



The Data On Legalizing Weed

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Last month, New Jersey Governor Phil Murphy signed three bills making it official: marijuana will soon be growing legally in the gardens of the Garden State for anyone over 21 to enjoy. The bills follow through on a marijuana legalization ballot initiative that New Jerseyans approved overwhelmingly last year. New Jersey is now one of a dozen states, plus the District of Columbia, which have let loose the magic dragon — and more states, like Virginia, may be on the way.

It's been almost a decade since Colorado and Washington legalized marijuana. That's given economists and other researchers enough time to study the effects of the policy. Here are some of the most interesting findings:

Legalization didn't seem to substantially affect crime rates — Proponents of legalizing weed claimed it would reduce violent crimes. Opponents said it would increase violent crimes. A study by the CATO Institute finds, "Overall, violent crime has neither soared nor plummeted in the wake of marijuana legalization."

Legalization seems to have little or no effect on traffic accidents and fatalities — Opponents of marijuana legalization argued it would wreak havoc on the road. A few studies have found that's not the case. Economists Benjamin Hansen, Keaton S. Miller & Caroline Weber, for instance, found evidence suggesting it had no effect on trends in traffic fatalities in both Colorado and Washington.

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Legalization has barely affected the price of marijuana — Many people believed that marijuana prices would crash after legalization, providing an increased incentive to use it. But a recent study by the CATO institute found prices have barely budged. The price of getting high has stayed high. In California, for example, the price of marijuana actually increased after legalization, before leveling off at about \$260 an ounce. Before full legalization, it cost about \$250 an ounce. All the states that have legalized marijuana have seen prices converge around that level. "The convergence in prices across states is consistent with the idea that legalization diverts marijuana commerce from underground markets to legal retail shops, allowing retailers to charge a premium as the preferred sources of supply," the authors write.

Legalization has created jobs. Lots of jobs — A new report by Leafly and Whitney Economics finds the marijuana industry is booming. In 2020 alone, they calculate, it created 77,000 jobs.

Across the country, there are about 321,000 jobs in the legal marijuana industry. That's more than the mining industry.

Legalization is good for state budgets — Tax revenue from legal recreational marijuana has surpassed everyone's expectations. Colorado usually collects more than \$20 million a month. In 2020, the state collected a total of \$387 million. The California government collects more than \$50 million a month. You can find similar stories in other states that have legalized.

Legalization may be good for states' workers' comp programs — A new working paper by economists Rahi Abouk, Keshar M. Ghimire, Johanna Catherine Maclean and David Powell finds that states that legalized recreational marijuana saw a significant decline in the use of their worker compensation systems. They estimate that the number of workers aged 40-62 who received income from workers comp fell by about 20 percent following legalization. Evidence suggests that the reason for the decline is that marijuana provides "an additional form of pain management therapy" that reduces use of opioids, which are highly addictive and can be much more debilitating. Marijuana's effect on reducing opioid abuse has been documented in other studies.

Depending on whom you ask, it's not all good news. If you believe smoking marijuana is bad, then you'll be unhappy to hear that its use, naturally, increases after legalization. A study in the American Journal For Preventative Medicine, for example, found that legalization in Washington may be stalling the decades-long decline of marijuana use amongst teens. Another study found adults over 26 consume more cannabis after legalization. It seems even the AARP crowd is toking up more these days, too.