

# The Changing Cannabis Market in Seattle and its Impact on Communities of Color

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# Outline

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- **What We Know**
- **What we Don't Know**
- **Current Research Project**

# What we know.....

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**It's legal....**

**A lot of money is being generated...**

# Money Generated

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**Fiscal Year Total to date (Updated April 20, 2016)**

<b>Sales</b>	<b>\$586,514,518</b>
<b>Excise tax due</b>	<b>\$138,804,251</b>
<b>Total (Shelf price)</b>	<b>\$725,318,769</b>



# What we know.....

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**It's legal....**

**A lot of money is being generated...**

**The legal market is constantly changing....**

# Unregulated, Underground market

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Estimated to still capture the majority of the market share of cannabis in WA

I-502 does not seem to have an effect on pricing in the underground sector, nor did it increase competition

Over time, expected that illegal sector will shrink as prices in the recreational sector drop

Incentives for going legal don't seem to outweigh the advantages of staying illegal

- Tremendous costs involved with applying and licensing
- Prior contact with criminal justice system prevents many from going legal
- Illegal sector more effective and easier to access for some

*“For some people illegal pot sales are more simple (and familiar). Text your dealer, meet up, trade cash for whatever weed they have and part ways. At recreational stores, customers have to be 21, visit at set hours and locations, and sort through a dizzying array of products. Some people find it more complex to buy legal marijuana.”*  
– Callaghan (2015)

# What we know.....

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**It's legal....**

**A lot of money is being generated...**

**The legal market is constantly changing....**

**A great deal of research re: medical side (eg., impaired driving, medical cannabis and pain)**

# What we don't know...

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- **Who has access to enter legal markets and profit?**

# Who can enter market legally?

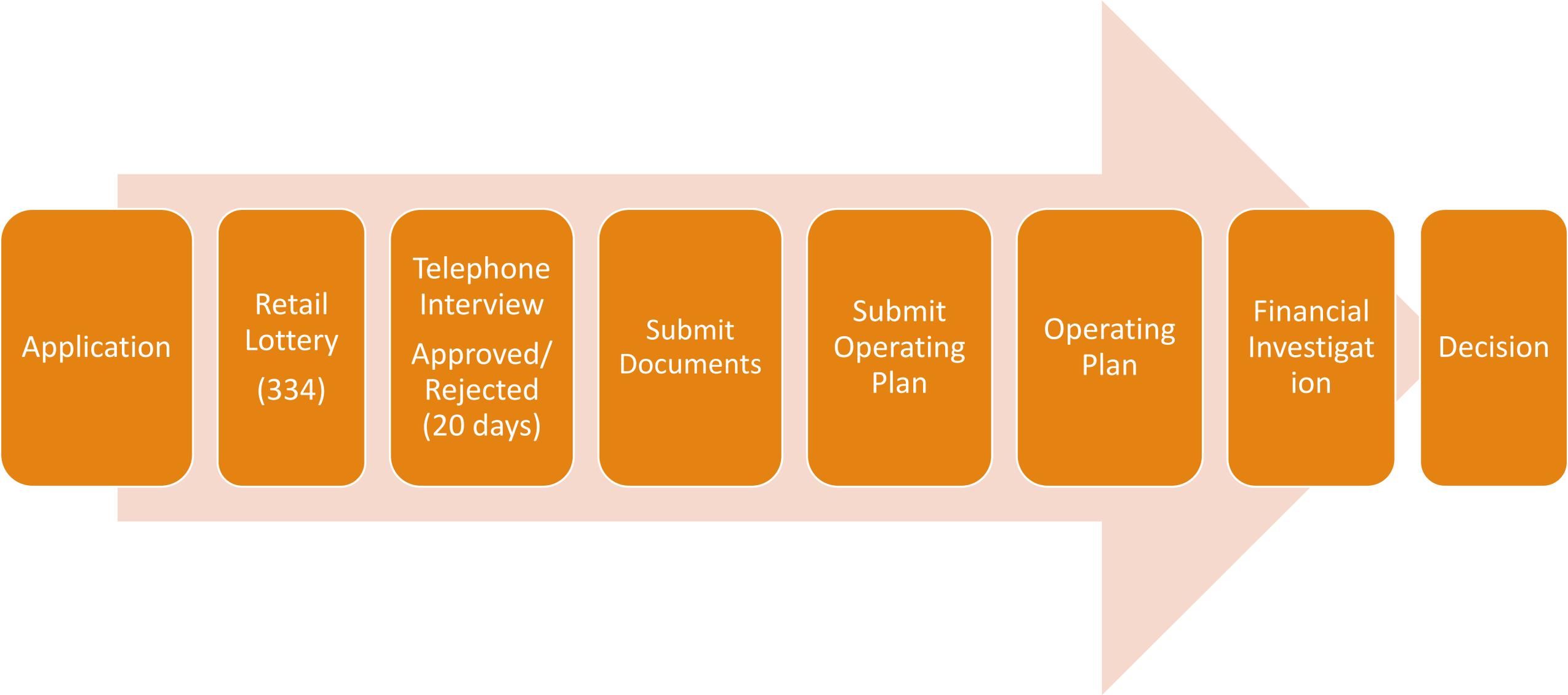
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## Cost to apply for license (producer (non-retail), processor (non-retail), retail)

