

Legalizing marijuana in California would not substantially cut cartel revenues, study finds

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Legalizing marijuana in California will not dramatically reduce the drug revenues collected by Mexican drug trafficking organizations from sales to the United States, according to a new RAND Corporation study.

The only scenario where legalization in California could substantially reduce the revenue of the [drug trafficking](#) organizations is if high-potency, California-produced [marijuana](#) is smuggled to other U.S. states at prices that are lower than those of current Mexican supplies, according to the study from the RAND Drug Policy Research Center. RAND is a nonprofit research organization.

The study calculates that Mexican drug trafficking organizations generate only \$1 billion to \$2 billion annually from exporting marijuana to the United States and selling it to wholesalers, far below existing estimates by the government and other groups.

The RAND study also finds that the often-cited claim that marijuana accounts for 60 percent of gross drug export revenues of Mexican drug trafficking organizations is not credible. RAND's exploratory analysis on this point suggests that 15 percent to 26 percent is a more credible range. Given that California accounts for about 14 percent of the nation's marijuana use, this suggests that if marijuana legalization in California only influences the California market, it would have a small effect on drug trafficking organizations -- cutting total drug export revenues by

perhaps 2 to 4 percent.

However, the impact of legalization on Mexican drug trafficking organizations' bottom line could be magnified if marijuana cultivated in California is smuggled into other states, according to the study. After legalization, if low-cost, high-quality marijuana produced in California dominates the U.S. marijuana market, then the Mexican drug trafficking organizations' revenue from exporting marijuana could decline by more than 65 percent and probably closer to 85 percent. In this scenario, results from the RAND study suggest the drug trafficking organizations would lose roughly 20 percent of their total drug export revenues.

"Legalizing marijuana in California would not appreciably influence the Mexican drug trafficking organizations and the related violence unless exports from California drive Mexican marijuana out of the market in other states," said Beau Kilmer, the study's lead author and co-director of the RAND Drug Policy Research Center. "If that happens, then legalization could reduce some of the Mexican drug violence in the long run. But even then, legalization may not have much impact in the short run."

In November, California voters will consider a ballot measure titled the Regulate, Control and Tax Cannabis Act of 2010 -- on the ballot as Proposition 19 -- that would authorize local jurisdictions to regulate and tax the commercial cultivation and sale of marijuana. Such activities would remain illegal in jurisdictions that do not opt in. In addition, the measure would make it legal for those aged 21 and older to cultivate marijuana on a 5-foot-by-5-foot plot and possess, process, share or transport up to one ounce of marijuana.

Some Proposition 19 supporters argue that legalizing marijuana could help curb drug violence in Mexico and frequently reference a 2006 U.S. government report suggesting that marijuana exports account for 60

percent of all Mexican drug trafficking organization revenue. The government has since retracted the 60 percent figure.

"No publicly available source verifies or explains the mythical 60 percent figure and subsequent government analyses revealed great uncertainty about the estimate," said study co-author Jonathan P. Caulkins, the H. Guyford Stever Professor of Operations Research at Carnegie Mellon University's Heinz College and Qatar campus. "Our analyses suggest that smuggling marijuana across the Southwest border accounts for 15 to 26 percent of the export revenues generated by Mexican drug trafficking organizations."

Researchers examined other examples of organized crime groups losing substantial revenues to assess how drug-related violence in Mexico might be affected.

"Projections about the effect of a large revenue decrease on violence in Mexico are particularly uncertain, but there are some scenarios that suggest a large decline in revenues might provoke increased violence in the short run and a decline after some years," said study co-author Peter Reuter, a professor of public policy and criminology at the University of Maryland.

The RAND study employs replicable methods for estimating revenue earned by Mexican drug trafficking organizations for exporting marijuana and other drugs to the United States. Most estimates of international drug profits and supplies do not use methods that allow others to review the findings and reproduce the methods at a later date, researchers say.

The study does not calculate revenue from drug trafficking organization production and distribution within the United States, which -- apart from marijuana in California -- would not be affected by Proposition 19 and

is extremely difficult to estimate with existing data, according to researchers.

Kilmer said the work underscores the need to develop better information about marijuana use and supplies to help guide public policy. For example, surveys asking the public about marijuana use should ask about the amount and type of marijuana used and how it is consumed -- key questions not asked today.

More information: The report -- "Reducing Drug Trafficking Revenues and Violence in Mexico: Would Legalizing Marijuana in California Help?" -- can be found at www.rand.org

Provided by RAND Corporation

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