

Prohibition vs. Legalization: Do Economists Reach a Conclusion on Drug Policy?

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The policy of prohibiting the sale and consumption of cocaine, heroin, and marijuana is of great public interest, with much public debate about the effectiveness of the “war on drugs” and alternative policies such as legalization, decriminalization, drug treatment, and medical marijuana. Economists have been at the forefront of criticizing the effectiveness of the war on drugs, drawing attention to its “unintended consequences” such as violent crime and corruption, and proposing alternative policies such as drug legalization and decriminalization.

Milton Friedman (1972, 1980, 1984, and 1989) has long advocated the legalization of drugs. Gary Becker (1987, 2001), George Schultz (1989), Thomas Sowell (1989) and William Niskanen (1992) have also endorsed the liberalization approach. Milton Friedman and Gary Becker have both been awarded the Nobel Prize in economics, while George Schultz served in the Cabinet and William Niskanen served as the Chairman of the President’s Council of Economic Advisors in the Regan administration. Given that these noteworthy economists are associated with conservative politics, it might seem that there is a bipartisan consensus on the direction of reform in drug policy.

Do these views represent the views of the profession? Are they indicative of those economists who are actively engaged in research on the topic of drug policy? Or, might they be a minority view? After all, the economists noted above are strongly associated with the Chicago School of economics and a policy agenda of “economic liberalism.” Furthermore, only one of the endorsements, Gary Becker’s, comes from an economist whose primary research is even related to drug policy (addiction). Therefore it is less than obvious that they are a reflection of the profession at large or those economists who research this issue.

In order to answer this question two surveys of economists' policy views were conducted, one of the profession as a whole and the other a survey of economists who are actively engaged in drug policy research. The results of both surveys were then examined against demographics of the profession and public opinion polls on drug policy.

I. Economists are people too

In 1995 I surveyed 117 randomly selected professional economists was conducted based on the membership of the American Economic Association.¹ Of those who offered an opinion, 58% were in favor of changing public policy in the general direction of decriminalization. When asked to choose from among five policy options, only 16% of economists favored complete legalization. Among the economists who gave a response *other than keeping the status quo*, 71% favored either legalization or decriminalization. Less than 2% endorsed measures stronger than longer prison sentences and increased enforcement budgets. It is clear from the survey that in 1995 a majority of economists, though not a strong consensus, favored changes in public policy in the direction of decriminalization.²

¹ These results were initially reported in Thornton (1995, p. 73). Subjects were randomly selected from the 1993 Biographical Listing of Members of the American Economic Association. One subject was selected from alternating pages of the directory, contacted by phone and surveyed.

² Above average support for decriminalization is prevalent among economists specializing in monetary theory, public finance, and labor economics. Business economists were the strongest supporters of prohibition. Among non-academic economists, those working for private institutions were more likely to support decriminalization, while those working in the public sector were more likely to support the status quo or increased enforcement. Age and rank appear to be largely unrelated to policy preferences. The evidence also suggest that economists trained in the Chicago, Public Choice, and Austrian traditions are more

[INSERT TABLE 1 HERE]

A 1991 opinion poll of Americans showed that 36% favor legalization or controlled distribution of most drugs. The poll, sponsored by the pro-liberalization Drug Policy Foundation, also found that 40% felt decriminalization of cocaine would reduce violent crime and that addiction treatment and counseling for drug users was preferred by more than 3 to 1 over fines and/or imprisonment.

