

**Economics 3710**  
**Economic Analysis of Canadian Public Issues**  
**Spring 2012**

**Tuesday, February 28, and Thursday, March 1, 2012**

Readings:

Reid, Scott, "Should We End Prohibition?" *Policy Options*, October 2001.

Erickson, Patricia G., "Addicted to Law: For a Health Directed Drug Policy," *Policy Options*, October 1998.

Eric Single, "The Economic Costs of Illicit Drugs and Drug Enforcement," *Policy Options*, October 1998.

Hall, Wayne, "Creating Space for a More Reasoned Debate About Drug Policy," *Policy Options*, October 2002.

Clement, Douglas, "A Punishing Debate: Does the Death Penalty Deter Homicide?" *The Region*, Federal Reserve Bank of Minneapolis, June 2002.

**Discussion Questions #7**

1. Why do we as a society ban some substances (and declare them illegal), yet allow other (and perhaps more dangerous and costly) substances to be consumed legally?
2. There is a market for illegal drugs in Canada (and elsewhere). Analyze this problem in terms of demand and supply. Why is the cost of illegal drugs so high?
3. Has our drug policy historically addressed the supply or demand side of the illegal drug market?
4. In the article by Single, he argues that his itemization of the costs of illegal (and legal) drug use are a conservative estimate. Can you add any other costs to his calculations?
5. Recently, the Government of Canada began discussing the legalization (or certainly at least the decriminalization) of marijuana? Why now? What's going on here?
6. Assume Canada were to decriminalize marijuana, what factors might you include in the benefit-cost analysis of this phenomenon?
7. What would be the benefits of outright legalization of some of our most "dangerous" illegal drugs?
8. A number of studies have been criticized since they fail to mention that some costs associated with illegal drugs would surely rise if these were to become legalized (or again at least decriminalized). Outline some of these costs.
9. Assume Canada were to decriminalize marijuana, what factors might you include in the benefit-cost analysis of this phenomenon?
10. In the study by Katz, et al., why do they find a significant effect of prison deaths (as a proxy for prison conditions) on the number of homicides, but no death penalty effect? Explain this apparent paradox?
11. What is the most likely reason for the differences in results between the Katz, et al. study, and the study by Mocan and Gittings? What may have happened over the 1990-1997 period to change the conclusions of each study?
12. If there is no deterrent effect, why do most Americans still favour the death penalty?
13. If we could perform a simple benefit-cost analysis on the death penalty vis-a-vis life imprisonment, what would be the result? What things might we include in the analysis? What do you expect the conclusion to be?