

# Opinion: Calif. will likely screw up legalizing pot

By Joe Mathews

California's 2018 transition to legal marijuana contains a mind-bending paradox: Ending prohibitions on marijuana will require a lot of aggressive law enforcement.

On Jan. 1, California will not merely be permitting adults 21 and older to use marijuana for recreational purposes. The state and its cities will be creating a new regime to regulate and tax cannabis.



Joe Mathews

High times have high stakes: The successful legalization of cannabis in America's largest state could help end the drug war in the United States. But if this transition turns messy, the Trump administration—which is devoted both to debasing California and promoting thoughtlessly tough “law-and-order” policies—could bogart everything, stepping up arrests and penalties for drug violations.

There is reason to worry. Smoking weed is said to expand your mind, but I'm not sure if there is enough marijuana in the state for anyone's brain to comprehend the complexities of all the new rules.

Legalization requires moving a shadowy \$7 billion industry

into a highly regulated structure, with extensive taxes and permitting processes. California governments that once took a live-and-let-live approach to cannabis now find themselves having to boost enforcement against cannabis businesses to make sure that companies choose to move out of the black market.

Such policing requires striking difficult balances. If regulatory compliance is too loose, and taxes and permits are too cheap, scofflaws could plague the new industry. But if regulatory compliance is too costly, and taxes and permits too expensive, too many firms might choose to stay in the black market.

At this point, it's hard to be optimistic that California's governments will find that balance.

Among the challenges: the state has been slow to issue regulations to create an interconnected framework of rules covering both newly legal recreational adult use and medical use, which has been legal since 1996 but poorly regulated.

Then there are California's cities, which have tremendous discretion in whether to issue permits, but are in many cases still debating what to do. Those municipalities that have issued rules are creating so many different standards that California's cannabis market will resemble a crazy-quilt.

The federal government is also undermining the transition. By maintaining its prohibition of marijuana, it is creating both legal jeopardy for those in the legal industry and real difficulties with banking, since very few financial institutions will serve businesses selling a product that the U.S. considers to be an illegal drug. In an acknowledgment that cannabis is likely to remain a mostly cash business, state Treasurer John Chiang has offered to provide armored cars so that cannabis businesses can transport their money when they pay taxes.

Because the industry is badly undercapitalized, it has yet to build out the infrastructure—from compliance systems to lab testing to a strong distribution system—necessary for its new regulated reality.

While attending three cannabis conferences this fall, I was struck by the high anxiety around the conundrum of making a business legal without ending up in trouble over the new rules. These days, marijuana business owners sound a bit like homebuilders—utterly frustrated at the endless delays and NIMBY politics that make it so hard to get permits from California’s local governments.

Many businesses are coping by devoting themselves to California’s real drug of choice: marketing.

The fog of industry propaganda obscures questions about the social transformation under way. And cannabis already resembles other forms of awful American commerce, with varieties of products of dubious necessity: cannaboid eye drops to treat your glaucoma, hemp oil to top your brain seizures, cannabis creams to make your skin glow, and cannabis-infused items to get you off addictive opioids.

There are online marketplaces, specialized software for cannabis businesses, and—my personal favorite—PotBot, an “artificial intelligence” app to recommend marijuana strains that show the most promise in relieving your symptoms.

Amid all this smoke, there are nods to some important issues. Los Angeles and Oakland are among the cities working on “social equity programs” to make sure that communities hurt by the drug war enjoy the benefits of jobs and investment in the newly legalized market.

Nevertheless, the cannabis industry probably will mirror California’s inequality. Poorer communities have been more open to permitting the businesses, while wealthier places have kept them out. In effect, many places with the enforcement

resources to shrink the black market and protect legal businesses are sitting this transition out. Marin County has declined to license new retail dispensaries or adult use shops, despite 70 percent voter support there for legalization.

This New Year's Eve will be full of high spirits, especially at midnight when some Californians legally light up for the first time. But the rest of the transition may feel like a bad trip.

*Joe Mathews writes the Connecting California column for Zócalo Public Square.*