Analysis of the Potential Effects of Federal Marijuana Legalization

Gianna Zheng[1], Laurent Bouton[#], and Laura Auketayeva[#]

[1]Allen High School, USA
[#]Advisor

ABSTRACT

In recent years, many states in the United States of America have begun legalizing licensed marijuana sales. Due to this trend, federal decriminalization of marijuana bills have been proposed in Congress, sparking conversation about a potential nationwide legalization of cannabis. Currently, because of the pervasiveness of the marijuana black market, legal businesses are facing losses from not being able to compete with illicit sellers. This paper analyzes the political forces behind legalization as well as how legalization would solve the cannabis industry's market failures in the status quo.

Introduction

In the early 1900s, the United States underwent a period of time where the idea of eugenics was becoming increasingly popular, thus increasing discrimination towards ethnic minorities who were deemed to be inferior. In the 1930s, Harry Anslinger, a commissioner of the Federal Bureau of Narcotics, took advantage of this fear and led a campaign claiming that the psychogenic effects of marijuana induced violence and insanity in "degenerate races," namely Mexicans and African Americans.[1] His campaign combined with media propaganda labeling marijuana as "Public Enemy Number One" worked, for the federal government implemented the Marihuana Tax Act of 1937, essentially making cannabis illegal in the United States.[2] A few decades later, the Marihuana Tax Act was replaced by the Controlled Substance Act of 1970 (CSA) after it was found to be unconstitutional for violating the fifth amendment because marijuana users were forced to self-incriminate. Under the CSA, drugs are regulated under federal law into one of five schedules based on "their medical use, potential for abuse, and safety or risk for dependence."[3] Marijuana has been listed under Schedule 1 since 1970, meaning it is strictly regulated. Because of this status, many Americans began turning towards buying marijuana on the black market. In states where marijuana has not been legalized, there have been disproportionate marijuana arrests in black and low-income communities. In recent years cannabis has since become a topic of racial, social, and economic contention with its status as a Schedule 1 drug frequently debated across the country.

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[1] Amy Tikkanen, "Why Is Marijuana Illegal in the U.S.?" *Encyclopedia Britannica*, https://www.britannica.com/story/why-is-marijuana-illegal-in-the-us.

[2] "When and Why Was Marijuana Outlawed?" Schaffer Library of Drug Policy, http://druglibrary.org/schaffer/library/mj_outlawed.htm.
Angela Dills, Sietse Goffard, Jeffery Miron, and Erin Partin, "The Effect of State Marijuana Legalizations: 2021 Update," *CATO Institute*, February 2, 2021, https://www.cato.org/policy-analysis/effect-state-marijuana-legalizations-2021-update#history-state-level-marijuana-legalizations

[3] "The Schedule 1 Status of Marijuana," Congressional Research Service, March 25, 2022, https://crsreports.congress.gov/product/pdf/IN/IN11204#:~:text=Marijuana%20is%20listed%20as%20a,91%2D513)

Market Failure

The nationwide prohibition of marijuana impacts the economy by forcing marijuana consumers to turn to black market, which leads to the government tax revenue losses, law enforcement expenditures, and negative impacts to local cannabis businesses in states where it's legalized. Although many states have legalized marijuana, many more states have kept marijuana illegal due to concerns for its potential as a gateway drug (the fear that marijuana usage will lead consumers into dependence of "harder" drugs such as cocaine), lack of research over the health effects of long-term marijuana usage, and detrimental impacts among health of the youth.[4] Despite this, the states of Alaska, Arizona, California, Colorado, Connecticut, Illinois, Maine, Massachusetts, Michigan, Montana, New Jersey, New Mexico, New York, Nevada, Oregon, Rhode Island, Vermont, Virginia, and Wasington have all opted to legalize the usage of recreational marijuana.[5] Because of this, many businesses surrounding cannabis have sprung up in these states. However, the lack of nationwide decriminalization, legalization, and general support have caused cannabis stock shares to drop over 30%; the lack of new cannabis reforms have driven a recession in the marijuana market.[6] Additionally, the federal prohibition of the cannabis market restricts the total number of cannabis businesses allowed, thus preventing a smooth transition from the black market to legal sales. These strict regulations make it difficult for local cannabis businesses to profit, since consumers find using illegal markets more accessible.[7] Since black markets are not federally regulated, customers are exposed to risks of taking the substance not as intended because the unauthorized salespeople mislabelling of tetrahydrocannabinol (THC) and cannabidiol (CBD) levels, the former typically used for recreational purposes while the latter is used for medicinal reasons. Another concern regarding the illicit goods is the exposure to contaminants in their cannabis products, making consumption of cannabis more dangerous to the consumers. The cost is not only limited to the customers; the government could save $7.7 billion annually by eliminating the need for marijuana law enforcement and arrests.[8] Allowing individual states to control the legality of marijuana does not solve the market failure, in fact, there has been some efforts to address this on a federal level.

