws including the truth in sentencing laws. This bill is under immense scrutiny even up until present day 2020 election cycle where several candidates criticized the bill as a massive contributor to the incarceration epidemic that disproportionately affects black people (Ofer 2019).

Some defenders of the bill argue that the mass incarceration problem began way before Clinton took to office. They also argued that the federal government does not have much control over jurisdiction since the majority of people in jail and prison are under the jurisdiction of the State. It is true to a certain extent that jurisdiction is limited by the federal government over jails in prisons statewide. However, the reality is that the passage of the federal crime bill resulted in the rates for incarceration to skyrocket for another fourteen years consecutively (Ofer 2019). Therefore, it is fair to say that although the crime bill is not the sole cause of mass incarceration, it definitely exacerbated the situation.

### **Section III. Effects of Drug Criminalization Laws**

#### **A. Mass Incarceration**

Heavy drug criminalization has led to one of the biggest issues to face the United States; mass incarceration. Strict laws on controlled substances have made funneling thousands of people into the prison industrial system possible. Criminalizing drugs however and subsequently imprisoning those charged with drug offences have not solved the drug epidemic in the United States at all. About 2 million inmates are in state, federal and private prisons throughout the country as of the year 2000. According to California Prison Focus, “no other society in human history The United States is responsible for locking up more people than any other country in democratic nations.

#### **B. Racial Bias of Incarceration**

I created Figure 3 myself below based on the data from Prison Policy Initiative. The data indicates that the United States locks up approximately 698 persons per 100,000 residents compared to other developed countries. Worse still, at the rate of 443 per 100,000, New York State alone locks up more of its residents than many other developed countries. Figures 1 is another original illustration. This particular one was created through data derived from the 2010 United States Census available at Prison Policy Initiative. The data reveals that of the residents of New York locked up, 1,655 are Blacks. Figure 1 further indicates the lock up rates for Blacks at 53 percent even though they make up only 16 percent of the population of New York. On the other hand, Whites make up 58 percent of the State’s population but only 26 percent of the inmate population. The implications in terms of the disrupted family lives and productivity are remarkable.

