

REGULATION OF THE CULTIVATION, MANUFACTURE AND SALE OF MARIJUANA AS A SOLUTION TO DECREASE VIOLENT CRIMES AND INCREASE GOVERNMENTAL INCOMES

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ABSTRACT. The purpose of the paper is to give a solution to the actual economic and social crisis the European Union is confronted with in order to increase the local and governmental budgets and put the cultivation, manufacture and sale of recreational marijuana (cannabis) on the legal part of the law. A short analysis is made from the economic, social and juridical point of view between USA and European Union, research questions are put and conclusions are drawn in order for the decision makers to have actual current data with pros and cons, in order to be able to change the Romanian and European legislation in order to answer current needs and requirements of the people, living into a democratic society according to the *acquis communautaire*. A hypothesis is stated and if demonstrated will change the European Criminal Code.

Keywords: social; economic; legalization; legal; marijuana; crimes

1. Introduction

The name of the paper was inspired from the socio-economic crisis the European Union is faced with in our days with all the other dangers, we as a nation are facing: diseases, war, social dissensions and consumption of psychotropic substances on a large scale from the young and middle age population between 14 and 40 years old. The paper wants to become a starting point in the discussion regarding the national and European impact of regulation of the cultivation, manufacture and sale of recreational marijuana, by taking example the situations in Colorado and Washington states, which legalized the commercialization of marijuana in 2014. A short analysis is made from the available data from the state of Colorado in comparison with countries from European Union, where the social and economic point of views are presented regarding the impact the legalization of marijuana would have in other countries. The author wants to tackle this taboo subject which can have a social impact (will reduce the number of other violent

crimes or marijuana related crimes); juridical and economic (the taxes from the cultivation, manufacture and sale of marijuana are bringing more money to the local budgets than other taxes).

2. USA vs. EU – A Short Social, Juridical and Economic Analysis

In United States of America, some states have already passed laws decriminalizing marijuana, which means no prison time or criminal record for first-time possession of a small amount for personal consumption. If a person is caught with small amount of marijuana in possession, they would receive fines or be treated like doing a minor traffic violation. According to International Business Times (Gruia and Gruia, 2013a: 109), U.S. President Barack Obama is supporting marijuana reform at the Congress level in order to reconsider “classifying it as a Schedule I drug, a category it shares with heroin and LSD”. Fifteen states in the U.S. have decriminalized marijuana, including ten that have also legalized medical marijuana. An additional eight states allow medical marijuana but have not decriminalized the drug for non-medical patients; four states and the District of Columbia have fully legalized cannabis. President Obama also stated: “We may be able to make some progress on the decriminalization side. At a certain point, if enough states end up decriminalizing, then Congress may then reschedule marijuana.” However, United States of America have a different governmental apparatus than the European Union and some changes must be implemented first at the EU highest level in order for all the other member states to take action according to the European legislation. The state of Colorado was the first state to regulate the cultivation, manufacture and sale of marijuana by passing of Amendment 64 in November 2012.

Table 1 Crime in the city and county of Denver based on UCR standards (Gruia and Gruia, 2013b: 261).

| TYPE OF OFFENSE | | JAN 1-DEC 31, 2013* | JAN 1-DEC 31, 2014* | CHANGE | | JAN 1-DEC 31, 2014 Including USC | |
|--------------------|--------------------------------|------------------------|------------------------|--------|--------|-------------------------------------|----------|
| | | # | # | # | % | # | % Change |
| VIOLENT CRIME | Homicide | 41 | 31 | -10 | -24.4% | 31 | -24.4% |
| | Rape | 444 | 433 | -11 | -2.5% | 433 | -2.5% |
| | Robbery | 1,133 | 1,096 | -37 | -3.3% | 1,096 | -3.3% |
| | Aggravated Assault | 2,368 | 2,385 | 17 | 0.7% | 2,397 | 1.2% |
| SUBTOTAL | | 3,986 | 3,945 | -41 | -1.0% | 3,957 | -0.7% |
| PART 1 PROPERTY | Burglary | 4,975 | 4,500 | -475 | -9.5% | 4,503 | -9.5% |
| | Larceny (Except Theft from MV) | 7,905 | 8,003 | 98 | 1.2% | 9,340 | 18.2% |
| | Theft from Motor Vehicle | 6,572 | 5,139 | -1,433 | -21.8% | 5,141 | -21.8% |
| | Auto Theft | 3,410 | 3,373 | -37 | -1.1% | 3,378 | -0.9% |
| | Arson | 94 | 124 | 30 | 31.9% | 127 | 35.1% |
| SUBTOTAL | | 22,956 | 21,139 | -1,817 | -7.9% | 22,489 | -2.0% |
| PART 1 TOTAL | | 26,942 | 25,084 | -1,858 | -6.9% | 26,446 | -1.8% |

