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## Racial Capitalism and the African American Experience Entering the Cannabis Industry

Ayoka Medlock-Nurse  
*Walden University*

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# Walden University

College of Social and Behavioral Sciences

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Ayoka Medlock-Nurse

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Walden University  
2021

Abstract

Racial Capitalism and the African American Experience Entering the Cannabis Industry

by

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MA, California State University-East Bay, 2009

BS, California State University-East Bay, 2003

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Public Policy and Administration

Walden University

July 2021

## Abstract

The cannabis industry in the United States is a competitive 16.9-billion-dollar industry built on private ownership, access to resources, operation for profit, and racism. However, under current cannabis policies, African American entrepreneurs are not benefiting from ownership and employment within the cannabis industry. Though some policies claim that the current medicinal and adult recreation laws will rectify racial disparities in arrest and ownership regarding cannabis sales, thus far, there are no sufficient increases to ownership, employment, or effective equity programs in place that accurately address racial disparities and the public policy barriers that keep African Americans excluded from the cannabis industry. This qualitative research study explored African American entrepreneurs' perceptions about the public policy barriers they face attempting to enter the cannabis industry. Robinson's theory of racial capitalism served as the theoretical foundation for this study. Data collection was through focused interviews, conducted with a snowball sample of participants. Data were coded and analyzed using a modified van Kaam method of analysis. The key findings in this study are the racialization, commodification, and the predatory inclusion African American cannabis entrepreneurs encounter in the application process, accessing capital, and garnering political and community support. Positive social change based on these findings, include recommendations for effective public policy that promote ownership and employment opportunities specifically for African Americans. This study is a guide to identifying racial capitalism in public policies by detailing how to identify patterns in public policy that promote White Supremacy and exclusion.

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## Dedication

This dissertation is dedicated to my mother, Deloris Medlock who passed away on January 24, 2021. She did not live to see me complete my dissertation, but her wisdom and loving spirit will always inspire me. Throughout my life, my mother always supported my love of reading and writing. Her ability to face adversity and her advocacy for civil rights and equity in education and housing fuels my passion for improving public policies that improves the human experience.

## Acknowledgments

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## Chapter 1: Introduction to Study

Today, legal cannabis plays a role in the world's economy; it is a global multibillion-dollar industry and the fastest growing cash crop (ArcView, 2019). It is recognized as an essential business and gets credit for generating taxes for states and cities where it is legal and with changing cannabis possession laws through the expungement of criminal records or infractions. In the United States, the cannabis industry market was estimated at \$16.9 billion and growing (Hindes, 2020). The importance of cannabis and the impact that future federal legalization has on race and social construct of cannabis use the negative portrayal and exclusion of African Americans is demonstrated by how something that was once illegal and now legal plays a pivotal role in how owners, communities, and politicians view cannabis policies in terms of race and ownership.

In 2020, the cannabis industry avoided recession during the nation's coronavirus pandemic and later during the global civil unrest to protest systemic racism and police brutality towards African Americans. This year, eight states, including California, deemed cannabis "an essential business," which allowed cannabis businesses to remain open during the lockdown and put it on the same level as banks, grocery stores, hospitals, and pharmacies (Holland, 2020). Within the 2 months of the lockdown, the cannabis industry profits, and customer base, grew. New customers increased by 142%, and retail revenue increased an average of 90% (Wells, 2020). In June of 2020, during the civil unrest related to police brutality against African Americans, at least 43 cannabis businesses on the West Coast were robbed and looted, two of those businesses were

owned and operated by African Americans (Davis, 2020). Most cannabis businesses are in revitalized areas where economic blight was caused by the 1980s war on drugs (Slowicek, 2018).

The historical relationship between cannabis and African Americans involves decades of public policy shifts to outline the changing laws from encouraging cultivation and use, to outlawing it, and then to allow states to legalize it for recreational or medicinal use. With the long and tempestuous history, the African American image is the pinnacle face to market punishment, consumerism, and to garner support for political and social causes that ultimately do not lead to their economic inclusion in the marketplace (Baradaran, 2017).

The U.S. political and economic structure depends on people's race to define a person's status and access to wealth in America (Marable, 1983). Russert (2019) says that our economic system uses race as a capitalistic strategy to expand markets and increase profits for the ruling class. The racialization of a market is a construct of capitalism that contributes to the exclusions of African Americans as owners in the marketplace (Robinson, 1983). Instead of owners, African Americans are viewed and used as commodities (Leong, 2012). To commodify means to make something or someone marketable (Rosenthal, 2019). An industry may exploit the African American image, culture, and legal and political interactions to appear progressive while appropriating a community's plight for profit (Leong, 2012). The African American experience involving cannabis is commodified and used as a marketing tool to promote

punishment. Now, those same experiences are used for legalization and to monopolize ownership.