These results contrast with a survey of college freshmen in 1988 which found that 19.3% favored the legalization of marijuana. A survey of the high school class of 1987 found that 15.4% favored legalization, 24.6% favored decriminalization, and 45.3% felt it should remain a crime. Approximately 80% favored a prohibition of L.S.D. and heroin. These surveys show a precipitous decline in support for legalization from 1977-1989 to 16% but then support began to increase and had doubled to 32% in 2000 (36.5% of college freshmen in 2001) with nearly 50% supporting marijuana decriminalization and 73% supporting medical marijuana. Also, majorities favor treating drug use as a disease and that too many people are put in jail for drug use.³

These results would suggest a difference of opinion between economists and the general public. However, an examination of responses relative to demographic characteristics of the general population is revealing. Prohibitionists tend to be female, older, from the south, blue collar, low income, Protestant, earned less than a high school diploma, and Democrat. Supporters of legalization in the general population are more likely to be male, younger, from the north and west, professional, highest income

likely to support legalization so that ideology and/or training may have a strong influence on policy views.

³ Maguire and Pastore (1988 & 2001).

category, Jewish or nonreligious, college graduate or more, and independent in politics. In recent years these demographic distinctions have become less dramatic than they were ten or fifteen years ago.

[INSERT TABLE 2 HERE]

Given that the members of the economics profession tend, relative to the general population, to be more of the second set of characteristics, it is unclear that being an economist per se has much impact on the choice between prohibition and legalization. This is especially true given the wide confidence interval of the survey (+/- 9%). Caplan has found that being male, well educated, and having rising income is associated with the tendency to think like an economist and to generally favor liberal economic policies.⁴

Another reason to give pause to the notion that economists have a solid and strong commitment to the liberalization of drug policy and aversion to prohibition is that this has not always been the case. Economists Tullock and McKenzie suggested that economists have always opposed prohibition:

In the early part of this century, many well-intentioned Americans objected to the consumption of alcoholic beverages. They succeeded in getting the Constitution amended to prohibit the sale of alcohol. By the 1930s most of them had given up because they discovered how difficult it was to enforce the law. If they had consulted economists, I'm sure they would have been told that the law would be very difficult and expensive to enforce. With this advice they might have decided not to undertake the program of moral elevation. The same considerations should, of course, be taken into account now with respect to other drugs.⁵

However, one of the leading economists of the day, Irving Fisher, was a leading proponent of alcohol prohibition writing three books in support of the policy. As late as 1927, Fisher could claim that he was unable to find a single economist to speak against prohibition at a

⁴ Caplan (2001).

⁵ Tullock and McKenzie (1985, p. 7).

meeting of the American Economic Association.⁶ At the end of the 1930s, Fisher remained solidly behind the policy of severe alcohol prohibition:

Summing up, it may be said that Prohibition has already accomplished incalculable good, hygienically, economically and socially. Real personal liberty, the liberty to give and enjoy the full use of our faculties, is increased by Prohibition. All that the wets can possibly accomplish is laxity of enforcement or nullification; in other words, enormously to increase the very disrespect for law which they profess to deplore. Hence the only satisfactory solution lies in fuller enforcement of the existing law.⁷

Clearly, economists were not always supporters of liberal drug policies, but have come a long way since Prohibition in the 1920s.

II. Vital economists on drugs

“Vital economists” can be defined as those economists who publish directly on a particular policy, come to embrace policy-reform positions that are more than vague generalities, and plainly express their judgments about desirable reform (which would include support for retaining the status quo policies). Admittedly, these criteria for “vitalness” are somewhat fuzzy. For example, consider the first requirement, that the economist must be published on the policy topic. Does an economist have to have published topically *in academic or scholarly literature*? Or does a newspaper op-ed devoted to the topic qualify him as having published on the topic? The reader can decide this matter for himself. To cover the bases, I have included here such cases as among the vital economists on the issue.

Another demarcation line concerns who is and who is not an economist. I count as an economist anyone who has a economics graduate degree (such as a Master’s or PhD) or anyone employed in a college or university economics department.

⁶ Thornton, 1991, pp. 15–23.

⁷ Fisher, 1930, pp. 454–5.