Background Legislation/Context

Because of black market and financial loss concerns, bills have been written to reform marijuana. For example, the Marijuana Opportunity Reinvestment and Expungement Act of 2020 (MORE), sponsored by Democrat Rep. Jerrold Nadler, proposed decriminalizing marijuana, implementing taxes on cannabis products and production, making Small Business Administration services and loans available to cannabis businesses and providers, redirecting cannabis excise taxes to programs aimed to help those affected by the war on drugs, and studying the societal/health impacts of cannabis.[9] Another act, the Cannabis Administration and Opportunity Act (CAOA) recently filed by Democrat Sen. Chuck Schumer builds on the proposals in the MORE Act with the addition of introducing a regulatory system for marijuana, similar to that of alcohol.[10] These bills would remove the Schedule 1 status from marijuana, support small

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[4] Claire McCarthy, "Legalizing Marijuana Not Good for Kids: AAP Policy Explained," Healthy Children, March 23, 2022, https://www.healthychildren.org/English/ages-stages/teen/substance-abuse/Pages/legalizing-marijuana.aspx

[5] "State Medical Cannabis Laws," National Conference of State Legislatures, May 27. 2022, https://www.ncsl.org/research/health/state-medical-marijuana-laws.aspx

[6] Tiffany Kary and Matthew Townsend, "Amid Federal Delays, Can Marijuana Companies Break Their Slump?" Bloomberg, https://www.bloomberg.com/news/newsletters/2022-05-02/is-marijuana-s-stock-slump-nearing-its-end-one-analyst-says-yes

[7] Paul Demko, "Cannabis sinks amid weed glut, Congress inaction" Politico, April 20, 2022 https://www.politico.com/news/2022/04/20/weed-cannabis-sector-financial-00026359

[8] Katherine Beckett and Steve Herbert, "The Consequences and Costs of Marijuana Prohibition," University of Washington, https://faculty.washington.edu/kbeckett/The%20Consequences%20and%20Costs%20of%20Marijuana%20Prohibition.pdf

[9] Jerrold Nadler, "H.R.3884 - MORE Act of 2020," Congress, https://www.congress.gov/bill/116th-congress/house-bill/3884

[10] Remington Angelle and Michael B. Schwegler, "Proposed Federal Marijuana Reform: Financial Services Industry Primer" American Bar Association, April 8, 2022 https://www.mcglinchey.com/insights/proposed-federal-marijuana-reform-financial-services-industry-primer/

cannabis businesses, and generate tax revenue to fund communities affected by the war on drugs. Although neither bills have become codified laws, these propose potential circumstances of marijuana legalization, allowing the public to know what to expect moving forward. In order for these bills and future similar bills to become laws, a majority in both branches of Congress must vote in favor. However, because of ideological divides surrounding marijuana usage, marijuana reform bills are difficult to pass in Congress.

Politics

The division of ideologies is reflected in Congress, primarily among the two parties: Democrats and Republicans. Both have opposing views on how this market failure should be dealt with. Democrats have voted for pro-cannabis reforms to address market failures, while Republicans express concern about the social and health repercussions of legalization. Historically, Democrats have leaned more pro-cannabis supporting notions to decriminalize and/or legalize the drug. Reasons they support decriminalization and/or legalization include making medical marijuana available in every state, lessening crime rates, stopping racial disparities in marijuana arrests, taking business away from drug cartels, creating jobs, and giving the federal government power to regulate and generate revenue from cannabis.[11] Furthermore, Democrat voters tend to be more liberal or progressive, so their politicians like to reflect that to gain their votes for re-election. Politicians can also be pressured to vote for pro-cannabis bills because of marijuana companies lobbying, attempting to influence politicians' actions and decisions often through financial payments. For instance, in 2021 over 4.5 million dollars was spent by marijuana companies such as Canopy Growth Corp., National Cannabis Roundtable, and US Cannabis Council towards lobbying.[12] Democrats such as Senate Majority Leader Chuck Schumer, Senate Finance Committee Chairman Cory Booker, and Senator Ron Wyden have voiced support for legalization as demonstrated by writing the CAOA. In hopes of increasing economic activity and pursuing equality, Democrats continue to push for marijuana reforms.