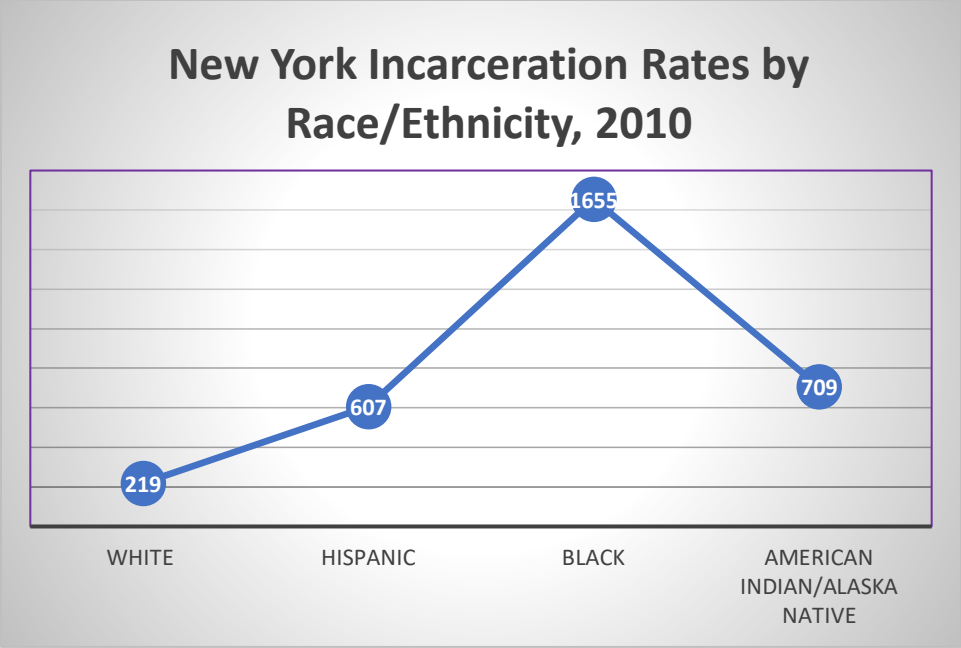


Fig. 1: Original line graph based on data from Prison Policy Initiative

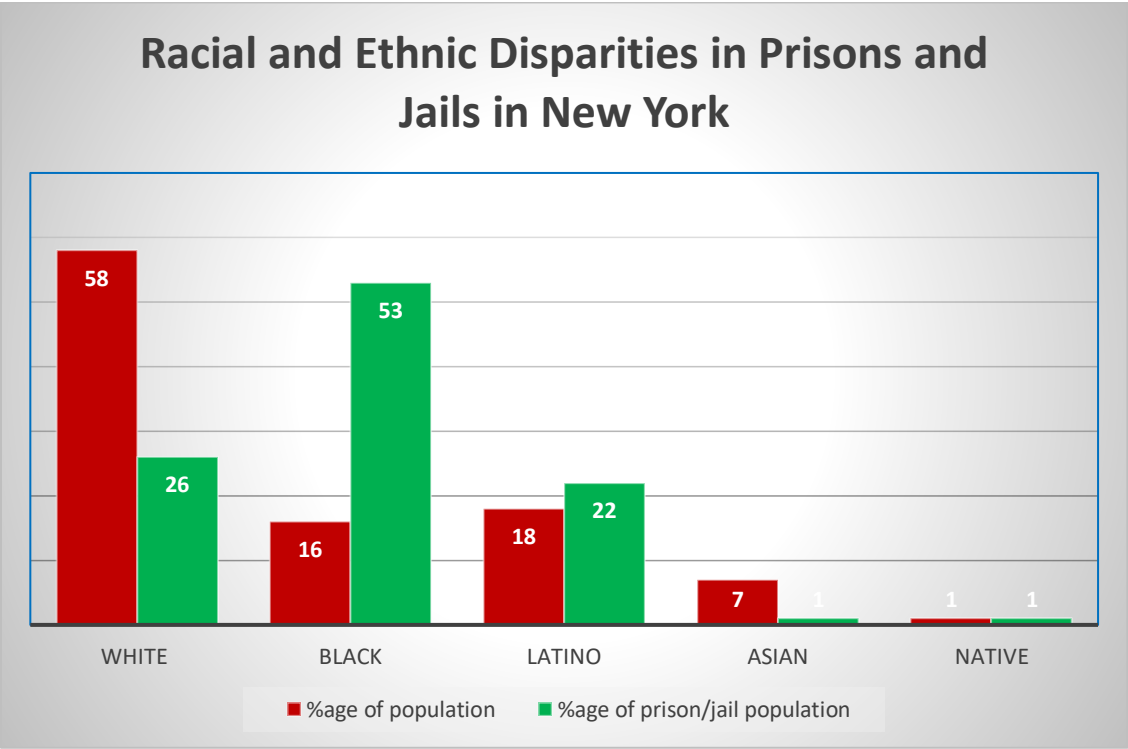


Fig. 2: Original bar graph based on data from <https://www.prisonpolicy.org/profiles/NY.html>  
 The U.S has a half a million more people locked up than China even though that country has a population five times greater.

