



New Cato Report: Marijuana Prohibition Costs Almost \$18 Billion A Year

by Mike Meno
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The United States could improve its national budget by nearly \$18 billion annually if we taxed and regulated marijuana like alcohol, according to a newly released study from the Cato Institute.

“[The Budgetary Impact of Ending Drug Prohibition](#),” by Harvard economist Jeffrey A. Miron and Katherine Waldo, a doctoral candidate at the Stern School of Business at New York University, estimates the amount of money state and federal governments could both save from reduced expenditures and make from tax revenue, if marijuana and other drugs were made legal, taxed, and regulated.

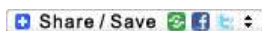
The report concludes that, between savings and tax revenue, government budgets would improve by \$17.4 billion annually if we regulated marijuana, and approximately \$88 billion annually if we regulated *all* drugs.

Those are some pretty big numbers. But this part of the conclusion is what really caught my eye:

“About half of the budgetary improvement from legalization is due to reduced criminal justice expenditures. **But for this component of the impact to show up in government budgets, policymakers would have to lay off police, prosecutors, prison guards, and the like. Because such a move would be politically painful, it may not occur.** It is certainly true that reduced expenditure on enforcing drug prohibition can still be beneficial if those criminal justice resources are re-deployed to better uses, but that outcome is difficult to achieve.”

Politicians might not have the stomach for it, but luckily we live in a country where many states can enact laws through ballot initiatives, such as Prop 19, the marijuana legalization measure Californians will vote on this November. According to the Cato report, making marijuana legal in California could raise \$351.88 million in tax revenue, and save about \$959.75 million in government expenditures. That’s more than \$1.3 billion annually.

In July, the California Board of Equalization [estimated](#) that the state could collect up to \$1.4 billion by ending marijuana prohibition.



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24 comments

[1 Paul Revere](#) { 09.28.10 at 3:40 pm }

\$18 B-b-b-billion !

Stop spending my money on this horse shit!

These politicians have no conscience do they?

[2 Jay Selthofner](#) { 09.28.10 at 5:13 pm }

Politicians in Wisconsin have the stomach to tackle marijuana reform! Ballot initiatives alone will not do it. We need sensible leaders wanting to use Industrial Hemp, Medical Marijuana and Recreational Cannabis as part of the healing and protection process for their states and ultimately the country.