

OPINION

Opinion: Why legal weed is one of the most successful — yet disappointing — social movements



A member of the San Bernardino County sheriff's Marijuana Enforcement Team destroys cannabis plants while raiding an illegal operation in 2022 in Phelan, Calif. Access to the legal weed market has been patchy nationwide. (Brian van der Brug / Los Angeles Times)

By Joseph Mello

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Cannabis prohibition remains central to America's failed war on drugs — upwards of half a million people were arrested for a cannabis offense in the U.S. in 2018, accounting for more than 43 % of all [drug arrests](#).

But times are changing: Cannabis reform is one of the most successful social movements in recent memory. Today, [24 states](#) and Washington, D.C., allow cannabis for adult use. Although the drug remains prohibited at the federal level, the Biden administration recently began the process of [reclassifying cannabis](#) as a less dangerous substance (going from Schedule I to Schedule III). This will dramatically loosen federal restrictions on the U.S. cannabis industry, which is forecast to generate more than [\\$30 billion](#) in retail sales in 2024.



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Yet legal cannabis has been something of a disappointment. High barriers to entry prevent many small-business owners from breaking into the industry. A 2023 survey found that less than [25%](#) of U.S. cannabis businesses are profitable, with most of the money going to a small group of [large multistate corporate operators](#) led by predominantly white ownership groups. A 2021 report found that less than [2%](#) of U.S. cannabis business owners are Black.

These are the somewhat predictable outcomes of concessions cannabis activists made to the business community. States that have yet to pursue legal cannabis should take heed of the dangers of these compromises, or they will end up replicating the very power dynamics that legalization was supposed to disrupt.

Equity has always been a priority for some legal cannabis activists. Washington state legalized cannabis for adult use in 2012 with a law drafted by a small team of local activists and supported by the American Civil Liberties Union. Advocates were primarily concerned with protecting small independent operators, including protections such as residency requirements for cannabis license holders, caps on the number of licenses owned and tight limits on the amount of “canopy” a cannabis cultivator was permitted

to grow. This has allowed small operators to gain a larger share of the market in Washington than in [other states](#).



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But by the time California legalized cannabis in 2016, corporations had come to realize the enormous profit potential of legal weed. Local activists spent years drafting a progressive legalization initiative in California that included many of the same protections implemented in Washington. This effort was backed by prominent national cannabis advocacy groups such as the Drug Policy Alliance and the Marijuana Policy Project. Before they could qualify their amendment for the ballot, however, Silicon Valley billionaire Sean Parker backed another legalization campaign with [\\$8.5 million of his own money](#). Some groups pulled funding from the older draft legislation and pressured local activists to support the new, better-resourced campaign instead, which led to a more business-friendly bill without residency requirements or license caps.

In other states, activists have tried to develop consumer- and patient-focused legalization bills. Michigan's cannabis industry, for example, enjoys relatively low barriers to entry, making it easier for small operators to establish themselves, increasing competition and lowering costs for consumers. This came about only because local activists resisted corporate influence. In the run-up to the 2018 Michigan campaign, they were pressured to draft a business-friendly cannabis legalization bill by national groups and corporate donors seeking the same types of market advantages enjoyed in California. They bucked the pressure and as a result lost a considerable amount of financial support; on average, pro-legalization ballot measure campaigns outraise their opponents by [more than 400%](#), but in Michigan campaign spending was [much closer](#). Voters still overwhelmingly supported the bill.

Even so, Michigan has struggled with one of the most stubborn challenges of legalization: racial equity. A [2021 study](#) found that just about 3.8% of cannabis business owners in Michigan were Black and only around 1.5% were Latino.



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Some states have been experimenting with ways to address these concerns, with mixed results. In 2019 [Illinois](#) became the first state to build specific racial equity provisions into its [cannabis law](#), creating a social equity applicant system, providing technical and financial assistance to first-time business owners and distributing 25% of cannabis tax receipts to communities disproportionately affected by the war on drugs. A [recent report](#) estimates that 27% of legal cannabis business owners in Illinois are Black — but only 5% identify as Latino, and 3% as Asian.

New York's cannabis law, passed in 2021, followed in Illinois' footsteps and has been hailed as the [most progressive](#) cannabis law instituted, with a goal of awarding at least [50%](#) of its cannabis licenses to equity applicants. But delivering on that promise has so far proved elusive. After the New York cannabis market gained momentum this year, the [initial results](#) have been disappointing for equity advocates.

Still, these more progressive laws make achieving equity easier. Among the biggest barriers for people of color seeking to enter the industry are excessive regulations and fees, which tend to [disproportionately affect small operators](#). Passing reforms has been challenging because stakeholders that benefit from the current system fight hard to protect their piece of the market, even when the regulations they are protecting make little practical sense.

And the reforms that make it face an uphill battle. In Washington, activists finally [passed reforms](#) designed to help equity applicants succeed in the cannabis industry in

2020, eight years after marijuana was legalized in that state. Yet in recent years, the percentage of the state's cannabis business owners who are Black [has been stuck at 4%](#).

It may be too late to prevent corporate domination of the cannabis industry. The California market is already showing the effects of [consolidation](#): The number of cannabis licenses in the state has fallen from a high of 18,000 to 4,000. Where Californians once had about 6,000 cannabis brands to choose from, now only 1,600 are sold legally in the state. A [2022 L.A. Times analysis](#) found that the 10 companies with the largest growing operations in California hold 22% of the state's cultivation licenses.

But the beer industry suggests it is possible to secure more for the small operators who are [more likely](#) to be people of color. Independently operated craft breweries have grown their market share, hitting the small but significant level of [13%](#) in 2021.

If legal cannabis isn't pushed in a more diverse and progressive direction, it will fail to deliver the social change that motivated many activists to pursue it in the first place.

[Joseph Mello](#) is an associate professor of political science at DePaul University and author of, most recently, "[Pot for Profit: Cannabis Legalization, Racial Capitalism and the Expansion of the Carceral State.](#)"

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