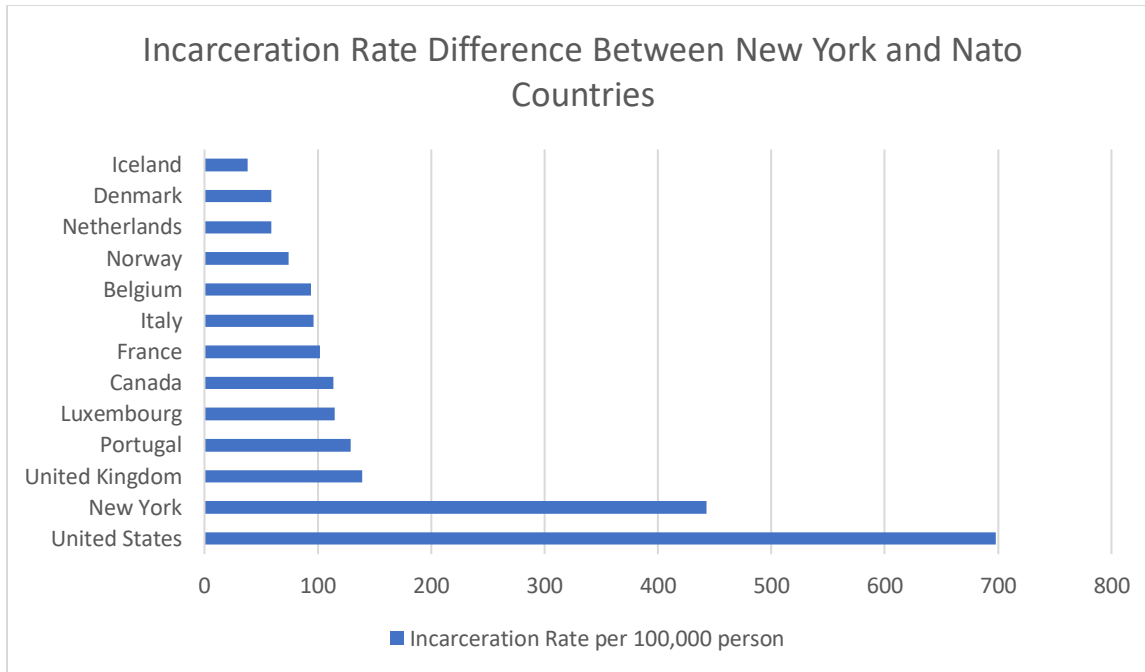


Figure 3: Original bar graph based of data from : <https://www.prisonpolicu.ort/global/2018.html>

The U.S also holds 25% of the world’s prison population, but only 5% of the world’s people. The number of inmates in prison has significantly increased over time as well. The jail population has gone from 300,000 in 1972 to 2 million by 2000 having hit 1 million by 1990 alone. The number of private prisons had increased drastically too. There were about five private prisons about ten years ago with a population of 2,000 inmates. That number has now jumped to 100 private prisons with 62,000 inmates. By the end of this decade, it is predicted that the number will increase to 360,000.

### **C. Prison Labor Monetization**

As stated earlier, the main objection for the war on drugs was to stop the circulation of illicit drugs and reduce drug abuse. According to the U.S. Drug Addiction Rate and Drug Control Spending by PEW Charitable Trusts it reveals that from the 1970’s until 2010, government



spending to control drugs has increased at huge amounts and even hit a peak of \$20 billion in 2010 alone. However, the drug addiction rate has stayed steady at the same rate and has shown no improvement even with the massive funding.

The Pew Charitable Trust, analyzed data in 2014 from federal and state law enforcement, corrections, and health agencies, and found no statistically significant relationship between State drug imprisonment rates and three indicators of state drug problems: self-reported drug use, drug overdose deaths, and drug arrests. So, why has there been such a rapid increase of prisons and the number of prisoners though mass incarceration has not decreased the amount of drugs being circulated or decreased drug use? According to a study by the Progressive Labor Party;

The private contracting of prisoners for work fosters incentives to lock people up. Prisons depend on this income. Corporate stockholders who make money off prisoners' work lobby for longer sentences, in order to expand their workforce. The system feeds itself...an imitation of Nazi Germany with respect to forced slave labor and concentration camps (Paleaz, 2008).

The prison industry system has become one of the fastest-growing industries in the United States. "This multimillion-dollar industry has its own trade exhibitions, conventions, websites, and mail-order/Internet catalogs. It also has direct advertising campaigns, architecture companies, construction companies, investment houses on Wall Street, plumbing supply companies, food supply companies, armed security, and padded cells in a large variety of colors," (Palaez 2008). This statement very well summarizes the economic incentive for mass incarceration in the United States of America.