On the other side of the debate, reflecting conservative values, is the Republican party which is typically opposed to the usage of marijuana for religious and/or moral reasons. Other internal factors include beliefs that legalization of marijuana would lead to more medical emergencies, environmental damage, potential to be used as a gateway drug, and consumption by teenagers.[13] In addition to personal beliefs, politicians often vote on bills based on what they believe their voter base would prefer. Many Republican voters tend to believe that marijuana is dangerous, addictive, and hurts society.[14] Just like with marijuana reform forces, lobbying is also seen among anti-marijuana legalization efforts. For example, the liquor industry, police unions, and PhRMA have all funneled money into anti-marijuana politicians' campaigns.[15] By funding politicians, these companies can secure votes against any pro-marijuana bills. Republican opposition is evident in Congress exemplified by only three out of 212 House Republicans voting in favor of the MORE Act.[16]

With the current and predicted conservative political views in Congress, marijuana legalization legislation would be challenging to pass. Current predictions speculate that Republicans are likely to win a majority of seats in

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[11] "Should Recreational Marijuana be Legal?" ProCon.org, November 13, 2018, https://marijuana.procon.org/
"In Debate Over Legalizing Marijuana, Disagreement Over Drug's Dangers" Pew Research Center, April 14, 2015, https://www.pewresearch.org/politics/2015/04/14/in-debate-over-legalizing-marijuana-disagreement-over-drugs-dangers/
[12] "Industry Profile: Marijuana" OpenSecrets, April 22, 2022, https://www.opensecrets.org/federal-lobbying/industries/summary?cycle=2021&id=N09
[13] "Should Recreational Marijuana be Legal?" ProCon.org, November 13, 2018, https://marijuana.procon.org/
[14] "In Debate Over Legalizing Marijuana, Disagreement Over Drug's Dangers" Pew Research Center, April 14, 2015, https://www.pewresearch.org/politics/2015/04/14/in-debate-over-legalizing-marijuana-disagreement-over-drugs-dangers/
[15] "Big Money Fights to Block Marijuana Legalization" Represent Us, https://act.represent.us/sign/marijuana
[16] Michael Tessler, "Why Do GOP Lawmakers Still Oppose Legalizing Weed?" fivethirtyeight, April 20, 2022, https://fivethirtyeight.com/features/why-do-gop-lawmakers-still-oppose-legalizing-weed/

the House of Representatives in 2022.[17] Since many Republican voters and politicians are strongly opposed to legalization of marijuana, a Republican majority in either the House or the Senate would make it difficult for a marijuana legalization bill to pass. Furthermore, although many Democrats are open to marijuana reforms, many are still wary of full legalization; they do not want to go further than decriminalization. This can be best demonstrated by Joe Biden, a Democrat leader, opposing legalization citing that marijuana is a gateway drug.[18] With opponents towards legalization on both sides, passage of a marijuana legalization act would be difficult.

Furthermore, moderate Democrats and Republicans have expressed opposition to marijuana legalization citing their social and health concerns such as traffic accidents caused from driving under the influence of marijuana and fears of increased teenage consumption.[19] [20] Previous marijuana reform bills in Congress call for research studies to be conducted on the effects of marijuana legalization on roads, the workplace, schools, and general society.[21] In order for marijuana legalization supporters to get the votes from Congress members, they must prove that the benefits of marijuana legalization outweigh potential risks. However, these risks remain unclear because marijuana's status as a Schedule 1 drug means heavy restrictions and a lack of funding from the federal government, thus making it difficult for research to be conducted.[22]

Another roadblock for the legalization is the political sway that the older Americans, many of whom oppose legalization of marijuana, have because they tend to vote more. Politicians are interested in being reelected and therefore are more likely to cater their actions and votes in favor of the people who elected them in the first place.[23] For instance, according to Pew Research in 2019, 52% of 65+ year olds are opposed to medical and recreational marijuana legalization.[24] Younger generations tend to support marijuana legalization, as demonstrated by only 30% being opposed to legalization, so as younger generations age, they will be able to vote for politicians that align with marijuana legalization efforts.[25]

