



U.S. Pot Legalization Leads to Falling Prices for Mexican Growers

The price of marijuana has dropped drastically in the last few years, and many analysts attribute the fall to the legalization or decriminalization of cannabis by several U.S. states. Currently, the use of both recreational and medicinal marijuana has been legalized in the states of Alaska, Colorado, Oregon, and Washington.



Following the laws of economics, the increased marijuana output from U.S. growers has flooded the market to the extent that prices paid to Mexican pot farmers has plummeted. As one example, the *Los Angeles Times* reported on December 30 that the amount paid to small marijuana growers in the Mexican state of Sinaloa has dropped from \$100 to \$30 per kilogram over the last four years. Juan Guerra, Sinaloa's agriculture secretary, told the *Times*: "People don't want to abandon their illicit crops, but more and more they are realizing that it is no longer good business."

California became the first state in the nation to legalize medical marijuana in 1996, when voters passed a proposition to that effect. Colorado legalized the sale and possession of marijuana for non-medical uses through the passage of Amendment 64 on November 6, 2012. This legalized the private cultivation of up to six marijuana plants, with no more than three being mature. So the period since the legalization of marijuana in Colorado closely coincides with the price drop in Mexico.

A report last October in the Denver-based *Westword* cited Colorado Department of Revenue marijuana tax data reporting \$59.2 million in recreational sales and \$41.4 million from medical marijuana sales during the month of August — a total of \$100.6 million.

In a January 5 interview with PRI radio host Marco Werman, *Los Angeles Times* correspondent Deborah Bonello spoke about her findings during time spent in the mountains of Badiraguato, the state of Sinaloa, where marijuana is an important crop. Werman raised the point with Bonello that the drop in marijuana prices "must not make the powerful drug cartels in Mexico very happy," and asked: "What has it meant for them?"

Bonello replied:

Most of the cartels are very diversified. As you know, there is a heroin boom in the US right now. A lot of the farmers in the hills are switching to poppies because it's more lucrative and a stronger market, so the cartels have definitely spread their bets in terms of their investments in heroin,



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methamphetamines and the transportation of cocaine — not to mention extortion and kidnapping — so it's definitely not going to put them out of business.

When Werman asked Bonello what the farmers had told her about how things have changed with “marijuana economics,” she replied, “Many of the farmers I spoke to said they were probably going to stop cultivating marijuana because it's not very good business.”

Werman also asked Bonello if the Mexican government, after looking at a state such as Colorado and seeing the tax revenue coming in, might consider changing their own policy on marijuana legalization and decriminalization. She replied:

Yes, in fact later this month there is a big official conversation due to take place on the legalization of marijuana in Mexico. There are things that are moving along. President Enrique Peña Nieto has been very insistent that he is against the legalization of any drugs but he has said that he is open to having his mind changed. But the more US liberalizes, it's hard to see how Mexico can resist legislative changes.

In her December 30 article in the *Times*, Bonello noted that the price decline appears not only to have led to reduced marijuana production in Mexico, but also a drop in trafficking to the United States, citing officials in both Mexico and the United States. The report stated that between 2009 and 2013, U.S. Customs and Border Protection seized around 1,500 tons of marijuana at the border annually, but in 2014, that figure dropped to about 1,085 tons.

From these reports, we can see both positive and negative aftereffects of the relaxation of laws regulating marijuana in the United States. Prices, and therefore, production, in Mexico have dropped, yet some farmers have switched to the cultivation of opium poppies used to make heroin, a drug that is much more harmful than marijuana. Such problems have raised considerable debate among American political leaders, and their proposed solutions have varied widely, depending on whether they regard themselves and social and political liberals, social and political conservatives, or something different from either, the philosophy that might be described as libertarian-leaning constitutionalist.

The father-and-son duo of former Representative Ron Paul (R-Texas) and Senator Rand Paul (R-Ky.) have both spoken out on what they regard as serious problems with our federal governments' current drug policy since Washington began its “war on drugs” during the administration of Richard Nixon. Before summarizing some of their statements on how the drug problem should be handled, it is important to note that both men, as medical doctors, are fully aware of the harmful physical effects of drug use and have never advocated that people use illicit drugs. However, as constitutionalists, both doctors recognize that our Constitution leaves the regulation of personal behavior to the states or to the people.

In a statement quoted by the *Huffington Post* in April 2014, Ron Paul said:

The drug war has never done anything good. It cost a lot of money, it was an excuse to violate the civil liberties of a lot of Americans, and it challenges the notion that people get to make their private choices. Even when there's risk involved, government is not meant to protect us from ourselves, government is meant to protect our liberties.... So, I am delighted that the states have taken it upon themselves to challenge the federal law. This is a perfect example of nullification and I am all for that.

An article posted by the Ron Paul Institute website in June 2014 noted:



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The US House of Representatives voted [on May 30, 2014] to require the US government to respect states' laws legalizing medical marijuana and hemp. The move is an endorsement of the significant drug war rollbacks that RPI Chairman and Founder Ron Paul had promoted for years in the House and his presidential campaigns.

In a statement made to news commentator Larry Kudlow in June 2011, Paul explained why he was introducing a bill to end federal marijuana prohibition:

He stated that he favored removing it [marijuana] from the jurisdiction of the federal government and allowing the states to regulate it, like they would alcohol. And this seems to be strange for a lot of people, but I'm only going back to 1937 when that's the way it was handled. The states always did this, and I'm motivated strongly also because the states legalize it for the use of medicinal purposes and it is helpful to people who have cancer or are getting chemotherapy. So this is not a huge radical idea, it's something that was legal for a long, long time.

Senator Rand Paul has also made public statements on the legalization of marijuana. On the subject of medical marijuana, he said:

For far too long, the government has enforced unnecessary laws that have restricted the ability of the medical community to determine the medicinal value of marijuana and have prohibited Americans from receiving essential care that would alleviate their chronic pain and suffering. I am proud today to stand with Sens. Gillibrand and Booker to introduce a bill that will fundamentally change our nation's drug policies and have a positive impact on the lives of our Veterans and children.

During the CNN Republican Presidential Debate, which aired on the cable news network last September 16, Paul took exception to New Jersey Governor Chris Christie's position on marijuana.

Christie agreed with the stated summary of his position as follows: "If you are getting high in Colorado today ... enjoy it until January of 2017, because I will enforce the federal laws against marijuana."

Paul said Christie isn't "really believing in the 10th Amendment" if he is going to use federal law to overrule state laws, specifically marijuana laws. "If a young mother is trying to give her child cannabis oil, or medical marijuana, as a seizure treatment, [Christie] would put her in jail because it violates federal law." Paul continued: "[Christie's position is] not consistent with the 10th Amendment, it's not consistent with state's rights and it's not consistent with a conservative vision for the country."

In explaining his own position Paul said, "I would let Colorado do what the 10th Amendment says. We were never intended to have crimes at the federal level.... Colorado has made their decision and I don't want the federal government interfering and putting moms in jail who are trying to get medicine for their children."

The beauty of our federal system, as outlined in the Constitution and reinforced by the 10th Amendment, is that it recognizes that opinions and moral standards will vary from state to state, and even from county to county. By decentralizing government power and allowing the people of each jurisdiction to decide what degree drug regulation (or any other regulation) is in the best interests of its people, local laws will reflect community standards — not federal dictates.

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