About 37 states have made it legal to contract prison labor by private corporations that mount their operations inside state prisons. The list of companies that participate include some of

the biggest companies in the U.S such as: IBM, Boeing, Motorola, Microsoft, AT&T, Wireless, Texas Instrument, Dell, Compaq, Honeywell, Hewlett-Packard, Nortel, Lucent Technologies, 3Com, Intel, Northern Telecom, TWA, Nordstrom's, Revlon, Macy's, Pierre Cardin, Target Stores, and many others. These businesses have all benefited from the economic boom generated by prison labor. Just between 1980 and 1994, profits went up from \$392 million to \$1.31 billion. They are able to make these profits by using cheap or at times even free prison labor.

Inmates who are in state penitentiary custody can make good money for their work, but it is usually not the case at all. In Colorado, the inmates receive about \$2 per hour, which is well under the minimum wage. It is unfortunately worse at privately owned prisons. Since these prisons are privately owned, there is less supervision or regulations. In privately-run prisons, the inmates can be paid as little as 17 cents per hour for a maximum of six hours a day which is equivalent to about \$20 per month. The highest-paying private prison is CCA in Tennessee, where prisoners receive 50 cents per hour for what they call "highly skilled positions." At those rates, it is no surprise that inmates find the pay in federal prisons to be very generous. There, they can earn \$1.25 an hour and work eight hours a day, and sometimes overtime. They can send home \$200-\$300 per month (Palez 2008).

Due to prison labor, the United States has become more attractive for investment in work that was designed for Third World labor markets. They began outsourcing labor that was designed for workers hired in plants outside of the U.S, and have instead opted to use cheap or virtually free prison labor instead. A company that operated a maquiladora (assembly plant in Mexico near the border) closed down its operations there and relocated to San Quentin State Prison in California. In Texas, a factory fired its 150 workers and contracted the services of prisoner-workers from the private Lockhart Texas prison, where circuit boards are assembled for

companies like IBM and Compaq. A former Oregon State Representative, Kevin Mannix, urged a shoe manufacturing company close its production in Indonesia and relocate to his state, telling the shoe manufacturer that “there won’t be any transportation costs; we’re offering you competitive prison labor (here),”(Palez, 2008).

## **Part II: Rockefeller Drug Laws & Minimum Sentencing Case Study**

### **Section IV: Methodology**

#### **A. Rockefeller Drug Law Background**

Since the beginning of drug criminalization, new laws that would encourage harsher sentencing for those arrested for drug related crimes, have been enacted. In the early 1970's, New York State passed the Rockefeller Drug Laws (RDLs), that would mandate a minimum sentence in the double digits for any amount, no matter how small, for all drug dealers and addicts. Narcotic police operating undercover in targeted communities usually applied penalties. Most of the time, those indicted on these drug crimes come from impoverished neighborhoods, and therefore do not have access to proper legal defense. They are offered public defenders who are almost always overworked and underpaid. If found guilty during trial, they face an extremely long mandatory sentence. Therefore, most defendants plead guilty to a lesser charge that would ultimately get them less jail time. Over 90% of drug offenses are settled through a plea bargain (Drucker 2002).

From the inception of the RDLs between 1973 to 2002, over 150,000 New Yorkers have been thrown behind bars for non-violent drug offenses. During this time in New York, the prison population had increased by 300% making history for the state as the highest incarceration rate for that period (Drucker 2002). Ironically, during the 1990's when crime rates had significantly decreased, arrest rates remained at an all-time high for drug offenses, which was in part due to laws such as these.

The demography of who ends up being a part of the RDL population is very telling as well. As shown in Table 2, this is made up of different people than in the general population of

NY State and even in the NY State prison population as a whole. The population convicted of drug related crimes under RDL significantly consists of minority males from New York City.

**TABLE 2. Demographic characteristics of New York State adult population vs. RDL inmates and total New York State inmates (2000)**

	NYS Population	RDL Inmates	Other Inmates
Median Age	40	33	38
NYC proportion	44%	80%	70%
Black and Hispanic proportion	33%	94%	77%
Male %	48%	92%	96%

Source: Drucker, 2002).

