

NATIONAL REVIEW

Federal Marijuana Legalization Is the Cure Our COVID-Ravaged Economy Needs

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In March, as the Coronavirus pandemic ravaged the country, President Donald Trump signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) — a \$2 trillion emergency-relief package, the largest of its kind in American history — into law. Last month, Trump signed off on an additional \$484 billion largely intended to support the newly created Paycheck Protection Program.

Yet as businesses remain closed and many states pump the brakes on their phased reopening plans, it is unlikely that the economy will rebound to its post-pandemic state anytime soon. With so many industries at a complete or partial shutdown and nearly 18 million Americans out of work, it's time for the United States to begin examining potential economies of scope rather than scale.

One potentially lucrative new revenue stream? Legal marijuana.

Growing Revenue

A federal measure legalizing marijuana nationwide would go a long way toward making up the shortfalls in state and federal tax revenue caused by the pandemic, resulting in marginal fiscal improvement in the short-term while in the long run stimulating local businesses and creating jobs.

Before the coronavirus hit, the U.S. was enjoying its longest ever economic expansion. MSN's Stephen Gandel notes that the country's GDP was projected to rise by about 2.1 percent a year. But now, entire industries, some of them cornerstones of America's economy, are either partially or completely on hold. Both private businesses and governments at every level have lost massive amounts of revenue.

That's cash that would otherwise be injected into the market, and no amount of artificial adjustment — no amount of deficit spending or accounting trick — will ultimately compensate for its loss. But new revenue streams can be found to help make up the difference.

Sunk Costs and Missed Opportunities

Even before the pandemic, marijuana represented a massive untapped revenue stream for governments. Drawing on the most recent available data from a 2018 Cato Institute study, Dwight Blake of AmericanMarijuana.org estimated that the fiscal windfall that would be

achieved through drug legalization could amount to \$53.23 billion dollars in annual budgetary gains for federal, state, and local governments. For perspective, that's enough money to cover the cost of treatment for 37,354,386 coronavirus patients, or the purchase of 357,248,332 twelve-ounce bottles of hand sanitizer or 2,681,500,000 face masks.

A Twofold Benefit

Those gains would come from two primary sources: decreases in money spent enforcing drug prohibitions and increases in tax revenue. As state, federal, and local officials look for ways to cut law-enforcement costs, an almost \$43 billion reduction in the amount spent annually enforcing marijuana prohibition would be a huge help. Releasing nonviolent offenders convicted of minor marijuana charges from jail would alleviate the burden on an already-overburdened criminal-justice system. And expunging such offenders' records would allow them to reintegrate into the labor market more smoothly, giving them a fairer chance to break the cycle of recidivism.

The New Small Business on the Block

Marijuana legalization wouldn't just create a new opportunity for "sin taxes." It also has significant potential to stimulate local economies by promoting small-business ownership and creating jobs for the almost 20 percent of Americans who are expected to be unemployed or underemployed following the pandemic, according to Paul Shea, who owns an Indiana-based seller of legal CBD products and says his "business is booming."

Like many legalization proponents, Brandon Phinney, a former New Hampshire state representative, argues that given "the small-businesses opportunities that marijuana decriminalization brings, it would be beneficial for state governments to legalize weed for both personal and commercial use. By cultivating small-business opportunities in every state, we would see a boom in the middle class we haven't seen in decades."

In addition to growers and harvesters, the production side of the marijuana business requires managers to control the seed-to-sale process and extraction technicians to turn the plants into oils, hash, and other concentrates. On the consumer side, dispensary managers oversee operations while employees (often referred to as "budtenders") give customers advice on what kind of marijuana product would be best for them. In many states, delivery drivers cater to local markets and edible makers support local stores by creating cakes, candies, and teas infused with THC. Legalizing the industry also creates jobs for POS vendors, computer software and hardware manufacturers, marketing and advertising agencies, logistics and transportation companies, gardening and greenhouse suppliers, and other related businesses.

America is hurting badly from the economic effects of the present pandemic. Federal marijuana legalization would give the economy a much-needed infusion of cash and new jobs at a time when millions of our fellow citizens find themselves newly unemployed, while in the long run helping us put our fiscal house in order. It would also greatly reduce the stress that prohibition puts on our criminal-justice system, making the system fairer and law-enforcement agencies more effective. Whichever way you look at it, it's the right thing to do.