

MICROECONOMICS 3

DEBATE MATERIAL – LEGALIZATION OF MARIJUANA

Introduction to the topic

Cannabis plants have been known since the times of Chinese Emperor Shen Nung (2727 BC)¹. For centuries they have been used, in different forms, in clothing, automobile, boatbuilding, construction, paper, food, and fuel industries. As they contain many curative substances, they can also be used in the production of medicines, e.g. anti-anxiety drugs, painkillers, or muscle relaxants. However, marijuana – produced from cannabis – is also a well-known intoxicant. The components responsible for psychoactive effects of cannabis are the so-called cannabinoids. The most popular of them, Δ^9 -THC, causes human organisms to react with relaxation, euphoria, a sense of novelty, skewed perception of time and space, stimulated appetite and increased sexual sensations².

Prohibitions on marijuana due to its negative effects have, in principle, become common in the first half of the 20th century. Recently, a debate has been taking place whether marijuana should be legally available to possess, consume, cultivate, sell, etc. Several countries have already undertaken specific actions aimed at liberalization in this field, e.g. in 2001 regulation decriminalizing possession and personal use of marijuana and other drugs entered into force in Portugal (i.e. possession and personal use are no longer considered as criminal acts and fall under administrative, not criminal, regulation), similarly – with regard to quantities below 3 grams – marijuana was decriminalized in 2003 in Belgium. In December 2013 Uruguay decided in favor of the greatest degree of legalization so far, extending it to production, sale, and consumption of marijuana (implementation of this decision is still in progress). The current year is a particularly interesting moment to take a more detailed look at this problem. In 5 American states (Arizona, California, Maine, Massachusetts, and Nevada) votes will take place in November 2016 regarding legalization of marijuana for recreational use (in the case of positive results these states will join Colorado, Washington, Oregon, Alaska, and Washington D.C., where marijuana is already legal), and in another 4 states (Arkansas, Florida, Montana, North Dakota) votes will concern legalization of marijuana for medical use. Canadian government has also announced far-reaching legalization of marijuana in 2017³.

Also in Poland an initiative has recently been undertaken to legalize medical marijuana (it is said to help in curing or mitigating various symptoms of e.g. drug-resistant epilepsy, multiple sclerosis, atherosclerosis, different cancer types, Alzheimer's disease, and AIDS). A draft act regarding these issues has been prepared by the so-called Medical Marijuana Coalition (Koalicja Medycznej Marihuany – KMM, <http://medycznamarihuana.org.pl/>) and was submitted to the Polish Sejm on February 1, 2016 by Piotr Liroy-Marzec (member of the Kukiz'15 parliamentary club). Although the draft raised several controversies from the legal perspective (in particular, a critical opinion of the Sejm Bureau of Research), on September 5 it was sent to the Health Committee of the Sejm. Earlier, in March 2016, the Ministry of Health allowed for refunding products containing cannabinoids imported from abroad

¹ <https://www.deamuseum.org/ccp/cannabis/history.html>

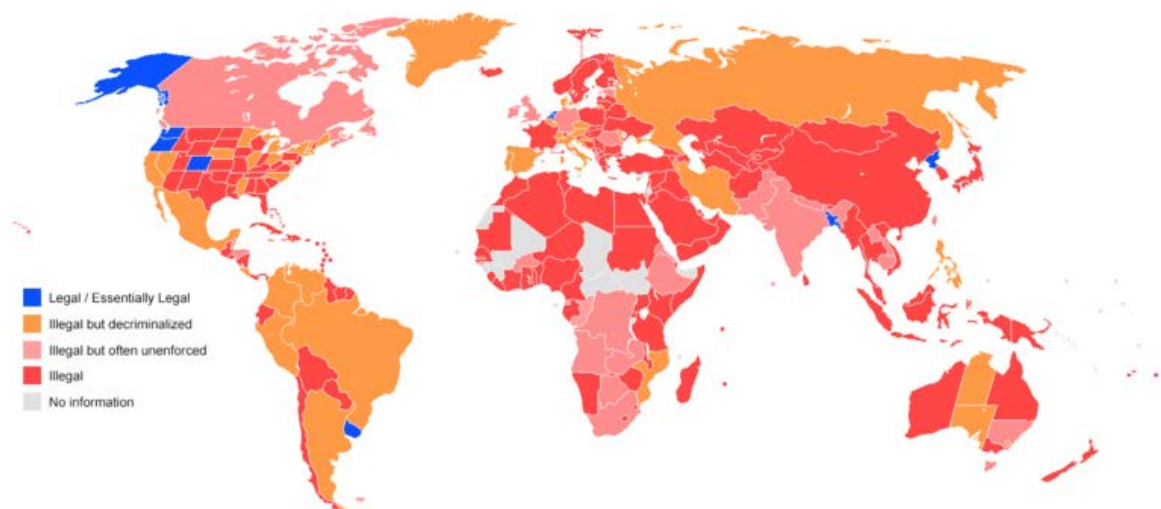
² https://pl.wikipedia.org/wiki/Konopie_siewne (in Polish)