Optimal Policy

There are some adjustments required to make the optimal policy feasible. Before the legalization of marijuana, *Bloomberg Law* recommends that the federal government pause the Dormant Commerce Clause (DCC)," which bars states from enacting policies that discriminate against interstate commerce." Since marijuana legality is dependent on the state's government, the states are able to provide programs that benefit and support local cannabis businesses. However, if marijuana were to be legalized across the nation, the DCC would prevent this aid from continuing. Therefore, in order to keep local cannabis businesses from experiencing further economic failure, either the DCC must be paused,

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[17] Dan Balz and Marianna Sotomayor, "House: Republicans are hoping to add to their success of 2020, and history indicates they will" The Washington Post, May 16, 2022, https://www.washingtonpost.com/politics/interactive/2022/house-control-midterms-2022/

[18] Maeve Sheehey, "Psaki: Biden unmoved on marijuana legalization despite Schumer legislation" Politico, July 14, 2021, https://www.politico.com/news/2021/07/14/biden-marijuana-legalization-499642

[19] Michael Tessler, "Why Do GOP Lawmakers Still Oppose Legalizing Weed?" fivethirtyeight, April 20, 2022, https://fivethirtyeight.com/features/why-do-gop-lawmakers-still-oppose-legalizing-weed/

[20] Cody Jorgenson, "How marijuana legalization would benefit the criminal justice system" Blue Review, January 13, 2020. https://www.boisestate.edu/bluereview/how-marijuana-legalization-would-benefit-the-criminal-justice-system/

[21] Jerrold Nadler, "H.R.3884 - MORE Act of 2020," Congress, https://www.congress.gov/bill/116th-congress/house-bill/3884

[22] Britt Erickson, "Cannabis research stalled by federal inaction" Chemical and Engineering News, June 29, 2020. https://cen.acs.org/biological-chemistry/natural-products/Cannabis-research-stalled-federal-inaction/98/i25

[23] Jewel Jordan, "2020 Presidential Election Voting and Registration Tables Now Available" United States Census Bureau, April 29, 2021. https://www.census.gov/newsroom/press-releases/2021/2020-presidential-election-voting-and-registration-tables-now-available.html

[24] Andrew Daniller, "Two-thirds of Americans support marijuana legalization" Pew Research Center, November 14, 2019. https://www.pewresearch.org/fact-tank/2019/11/14/americans-support-marijuana-legalization/

[25] Andrew Daniller, "Two-thirds of Americans support marijuana legalization" Pew Research Center, November 14, 2019. https://www.pewresearch.org/fact-tank/2019/11/14/americans-support-marijuana-legalization/

or the United States should be willing to offer comparable aid to these businesses if the United States were to legalize marijuana.[26]

Before legalization, the federal government must establish ways to properly regulate the production of marijuana. The lack of federal regulation of marijuana became an issue in Colorado between 2013-2021, and consumers were subject to mold.[27] Colorado has since rectified the issue by requiring testing, but contamination still runs rampant in the black market. Additionally, black market THC level labels are often erroneous, thus leading to consumers being misled with how much THC they are consuming, which could lead to negative health effects.[28] By legalizing and federally regulating marijuana, marijuana users would have safer experiences with the drug because the risks of contamination and misleading labels would be greatly lessened.

Addressing the DCC and regulating marijuana prior to legalization would provide a safer transition to opening the marijuana market resulting in numerous economic and social benefits. Federal legalization could solve for failing legitimate cannabis businesses in states where marijuana has been legalized. A common issue in the U.S. and other countries that have legalized recreational cannabis is consumers continuing to opt for the illicit markets, despite having access to legal businesses.[29] This is primarily due to illegal sellers having lower costs and being more accessible. To solve this, the government must first provide aid to new marijuana businesses so that they will be able to outcompete the black market. As proposed in the MORE Act, legalizing cannabis could allow cannabis businesses to access Small Business Administration loans.[30] This would also solve for marijuana businesses' economic losses since they could gain access to federal aid. When legal cannabis businesses have lower prices, consumers are incentivised to use these legal shops instead of illegal markets. This trend was evident in Canada following their national-level legalization of marijuana. University of Waterloo Professor David Hammond credits the decreasing price gaps between black market and legal marijuana to the increase of stores selling legal cannabis, thus allowing for more price competition. Additionally, black markets make it easier for minors to gain access to marijuana, so by funding legal businesses, concerns for teenage cannabis consumption can be addressed.[31] Negative social and health effects are linked to illegal marijuana markets, and by providing aid to legal businesses, the government would be able to outcompete and transition consumers away from the black market.[32]