The principles of capitalism as a power structure applies to the cannabis industry. It involves centuries of African American exclusion in the industry, heightened criminalization, and now perceptions as consumers. From the Marihuana Tax Act of 1937 to the current stringent state regulations (U.S. Legal Inc, 2019, & Shackford, 2019), African Americans exclusion from all aspects of profit, but not criminalization is historical (Financial Times, 2018 & Drug Policy Alliance, 2017). African Americans attempting to enter an industry as an owner or executive must contend with a capitalistic structure rooted in structural, institutional, and systemic racism (Robinson 1983). Robinson (1983) warns, when African Americans, along with allies, mobilize for inclusion in the marketplace, a "renewed emphasis on white supremacy" is used to maintain ownership (p.194).

The history of African American punishment and exclusion are a focal point of the cannabis license application process. The cannabis industry is promoted as an outsider of capitalism, as if it is not a driving force. Although it is a competitive industry, most states require an applicant to describe how their company will implement equity or restorative justice in vision and community benefit statements. Most applications require the applicant to address how they would enhance communities impacted by the prohibition of cannabis as a means of restorative justice.

Restorative justice is the "informal response to individual incidents of crime, with the focus on the repair of harm to people and relationships" (Crawford & Clear, 2001, p.



127). Pashukanis (1978) said that advocates for restorative justice omit the most fundamental law of a capitalistic political economy, the principle of equivalence. The meaning behind the principle of equivalence is that laws exist to function congruently with the economic system, to generate capital for the elite (Pashukanis, 1978; Chandler, 2017).

The simple definition of equity is fairness and justice. Blackwell (2016) said the distribution equity is through the use of policies and investments that aim to grow good jobs and expand entrepreneurship opportunities for low-income people and people of color; build human capabilities by upgrading the education and skill of the nation's diverse workforce; dismantle destructive public policy barriers to economic inclusion and civic participation; and build healthy communities of opportunity for all.

Highlighting the industry's characteristics on a national, state, and local level helps illustrate the dominant economic and political position the cannabis industry has in this country and around the globe. Throughout history, cannabis laws shift based on the economic needs of those in power and not for equitable change for marginalized groups.

Cannabis is the fastest growing industry in the U.S. In 1996, California and Arizona were the first states to pass laws approving cannabis for medicinal use, three additional states and Washington DC followed (Shapiro, 2018). Today, cannabis is legal in 33 states and Washington DC (ArcView, 2019). In 2018, states began to legalize cannabis for adult recreational use. Currently, there are 13 states where cannabis is legal for adult recreational use, with five more expected to be added by the end of 2020 (ArcView, 2019). From the years 2017 to 2020, the compound annual growth rate of

cannabis was 23.9%, making it one of the most substantial growth rates of any other industry during that time (Hindes, 2020). The market continues to grow; in 2019, the U.S. market size for cannabis was \$16.9 billion (ArcView, 2019). By 2023 global cannabis sales will exceed \$66.3 billion (ArcView, 2019).

In the U.S., the cannabis industry accounted for 85% of new investments in the 2018 world market (ArcView, 2019). Most of these entities are cultivation sites, and 2,174 are storefront retail businesses (High Times, 2019). Out of all the cannabis-related businesses, including dispensaries, over 81% are owned or founded by Whites. African Americans account for 4% ownership (McVey, 2019). The cannabis industry employs approximately 120,000 full-time employees, and by 2022 this is expected to grow to almost 467,000 full-time employees (ArcView, 2019), African Americans make up approximately 6% of the employment rate (Goggin, 2018). The number of female executives in cannabis is 27%, higher than the 23% average executive positions held by women across all other industries nationwide (McVey 2019). For African American women, however, the numbers are lower; only 3% are executives (McVey, 2019).

In the United States, the underground market accounts for 71% of cannabis sales (Murphy, 2019; p.2). With the support of storefront owners, state officials, and law enforcement agencies, illegal cannabis farms are experiencing arson, having their water and electricity to retail operations shut off, and informal operators are being arrested (McGreevy, 2019). An effort to shut down the underground market disproportionately affects African American cannabis entrepreneurs because they are investigated and arrested at higher rates than any other racial group (Murphy, 2019).