The highest rates for those imprisoned under the RDL are between the ages of 21-44. Of those within that range, black males had the highest rates of incarceration. The disparities among those imprisoned show across all age brackets and are highlighted between black and white males with a 40:1 ratio of imprisonment under these laws. Although Black and Hispanic people represent 33% of the population in New York State, they make up 94% of inmates charged under Rockefeller Drug Laws (Drucker, 2002).

### **B. Data and Methods**

To put into perspective how incarceration affects a person’s life and society as a whole, a metric measure is used to analyze that impact on a larger scale. This is done by utilizing the “Years of life lost” (YLL), also known as “Years of potential Lives Lost” (YPLL). This measure can give a thorough analysis on the loss of young lives and reveals the impact that it has on a society as a whole. This tool can be used to consider the effects of incarceration by equating each

year incarcerated as “life lost”. One can better understand the gravity of mass incarceration on a population over a period of several years and compare that data to other possible causes for YLL for that population (Merson, et.al, 2020; Drucker, 2002; Romeder and McWhinnie, 1977).

Typically, to calculate the YLL for a catastrophic event, there needs to be adequate analysis on the population and demographics for that event. However, in situations where there were events like these it is not always easy to find precise information on how many people were affected by these events. This is especially the case for calculating YLL for a prison population because the data needed to perform these calculations are not always accessible in these case. This created a few methodological issues for this particular study. Data on the duration of each inmates stay and the nature of their cases are not always public record or made easy to access. It is also important to note that the length of time each inmate stays varies from person to person which makes consistency difficult at times. There are however monthly and annual population “snapshots” that can be provided which only focus on drug related offenses. These snapshots give data regarding the demographics, size and other characteristics that can be helpful in calculating YLL consistently.

For this particular study, YLL is said to be equal to a person year of incarceration and the annual census is what would be used to measure the size of the RDL and the overall population of the prison. They are then added to find the total YLL over the course of the 30 years these Rockefeller minimum sentencing laws were implemented. In order to calculate YLL, one must take: each person – year of incarceration which is what is considered to be the YLL, then take that sum and divide it by the life expectancy (LE) for that population. In other words  $YLL = \text{population} \times LE - \text{mean age of RDL inmates}$  (Drucker). In this case, the calculated YLL should compare to YLL found in other catastrophic events. The YLL here assumes that the prisoner did

not injure or kill anyone. Presumably, the YLL in this instance is limited to those whose only crime was taking/selling/buying drugs, ("victimless,") in order to get a clearer measure of the injustice to this target population.

**Section V: Results and Discussion**

**A. Analysis and Results**

Years of Lives Lost (YLL) or Years of Potential Lives Lost (YPLL) is a statistic that typically measures mortality distribution in a population by cause in a given year. It is used to quantify the total mortality caused by certain public health crisis and diseases to better understand the level of its importance. It uses the age distribution of all deaths by cause per year, multiplied by life expectancy at each age, to estimate the expected lives lost for each disease in the absence of a particular disease or event (Merson, et. al, 2020). This can also help to project the economic impact of a particular event on a given population. In the case of African Americans and other minorities, YPLL is also a predictor of the economic impact of incarceration on this target population.

Table 2. “Years of Life Lost” for RDL Incarcerations in NY State: 1973-2002

RDL Median Age	Life Expectancy	RDL Pop 1/1/2002 YLL	2002 RDL Mortality Equivalent	Total RDL 1973-2001 YLL	Total RDL Mortality Equivalent
35	68	19164	580	32500	9848

Source: Drucker, 2002. Available at

<http://plagueofprisons.com/research/journalofurbanhealth1.pdf>

While acknowledging the methodological limitations of YLL, Drucker (2002), uses this statistic to calculate the total years of life lost over the 30-year history of the Rockefeller Drug Laws implementation in New York State. Accordingly,  $YLL = \text{population life expectancy} - \text{mean age of RDL inmates}$ . He then compares this value with the Years of Life Lost associated with other events affecting New York State within the same period. Table 2 is a summary of his findings of the mortality associated with the RDLs from 1973 -2001 in New York State. A similar mortality equivalent could be derived for African Americans and other Minorities using the above methodology. As stated above, this assumes a “victimless,” crime.

