

INSIDE THIS WEEK: A 14-PAGE SPECIAL REPORT ON EGYPT

# The Economist

JULY 17TH-23RD 2010

Economist.com

How great is America?

The end of progress in Europe

Goldman Sachs in turmoil

Japan's political paradox

The danger of high heels

# Shifting sands

## Change is coming to the West's Arab allies



US\$6.99 • C\$7.99



Argentina.....	\$7.00
Bahamas.....	\$9.95
Barbados.....	Bds\$16.50
Bermuda.....	Bds\$ 7.00
Brazil.....	R\$24.90

Canada.....	C\$7.99
Chile.....	Ch\$ 5.000
Colombia.....	Col\$22.000
Costa Rica.....	¢6.900
Guyana.....	GYD 1,650

Jamaica.....	J\$510
Mexico.....	Mex\$70
Peru.....	S/ 33.00
Spain.....	€5.50
St. Maarten.....	\$9.25

Trinidad & Tobago.....	TDS 43
Turks & Caicos.....	\$9.50
UK.....	£4.00
USA.....	US\$6.99
Venezuela.....	Bs27





### Legalising marijuana

## The law of the weed

LOS ANGELES

California, ever a global leader in cannabis matters, may forge ahead again

IN 1971 a group of teenagers in San Rafael, north of San Francisco, started meeting after school, at 4:20PM, to get high. The habit spread, and 420 became code for fun time among potheads worldwide. Ever since, California has remained in the vanguard of global cannabis culture. Oakland University in Oakland is today unique in the world as a sort of Aristotelian lyceum for the study of all aspects—horticultural, scientific, historical—of the weed.

Legally, California has also been a pioneer, at least within America. In 1996 it was the first state to allow marijuana to be grown and consumed for medicinal purposes. Since then, 13 states and the District of Columbia have followed, and others are considering it. But this year California may set a more fundamental, and global, precedent. It may become the first jurisdiction in the world to legalise, regulate and tax the consumption, production and distribution of marijuana.

Other Western countries—from Argentina to Belgium and Portugal—have liberalised their marijuana laws in recent decades. Some places, such as the Netherlands and parts of Australia, have in effect decriminalised the use of cannabis. But no country has yet gone all the way.

Several efforts are under way in California to do exactly that. One is a bill wending its way through the state legislature that would essentially treat marijuana like alcohol, making it legal for people aged 21

and over. Sponsored by Tom Ammiano, a flamboyant gay activist and assemblyman from San Francisco, it would levy a \$50 excise tax on every ounce produced and a sales tax on top, then use those funds for drug education. A rival bill would depenalise (as opposed to legalise) marijuana, so that getting caught with it would be no worse than receiving a parking ticket.

The more visible effort is a measure, Proposition 19, which will be put directly to voters on the November ballot. This so-called Regulate, Control, and Tax Cannabis Act of 2010, sponsored by the founder of Oakland University, would also legalise the growing, selling and smoking of marijuana for those older than 21, within certain limits. But it would leave the regulation and taxation entirely up to counties and cities. These could choose to ban the business or to tax it at whatever rate they pleased.

This burst of activity may yet come to nothing, however. California has deeply conservative parts, and Proposition 19 has mobilised them. George Runner, a Republican state senator, calls legalisation a “reprehensible” idea. He fears that “once again California would be the great experiment for the rest of the world at the expense of public safety, community health and common sense.”

Voters, meanwhile, seem split. One poll has Proposition 19 winning narrowly, another shows a small plurality against it (see

### Also in this section

32 Donald Berwick's appointment

34 Oil spill

34 Gay rights

35 Iran, America and spying

35 New Jersey's budget

38 Farewell to George Steinbrenner

40 Lexington: Where has all the greatness gone?

For daily analysis and debate on America, visit [Economist.com/unitedstates](http://Economist.com/unitedstates)

chart on next page). To nobody's surprise, voters in the liberal counties round San Rafael, Oaksterdam and San Francisco clamour for legalisation while those in the inland counties abhor it.

Perhaps more surprisingly, most blacks and Latinos are also against it. And yet blacks are arrested for marijuana possession at twice, three times or even four times the rate of whites in every major county of California, according to the Drug Policy Alliance, a lobby that wants to end America's war on drugs. This seems especially unfair, because young blacks actually smoke marijuana less than young whites. Alice Huffman, the leader in California of the National Association for the Advancement of Coloured People, America's most influential civil-rights lobby, is for legalisation because she considers the existing laws “the latest tool for imposing Jim Crow justice on poor African-Americans”.

The debate tends to lose focus as it gains heat, because nobody quite knows what legalisation would lead to. So the RAND Corporation, a think-tank in Santa Monica, has bravely tried to project some effects.

One is that the price of marijuana is likely to decline by more than 80% upon legalisation. An ounce of standard marijuana in California now costs between \$300 and \$450. The retail cost to consumers would depend, in the case of Proposition 19, on the taxes applied by counties, which are unknown as yet. Even so, weed seems likely to become cheaper.

This suggests that consumption will increase, but it is unclear by how much, according to the RAND study. That is because nobody knows what effect price changes, not to mention more fundamental shifts in attitude and culture, will have on the demand for marijuana. Today, 7% of Californians report using marijuana in the past month, compared with 6% in the rest of the