³ <http://www.cbc.ca/news/politics/philpott-un-marijuana-legislation-legalize-1.3544554>

as direct imports⁴. According to the media, there are also plans to organize state plantations of cannabis for medical purposes (under supervision of the Ministry of Health and Ministry of Justice)⁵.

Detailed solutions as regards legality of marijuana for recreational use differ greatly between countries. The general picture is shown by Figure 1. Countries in blue are those, where marijuana is legal (or essentially legal), and in red – those, where it is illegal. Additionally, in countries marked in orange marijuana is illegal, however has been decriminalized, and in countries in pink it is illegal, however this prohibition is generally not enforced. To illustrate, in Poland (according to the Act of 29 July 2005 on counteracting drug addiction⁶) import, production, intermediation in selling, as well as possession of marijuana is illegal and is classified as a crime. While possession is punished with up to 3 years of imprisonment, passing marijuana to another person can lead to 1 to 10 years of imprisonment (if it concerns a minor, then the lower threshold shifts to 3 years of imprisonment).

Fig. 1. Legality of marijuana in the world (as of July 2016)



Source: <https://commons.wikimedia.org/w/index.php?curid=4986295> (multiple authors, CC BY-SA 3.0).

Advocates of legalization emphasize, inter alia, that existing prohibitions have failed in effectively restricting access to marijuana and its use, while they lead to billions of losses and hundreds of thousands arrests every year. According to Cathy Lanier, head of the Washington Police Department in 2015, “[a]ll those arrests do is make people hate us. (...) Marijuana smokers are not going to attack and kill a cop. They just want to (...) relax. Alcohol is a much bigger problem”⁷. From this point of view legalization would allow people to use a relatively safe substance without being threatened by an arrest, while governments could obtain additional revenues increasing the total funds available for redistribution directed at important social needs (it is estimated that legalization of marijuana in the US would give 17.4 billion dollars more in the public budget per year – half of this amount would be

⁴ <http://www.mz.gov.pl/aktualnosci/komunikat-w-sprawie-refundacji-produktow-leczniczych-na-bazie-ziela-konopi-indyjskich/> (in Polish)

⁵ <http://zdrowie.dziennik.pl/aktualnosci/artykuly/530873,polski-rzad-poprowadzi-uprawy-marihuany-medyczna-marihuana-wiceminister-zdrowia-krzysztof-landa-rozmowa-dgp.html> (in Polish)

⁶ *Ustawa z dnia 29 lipca 2005 r. o przeciwdziałaniu narkomanii* (Journal of Laws of 2016, item 224 as amended).

⁷ <http://www.vox.com/cards/marijuana-legalization/case-for-marijuana-legalization>

savings thanks to eliminating expenses on enforcing the ban, and the rest would be tax revenues⁸). An additional effect of shifting transactions in marijuana from the black market to the legal one could be the loss of profits by drug cartels and other criminal organizations, leading in consequence to restricting the scale of their activity in many different areas (not only in the drug market).