The YLL found in this prison study compares to the YLL of other major events such as the World Trade Center attack; the New York City AIDS epidemic and other events. A total amount of 2819 deaths were reported due to the World Trade Center attack according to the NYC/ Department of Health (DOH) as of late 2002. The age range for the victims were between 2.5 and 86 while about 90% were between the age of 20 and 45 with a median age 37. The YLL estimated for the WTC attack with a 40 year estimated LE was calculated to about 112,760. Although there has been a decrease in death caused by AIDS it is still one of the leading causes of death among New York residents. It even ranks above other leading causes of death such as cancer, heart disease and stroke. Since the AIDS mortality affects black males in the 20 to 45 year age group similar to the RDL drug laws, one can compare the YLL from each study to each other. There were about 242 deaths in NYC caused by AIDS in black men between the ages of 20 and 45 in 2001, and the YLL was around 7986.

The results of this analysis suggest that the RDL incarcerations can have damaging effects similar to those of tragic events such as the WTC attack and the AIDS epidemic. Whether the event happened in a one-time occurrence such as the WTC or over the course of decades like the



AIDS epidemic; the effects on the individual and its communities are outstanding and devastating, much like RDL incarcerations. Although it is controversial because a 'life lost' to incarceration is not the same as a mortality caused by a natural disaster or event, the impact from large scale events like these may have some similarities.

It is implied through the data that the forced removal of about 150,000 young men from their communities to spend decades in prison can be comparable to losses from other epidemics like illnesses, war or a terrorist attack. It can be argued that this event had similar effects on the community such as 'collateral damage' or innocent victims who were affected by the events. For instance, 325,000 YLL for RDL incarcerations include the 125,000 children who were separated from a parent for very long periods of time and during crucial times of their development.

The damage to these individuals and communities go beyond the time spent behind bars. In fact, the punishment does not end with their prison sentence. About 40% of black men between the ages of 20 and 44 are under probation after release from jail or prison. If convicted of a felony or on parole a person can lose a plethora of rights in society including the: right to vote, loss of one's drivers license, loss of many job opportunities, loss of military status or the opportunity to even join the military, disqualifications to obtain professional licenses, and becoming ineligible for both home and school loans. Without a legal way to make money and care for themselves or their families, it leaves individuals in a helpless state. These types of disenfranchisements faced after being released into society from prison adds to the generational trauma and widespread social and family disfunction in the communities affected.

### **Part III: Labor Market Outcome Case Study**

#### **Section VI: Methodology**

##### **A. Labor Market Discrimination Background**

The aftermaths of imprisonment in America can be seen vividly through their lives in society and the new rules placed upon them. In 2004, the number of people placed on parole was around 4 million and of that, 1.6 million were black (Burkhardt, 2009). In that same year the total number of people convicted of a felony was estimated around 11.7 million, and of that 3.8 million were black (Burkhardt, 2009). These are ex-felons who have been released from custody and are now living in the general population. They are now expected to re-enter society and be productive members. However, has their potential productivity been compromised due to the time spent behind bars?

Once found convicted of a felony, such persons get several of their ‘privileges’ revoked including the right to vote, driving privileges, and of course job opportunities. Pager (2007), gave compelling evidence in her book *In Marked: Race, Crime, and Finding Work in an Era of Mass Incarceration* that young men who have been convicted of felonies face a plethora of hardships when looking for employment (Page 283-90).

By analyzing the data for people who submit applications to entry-level positions, Pager compared the responses between applicants who have no criminal records to those that do. Along with seeing what the negative impacts of having a criminal record would have on job prospects, the author also compared the differences between black and white offenders. Overall, the study revealed the consequences that conviction can have on labor market outcomes, while acknowledging the methodological challenges (Pager, 2007).