According to different social studies (Gruia, 2014: 96) after the legalization and regulation of the cultivation, manufacture and sale of marijuana for adults age 21 and over, there have been some significant decrease in violence rates in the area, due to the consumption of marijuana by the citizens in their homes and also the revenue from the taxes have achieved the highest values than any other type of public tax in such a short time after it was put in place. The first retail store officially opened on January 1, 2014 and after six months of retail sales and 18 months of decriminalization crime rates went down in Denver according to the FBI's Uniform Crime Report.

There has been a 10.1% decrease in overall crime from 2013 and a 5.2% drop in violent crime.¹ In addition to this data, the burglary and robbery rates at marijuana dispensaries have also dropped since its legal sales began according to The Huffington Post² and Denver Post newspapers.³

If we take in consideration data from FBI's Uniform Crime Reporting (UCR Standards), we can see a decrease in the violent crime and the crimes related to the private property after one year after the opening of the first retail store in Denver, Colorado.

Some questions come up from the table above, which I am considering as *Research Questions*:

1. *What is the connection between the decrease of violent crimes in a region and the legalization of cultivation, manufacture and sale of marijuana?*
2. *What is the connection between the increase in tax incomes and the legalization of cultivation, manufacture and sale of marijuana?*
3. *What can we learn from this legal decision form the local authorities and the national and governmental legislation?*

If we can easily anticipate the answer for the second question and for the third question we can imagine the outcome the governmental authorities can get after the implementation of the decision nationwide, on the first question and thus based on the actual data, I can state the following hypothesis, which if demonstrated into the European Union, will possibly change the whole Criminal Code related to the use and possession of forbidden substances.

H1: The regulation of the cultivation, manufacture and sale of marijuana within a country will cause a decrease of the average overall crimes with at least 10% within the first three years after implementation and continue at a constant pace of at least 5% per year in the following 10 years.

Regarding the second research question, the data from the state's department of revenue show that the on first four months of legal marijuana, the sales have resulted in \$10.8 million in taxes.⁴

Colorado state governor John Hickenlooper, a Democrat who opposed the 2012 decision by voters to make pot legal, compared Colorado's economy since legalization to that of other states by stating that: "While the rest of the country's economy is slowly picking back up, we're thriving here in Colorado."⁵ He also reiterated at the beginning of 2014 that sales in all marijuana stores would approach

\$1 billion for the 2014 fiscal year. Retail store sales were estimated to account for more than \$600 million of that, more than 50 percent higher than initially projected.⁶

According to the same source, the bulk of sales, however, continue to be in medical marijuana, which has been legal in Colorado since 2000 and recorded \$35 million in sales in March 2014. Since recreational marijuana is more heavily taxed, it could still rapidly outpace medical marijuana in total tax dollars. I consider that the difference in taxation between recreational and medical marijuana should also be taken in consideration when making marijuana legal in European Union, i.e., the taxation should be higher for recreational marijuana than the medical one, which due to moral consideration I consider to be at minimum in order for the people in need to have access to comfort when diagnosed with an incurable disease.

Some European countries have made moves toward marijuana legalization in recent years, although even the most *lax laws* are considered by many marijuana supporters to be too restrictive. In 2013, the Czech Republic passed a law legalizing medical marijuana use, but many patients have had hard time obtaining legal marijuana. That same year, France passed legislation allowing some cannabis-derived drugs to be sold. Spain recently decriminalized possession, giving rise to a network of underground, private cannabis clubs that operate in a kind of legal limbo. The Netherlands is the only place in Europe with retail marijuana sales. In February 2014, Italy's top court overturned a law passed in 2006 under former Prime Minister Silvio Berlusconi that put cannabis in the same category as cocaine and heroin. The move came after human rights groups protested the country's swelling imprisonment rate, according to the BBC. A month earlier, the northwestern city of Turin became the first major city to vote in favor of legalizing medical marijuana. The decision didn't make cannabis legal to buy or sell, but made obtaining the drug easier for some patients.⁷

In Romania, possession of marijuana is still outlawed, however since October 2013, authorized medical patients in Romania may now use only marijuana derivatives to allay their pain under new provisions, and thus the medical use of marijuana is still not legal. Also in October 2013, Switzerland relaxed its laws governing marijuana use by decriminalizing the drug. While marijuana is still not legal, authorities will not prosecute residents caught with 10 grams or less.⁸ Marijuana was the most seized drug in Romania in 2012 (42% of the total, representing 334 kilograms), followed by cannabis plant (37% or 300 kilograms). Drug prices have experienced strong growth, according to specialists from the National Anti-Drug Authority. In 2004, a marijuana cigarette cost 4 euros to reach 10–20 euros in 2012. The gram of heroin was marketed, ten years ago, to 15 euro, now reaching 50-euro price. Cocaine has remained constant, being about 120 euros per gram.