Below is a list of postwar American economists' quotations about drug policy. In some cases they express clear recommendations about how drug policy should be reformed, in some cases their remarks are less clear but seem to suggest one view rather than another. This is not a systematic survey, but is simply the writings that I dug up or have come across, and it certainly is not exhaustive. *I have been scrupulous in looking out for anti-liberalization judgments, and in including any judgments that tend toward that position.* (Dear reader, please alert me to other items that I should include! Send to mthornton@prodigy.net.)

Based on a search of *EconLit*, I sent email requests to economists whose work on drug policy I was not familiar with, mostly from foreign countries, but received only two replies (less than 10%) and both indicated that they did not have a policy position on drug policy. As a result, this survey is based on the conclusions of American economists.

The set of judgments do not show a clear consensus on what exactly is to be done. But there does seem to be broad – not perfect -- consensus on three general matters. First, most economists found the current policy to be somewhat ineffective, very ineffective, or harmful. Second, most economists agree that the current policy should be changed. Third, most economists agree that the policy should be changed in the general direction of liberalization. Disagreement is generally based on the direction and degree of liberalization. Thus we find suggestions for political decentralization (which would allow for experimentation and differentiation), downsizing of the drug war, decriminalization, reallocation from criminal prosecution to treatment or more broadly from supply-side to demand-side policies, to qualified or limited legalization, sin taxes, and outright legalization to my own policy recommendation that I have dubbed “perfect legalization.”⁸

⁸ "Perfect Drug Legalization," in *How to Legalize Drugs: Public Health, Social Science, and Civil Liberties Perspectives*, Jefferson Fish ed., Jason Aronson, Inc. Publishers, 1998, pp. 638-660.

Vital Economists

Robert J. Barro (legalization and sin taxes)

“The experience with drug enforcement shows that prohibitions of recreational drugs drive up prices, stimulate illegal activity, have only a moderate negative effect on consumption, and impose unacceptable costs in terms of high crime, expansion of prison populations, and deterioration of relations with the foreign countries that supply the outlawed products. A better idea would be to leave intact the existing regulatory structure for cigarettes—which includes substantial but not outrageous tax rates and restrictions on sales to minors—and apply this apparatus to the currently illegal drugs.” (p. 143)

Getting It Right: Markets and Choices in a Free Society, MIT Press, Cambridge MA 1997.

Gary S. Becker (legalize and tax)

“Legalizing drugs is far from a panacea for all the distress caused by drugs, but it will eliminate most of the profit and corruption from the drug trade. Ending Prohibition almost immediately cleaned up the liquor industry. To be sure, legalization will increase drug use by, among other things, lowering street prices, but that can be partially offset through sizable excise taxes on producers. In many nations, retail prices of cigarettes, alcohol, and gasoline are several hundred percent higher than their wholesale prices because of large “sin” taxes on them. The revenue collected from large taxes on drugs could be used to treat addicts and educate youngsters about the harmful effects of many drugs.”

“Its Time to Give Up the War on Drugs,” Business Week online, September 17, 2001.

Daniel K. Benjamin and Roger Leroy Miller (Constitutional approach)

“Our proposal—the Constitutional Alternative—is that the power to control the manufacture, distribution, and consumption of all psychoactives revert to the states, under provisions identical to those of

the Twenty-first Amendment. As with repeal of Prohibition, the Constitutional Alternative would repeal only the federal prohibition of psychoactives. As was true with the repeal of Prohibition, the Constitutional Alternative would return to the states the powers that they held from the inception of the nation; thus, the states would regain full powers to control the manufacture, distribution, and consumption of psychoactives within their borders.” (p. 194)

Undoing Drugs: Beyond Legalization, New York: Basic Books, 1991.

Walter Block (legalization)

“This paper argues the case for legalizing drugs such as marijuana, cocaine and heroin. It claims there are no market failures that justify prohibiting of these opiates, and there is nothing in positive economics that precludes legalizing drugs. On the contrary, a free market in marijuana and other drugs enhances economic welfare.” (p. 433)

“Drug Prohibition and Individual Virtue,” *Review of Political Economy*, Volume 8, Number 4, 1996, pp. 433-436.

