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Press Release

Surprising Finding: Higher Alcohol and Cigarette Taxes Reduce Marijuana Use

Young people often use marijuana in combination with alcohol and cigarettes. Therefore, a combination of tax increases on all three counterbalances rising marijuana use among youth after legalization. These are empirical findings of the discussion paper “More than Joints: Multi-Substance Use, Choice Limitations, and Policy Implications” by the EPOS Economic Research Center at the Universities of Bonn and Mannheim.

“We have identified a new and effective tool to control use of marijuana among youth,” says Michelle Sovinsky of the EPOS Economic Research Center. “Our results show that post-legalization consumption will rise from 25 to 37 percent among youth. The increase can be mitigated through taxing three substances: alcohol, cigarettes, and marijuana.”

Taxes bring down use to pre-legalization levels

Nevada was the only jurisdiction to increase taxes on alcohol post-legalization. According to the EPOS research, youth consumption would have been close to pre-legalization levels, had Nevada also increased cigarette and marijuana taxes by 8 percent.

Drugs often used in combination

Selling and buying marijuana is now legal in 24 US states, other US states are poised to put it to vote. In the surrounding debates, one point is often overlooked: Young people rarely use marijuana in isolation. According to “Monitoring the Future”, a survey of 50,000 US high school students, around 13 percent report they used marijuana and alcohol on the same occasion over the past year.

“The complementary use is why regulating substances like alcohol and cigarettes also influences the consumption of marijuana,” Sovinsky says. “It is notable that marijuana legalization has so far not been accompanied by changes in both alcohol and cigarette tax rates in any jurisdiction.”

Continued police enforcement is important

The study finds that there are reasonable combinations of tax increases that work well. Importantly, they need to be accompanied by continued police enforcement of underage use.

The findings are also relevant for the policy discussion outside the US. Apart from 24 US states, buying and selling marijuana is legal in Canada, Thailand, and Uruguay. In Europe, Germany will legalize recreational use on April 1st while it is on the agenda in Italy, the Czech Republic, and the United Kingdom.

The presented discussion paper is a publication without peer review of the Collaborative Research Center Transregio 224 EPoS. Access the full discussion paper here:

<https://www.crctr224.de/research/discussion-papers/archive/dp501>

The Collaborative Research Center (CRC) Transregio 224 EPoS

Established in 2018, the Collaborative Research Center Transregio 224 EPoS, a cooperation of the universities Bonn and Mannheim, is a long-term research institution funded by the German Research Foundation (Deutsche Forschungsgemeinschaft, DFG). EPoS addresses three key societal challenges: how to promote equality of opportunity; how to regulate markets in light of the internationalization and digitalization of economic activity; and how to safeguard the stability of the financial system.

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