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Chronic Controversy: The Economics of Regulation vs. Prohibition of Marijuana

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Chronic Controversy: The Economics of Regulation vs. Prohibition of Marijuana

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In light of the recent controversy surrounding legalization of marijuana, several noted economists have weighed in on the prospective costs and benefits of legalizing marijuana. While the economic aspects of other commodities have been well researched and documented, there are notable shortcomings concerning the understanding of the market behavior of marijuana due to the illicit nature of its production and sales. By applying standard economic theories to the demand elasticity, pricing structure, cost of current enforcement and current distribution methods we can evaluate the economic merits of regulation versus prohibition. Finally, using our analysis, we can compare and contrast the prospective success for different types of regulation on the basis of existing models.