Mary M. Cleveland (“downsizing” drug prohibition)

Cleveland states that she is a critic of drug prohibition (p. 548). She concludes that:

“Policies that stigmatize and imprison drug users may hurt rather than help troubled young people and problem users.”

The abstractions of “prohibition” or “legalization” have little to do with the behavior or needs of trouble people. There must always be some policing of illegal drug markets, just as with bootleg liquor markets. But the drug war makes the black markets very dangerous, and therefore attractive to troubled young people with limited opportunities and a high risk of becoming problem users of hard drugs. It doesn’t cause the family and social problems that put young people at risk, but it does divert resources and attention from education and treatment programs that could help them. “Legalization” in any of its many possible variations cannot solve family and social problems either—any more than repeal of alcohol Prohibition solved the problems leading some individuals to become alcoholics. However, combined with a downsizing of the drug war, “legalization” can help restrict casual access to drugs while making it easier for problem users to find treatment.” (p. 573)

“Downsizing the Drug War and Considering “Legalization”: An Economic Perspective in Jefferson Fish edited, *How to Legalize Drugs* (Jason Aronson, Inc.:Northvale, NJ), 1998, pp. 547-577.

Milton Friedman (favors legalization or decriminalization?)

“Legalizing drugs would simultaneously reduce the amount of crime and raise the quality of law enforcement. Can you conceive of any other measure that would accomplish so much to promote law and order? In drugs, as in other areas, persuasion and example are likely to be far more effective than the use of force to shape others in our image.”

Newsweek, May 1, 1972.

“Decriminalizing drugs is even more urgent now than in 1972, but we must recognize that the harm done in the interim cannot be wiped out, certainly not immediately. Postponing decriminalization will only make matters worse, and make the problem appear even more intractable.”

Wall Street Journal, September 7, 1989, p. A16)

Michael Grossman, Gary S. Becker, and Kevin M. Murphy (?)

“Clearly, we have not provided enough evidence to evaluate whether or not the use of heroin, cocaine, and other drugs should be legalized. A cost-benefit analysis of many effects is needed to decide between a regime in which drugs are legal and one in which they are not. What this paper shows is that the permanent reduction in price caused by legalization is likely to have a substantial positive effect on use, particularly among the poor and the young.” (p. 83)

“Rational Addiction and the Effect of Price on Consumption,” in Krauss, Melvyn B. and Edward P. Lazear edited, *Searching for Alternatives: Drug-Control Policy in the United States*, Stanford, CA: Hoover Institution Press, 1991.

Joel W. Hay (stronger prohibition?)

"I do not have the answer to the drug-policy dilemma other than to keep moving ahead pretty much as we have been. I would focus substantially more effort, using both carrots and sticks, on discouraging demand. I agree with the critics that supply interdiction, by itself, is extremely expensive and ultimately futile. If we are going to make policy for this difficult and tragic problem with simplistic solutions that can be fit into 30-second TV sound bits, then I would definitely prefer a real drug war, with swift and certain punishment of casual drug users, to a drug-legalization surrender." (p. 219)

"The Harm They do to Others: A Primer on the External Cost of Drug Abuse," in Krauss, Melvyn B. and Edward P. Lazear edited, *Searching for Alternatives: Drug-Control Policy in the United States*, Stanford, CA: Hoover Institution Press, 1991.

David R. Henderson (legalization)

I oppose the drug war. I also advocate legalizing drugs whose sale and use is currently illegal. Although not problem-free, the case for legalization is much stronger than the case for criminalization. (p. 655)

Most of the problems that people think of as being caused by drugs are not caused by drugs per se. Rather, they are caused by drug laws. (p. 675)

Further, the morally proper way to prevent drug use is to persuade people, not to imprison them. (p. 675)

David R. Henderson, "A Humane Economist's Case for Drug Legalization," *U.C. Davis Law Review*, Spring 1991, Vol. 24, No. 3, pp. 655-676.