## **B. Data and Methods**

In this study, the objective was to figure out what the job prospects are like for an ex-felon compared to another member of society. The first step was to study the employers. It shows that a large number of employers are hesitant to hire a convicted felon. This is also something that is present on most job applications in the U.S. If a person checks that he or she has been convicted of a felony, only a one third of employers say that they would “definitely accept” or “probably accept” that applicant for a position that does not require a college degree according to a study conducted between 1992 and 1994 (Holzer 2007). These same employers reported a higher chance of hiring people who were on welfare or who had been out of work several years compared to a convicted felon. Another study in 2001 showed that only 21% of employers would “definitely” or “probably” hire an individual who had been convicted of a felony (Holzer 2007).

The ideal way to approach this research would be to compare the labor market outcome of an individual to a person who had not been incarcerated. This however poses obstacles in the methodology. One can argue that the same threats that an individual possesses which led to their incarceration in the first place make them less desirable to employers thus causing their low earnings if hired at all.

In this case study from Pager’s book, the variables were properly controlled and therefore represent the best results as accurately as possible. Pager begins her experiment in Milwaukee by setting up two pairs of testers for entry level positions being offered only excluding positions where they explicitly prevent ex-felons from applying. All testers were male and matched all other variables to one another such as age, physicality, race and “general style of self-presentation” (Pager 2007). All other variables were also identical such as education and work

experience. One pair of testers was black and one pair was white. One tester from each pair was marked as having a criminal record while the other was marked as having a clean record. The term criminal record was understood to refer to a drug related crime. The tester who had a criminal record revealed it in a subtle way with either listing work done in prison as part of their work experience or listing the number of a parole officer under the references. The testers also had extensive interpersonal communication with employers.

At the end of the audit, Pager analyzed the data and compared the number of callbacks each tester received and inferred from that. The strongest aspect of this study was the control of all the variables. This made the decision to hire or not hire somebody fall mainly on the criminal record and race of the individual. The strong inference was that a criminal record played the most part in the hiring process.

## **Section VII: Results and Discussion**

### **A. Results/ Analysis**

The results from this study showed that people who convicted felons have a harder time in the labor market compared to others. It becomes even harder to find employment if one a black felon compared to their white counterparts. White applicants who had criminal records were half as likely to receive a call back compared to white applicants that met all the same criteria but did not have a criminal record. While 34% of applicants who were white got a call back if, they did not have a record, only 17% of white applicants with a record received a call back. Black applicants faced over 60% less of a chance of receiving a call back with a criminal record compared to the rate of 14% if they had no record and 5%, if they did (Pager, 2007).

Due to the higher rates of black imprisonment, the economic impact of this on black communities is quite bewildering. Several authors have concluded that the high rates of incarceration in the black community contribute to the wealth disparities and poverty that can ail these communities. According to Western (2002), incarceration has played a large role in the aggregate wage differences in minority groups. He likened the mean of actual wages to the mean of predicted wages between black and white people under the assumption that there was no incarceration. It turned out that between 1994 and 1998, incarceration caused the wage gap between black and white people to increase by 8% (Burkhardt, 2009).

## **B. Discussion.**

### **Alternatives to Incarceration.**

If decades of drug criminalization followed by decades of harsh sentencing and mass incarceration have done little to nothing to curb the drug epidemic, then what other options are available to solve the drug issues? Several studies have shown that replacing the war on drugs with methods that are more effective would be much better than spending billions on drug criminalization and imprisonment. Treating substance abuse as a public health problem rather than criminalizing it would go a long way to controlling the epidemic with a robust positive economic impact (Pearl, 2018; Temin, 2018; Stevenson, 2011). Using imprisonment data from a variety of sources including state corrections departments, the Bureau of Justice Statistics National Corrections Reporting Program, the Federal Bureau of Prison; The PEW Charitable Trusts found a negative correlation between prolonged mass incarceration and public safety. Instead, it has resulted in high costs to the taxpayers ([www.pewtrusts.org/publicsafety](http://www.pewtrusts.org/publicsafety)).