Allowing legal businesses to compete with the illicit market also removes funding from black markets, thereby decreasing crime and safety. Drug cartels profit off of illegal marijuana trading, an economy worth $30-40 billion dollars. This is because the black market must compete with prices of legal businesses, which lowers the value of marijuana. For instance, the street value of marijuana in price per pound lowered from $794 in 2012 to $474 in 2017.[33] Because of that, cartels have less financial incentive to smuggle marijuana. With a nationwide legalization,

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[26] Shaleen Title and Andrew Kline, "Flaws in Federal Cannabis Bills Threaten the Legal Market" Bloomberg Law, January 24, 2022. https://news.bloomberglaw.com/cannabis/flaws-in-federal-cannabis-bills-threaten-the-legal-market

[27] Boomtown Devs, "Update on Colorado State Cannabis Testing Regulations" Chemservice, November 15, 2021. https://www.chemservice.com/news/colorado-state-cannabis-testing-regulations/

[28] Diane Botelho, April Boudreau, Andrien Rackov, Attiq Rehman, Bruce Phillips, Cathy Hay, Karen Broad, Peter Crowhurst, Sara Cockburn, Troy Smith, Barbora Balonova, "Analysis of Illicit and Legal Cannabis Products for a Suite of Chemical and Microbial Contaminants" New Brunswick Research and Productivity Council. https://rpc.ca/english/press/Comparison%20of%20Illicit%20and%20Legal%20Cannabis%20Samples.pdf

[29] Clare Wilson, "Legalised cannabis in Canada and US hasn't killed illegal market" NewScientist, May 24, 2022. https://www.newscientist.com/article/2321524-legalised-cannabis-in-canada-and-us-hasnt-killed-illegal-market/

[30] Jerrold Nadler, "H.R.3884 - MORE Act of 2020," Congress, https://www.congress.gov/bill/116th-congress/house-bill/3884

[31] Clare Wilson, "Legalised cannabis in Canada and US hasn't killed illegal market" NewScientist, May 24, 2022. https://www.newscientist.com/article/2321524-legalised-cannabis-in-canada-and-us-hasnt-killed-illegal-market/

[32] Angela Eykelbosh, "Contaminants in black market cannabis: Consumers need answers" National Collaborating Centre for Environmental Health. February 19, 2020. https://ncceh.ca/content/blog/contaminants-black-market-cannabis-consumers-need-answers

[33] David Bier, "How Legalizing Marijuana Is Securing the Border: The Border Wall, Drug Smuggling, and Lessons for Immigration Policy" CATO Institute, December 19, 2018. https://www.cato.org/policy-analysis/how-legalizing-marijuana-securing-border-border-wall-drug-smuggling-lessons

the competition would be driven up even further, leading to lower prices and less profit for drug cartels in the black market. Research demonstrates that by decreasing the demand for illegally obtained marijuana, drug cartels will have less funding, thus reducing the violence and trafficking linked with these crime groups.[34] This reaction was seen in Colorado. According to statistics published by the Denver police department, following the legalization of marijuana in Colorado, Denver saw a 24% decrease in homicides, offenses typical of organized crime groups which are often funded through selling drugs on the black market.[35] Additionally, by creating demand for legal mairjuana, smuggling cannabis becomes less lucrative, demonstrated by a 78% decline in amounts of marijuana seized by Border Patrol Agents in the years following the first state legalizing recreational marijuana in the United States.[36] Having less smuggled and unregulated marijuana results in safer consumption for consumers, thereby increasing consumer safety. By lowering the price of marijuana through market competition and government support, black markets and by extension drug cartels will profit less, resulting in fewer crimes and increased safety.