Robert Higgs (legalization)

The Drug War is an ugly sight, too, and opposition is growing, especially among judges, who see its futility up close. It still awaits its equivalent of Richard Nixon and Henry Kissinger, who will declare "peace with honor" and bring the troops home. By abandoning this costly, quixotic crusade, the authorities could spend more time protecting life and property and relieve us of an obnoxious invasion of our natural rights, which include the right to decide how we use — or abuse — our own bodies. (p. 36)

"The Vietnam War and the Drug War," *Freedom Daily* 6 (August 1995) pp. 33-36.

Randall G. Hokombe (legalization)

“An argument for legalization is that most of the harm caused by recreational drug use comes from the fact that drugs are illegal, not that they are drugs. This implies that to minimize this harm completely free and open markets for drugs should be established.” (p. 158)

Public Policy and the Quality of Life: Market Incentives versus Government Planning, Westport, CT: Greenwood Press, 1995.

Mireia Jofre-Bonet and Jody L. Sindelar (increase treatment for addicts)

“For our sample, we find that treatment reduces drug use which, in turn, reduced drug decreases crime. Reduced drug use due to treatment is associated with 54% fewer days of crime for profit, ceteris paribus. Our evidence suggests that, reduced drug use is causally related to reduced crime. This finding is robust to different specifications and subsamples. Our findings broadly suggest that drug treatment may be an effective crime-fighting tool. Given the huge and growing expense of the criminal justice system, drug treatment might be cost-effective relative to incarceration.” (abstract)

“Drug Treatment as a Crime Fighting Tool,” NBER Working Paper No. w9038, National Bureau of Economic Research, July 2002.

Daniel Klein (pro-liberalization)

A barrage of research and opinion has pounded it [the Drug War] for being the cause of increased street crime, gang activity, drug adulteration, police corruption, congested courts and overcrowded jails. Drug prohibition creates a black-market combat zone that society cannot control. (p. 11)

“Crusade Against Drugs Is Testing Our Sensibilities” *The Los Angeles Times* (Orange County ed.); Los Angeles, Calif.; Mar 15, 1993; p. 11

Lee, Li Way (liberalization?)

“The paper has advanced a theory of illicit drug markets in which buyers and sellers face large transaction and consumption penalties, and it has used the theory to analyze whether harassing users would lower both consumption and price. The analysis implies that, under the present criminal justice system, escalating the hostility towards users is unlikely to be the win-win policy that standard theory suggests.” (p. 957)

“Would Harassing Drug Users Work?” *Journal of Political Economy*, Vol. 101, No. 5 (October 1993) pp. 939-59.

Jeffrey A. Miron and Jeffrey Zwiebel (legalization)

“The existing evidence relevant to drug policy is far from complete. Given the evidence, however, our conclusion is that a free market in drugs is likely to be a far superior policy to current policies of drug prohibition. A free market might lead to a substantial increase in the total amount of drugs consumed. But that policy would also produce substantial reductions in the harmful effects of drug use on third parties through reduced violence, reduced property crime and a number of other channels. On net, the existing evidence suggests the social costs of drug prohibition are vastly greater than its benefits.” (p. 192)

“The Economic Case Against Drug Prohibition,” *Journal of Economic Perspectives*, Vol. 9, No. 4 (Fall 1995) pp. 175-92.

