

Legal cannabis market 'would be worth £1.25bn a year to government' by Jamie Doward

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Report sets out potential cost-savings and tax-take from a regulated cannabis market in England and Wales

A new report by the Institute for Social and Economic Research, based at the University of Essex, suggests that introducing a regulated cannabis market could be worth as much as £1.25bn a year to the government.

Commissioned by the Beckley Foundation, the charity behind calls for scientifically-based drug policy reform, the report quantifies for the first time the potential revenues to be gained from legal regulation and taxation of the cannabis market in England and Wales.

It estimates that lowering enforcement costs, including policing, court procedures, custodial sentences and community sentences, could result in a net external benefit of at least £300m. The paper also balances revenues against potential costs incurred, including regulatory costs and increased health-promotion initiatives.

Roughly three-quarters of the net benefit to the government would come from money raised in the form of tax revenues.

Overall, the report shows that even when modest figures are used, to ensure validity, the move to a regulated cannabis market would produce a net social benefit and the associated additional tax revenue would help reduce the government's current budget deficit.

"In these times of economic crisis, it is essential to examine the possibilities of more cost-effective drug policy," said Beckley's director, Amanda Feilding. "Our present policies, based on prohibition, have proved to be a failure at every level. Users are not protected, it puts one of the biggest industries in the world in the hands of criminal cartels, it criminalises millions of users, casting a shadow over their future, and it creates violence and instability, particularly in producer and transit countries."

The decriminalisation of cannabis has been commanding increasing attention in recent months with two US States, Colorado and Washington voting to reform their drugs' laws.

In addition, Latin American leaders have called for a global debate on alternative drug policies that address health, corruption and black market violence.

Feilding advises Guatemalan President Otto Perez Molina, the leading advocate of global drug policy reform.

The Observer article by Jamie Doward