After opening the legal market, the government and people could benefit from excise taxes on marijuana to fund federal programs. Taxes on marijuana would generate revenue for the federal government. States that have legalized marijuana have seen substantial tax revenue generated. Between 2018 and 2021, California collected $3.44 billion from its various cannabis taxes (excise tax, cultivation tax, and sales tax).[37] In 2021, the states where marijuana has been legalized collectively generated $3.7 billion in cannabis tax revenues.[38] These tax revenues would be reflected on a national level with Gavin Ekins, a research economist, and Joseph Henchman, the Vice President of Legal and State Projects, estimating tax revenues between $22-28 billion annually.[39] This value is substantial. For comparison, alcohol generated $10.27 billion in taxes in 2021, and tobacco taxes collected $19 billion in 2019.[40] [41] With this revenue, many pro-marijuana reform politicians, such as Jerry Nadler (MORE Act) and Chuck Schumer (CAOA) propose investing this money into communities negatively impacted by the war on drugs, which created disproportionate rates of drug arrests in low-income, Black, and Latino communities.

The investment from tax revenue would create jobs in the communities with disproportionate rates of marijuana arrests as well as jobs in the cannabis industry. For example, Washington state's marijuana 2017 excise tax revenue could have created ten thousand jobs for these communities.[42] The 2018 tax revenue from cannabis sales in California could have created another ten thousand. This could be implemented on a federal level with the U.S. Department of Treasury regranting revenue from marijuana sales to states to create jobs in affected communities.[43]In

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[34] Cody Jorgenson, "How marijuana legalization would benefit the criminal justice system" Blue Review, January 13, 2020. https://www.boisestate.edu/bluereview/how-marijuana-legalization-would-benefit-the-criminal-justice-system/

[35] "PART 1 CRIME IN THE CITY AND COUNTY OF DENVER BASED ON UCR STANDARDS" UCR Crime 2014, January 25, 2015. https://www.denvergov.org/content/dam/denvergov/Portals/720/documents/statistics/2014/UCR_Citywide_Reported%20_Offenses_2014.pdf

[36] David Bier, "How Legalizing Marijuana Is Securing the Border: The Border Wall, Drug Smuggling, and Lessons for Immigration Policy" CATO Institute, December 19, 2018. https://www.cato.org/policy-analysis/how-legalizing-marijuana-securing-border-border-wall-drug-smuggling-lessons

[37] "Cannabis Tax Revenues for the Fourth Quarter of 2021" California Department of Tax and Fee Administration Reports, February 23, 2022. https://www.cdtfa.ca.gov/news/22-01.htm

[38] Mrinalini Krishna, "The Economic Benefits of Legalizing Marijuana," Investopedia, May 18, 2022, https://www.investopedia.com/articles/insights/110916/economic-benefits-legalizing-weed.asp#:~:text=One%20motivation%20for%20legalization%20is,incentives%20to%20push%20for%20legalization.

[39] Gavins Ekins, Joseph Henchman, "Marijuana Legalization and Taxes: Federal Revenue Impact" Tax Foundation, May 2016. https://files.taxfoundation.org/legacy/docs/TaxFoundation_FF509.pdf

[40] Erin Duffin, "Alcohol tax revenue in the United States from 2000 to 2027" Statista, June 21, 2022. https://www.statista.com/statistics/248952/revenues-from-alcohol-tax-and-forecast-in-the-us/

[41] "Cigarette and Vaping Taxes" Urban Institute. https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/state-and-local-backgrounders/cigarette-and-vaping-taxes#:~:text=State%20and%20local%20governments%20collected,tobacco%20tax%20revenue%20in%202019.

[42] Olugbenga Ajilore, Ed Chung, Maritza Perez, "Using Marijuana Revenue to Create Jobs" American Progress, May 20, 2019. https://www.americanprogress.org/article/using-marijuana-revenue-create-jobs/

[43] Ibid.

addition to federally created jobs, legalizing cannabis would supply jobs in the cannabis industry. In 2021 alone, the cannabis industry in states where marijuana has been legalized added 107,049 new cannabis jobs in the United States.[44] The trend of marijuana legalization creating jobs was also seen in Canada with estimates of 151,000 cannabis jobs created from 2018 (when marijuana in Canada was legalized) to 2021.[45] As of early 2022, the cannabis industry in the United States supports 428,059 jobs. [46] This number could be greatly increased as current estimates predict that a nationwide legalization would support 1.5-1.75 million cannabis jobs, thus improving economic growth.[47] Through both an increase in the cannabis industry's demands for jobs and federal reinvestments, over a million jobs could be created with marijuana legalization.