Mark H. Moore (supports status quo, legalization is dangerous)

“The real lesson of Prohibition is that the society can, indeed, make a dent in the consumption of drugs through laws. There is a price to be paid for such restrictions, of course. But for drugs such as heroin and cocaine, which are dangerous but currently largely unpopular, that price is small relative to the benefits.” (*New York Times*, October 16, 1989)

“In sum, I am sympathetic to the notion that society should have a rational regulatory scheme for controlling the availability of psychoactive drugs according to reasoned estimates of their potential for abuse and their value in legitimate medical use. I believe that the current statutes create a workable framework for such a regime. In answer to the question

of whether society would be better off if it widened legitimate access to drugs such as heroin and cocaine, I would say no.” (p. 724)

“Drugs: Getting a Fix on the Problem and the Solution,” *Yale Law and Policy Review*, Vol. 8, 1990, pp. 701-728) [Mark Moore is a political scientist, but has published on the subject of drug policy in the *American Economic Review*.]

William A. Niskanen (supports substantial liberalization of drug policy)

“In summary, the popular perception that drug legalization would lead to a large increase in health problems and demands on the medical system by drug users appears to be without merit. The potential net effects (of legalization) appear to be small and may be negative.” (p. 244)

“Economists and Drug Policy,” *Carnegie-Rochester Conference Series on Public Policy*, No. 36, 1992, pp. 223-248.

Chris Paul and Al Wilhite (legalization/liberalization)

With drug prohibition:

“competition for market control creates negative externalities which take several forms. First, violence increases as sellers attempt to monopolize markets, enforce contracts and protect property risking harm or harming non-participants, Second, as a consequence of the higher “monopoly” price, the number and severity of crimes increase as buyers attempt to support their use. Third, some of the revenue is used to corrupt police, politicians and otherwise legitimate businesses. Fourth, as illustrated by the current “war on drugs,” non-participants civil liberties are eroded as law enforcement agencies attempt to identify voluntary market participants. Finally, steps taken by the public to insulate themselves from these crimes and civil liberty disruptions constitute additional social costs.” (p. 114)

“Illegal markets and the social costs of rent-seeking,” *Public Choice*, Vol. 79 (1994) pp. 105-115.

David Rasmussen and Bruce Benson (localization, decriminalization)

“Thus, a more pragmatic policy may be both economically and politically superior: A regime of local control and more or less “permanent experimentation,” not seeking to solve the problem all at once with a federally mandated universal policy, but simply letting local officials make changes in policy that are politically feasible and likely to yield more benefits than costs.” (p. 177)

“The crucial point is simple: most serious policy analysts actually agree on more than the mass media soundbites from the public debate on drug policy imply. In a localized experimentation approach to drug policy, particularly in the early years of such a regime, it appears that many prohibitionists and advocates of legalization would find considerable common ground.” (p. 179)

“First among federal reforms in drug policy should be a reduced role for or, perhaps better yet, elimination of the Office of the National Drug Control Strategy.” (p. 182)

“A third federal reform appropriate in the drug policy experiment is both important and very modest: federal decriminalization of marijuana possession. It is important because it provides an environment for effective local experimentation with de-emphasis of marijuana enforcement.”(p.83)

The Economic Anatomy of a Drug War: Criminal Justice in the Commons, Rowman and Littlefield Publishers, Inc., 1994

Peter Reuter (Reallocate resources from enforcement to treatment-liberalization)

“This suggests that we should examine the possibility of enforcement moving to the fringes of drug policy, aiming at getting dependent users into treatment and making drug dealing less conspicuous, and thus drugs less available to novice users. The case is far from proven but the truth is that we are far from knowing either whether toughness has been tried or whether its potential gains are worth the potential costs, given the other means available to us for achieving comparable reductions in drug use.” (p. 152)

“On the Consequences of Toughness,” in Krauss, Melvyn B. and Edward P. Lazear edited, *Searching for Alternatives: Drug-Control Policy in the United States*, Stanford, CA: Hoover Institution Press, 1991.

Murray N. Rothbard (legalization)

There is, of course, a very strong connection between addiction and crime, but the connection is the reverse of any argument for prohibition. Crimes are committed by addicts driven to theft by the high price of drugs caused by the outlawry itself! If narcotics were legal, the supply would greatly increase, the high costs of black markets and police payoffs would disappear, and the price would be low enough to eliminate most addict-caused crime. (p. 111)

For a New Liberty: The Libertarian Manifesto, New York: Libertarian Review Foundation, 1978.