Opponents of legalization indicate primarily that unconditional consent for access to marijuana would make the latter too easily accessible, resulting further in an increase of its consumption and various kinds of abuse. In particular, this concerns aggressive marketing by large profit-seeking companies and its potential consequences. Other problems raised in the debate are, e.g., fears concerning easy access to products containing marijuana (in particular, food products) by children, or road safety arguments⁹. Nevertheless, maintaining a complete ban on marijuana is seldom the advocated panacea; many intermediate solutions are proposed, e.g. putting production and sale of marijuana in the hands of local governments, what should mitigate profit-seeking incentives and at the same time could grant the authorities more control over prices and identification of consumers. It is also a popular view that users of marijuana who do not undertake violent actions should not be punished (and particularly not by imprisonment), what would result in depenalization of marijuana. Other views support legalization of medical marijuana, while recreational use should remain prohibited.

Organization of the debate

Two teams participate in the debate: the Supporters and the Opponents of legalization of marijuana. There is also one special role in the debate – the moderator.

Prior to the debate each team should gather as many arguments supporting their position as possible. They should also specify the proposed regulation, e.g.: shall it apply to cultivation, consumption, trafficking etc.; which use of marijuana shall it concern; should some groups be excluded; are sanctions to be imposed (and if so, what kind), etc.?

The debate may but does not have to concentrate on the currently operative (e.g. Polish, EU, or US) law. It is also not necessary to use advanced knowledge concerning the current capabilities of medical science as regards diagnosing consequences of marijuana consumption, or its application in pharmaceutical industry, however general knowledge of this kind could be helpful. The debate should rather concern broader concepts which are significant for an economist, such as: the market mechanism and its failures – asymmetric information (including adverse selection in the market for marijuana), externalities, network effects, links between markets (including impact on the labor market), public goods (public health), competition and its restrictions (e.g. state monopolies in cannabis cultivation), efficiency; comparative advantage; substitution (marijuana vs. other drugs, marijuana vs. alcoholic beverages), effectiveness of sanctions; taxation and budget revenues; etc.

Each of the teams – the Supporters and the Opponents, will be divided into three subgroups of more-less equal size: the Agitators, the Polemists, and the Legislators. The Agitators' task is to prepare arguments supporting their position. The Polemists' task is to foresee the argumentation of the opposing team and prepare to resist them. The Legislators' task is to formulate optimal (and conforming with the general position of the team – “for” or “against” legalization of marijuana)

⁸ Miron J. A., Waldock K., *The Budgetary Impact of Ending Drug Prohibition*, Cato Institute, 2010, <http://object.cato.org/sites/cato.org/files/pubs/pdf/DrugProhibitionWP.pdf>.

⁹ Here an additional complication stems from the fact that existing ways of detecting whether someone is at a given moment under influence of marijuana, or not, are highly imperfect and this can lead to the problem of unjust arrests or traffic tickets.

proposals of (legal) regulation. They should also be prepared to explain how their proposal solves the signaled problems. It will be helpful to refer to existing legal solutions and gather data concerning their observed positive and negative effects. The selection process (selecting team and subgroup members) should be organized by the moderator; the course instructor will only intervene when this does not succeed. It is important that subgroups are of similar size.

Each of the six sub-groups should meet in the weeks preceding the debate and formulate its position. During the debate sub-groups should organize themselves so that each member has the opportunity to speak. For preparing the argumentation it will be necessary to refer to relevant literature. Slides may be used for presentations.

The debate

The debate is conducted by the moderator, who at the outset specifies its rules, keeps the time, gives the speakers the floor (ensuring that speakers introduce themselves) and cuts them off.

The proposed agenda (the moderator may modify it provided that this is done in agreement with the participants and sufficiently in advance):

Agitators from the team of Supporters:	10 minutes
Polemists from the team of Opponents:	5 minutes
Comments/questions from the audience regarding these positions and short answers:	5 minutes
Agitators from the team of Opponents:	10 minutes
Polemists from the team of Supporters:	5 minutes
Comments/questions from the audience regarding these positions and short answers:	5 minutes
BREAK	
Legislators from the team of Supporters:	10 minutes
Legislators from the team of Opponents:	10 minutes
[The legislators may and should allow for modification of their proposal at the last moment (during the break?) based on unexpected arguments of the opposing team.]	
Comments/questions from the audience regarding these proposals and short answers:	5 minutes
Summary of the debate by the moderator, possibly with support from the course instructor	