Cannabis legalization could also increase public safety. Harvard economist Jeffery Miron concludes that marijuana legalization would save $7.7 billion annually from enforcement of cannabis prohibition through arrests and funding of criminal justice institutions.[48] Economists suggest that the $7.7 billion would likely be reallocated and not reduced from the federal budget.[49] Nevertheless, reallocation could contribute towards public safety initiatives such as mental health support or other currently underfunded public safety resources.[50]

Since the Marihuana Tax Act and the Controlled Substance Act, the status of marijuana's legality has been designated to the state levelBecause of that, the overall cannabis market in the United States is split between both legal and illegal businesses resulting in many legal local businesses suffering from not being able to compete with the lack of restrictions in the black market.[51] In addition to negatively impacting legal businesses, crime groups (such as drug cartels) often associated with the illicit selling of drugs are able to use profit from marijuana to fund violent crimes and trafficking.[52] Legalizing, and thereby regulating, marijuana would allow for the government to provide financial aid to legal cannabis businesses, allowing the currently faltering cannabis shops to financially recover. Following recovery, these businesses would be able to compete with illegal marijuana sellers, therefore lowering prices of marijuana on the black market.[53] By decreasing their profits, crime groups relying on profiting off of marijuana will not be able to fund as many crimes, resulting in an overall increase in public safety. [54] Legalization could also increase public safety through reallocating the marijuana prohibition funds towards underfunded public safety initiatives and

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[44] AJ Herrington, "New Cannabis Jobs Report Reveals Marijuana Industry's Explosive Employment Growth" Forbes, February 23, 2022. https://www.forbes.com/sites/ajherrington/2022/02/23/new-cannabis-jobs-report-reveals-marijuana-industrys-explosive-employment-growth/?sh=2329310723f2

[45] Rishi Malkani, "An industry makes it mark" Deloitte, https://www2.deloitte.com/ca/en/pages/consumer-business/articles/an-industry-makes-its-mark.html

[46] Bruce Barcott and Beau Whitney, "The US cannabis industry now supports 428,059 jobs" Leafly, February 23, 2022. https://www.leafly.com/news/industry/cannabis-jobs-report

[47] AJ Herrington, "New Cannabis Jobs Report Reveals Marijuana Industry's Explosive Employment Growth" Forbes, February 23, 2022. https://www.forbes.com/sites/ajherrington/2022/02/23/new-cannabis-jobs-report-reveals-marijuana-industrys-explosive-employment-growth/?sh=2329310723f2

[48] Jeffery Miron, "The Budgetary Implications of Marijuana Prohibition" June 2005, http://web.archive.org/web/20110718082631/http:/www.prohibitioncosts.org/mironreport.html

[49] Jeffrey Miron, "The Budgetary Effects of Ending Drug Prohibition," CATO Institute, July 23, 2018, https://www.cato.org/tax-budget-bulletin/budgetary-effects-ending-drug-prohibition

[50] Katherine Beckett and Steve Herbert, "The Consequences and Costs of Marijuana Prohibition," University of Washington, https://faculty.washington.edu/kbeckett/The%20Consequences%20and%20Costs%20of%20Marijuana%20Prohibition.pdf

[51] Clare Wilson, "Legalised cannabis in Canada and US hasn't killed illegal market" NewScientist, May 24, 2022. https://www.newscientist.com/article/2321524-legalised-cannabis-in-canada-and-us-hasnt-killed-illegal-market/

[52] Cody Jorgenson, "How marijuana legalization would benefit the criminal justice system" Blue Review, January 13, 2020. https://www.boisestate.edu/bluereview/how-marijuana-legalization-would-benefit-the-criminal-justice-system/

[53] David Bier, "How Legalizing Marijuana Is Securing the Border: The Border Wall, Drug Smuggling, and Lessons for Immigration Policy" CATO Institute, December 19, 2018. https://www.cato.org/policy-analysis/how-legalizing-marijuana-securing-border-border-wall-drug-smuggling-lessons

[54] Cody Jorgenson, "How marijuana legalization would benefit the criminal justice system" Blue Review, January 13, 2020. https://www.boisestate.edu/bluereview/how-marijuana-legalization-would-benefit-the-criminal-justice-system/

by outcompeting the unregulated marijuana on the market that are often mislabeled and/or contain contaminants.[55] Marijuana legislation's economic benefits include generating up to $28 billion in tax revenue and creating over 1.5 million jobs in the cannabis sector along with federally created jobs in communities negatively affected by the war on drugs.[56][57]