Harry Saffer and Frank Chaloupka (liberalization)

“The main findings from the regression results are that drug control spending reduces drug use. However, the results suggest for marijuana users, the marginal cost of drug control exceeds the social benefits of drug control. This may not be the case for users of other illicit drugs. Spending for drug enforcement by police and drug treatment are found most effective in deterring drug use. However, spending for correctional facilities is never significant which suggests that a more efficient method of reducing drug use might be to reduce correctional facilities spending and increase spending on treatment.” (abstract)

“State Drug Control and Illicit Drug Participation,” NBER Working Paper No. w7114, May 1999.

David Sollars (liberalization)

Thomas Sowell (1987, p. 74) has written, "Policies are judged by their consequences, but crusades are judged by how good they make the crusaders feel." There is little doubt that the current drug war has elements of a crusade. This, however, does not necessarily imply that the crusade is misguided or that the costs of the policy are larger than the benefits. In the Florida case, however, evidence suggests that the drug war policy has failed to achieve its goals and has probably created many unintended consequences.

While Florida may be unique in many geographic and demographic categories, the Florida "War on Drugs" model encompasses most elements of a "get-tough," supply-side approach. Evidence suggests that

the past drug policy in Florida may be misguided as the assumptions which undergird the policy are suspect. Revising the assumptions may result in the formulation of a new policy which is better able to reach desired ends without the explicit and implicit costs associated with the current policy. If the twin goals of reducing drug use and reducing property crime are to be realized, then other policy options must be formulated. (p. 36)

"Assumptions and Consequences of the War on Drugs: An Economic Analysis." *Policy Studies Review*, Vol. 11, No. 1 (Spring 1992) pp. 26-39.

Thomas Sowell (Decriminalization and more enforcement)

"Some parts of the President's plan—more prisons, more courts, more prosecutors—make sense. What would make still more sense would be to admit that we are not God, that we cannot live other people's lives or save people who don't want to be saved, and to take the profits out of drugs by decriminalizing them. That is what destroyed the bootleggers's gangs after Prohibition was repealed."

San Francisco Examiner, September 18, 1989.

Sam Staley (decriminalization)

"American drug policy should be realigned according to the potential harms of drug abuse and the economic development needs of American cities. As long as drug policy ignores the demand side of the drug-use equation, little headway will ever be made in the battle to reduce drug addiction and abuse. Drug policy, through most of U.S. history, has been supply-side oriented, implicitly assuming that eradication of the source would miraculously reduce the demand for illicit drugs. The reality has been the persistence of a drug industry feeding on the demand for illicit psychoactive substances. As law enforcement efforts become more concentrated, the drug industry becomes more violent, profitable, and debilitating.

Decriminalization is a strategic shift to a demand-side strategy that concentrates on education and treatment. Decriminalizing drug use and trafficking will greatly increase our ability to cope with the human dimensions of drug abuse. Moreover, by shifting to a demand-side strategy, that uses comprehensive decriminalization as a cornerstone,

urban policy can concentrate more fruitfully on the problem of urban economic growth and development.” (p. 249)

Drug Policy and the Decline of American Cities, Drug Policy and the Decline of American Cities, Transaction Publishers, New Brunswick, NJ, 1992.

Paul Taubman (legalization is probably bad)

“Although the quality and quantity of available research reported above could be improved. It seems likely that the price elasticity of demand is not zero. Since decriminalization would sharply lower prices, there would probably be a noticeable increase in use of drugs and new users and addicts. People other than users would be affected, with children being one of the largely impacted groups. The costs to make these children “whole” would be large: There would probably be an increase in homelessness, imposing health and other costs on society and its members. An increase in child, spouse, and parental abuse is likely, especially if cocaine and crack are used more heavily. Putting a value on these changes is difficult.”

