In a glimpse

The social cost of drugs: an estimation in France in 2019

This report presents a new estimate of the social cost of drugs in France in 2019, following a previous calculation in 2010. The results are not directly comparable, as several calculation parameters have been modified to take account of improvements in the statistical data available.

The social cost of drugs in France measures the monetary cost of the consequences of legal (alcohol and tobacco) and illegal drug use and trafficking during an average year of the decade. It is made up of the external cost (value of human lives lost, loss of production) and the cost to public finances (prevention, repression and care, savings on pensions not paid out, and revenue from taxes levied on alcohol and tobacco). The calculation parameters follow the guidelines of the Quinet report (Quinet, 2013).

The scope of the social cost

Type of cost	Economic definition	Assignment to a cost perimeter
■ Product purchase costs ■ Non-reimbursed health expenses ■ Purchase of private insurance ■ Fines	Private expenditure + consumer surplus	Private cost*
■ Value of human lives lost or reduced in quality ■ Certain costs associated with anti-social behaviour ■ Violence in illegal markets ■ Imprisonment	Costs affecting participants in the drug market	Intrapersonal externalities +
■ Production losses for businesses and administrations ■ Other costs associated with anti-social behaviour ■ Value of human lives lost or reduced in quality	Costs affecting participants outside the drug market	Externalities = external cost +
■ Public expenditure for prevention, repression, treatments (or care)	Public expenditure	Effect on the prosperity of changes in public finances
		= Social cost

Note: * private costs are not considered because they are not paid for by the community, but by individual users.

The social cost is: SC = EC + (1 + α) × ∆G, (1)

With the EC representing the external cost; this amount corresponds to the loss in the value of human lives, the deterioration in the quality of life, and production losses. It is calculated using the guidelines of the Quinet report (Quinet, 2013), which sets the value of one year of life at 115 000 euros and the discount rate at 4%; ∆G which is the change in the public finance balance multiplied by the opportunity cost of public funds (1 + α) with α = 0.2, i.e 1.2 (Quinet, 2013). The sum [(1 +α) × ∆G] gives the welfare impact of changes in public finances.

In 2019, the social cost of tobacco and alcohol is €156 billion and €102 billion respectively, and €7.7 billion for illegal drugs. The external cost accounts for most of the social cost, which explains the differences between tobacco, alcohol, and illegal drugs, due to the mortality differential (73 189, 41 080 and 1 230 lives lost respectively, conventionally estimated at €115 000). This new estimate confirms that the social cost of drugs remains much higher than the tax revenue generated.

Social cost of drugs in 2019

	Alcohol	Tobacco	Illegal drugs
Number of deaths	**41 080**	**73 189**	**1 230**
1. External cost (2+3+4) (M€)	**98 457 (96.10%)**	**154 200 (99.02%)**	**5 277 (68.28%)**
2. Cost of lives lost	55 349 (54.02%)	88 216 (56.65%)	2 740 (35.45%)
3. Cost of loss of quality of life	35 949 (35.09%)	55 674 (35.75 %)	2 123 (27.47%)
4. Loss of production	7 159 (6.99%)	10 310 (6.62 %)	414 (5.36%)
5. Cost to public finances (M€) (6+7+8+9)	**3 332 (3.25%)**	**1 691 (0.82%)**	**2 042 (26.43%)**
6. Cost of treatments	7 849 (7.66%)	16 439 (10.56%)	760 (9.83%)
7. Savings on pensions	-1 256 (-1.23%)	-2 845 (-1.83%)	-65 (-0.85%)
8. Prevention, repression, and social expenditure	740 (0.72%)	778 (0.50%)	1 348 (17.44%)
9. Taxation	-4 000 (- 3.90%)	-13 100 (8.41%)	0 (0%)
10. Effect on well-being* (M€)	**3 998**	**1 527**	**2 451**
11. Social cost (1+10) (M€)	**102 455**	**155 726**	**7 730**

Note: * line 10 is equal to line 5 multiplied by 1.2, i.e the opportunity cost of public funds.

Further reading (in French)

The memo Le coût social des drogues : estimation en France en 2019, 15 p.

Quinet E. (2013) L'évaluation socioéconomique des investissements publics. Paris, Commissariat général à la stratégie et à la prospective, 354 p.