Although those in the Blacks and Latinos would likely benefit from an end in disproportionate marijuana arrests and an economic recovery in their communities, a few groups would likely experience less prosperity following a legalization of marijuana. One example would be children. Many expect legalization to give rise to a marijuana industry similar to that of Big Tobacco, and the youth could fall victim. Although some studies found contradicting evidence, some studies suggest teenage usage of marijuana would increase following legalization. Because the brain undergoes many changes during adolescence, marijuana consumption during this time could lead to permanent impairments to memory, learning, and thinking. In addition, just like with alcohol, teenage drivers are at greater risk of driving under the influence and access to cannabis could worsen accident rates.[58] Another risk of legalization is the gateway drug theory or the idea that using marijuana "could promote progression to using more harmful substances" such as methamphetamine or heroin. [59] It is theorized that those who have not yet used marijuana would be more inclined to try out cannabis if it were legalized, potentially developing a proclivity towards more risky drugs, which could in turn further damage their health.[60]

Conclusion

Because of these risks, the future of a national level marijuana legalization remains grim. American voters are expected to lean Republican in coming elections, so the makeup of Congress will also shift more conservative.[61] With a large section of Congress believing that the potential health and social harms of marijuana legalization would outweigh all benefits, marijuana is not likely to become legalized on a federal level in coming years. A more probable outcome regarding marijuana reform would be a federal decriminalization of marijuana. This policy means that marijuana usage and selling would still be federally illegal, but those found in possession of marijuana would no longer be incarcerated.[62] Instead, they may have to pay a fine, take a drug education course, or be sent to a drug treatment facility.[63] Although decriminalization would end the social issue of disproportionate arrests towards Black and Latino communities, it does not solve the market failure stemming primarily from the black market, because legalization is still under the discretion of state governments. Although legalization poses some risks, in order to solve for unsafe

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[55] Diane Botelho, April Boudreau, Andrien Rackov, Attiq Rehman, Bruce Phillips, Cathy Hay, Karen Broad, Peter Crowhurst, Sara Cockburn, Troy Smith, Barbora Balonova, "Analysis of Illicit and Legal Cannabis Products for a Suite of Chemical and Microbial Contaminants" New Brunswick Research and Productivity Council. https://rpc.ca/english/press/Comparison%20of%20Illicit%20and%20Legal%20Cannabis%20Samples.pdf

[56] Gavins Ekins and Joseph Henchman, "Marijuana Legalization and Taxes: Federal Revenue Impact" Tax Foundation, May 2016. https://files.taxfoundation.org/legacy/docs/TaxFoundation_FF509.pdf

[57] AJ Herrington, "New Cannabis Jobs Report Reveals Marijuana Industry's Explosive Employment Growth" Forbes, February 23, 2022. https://www.forbes.com/sites/ajherrington/2022/02/23/new-cannabis-jobs-report-reveals-marijuana-industrys-explosive-employment-growth/?sh=2329310723f2

[58] Claire McCarty "Legalizing Marijuana Not Good for Kids: AAP Policy Explained," Healthy Children, March 23, 2022, https://www.healthychildren.org/English/ages-stages/teen/substance-abuse/Pages/legalizing-marijuana.aspx

[59] American Psychiatry Association Dictionary, s.v. "gateway drug," https://dictionary.apa.org/gateway-drug

[60] Angela Dills, Sietse Goffard, Jeffery Miron, and Erin Partin, "The Effect of State Marijuana Legalizations: 2021 Update," CATO Institute, February 2, 2021, https://www.cato.org/policy-analysis/effect-state-marijuana-legalizations-2021-update

[61] Dan Balz and Marianna Sotomayor, "House: Republicans are hoping to add to their success of 2020, and history indicates they will" The Washington Post, May 16, 2022, https://www.washingtonpost.com/politics/interactive/2022/house-control-midterms-2022/

[62] Michael Hartman, "Cannabis Overview" National Conference of State Legislatures, May 31, 2022. https://www.ncsl.org/research/civil-and-criminal-justice/marijuana-overview.aspx#3

[63] Ibid

illegal markets and failing United States' cannabis businesses, legislation cannot stop at just decriminalization; full legalization must be accomplished.

Acknowledgments

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