

Marijuana, Sex and Amsterdam

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09/05/2013

For the past twenty years, I have researched the economics of drug legalization versus drug prohibition. Based on this work and much other evidence, I have come to regard legalization as a policy no-brainer. Virtually all the effects would be positive, with minimal risks of significant negatives.

An important piece of that research has been examination of drug policy in the Netherlands, where marijuana is virtually, although not quite technically, legal. Until recently, however, I had never visited that country.

That changed last month when my wife, college-age offspring, and I spent a week in Amsterdam. The trip was not an excuse to smoke marijuana in the city's famous coffee shops; despite my pro-legalization position, I do not consume illegal drugs (dry martinis are another story).

Instead, we chose Amsterdam because it is an interesting city we hadn't visited (and because we had frequent flier miles for non-stop flights). We visited the standard tourist destinations such as the Van Gogh Museum and the Anne Frank House, enjoyed rijsttafel (Dutch-Indonesian smorgasbord) and Dutch beer, and avoided being run over (just barely) by the 600,000 bicycles in Amsterdam.

I also visited the famed Red-Light District, which hosts numerous marijuana-selling coffee shops and legal prostitution (with my wife by side; draw your own conclusions). Legalization advocates point to Amsterdam as evidence that legalization works, at least for marijuana. Legalization critics, such as former White House Drug Czar Gil Kerlikowske, believe instead that Dutch policy is flawed, generating crime and nuisance effects. Only first-hand observation could give me a clear view of which description is more accurate.

Beauty is often in the eye of the beholder, so die-hard prohibitionists might be unconvinced by my observations until they visit Amsterdam for themselves.

To my eye, however, the Red Light District could not have felt safer or more normal. Yes, marijuana was widely available. And yes, sexual services of all manner were openly for sale.

But nothing about the District felt unsafe, or suggested elevated crime or violence; I have felt less safe in many American and European cities. The area is full of young people, including

many tourists, having fun or in search of it. Some were undoubtedly under the influence of marijuana or alcohol, or taking other risks. None of this "risk-taking," however, was harming anyone else.

The absence of violence is not surprising. Prohibition, not drug use, is the main reason for the association between violence and drugs, prostitution, gambling, or any banned good. In a legal market, participants resolve disputes with lawyers, courts, and arbitration. In an illegal market, they cannot use these methods and resort to violence instead.

Thus the critical determinant of violence is whether an industry is legal, as the history of alcohol prohibition illustrates. That industry was violent during the 1920-1933 period, when the federal and many state governments banned alcohol, but not before or after. And if the government banned tobacco, or coffee, or ice cream, or any good with substantial demand and imperfect substitutes, a violent black market would arise.

Prohibition advocates might still oppose Dutch marijuana policy because they regard all use as undesirable, even if it generates no harm to third parties. Standard economics predicts that, other things equal, prohibitions reduce use by raising drug prices. But nothing in economics says price is the only determinant of use; for many consumers, other factors matter more.

And again, evidence from the Netherlands is informative. In 2009, the past year marijuana use rate was 11.3 percent in the United States but only 7.0 percent in the Netherlands. This does not prove that legalization lowers drug use; many other factors are at play. But these data hardly support the claim that prohibition has a material impact in reducing use.

When we were toured Amsterdam on a canal barge, the guide commented that, "Despite legal drugs and prostitution, Amsterdam is a safe city." My son, who has heard me rant about prohibition for years, looked up and quipped, "He should have said "Because drugs and prostitution are legal, right?"

Exactly.