If we compare the price in Romania with the price in Colorado we see that started with the regulation of marijuana in January 2014, the price per gram was around 8,83 US dollars, i.e., 7,8 euros per gram and now due to the economic principle of supply and demand the business owners of marijuana stores are engaged into a "price war",

by dropping the price of retail marijuana with almost 50%. Some authors (Gruia and Gruia, 2013a: 109) consider that the doctrine / political ideology is based on economic considerations and for this reason the role and decisions of the powers of the state must be geared towards attracting and supporting foreign and domestic business because it can positively or negatively influence the development of society and thus of politics.¹² I also consider (Gruia, 2014) that any political decision should have an impact on the social and economic welfare of the population of the state in order to answer their needs and help them live a better democratic life, where the human rights are maintained according to the *acquis communautaire*.⁹

Studies were conducted in Colorado regarding the price of retail and medical cannabis and the impact on the revenues if the price would go down.

Analysts from the New Frontier Financials consider that „the rate with which new cultivators are entering the market is accelerating, greatly increasing the market’s capacity and creating more competition on price.”¹⁰

Table 2 Revenues from the sale of recreational and medical marijuana function of their corresponding prices (New Frontier Financials)



According to the table above, we can see how the price of the merchandise (cannabis in our case) influences the revenues (the graph was designed with data from the market within June 2014 and February 2015). The prices are per pound (approx. 453 grams) and are presented in comparison for retail and medical market. Based on the graph above, the retail price of 2820 dollars corresponds to revenue of 580,000, i.e. 205 pounds and if the retail price drops at 1811 dollars per pound, the revenue will be 23.79 million dollars, i.e. 13,136 pounds of marijuana sold. According to this, a decrease of the price will bring a higher revenue and based on the supply and demand model there is still place for increase in the market for the marijuana retail stores and thus due to the surplus of the product, the demand remains unchanged and the equilibrium price decreases. Higher revenues means on the other hand higher tax money, which go into the local budgets, which can be used as all the other taxes for the construction of

infrastructure and modernization of the city. Higher revenues we also see regarding the medical marijuana, which is sold due to lower sale prices. I consider that the juridical point of view can be considered only if the legislation would be applicable to a whole country and not into different states as it is now, during the time this article is written. Even if the regulation of cultivation, manufacture and sale of marijuana can be only YES or NO, in my opinion there could be some small differences in national legislations from different countries. Here I have in mind the consumption of alcohol and legal age for driving vehicles, which is different in countries from EU and United States of America and which influences the number of victims reported every year on the roads, due to accidents under the influence. Together with other authors (Gruia and Gruia, 2013b) I consider that a legal solution should be found in order to meet the market requirements at EU level¹¹ and the demand of the people, if there is any at the national level.

Conclusion

The author showed based on the available data from states from USA the results of the regulation of cultivation, manufacture and sale of marijuana and presented a short analysis from the juridical, social and economic point of view. The data showed that starting with the regulation of marijuana the number of average violent crimes decreased with up to 7.25% and average property related crimes decreased with approximate 1.2% in Denver, in 2014 from 2013. If the regulation of marijuana would be applied into European Union, I expect that will cause a decrease of the average overall crimes with at least 10% within the first three years after implementation and continue at a constant pace of at least 5% per year in the following 10 years. A hypothesis was stated accordingly and if at least partly demonstrated, it would become a signal for the European decision makers to change the Criminal Code in order to answer the people's need and requirements regarding the laws of a democratic society. However, the demonstration of the hypothesis must wait due to the unavailability of the data required for its demonstration. In we take in consideration the economic aspect, the regulation of marijuana would become a solution to bring more money at local and governmental budget.

The paper intended to become a signal of alarm for the changing society and the legal frame, as our society must be in a continuous development and improvement in order to answer the actual living conditions into a democratic European country.

NOTES

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