

Budgetary Implications of Marijuana Prohibition in the US

by *Jeffrey Miron*

To view the report please click here: [Report](#)

For Immediate Release

Milton Friedman, 500+ Economists Call for Marijuana Regulation Debate; New Report Projects \$10-14 Billion Annual Savings and Revenues

Savings/Revenues Projected in New Study by Harvard Economist Could Pay For: **Implementing Required Port Security Plans in Just One Year **Securing Soviet-Era "Loose Nukes" in Under Three Years

BOSTON, MASSACHUSETTS -- In a report released today, Dr. Jeffrey Miron, visiting professor of economics at Harvard University, estimates that replacing marijuana prohibition with a system of taxation and regulation similar to that used for alcoholic beverages would produce combined savings and tax revenues of between \$10 billion and \$14 billion per year. In response, a group of more than 500 distinguished economists -- led by Nobel Prize-winner Dr. Milton Friedman -- released an open letter to President Bush and other public officials calling for "an open and honest debate about marijuana prohibition," adding, "We believe such a debate will favor a regime in which marijuana is legal but taxed and regulated like other goods."

Using data from a variety of federal and state government sources, Miron's paper, "The Budgetary Implications of Marijuana Prohibition," concludes:

**Replacing marijuana prohibition with a system of legal regulation would save approximately \$7.7 billion in government expenditures on prohibition enforcement-\$2.4 billion at the federal level and \$5.3 billion at the state and local levels.

**Revenue from taxation of marijuana sales would range from \$2.4 billion per year if marijuana were taxed like ordinary consumer goods to \$6.2 billion if it were taxed like alcohol or tobacco.

These estimates may be conservative. Because available data is incomplete, assumptions necessary to produce national estimates inevitably allow for some variation up or down. For example, Miron's report does not include estimates for certain potential savings -- such as the likelihood of fewer criminal justice referrals of marijuana offenders to drug treatment and reduced prison costs stemming from persons on parole or probation being reincarcerated after positive urine tests for marijuana. In addition,

Miron based his figure for corrections costs stemming from marijuana prohibition on an estimate that one percent of state prisoners are imprisoned for marijuana-related offenses. A report released May 18 by the White House Office of National Drug Control Policy put the figure at 1.6 percent, acknowledging that tens of thousands of Americans are incarcerated in state or federal prisons for marijuana offenses.

While Miron notes that many factors beyond costs and tax revenues would need to be considered in evaluating possible changes in marijuana laws, he said, "These budgetary impacts should be included in any rational debate about marijuana policy."

Those impacts are considerable, according to officials of the Marijuana Policy Project in Washington, D.C. For example, \$14 billion in annual combined annual savings and revenues would cover the securing of all "loose nukes" in the former Soviet Union (estimated by former Assistant Secretary of Defense Lawrence Korb at \$30 billion) in less than three years. Just one year's savings would cover the full cost of anti-terrorism port security measures required by the Maritime Transportation Security Act of 2002. The Coast Guard has estimated these costs, covering 3,150 port facilities and 9,200 vessels, at \$7.3 billion total.

"As Milton Friedman and over 500 economists have now said, it's time for a serious debate about whether marijuana prohibition makes any sense," said Rob Kampia, executive director of the Marijuana Policy Project in Washington, D.C. "We know that prohibition hasn't kept marijuana away from kids, since year after year 85% of high school seniors tell government survey-takers that marijuana is 'easy to get.' Conservatives, especially, are beginning to ask whether we're getting our money's worth or simply throwing away billions of tax dollars that might be used to protect America from real threats like those unsecured Soviet-era nukes."

Dr. Miron's full report, the open letter to public officials signed by more than 500 economists, and the full list of endorsers are available at <http://www.prohibitioncosts.org>.

With more than 17,000 members and 120,000 e-mail subscribers nationwide, the Marijuana Policy Project is the largest marijuana policy reform organization in the United States. MPP works to minimize the harm associated with marijuana -- both the consumption of marijuana and the laws that are intended to prohibit such use. MPP believes that the greatest harm associated with marijuana is imprisonment. For more information, see <http://www.MarijuanaPolicy.org>.

Pubdate: June 2, 2005

Author: Dr. Jeffrey Miron

Source: www.prohibitioncosts.org

Copyright: 2005

URL: <http://www.prohibitioncosts.org>

© 2005 Jeffrey Miron