States require the approval of two licenses before a cannabis business can legally operate—one from the local jurisdiction and the other from the state. Several local municipalities, including Western City (a pseudonym for the city where I conducted my research), require the applicant to have established a location prior to licensing, whether as an owner or lessor, and an insurance bond.

Cannabis remains illegal at the federal level. It is a Schedule 1 drug that allows federal law enforcement to treat cannabis the same as heroin and cocaine (Controlled Substance Act, 1970). Although it remains illegal on a federal level, public support for legalization continues to grow. The political environment is moving toward legalization as well. The MORE Act (Marijuana Opportunity Reinvestment and Expungement), a cannabis reform bill, was introduced in November of 2019; the U.S. House Judiciary Committee approved the bill by a vote of 24-10. The approval is the first step to bring the bill before congress. An approval will declassify cannabis as a Schedule 1 drug, thus removing federal restrictions for sale, cultivation, and distribution of cannabis (Nadler, 2019).

Historically, capitalistic systems have profited from the plight and exploitation of African Americans for the sake of preserving white supremacy (Robinson, 1983). Cannabis owners continue to benefit from a steady increase in profits and in obtaining state and local licenses. Some local cities in California have implemented or proposed equity programs to address racial disparities, but they are not improving the rates of African American ownership (Goggin, 2018). This study is significant because the findings included an analysis of the historical pattern of public policies that are promoted

as being beneficial to African Americans but result in being detrimental. Public policies that are promoted as beneficial are forged in racial capitalism, this qualitative research study exposes the pattern of racial capitalism in public policy which will help local and federal policy makers create effective policies that addresses the economic exclusion and criminalization of African Americans in the cannabis industry. In Chapter 1, I include the background of the study, statement of the problem, the purpose of the study, research questions, theoretical foundation, nature of the study, definition of terms, assumptions, scope and delimitations, limitations, the significance of the study, and a summary.

### **Background of Study**

The current public policies in local and state cannabis ordinance and equity programs may enhance racial disparities if they follow the pattern of exclusion and criminalization that encompass past policies promoted as beneficial to African Americans but uphold racial capitalistic practices. From the systemic history of racism in the United States, African Americans exclusion from economic opportunities leads to maximizing profits for the White elite (Hirschman, 2019). Before the civil war, there were more cannabis farms than cotton farms (Green, 2005). American slaves and sharecroppers cultivated and tended to cannabis farms. As new products gained popularity and imports were preferred by the rich, the production of hemp slowed down. Federal laws were limiting, and taxing cannabis became a way of controlling production. Cotton plantation owners promoted cotton products, and society began to look at hemp clothing as inferior (Green, 2005). After the Mexican Revolution in 1910, there was a fear that the influx of Mexican immigrants would increase recreational use (Green, 2005). The nation shifted

its views of cannabis, and it became something one uses to alter consciousness, termed *getting high*. As a result, many White people feared cannabis users would lose their minds and commit violent crimes, especially against White women (Hirilman & Gasnier, 1936). In 1920, the United States federal government classified cannabis as a poison and enacted the Uniform State Narcotic Drug Act, and by 1934 the prohibition of cannabis was prevalent throughout the United States, with all states agreeing to adhere to prohibition laws (Green, 2005).

In 1937, the Marihuana Tax Act of 1937 was the federal law that required growers to obtain a tax stamp and pay a fee based on the amount and location of their cannabis. Under the Marihuana Tax Act, African Americans were about three times more likely to be arrested for violating narcotic drug laws than Whites (Solomon, 1986). In 1952, the criminalization of African Americans became the focus. The Boggs Act (1951) made sentencing for drug convictions mandatory, and the first offense for cannabis possession carried a minimum sentence of 2-10 years with a fine of up to \$2000.

When cannabis was taxed and then criminalized, Western City was in the midst of a significant industrial boom. According to the city's almanac, in 1940, Western City housed the most significant wartime shipbuilding operations on the West Coast, but in 1945 at the end of World War II, the shipyards closed. Industrial production rapidly decreased and residents and businesses abandoned the city. The population decreased steadily from 101,500 in 1947 to 71,900. In 1960, new industries came to the city, and there was a demand to fill new jobs at Kaiser Aircraft, Garwood, Butler, Southwest Welding, Pacific Vegetable Oil, United Heckathorn, and the first of the significant

warehousing operations, Ford Parts Depot and International Harvester. Thousands of African Americans migrated to the city from the Southern States to fill those positions (Reny, 2018). In the 1980s, the war on drugs grew, and Western City saw another decline in population and was considered one of the most violent gang-related cities in the nation. Based on a study conducted by the Office of Juvenile Justice and Delinquency Prevention (OJJDP, 1995), they created the Comprehensive Homicide Initiative to combat crime in Western City. “Drug- and gang-related violence in [Western City] increased markedly throughout the 1980s. By 1991, the city's all-time high of 62 homicides, among a population of 98,000, was seven times the national average. (OJJDP, 1995, p.2).” As a result, all the industries that once flourished left the city. The city is now selling the once-thriving African American communities that were left blighted to outside major cannabis investors and not to people from the community.

