

The Marginal Costs and Benefits of the Legalization of Marijuana



By Robert Winward

30 July 2013

For years there has been a debate over the pros and cons of legalizing the most used recreational drug in the world—marijuana. On December 6, 2012, the states of Washington and Colorado legalized marijuana for personal use. Here, I attempt to weigh the marginal costs and benefits of such action and what it could potentially mean for the rest of the country if it were to follow the actions of these two states.

Marijuana, also known as weed, grass, reefer, or pot—among other things—is the compilation of the leaves, stems, seeds, and flowers of the hemp plant—or *Cannabis sativa*. It is dried and shredded, then rolled into “joints” or placed in pipes to be smoked. It is consumed for its physiological and psychoactive effects which include heightened mood or euphoria, relaxation, and increased appetite.¹ It is easily accessible and relatively inexpensive compared to other illicit drugs. That, as well as its use rarely leads to addictive behavior or serious mental or physical

¹ [https://en.wikipedia.org/wiki/Cannabis_\(drug\)](https://en.wikipedia.org/wiki/Cannabis_(drug))

incompetencies make marijuana the most used illicit drug in the world.² And in some states, such as California, it has been used for medical purposes.

Marijuana use carries with it many costs to the buyer. Prices differ according the geographic location and the supposed quality of the drug. According to the United Nations Office on Drugs and Crime “World Drug Report” in 2008, retail prices in the United States ranged from \$280 to \$420 per ounce.³ Compared with the outrageous cost of heroin—\$3,200 for the same amount⁴—that’s relatively cheap.

Still, to the average college student, or more so the high school kid, that is a hefty amount of cash to be traded for such a physically small return. Yes, that price covers the production and reproduction of the plant, but the majority of it is spent smuggling the drug to where it can be bought. Most of the weed used in the States comes from Mexico.⁵ Ruthless and tyrannical drug lords oversee the production and distribution and communities live in fear. Many border patrol agents are injured or lose their lives in the efforts to keep the drug from entering the country. If the drug was made legal, these tyrants would have no reason to force their product over our borders. The lives of many border patrol agents would be spared and their efforts could be directed toward better causes, such as keeping illegal immigrants out. The high cost of smuggling the drug would be eliminated, and those buying it would experience a consumer surplus. With the added cash, consumers could maximize their utility in a variety of ways. Auto

² <http://newsfeed.time.com/2012/06/29/marijuana-now-the-most-popular-drug-in-the-world/>

³ http://www.unodc.org/unodc/en/data-and-analysis/bulletin/bulletin_1985-01-01_4_page006.html

⁴ <http://www.havocscope.com/black-market-prices/heroin-prices/>

⁵ <http://edition.cnn.com/2008/WORLD/americas/11/25/paraguay.mexico.marijuana/>

and housing payments could be minimized. College students could pay off more of their student loans. Consumers could invest in retail or entertainment expenditures. Or they could choose to buy more marijuana. Either way, consumers would get more bang for their buck!

Also, if marijuana was legally grown and commercialized in the States, the revenues collected would not go to drug cartels or the black market, but rather it would remain here. This would bring a marginal benefit to our economy. State and federal governments could lay taxes on it, as they do with tobacco and alcohol, increasing revenue to state and federal agencies.

Entrepreneurs could start businesses that specialized in growing and cultivating cannabis. Their prices would be much lower than the before shady dealers' and a portion of whatever revenue they did generate would be put back into their local communities.

Local economies spend a lot of time and resources in the war on drugs. "Enforcing marijuana prohibition costs taxpayers an estimated \$10 billion annually and results in the arrest of more than 750,000 individuals per year -- far more than the total number of arrestees for all violent crimes combined, including murder, rape, robbery and aggravated assault," according to NORML (The National Organization for the Reform of Marijuana Laws).⁶ Nearly 86 percent of all those charged were charged with possession only. They weren't involved in any disruptive or malignant activity, just got caught carrying some grass with them. Surely the efforts of our police and other law enforcement officers could be spent in more productive ways. Serial rapists and thieves are far more deserving of their time, county jail cells and our tax dollars. \$10 billion

⁶ <http://norml.org/marijuana>

is a lot spend on anything, let alone arresting and interrogating high school dweebs that are doing nothing more than relaxing and toking with some friends.

Because marijuana deals are already done in the dark, the dealer is unlikely to discriminate between buyers of a responsible age and those that are not. Just as your state liquor store requires you to show your i.d. before you are permitted to make a purchase, distributors for marijuana would have to enforce certain regulations to ensure that those coming into their stores and buying the drug are of a proper age. Hopefully, this would result in more responsible usage.

At the end of the day, people are going to smoke marijuana whether it is legal or not. I personally think it is a waste of one's time and money. But it really is a harmless drug that in many cases can be used as a medicine. Prescription drugs are legal and beneficial if used properly, but people abuse them all the time. Should we stop prescribing Lortab and make it illegal because of the irresponsible use of some? The potential marginal benefits exceed those of the marginal costs for legalizing marijuana in my opinion, and such action perhaps would result in an economic surplus.

Works Cited

"About Marijuana." *NORML*. (2013): n. page. Web. 30 Jul. 2013. <<http://norml.org/marijuana>>.

"Cannabis (drug)." 2013. <[https://en.wikipedia.org/wiki/Cannabis_\(drug\)](https://en.wikipedia.org/wiki/Cannabis_(drug))>.

Dockterman, Eliana. "Marijuana Now the Most Popular Drug in the World." *Time*. 29 Jun 2012: n. page. Web. 30 Jul. 2013. <<http://newsfeed.time.com/2012/06/29/marijuana-now-the-most-popular-drug-in-the-world/>>.

<http://www.havocscope.com/black-market-prices/heroin-prices/>

Lopez Garelli, Sanie. "Mexico, Paraguay top pot producers, U.N. report says." *CNN*. 25 Nov 2008: n. page. Web. 30 Jul. 2013.

Stamler, R.T. Canada. United Nations Office on Drugs and Crime. *Illicit traffic and abuse of cannabis in Canada*. Ontario: , 2001. Web.