“The estimate of all the effects of drug use need to be improved substantially before a firm judgment can be reached on whether the value of the benefits outweigh the costs of decriminalization.” (pp. 106-7)

“Externalities and Decriminalization of Drugs,” in Krauss, Melvyn B. and Edward P. Lazear edited, *Searching for Alternatives: Drug-Control Policy in the United States*, Stanford, CA: Hoover Institution Press, 1991.

III. Conclusion (or confusion?)

Do economists reach a specific conclusion on drug policy? Certainly not. Do economists reach a weak conclusion? Yes, based on my admittedly incomplete and imperfect investigation, I am comfortable saying that economists who think enough about drug policy to publish (and hence be accountable for) judgments on the topic largely point in the liberalization direction.

The set of policy judgments do not, however, present a clear and unified perspective that the general public can understand, trust and willingly accept. Therefore the impact of their efforts and pronouncements is dispersed and easily countered by those who tout prohibition and generally defend it with fear tactics (crime, addiction, and children). The general consensus that does exist among drug policy researchers and economists as a whole could be characterized as anti-prohibition, but only timidly pro-decriminalization and even less so about the prospects of legalization.

This consensus among economists may have contributed significantly to a movement towards liberalization of drug policy. There has been a significant increase in the public support for liberalization. Starting in the late 1990s, there has also been a significant and successful movement to legalize “medical marijuana” where doctors can legally prescribe the use of marijuana for a variety of illnesses. Canada has enacted a medical marijuana law and is seriously considering decriminalizing marijuana altogether. Several European countries have taken significant steps to liberalize their drug laws. It would be difficult to argue that the endorsement by economists for drug law liberalization has had no effect on public opinion or on public policy, and much to recommend it.⁹

I believe that with more research and a great deal of critical introspection economists can move from this general consensus to a firmer pro-liberalization conclusion, and that establishing a firm conclusion would greatly enhance the transmission of research findings to opinion makers, the general public, and ultimately into public policy. This is important because current liberalization policies such as medical marijuana, decriminalization and state-run drug stores and addiction treatment

⁹ See Thornton (1991b) where it is shown how the endorsements of experts are translated into public policy and where the current liberalization reforms are predicted.

facilities are “halfway” measure between prohibition and legalization and such policies are politically highly unstable. As Holcombe (1995, p. 158-9), an expert in public policy examined reforms such as decriminalization and observed:

The problem with all of these proposals is they leave the problems of illegal drug use intact. The problems are caused by the existence of underground markets. The only way to truly eliminate those problems is to legalize the sale of drugs. If half-way measures do not succeed, there will be a renewed push for stronger drug laws using the argument that decriminalization was tried and did not work. Half-way measures are not likely to work, because they retain the incentives to trade in illegal markets.

This suggests that economists should continue their research on drug policy, continue to refine our understanding of prohibition in general, drug laws in particular, all suggested reforms, develop alternative reforms, and continue to translate their findings into meaningful recommendations for public policy.

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Table 1: Survey of Economists on Drug Policy

Do you favor the decriminalization of illegal drugs?	YES = 61 (52%)	NO = 45 (38%)	NO OPINION = 11 (9%)
What is your preferred policy choice to deal with illegal drugs?	Legalize = 19 (16%) Decriminalize = 45 (38%) Total = 64 (55%)	Status Quo = 18 (15%) Increased efforts = 24 (21%) Total = 42 (36%)	NO OPINION = 9 (8%)

Table 2: Demographic Characteristics and Drug Liberalization

Reformers	Characteristic	Prohibitionist
Male	Sex	Female
White	Race	Non-White
College or more	Education	Grade school
Professional/farmer	Occupation	Clerical/manual
High and Middle	Income level	Low
Young and Middle	Age	50 years or more
Northeast & West	Region	South
Jewish or none	Religion	Protestant
Independent	Politics	Democrat and Republican

