



Abstract



When one looks at the legalization of marijuana, he can choose many different angles to criticize or simply agree with whatever the law deems most efficient for society. He might wonder what the economic pros and cons are for making it socially acceptable to have small amounts of the drug for personal use. For example, he could realize that it would make the buying and selling of marijuana more efficient by removing the cost of criminalization. It may provide more resources for law enforcement to focus on more important matters and it may help the country's coffers like tobacco sales do. On the other hand, it may cause production to lessen and it may have disastrous social costs beneath the surface. This paper will attempt to give a comprehensive overview of the factors involved in the legalization of marijuana.



Weeding it Out



There are a myriad of reasons why marijuana is considered a dangerous drug that will do more harm than good in a society such as the United States. There's a different set of ethical and economically based reasons to decriminalize it. In this paper, both the benefits and costs are weighed in order to get a comprehensive analysis of both arguments. But the economic set cannot tell the whole story. Even the best cost-benefit analysis would not be able to quantify

everything involved with legalizing drugs. Moral issues plague decision makers as well when trying to make these decisions. For example, one cannot estimate if more utility is gained from the billions in taxes the government will collect compared



to how many young children will see marijuana or other drugs as acceptable in



certain social situations. (Warner, 647) Nor can they compare market efficiency to increased consumption of marijuana that may cause more health problems in the entire society.

The economic negatives of drug prohibition are many and I hope to attempt



to cover many of the important ones. First, many economists will agree that when a drug is prohibited, there is a substantial upward shift in supply and a small downward shift in demand. These shifts are due to the increased risks that suppliers and consumers face. A bigger supply shift is expected because the punishment for consumption is much smaller than the punishment for distribution.

(Miron, 176) This will inflate the price of marijuana since an excess “tax” is put on



the free market, and since marijuana is an inelastic good, prices will increase under a prohibition policy. Violence is also a good argument for not prohibiting marijuana.






Because making it illegal will undoubtedly cause people to turn away from the law when making drug deals, violence can be used freely because neither supplier nor consumer can turn to the police for help since any involvement in drug dealing is breaking the law. On a similar note, monopolies can emerge from these conditions



because certain groups can dominate the means of production along with the means for violence, raising prices even more than usual. (Miron, 179)

It can also be assumed that if marijuana is illegal, the FDA has no jurisdiction on the product. Many would be accidentally or purposefully poisoned because of money saving techniques on behalf of the suppliers. Impurities may also be used, causing side effects that are much more dangerous than the actual drug itself. When alcohol was prohibited in the United States, there were many deaths involved with poisoning consumers for profit since consumers could no longer go to law officers since they themselves were breaking the law. (Zwiebel, 180) Another strong point may be that prohibition of marijuana will glamorize it and make it a cool thing to do, similar to making alcohol illegal to people under a certain age. Lifting the laws of prohibition may lessen the urge to use it in the first place.

Of course, there are arguments for the positives of criminalization of marijuana. First and foremost is that it will decrease the use, period. (Warner, 641)  Since it costs more and the risks to consume increases, the theory is that people will consume less of it than if it was legal, decreasing the risk of harming oneself. It appears that people who do use marijuana regularly do have a tendency to have  “loose sexual practices and a somewhat dim view of patriotism” (Levine, 120) A subcommunity is then formed and it can reduce productivity of labor in people. It  would appear that college students who smoke marijuana are more likely to drop out of college, lowering the human capital in the country. (Bryson, 29) Students who used regularly also considered themselves to be socially alienated, causing decreased motivation. It can also be assumed that many of the cons that were mentioned above can also be used as pros for prohibition. For example, achieving market efficiency may not be a good thing. When drugs become substantially

cheaper, perhaps as cheap as a pack of cigarettes, marijuana use may sky rocket, causing many negative health effects. It should be noted that people may substitute marijuana for other harmful substances, lowering the projected health effects, but this point is usually ignored by advocates of prohibition. (Miron, 181)

But again, this picture is far from complete since the ethical issues have not been addressed. I would like to approach this issue based on Utilitarianism and Rawlsian theory since we discussed them in class. As far as Utilitarianism goes, I think there is a strong argument for the legalization of marijuana. After conducting several informal interviews, I obtained the “market” prices for both consumers and distributors of marijuana in Boulder. Surprisingly, for its risks and the amount of work one has to do in order to distribute marijuana, the incentives for dealing are fairly unattractive to one who does not use the drug recreationally. A consumer will usually buy their marijuana in eighths of an ounce for fifty dollars. A fairly heavy user will go through this amount in a week or so. However, a dealer can only fifty to 100 dollars per ounce of marijuana because each ounce costs anywhere from 300 to 350 dollars. It hardly seems worth it to deal such an illegal substance for so little money. But one would be forgetting an important factor that would support the legalization of marijuana using the theory of Utilitarianism. It would appear that most sellers of the drug simply do it for the utility they receive from being able to “smoke for free.” Selling an eighth of an ounce to seven people per week will guarantee the seller the same amount to use for himself. Now disregarding the people who actually grow their own marijuana, which requires substantially more capital and land, small time sellers will risk jail time to simply smoke for free.

Assuming they are rational human beings, it would seem that those who can smoke for free because they are also distributing receive a substantial amount of utility from simply using marijuana. If distributors are getting more utility than disutility, then consumers, who have less risk, (usually just a ticket and a fine) also get more utility than disutility from using marijuana. Since legalizing the drug would take away many of these risks and make the drug cheaper, it can be viewed as a



potential pareto improvement. It genuinely seems that more utility is gained from using the drug than the disutility the risk of selling the drug brings to those who use it.

From behind the veil of ignorance, it is an interesting dilemma. Behind the veil, one wouldn't know whether they would be a marijuana user, or perhaps even a dealer. Would someone behind the veil legalize marijuana? It can be assumed that they would legalize the drug for several reasons. First, they wouldn't know if they would become a marijuana user, so they would simply legalize it to be on the safe side. If there was a 20% chance that you would become a marijuana user, it would be prudent to legalize it if you were not harming anyone else by using the drug. This would be different than legalizing murder because you would want to preserve the lives of your society even if you turned out to be one. Since there is a slight chance of you being a murderer and a larger chance that more people would decide to murder if it was legal, you would decide against legalizing that particular thing. But marijuana is a different story.



But even after analyzing the choices and decisions of economists and philosophers, one cannot skip over what a “normal” citizen of society would do when faced with the legalization of marijuana. Which issues would hit home when it comes to the majority of the people in the United States? Why is it that the laws are what they are at this point in history? The bottom line is, marijuana represents something that American culture does not view as something with a positive connotation. Most people living in America would say that it’s a drug that gets in the way of production, something that kids do in college to experiment. (Knight, 32)

Even though this may be true, there may still be a middle ground for marijuana.

It would be arrogant of me to propose a solution that no one has come close to solving so I won’t. There are many solutions that make more sense than what is happening now with marijuana that may be of interest. Most of these solutions entail the government taking an active role in the production and distribution of marijuana, causing prices to go down and allowing for a safer consumer world with less violence and more protection. The middle ground will usually include the government restricting the amount one can purchase at one time, the age at which one can be allowed to purchase it, and strict rules about distribution, which would still be illegal. (Miron 188-90)

Though there are many ways to approach this subject, there doesn’t seem to be a clear solution when it comes to the legalization of marijuana. A complete cost-benefit analysis is far from done, and the ethical problems still loom in the distance.

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