- License application fee: \$266 (up from \$250)
- License renewal fee: \$1,062 (up from \$1000)
- \$19 processing fee & \$5 trade name fee with BLS

Description	Time period during which points will be assigned	Points assigned
Felony conviction	Ten years	12 points
Gross misdemeanor conviction	Three years	5 points
Misdemeanor conviction	Three years	4 points
Currently under federal or state supervision for a felony conviction	n/a	8 points
Nondisclosure of any of the above	n/a	4 points each

**Figure 1 – Process of Applying for Retail License, WA State.**



# What we don't know...

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- **Who has access to enter legal markets and profit?**
- **What are the racial and class differences in participation in markets?**
  - Who are the legal buyers and where do they buy (neighborhood, recreational, medical)
  - Who are the underground buyers and why don't they go to legal stores?

# What are the Intersections with Race?

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- **Persisting racial disparities in arrest rates even after legalization**
- **War on Drugs has put millions of African Americans and Latinos behind bars – decriminalization and legalization do little to reverse this**
- **White men are the face of the pot legalization movement**
- **Historical and ongoing systemic barriers preventing lower-class Blacks from accumulating wealth**
- **Discrimination seeking employment and gaining access to labor market**

# What we don't know...

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- **Who has access to enter legal markets and profit?**
- **What are the racial and class differences in participation in markets?**
  - Who are the legal buyers and where do they buy (neighborhood, recreational, medical)
  - Who are the underground buyers and why don't they go to legal stores?
- **How can we reconcile the rhetoric used to pass I502 with current opposition to recreational stores in the Black community?**
  - What are people's perspectives towards recreational stores in the Black Community (not addressed in current study)

# What are the Community Tensions?

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*“We was red lined in but now we black balled out so they can sell green... Ike is no uncle to me. How many brothers went to jail on this corner from moving dime bags. In a week he doing, what, a couple of hundred grand?”*

*Draze, Seattle*

# Specific Research Questions

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## **Is the three-tiered cannabis market in Seattle stratified across racial and socioeconomic lines?**

- Where physically are the three markets in Seattle? Are they spread out evenly in Seattle?
- Who owns them (any information on-line or in records about owners' (race, gender, ethnicity, SES?))

## **Who are the primary buyers and sellers in each of the three different markets?**

- Demographics - Race, age, gender, education level, income, where they live in city
- Buying habits – have their buying habits changed (eg., the amount of MJ they buy, the seller they purchase it from) How has buying changed (or not) – have people changed who they are buying from (medical dispensaries, recreational stores or from their neighborhood dealer?)

# Research Questions

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**Who are the sellers? How do they vary across the three markets?**

**Why and how did they engage in the market that they are in?**

**Have they changed markets?**

- Access to legal market – who can be an owner? Who is profiting? (legal review – can someone have a felony and if so what type, what type of capital does one have to have?)
- Notion of stigma for “going legal”

**Orientation of people towards the government (trust, frustration, anger)**

- Are there racial or class differences in access to the three markets?

# Data & methods

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## **Three-pronged approach to data collection:**

- (1) map out the locations of the medical and recreational stores in Seattle
- (2) interview a sample of store personnel (owners and employees) and underground dealers
- (3) conduct a survey of owners and customers across a sample of the three distribution types – moving on-line

## **Analytic strategy utilizes both quantitative and qualitative methods**

- descriptive and inferential statistics to examine the racial and socioeconomic differences between key actors involved in each of the three markets (compiled from survey data)
- open-coding of interview transcripts to identify common themes and concepts

# Survey Questions

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**Demographics** - Race, age, gender, education level, income, where they live in city

## **Buying habits**

Have their buying habits changed (eg., the amount of MJ they buy, the seller they purchase it from) How has buying changed (or not)

Have people changed who they are buying from (medical dispensaries, recreational stores or from their neighborhood dealer?)

Perceptions of other markets they are not involved in

How people understand 502

# Hypotheses / predictions

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- Underrepresentation of African Americans as managers, store owners, and sellers in the recreational sector
- Underrepresentation of African Americans as buyers in the recreational sector
- Barriers to entry into the legal and regulated market likely higher for Latinos and African-Americans
  - Mandatory financial investigation and licensing process
  - Prior contact with criminal justice system
  - Knowledge of legal and criminal framework surrounding cannabis

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