

PROPOSAL 001 — THE FINANCIAL EVIDENCE LEDGER

THE MONEY ALREADY EXISTS

Proposal 001 does not begin by asking society to invent an entirely new source of money.

It begins by identifying money that already moves through the system.

Today, resources already exist in several forms:

- 1. **Consumer spending in illegal markets**
- 2. **Profits captured by underground organizations**
- 3. **Government spending on enforcement and drug control**
- 4. **Healthcare and social costs associated with problematic use**
- 5. **Tax revenue already demonstrated in regulated markets**
- 6. **Economic activity that could potentially move into the formal economy**

The Great Upgrade therefore asks:

How much money already moves through this problem—and what would happen if part of that economic flow were redesigned to finance its own solutions?

1. CONSUMPTION

The first category measures the number of people participating in each market.

For every country, Proposal 001 should maintain a current table containing:

Substance	Users	Frequency	Problematic use	Data year	Source
Cannabis					
Cocaine					
Opioids					
Methamphetamine / ATS					
Hallucinogens					
Other regulated categories					

The purpose is not to stigmatize users.

It is to determine the **real size and characteristics of demand** before designing regulation.

2. HOW MUCH PEOPLE ALREADY SPEND

The second category estimates the retail value of the existing market.

For the United States, a RAND study commissioned by the Office of National Drug Control Policy estimated approximately **\$146–150 billion in annual consumer spending in 2016** across four major markets:

Market	Estimated 2016 annual spending
Cannabis	~\$52 billion
Heroin	~\$43 billion
Methamphetamine	~\$27 billion
Cocaine	~\$24 billion
Approximate total	~\$146 billion

These are **historical estimates**, not current Proposal 001 revenue projections.

Their importance is conceptual:

An enormous economy already exists.

Proposal 001 does not create that spending.

It asks who should capture its economic value and what outcomes that value should produce.

3. WHAT GOVERNMENT ALREADY SPENDS

The existing system also consumes public resources.

Every country model should identify spending associated with:

- Police.
- Border enforcement.
- Drug interdiction.
- Courts.
- Prosecutors.
- Corrections and incarceration.
- Prevention.

- Treatment.
- Recovery programs.
- Regulatory agencies.
- Emergency healthcare.
- Other directly attributable public expenditures.

These amounts must be separated carefully.

Proposal 001 **must not assume that all current drug-control expenditure disappears after regulation.**

Many functions remain necessary.

Some may increase.

Others may decrease.

Therefore:

Only demonstrated and realized savings become available for reallocation.

4. WHAT REGULATION CAN ACTUALLY COLLECT

Legal cannabis markets already provide real-world evidence that previously prohibited markets can generate substantial tax revenue.

These existing systems are not treated as proof that Proposal 001 will automatically succeed.

They are treated as **demonstration cases**.

For every regulated market, the Great Upgrade should record:

- Legal sales.
- Excise taxes.
- Sales taxes.
- Licensing revenue.
- Regulatory costs.
- Enforcement costs against the remaining illegal market.
- Market share retained by illegal sellers.
- Health outcomes.
- Youth-use outcomes.
- Tax-rate effects.

The objective is to learn from systems that already exist rather than designing taxation from imagination.

5. THE PROPOSAL 001 RESOURCE POOL

The usable public resource is **not total market value**.

A \$100 billion market does not mean government receives \$100 billion.

The actual resource pool would consist only of legitimate public resources such as:

New Revenue

- Excise taxes.
- Ordinary sales or value-added taxes.
- Licensing fees.
- Business taxes.
- Payroll and employment-related taxes.
- Other legally authorized revenue.

Verified Savings

- Enforcement expenditure actually reduced.
- Court expenditure actually reduced.
- Correctional expenditure actually reduced.
- Other measurable savings produced by the new system.

Less

- Regulatory administration.
- Product testing.
- Traceability.
- Public-health programs.
- Enforcement against illegal operators.
- Treatment requirements.
- Oversight and auditing.
- Other direct implementation costs.

Therefore:

Gross New Revenue

+

Verified Public Savings

–

Regulation and Implementation Costs

=

NET SOCIAL REINVESTMENT FUND

That is the number Proposal 001 is allowed to spend.

6. WHERE THE MONEY GOES

Only after the net resource pool is established should allocation occur.

The principal Proposal 001 investment categories remain:

Primary Healthcare

- General/family physicians.
- Preventive medicine.
- Mental health.
- Addiction treatment.
- Nutrition.
- Early detection.
- Community clinics.
- Digital health infrastructure.

Education

- Teacher education and continuing training.
- Classroom technology.
- School modernization.
- Science and technical education.
- Digital access.
- Educational infrastructure.

Infrastructure

- Transportation.
- Water.
- Public spaces.
- Housing-related infrastructure.
- Energy.
- Community improvement.
- Other projects producing durable public benefit.

Prevention and Recovery

- Substance-use prevention.
- Treatment.
- Recovery services.
- Research.
- Youth protection.

Regulatory System

- Testing.
- Licensing.
- Traceability.
- Oversight.
- Independent auditing.

The final percentages should **not be chosen politically before the numbers exist**.

They should emerge from needs, evidence, expected return, and measurable public outcomes.

7. EVERY COUNTRY GETS ITS OWN LEDGER

Proposal 001 should never apply U.S. numbers to Mexico, Mexican numbers to Colombia, or Colombian numbers to Canada.

Each participating country receives its own financial model:

COUNTRY PROFILE

Population:

Estimated users:

Estimated annual consumption:

Estimated illegal retail market:

Current public drug-control spending:

Current healthcare burden:

Potential taxable regulated market:

Expected regulatory cost:

Expected remaining illegal-market share:

Conservative revenue scenario:

Moderate revenue scenario:

High-capture scenario:

Net resources available for reinvestment:

Then the same calculation can be produced at:

- National level.
 - State/provincial level.
 - City level where data permit.
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8. THREE SCENARIOS, NOT ONE PROMISE

The Great Upgrade should never present the largest possible revenue number as if it were guaranteed.

Every Proposal 001 budget should contain:

Conservative Scenario

Low legal-market capture.

High regulatory costs.

Strong remaining illegal market.

Expected Scenario

Moderate market transition.

Realistic taxation.

Expected implementation costs.

High-Performance Scenario

High migration into regulated markets.

Low illegal-market share.

Efficient administration.

Each scenario produces a different reinvestment fund.

This prevents political salesmanship from replacing financial analysis.

9. THE PUBLIC DASHBOARD

Once implemented, the estimates disappear and actual numbers replace them.

Every citizen should be able to see:

Market sales

↓

Taxes collected

↓

Licensing revenue

↓

Regulatory cost

↓

Verified enforcement savings

↓

Net Social Reinvestment Fund

↓

Healthcare

Education

Infrastructure

Prevention

↓

Measured outcomes

The money should be traceable from the original transaction to the public outcome.

THE FINANCIAL PRINCIPLE

Do not promise money that does not yet exist. But do not ignore money that already does.

Proposal 001 begins by measuring an economy currently operating largely outside legitimate public benefit.

The Great Upgrade then asks whether that same economic activity can be redesigned so that less of its value finances violence, corruption and underground organizations—and more of it finances health, education, infrastructure, prevention and opportunity.

First count the money. Then redesign where it goes.

— The Great Upgrade