Pearl and Perez (2018) have listed several economic impact of the failed decades of war on drugs noting that from 1971 to the present, the taxpayers have coughed out an estimated \$1

trillion in the United States. Estimates were that in 2015 alone, the federal government of the United States spent \$9.2 million every day on the imprisonment of drug offenses; amounting to over \$3.3 billion dollars every year. The authors further noted that at state level, governments spent an estimated \$7 billion to incarcerate drug offenders with the state of Georgia alone spending an estimated \$78 million to put drug offenders behind bars. The authors conclude that legalizing marijuana alone could save an estimated \$7.7 billion per annum in enforcement costs. This could generate enough revenues to send 650, 000 students to public universities per annum (p. 3). All this research now suggest an emerging consensus that supports the need to start implementing alternative methods to controlling the drug epidemic including treatment, retraining those incarcerated upon their release and removing the stigma that limits employment opportunities to encourage productivity in this segment of society.

Along with rehabilitation, another effective course of action to give individuals a fair shot at employment is to remove the requirement to state whether or not one “has ever been convicted of a felony,” on job applications, to combat discrimination. This is still controversial because employers feel that they should be entitled to seeing a potential candidate’s history to better inform them if they would be a right match to their company or not. There especially is pushback when it comes down to the type of felony as well. It could make a difference to an employer to know if a person’s conviction related to a violent or non-violent crime. Suggestions are that only violent offenders should indicate on job applications whether they have been convicted of a felony.

## Conclusions

The overbearing presence of the prison industrial complex in America continues to shape the narrative of convicted felons and their families, friends, and communities. The criminalization of drugs remains a tool to monetize drug control efforts and obtain free labor from prison industrial systems while simultaneously destroying black and brown communities. This situation has thus far failed to show any significant impact on controlling the drug epidemic in the United States.

This project traced the evolution of drug use in the United States of America starting from the opium trade during the 1800s through the Qing Dynasty in China. The project further traced the Federal government involvement in regulating illicit drugs starting with the Pure Food Act to prevent poisonous additives in foods. The paper referred to the role of the Federal government in regulating illicit drugs through passing of various acts including the creation of different agencies to administer them. A review of the role of various administrations in the control of illicit drugs revealed inconsistencies in enforcement actions that targeted minority populations with devastating consequences.

The paper critically analyzed the economic impact of heavy drug criminalization and consequent mass incarceration. The author found that criminalizing drugs and subsequent imprisonment of those charged with drug offences have failed thus far to control the drug epidemic in the United States. Actually, the converse appears to be the case with significant implications for disrupted family lives and productivity disproportionately recorded among African Americans and other minority populations. In fact, the United States has become more attractive for investment in work designed for Third World labor markets due to prison

workforce. The Rockefeller Drug Laws of the early seventies only exacerbated mass incarceration for poor vulnerable minority populations. The paper found that invoking the statistical methodology of Years of Potential Lives Lost in a population due to mass incarceration was a predictor of the economic impact of incarceration on African American and other minority target populations.

A review of various case studies revealed a common theme. Since decades of drug criminalization followed by decades of harsh sentencing and mass incarceration did little to nothing to curb the drug epidemic, pursuing other options would appear more effective. Several studies have shown that replacing the war on drugs with methods that are more effective would be much better than spending billions on drug criminalization and imprisonment. This author shares in conclusions from some case studies that treating substance abuse as a public health problem rather than criminalizing it would go a long way to controlling the epidemic with a robust positive economic impact (Pearl, 2018; Temin, 2018; Stevenson, 2011). The amount of money the United States spends on keeping a large number of people in prisons is actually more detrimental to society than deploying them as members of the nation's workforce. The paper advocates alternative methods such as drug rehabilitation and skill building among offenders.

Borrowing heavily from various economic literature, government and other web links, this study analyzed the economic impact of the drug control strategies under various United States administrations. It examined the monetization of the drug control strategies between government entities and the private sector and concluded that there is a significant productivity lost by years spent in the prison system among target populations. The author recommended alternate strategies with more positive socioeconomic benefit. The paper further recommends a



grant-funded design and administration of a measurement instrument such as a questionnaire that would generate primary data supporting conclusions in this research, for future studies.

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