



# Bud Inc.

Ian Mulgrew takes us inside Canada's marijuana industry

Stephen Easton sat in a small, spartan office behind a desktop cluttered with computer printouts detailing his latest calculations. A senior scholar at Canada's conservative think-tank, The Fraser Institute, and an economics professor at Simon Fraser University, Easton was astonished by the numbers his formula spat out. If they were correct, marijuana was Canada's most valuable agricultural product. Forget iconic wheat—golden shimmering symbol of the country's farming heartland. Stinky, lime-green pot contributed more to the economy. Much, much more.

"Over the last three or four years, I think most people now would say my estimates are low," he laughed. "Especially the police!"

In 2000, Easton figured, Canadian cannabis consumers annually spent at least \$1.8 billion on bud. That's almost as much as Canadians spent on tobacco—\$2.3 billion. And it means consumption in the previous decade had doubled. Easton also believed exports to the United States dwarf those figures.

He projected the size of the B.C. export market alone at 1,433 metric tons worth \$2 billion dollars in 2000—almost 3 per cent of the provincial GDP. By way of comparison, that was nearly the size of the B.C. mining and oil-and-gas sectors combined. Easton added that the total intentionally understated the value of the industry because he used only wholesale prices. It didn't reflect the final sale price, which

**Pot production in B.C. has more than tripled during the last seven years**

includes markups and the cut that goes to every middleman no matter what the commodity. If you looked at the true value of the crop in 2000, Easton thought, you could plausibly produce a figure between \$5.6 billion and \$7.1 billion.

The latest figures are as staggering. Pot production in B.C., which grows the lion's share of the country's crop, has more than tripled during the last seven years—from an estimated 19,727 kilograms in 1997 to 79,817 kilograms in 2003. In Ontario and Quebec, the growth in hydroponic production has been exponential. Growing pot indoors has become



uncomplicated and highly profitable—in just three months a closet, a basement, a bedroom, a barn or a bathroom anywhere can produce a down payment on a house. In most cities, towns, villages and rural areas across the continent, someone is doing it. The same is true in Europe. Hydroponic sales in sunny Spain are skyrocketing—and the growers are not producing heirloom tomatoes.

Easton estimated that based on the most recently available 2003 figures, wholesale marijuana was worth about \$2.2 billion to the B.C. economy—\$7.7 billion retail if consumers paid top dollar. That's larger than the province's legitimate agricultural sector. Across the country, he estimated that the industry was worth \$5.7 billion wholesale and \$19.5 billion if high-end retail pricing is assumed. That's about the size of the Canadian cattle industry (\$5.2 billion).

Last year, across British Columbia more than 25,000 growing operations came to the attention of the police, but they investigated fewer than 17,000 and only about half of those were prosecuted. More than half the growing operations police raided over the past seven years resulted in seizures but no charges. Police are charging people in fewer and fewer cases and seem to be increasingly reluctant to act at all. The same is true elsewhere in Canada.

It's time to admit the cannabis prohibition is a failure. More and more, it is revealed as a public policy disaster, a crisis for our communities and local politicians, and a legal quagmire for police and judges. The damage prohibition causes is exacerbated by the violence endemic to the pernicious black market it spawns, eroding confidence in law enforcement and respect for the courts. Taxpayers must deal with the problems of the illicit pot industry but receive no benefit, and as long as it's underground, we have no ability to regulate it or control the commerce. **R**

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