Today, Western City is seeing a resurgence in economic growth caused by the legalization of cannabis. African American entrepreneurs want to enter the cannabis industry in Western City but feel like public policy barriers are in place that led to their exclusion. Although Western City is considering an equity program, African Americans in the cannabis industry feel that equity programs have not factored in the lack of financial resources, stigmas associated with criminalization, and systemic racism that limits business opportunities. Access to capital is a significant issue, startup cost to open a cannabis business ranges between \$250,000 and \$7500,000 (Moore, 2018). Also, operational costs are upwards of \$250,000 annually (Moore, 2018). Cannabis represents

85% of new investments in the country (Arcview, 2019), but African Americans account for 1% of cannabis venture capital investments (Walker-Morris, 2018).

In addition to startup costs, the state of California has fees, and each city can set its fees for applications and operations. According to the Cannabis application for Western City, the application fees are over \$20,000, even if denied. If the applicant is approved, they move to the next phase and pay an additional \$16,989 and higher per quarter. This second fee covers annual regulation and inspection. Also, each operator pays 5% tax a year for a redevelopment fund. The extortionate cost of doing business in the cannabis industry is not new and works as a means to exclude minorities from the industry. The 1937 Marihuana Tax Act had the same impact on African Americans. The Act placed a high tax on the sale of cannabis and hemp products. If the tax went unpaid or one was caught growing or smoking cannabis, they could go to prison or and forced to pay a fine (Soloman, 1996). African Americans were more likely to be arrested under this Act. Once farmers could not afford to operate, many were forced to switch to other cash crops and enslave more Africans due to labor demands of tending other cash crops like cotton and tobacco (US History I, n.d.).

Similarly, African Americans are more likely to be arrested for cannabis today, even in cities legalizing it. Between 2016-2017, California arrest rates for cannabis dropped by 8,000 (Staggs, 2019). In 2017, 6,065 arrests in California for cannabis-related crimes in 2017 and this included 2,086 felony arrests (Staggs, 2019). However, African Americans and Hispanics accounted for 61% of total arrests (Staggs, 2019) for cannabis in California, a state where voters approved medicinal use in 2010, and recreational

adult-use was approved in 2018. Similar to the need increase slave labor in the 1800s to supply the increased demands for cotton and tobacco, the Prison Industry Act of 1993 legalized the use of prison labor to make products. To make a profit, the prison industry and the state governments had to ensure they met an incarceration quota to fulfill supply and demand (Pelaez, 2019)

The City of Oakland (COO), a city close to Western City, has a larger population but is similar to Western City in terms of the impact that the war on drugs had on creating blighted areas that are now hosting the emerging cannabis industry. The cost of operating a cannabis business is less than in Western City. Instead of collecting a flat quarterly rate for operations, the city collects a percentage of gross profits. The application fee for a non dispensary facility is \$2,474, with an annual regulatory fee based on gross sales greater than \$150,000. The annual fee is \$11,173. For gross sales starting at \$50,000-\$150,000, the annual fee is \$5,586 (COO Application, 2019). The other difference between Western City and Oakland is that Oakland has already implemented an equity permit program that gives priority consideration for permits with no retail space to operate. Even if a permit is granted, the cost of operations is factored in with the cost of retail space in Oakland. The median cost of retail space in Oakland is 1.8 million dollars (Reonmy, 2019). According to a report by Oakland Equity Permit Program (OEPP, 2019), African Americans under the equity programs have been issued permits; however, there are ongoing public policy barriers to complete the final state requirements, permit process, or remain in compliance with state laws. According to OEPP, Oakland had a total of 1577 applications for the cannabis business from 2017-20018, and 813 applicants



applied for the city's equity permit program. In total, the city has granted 24 equity permits. Though the city has a loan program in place that helps offset some of the cost, most of these businesses have not been able to obtain annual state permits to operate. Based on OEPP's report, access to capital is a significant issue that prevents businesses from operating, even if they have been granted permits under the equity program. Omitted from the equity report was an explicit breakdown of applicants by race. Only once, the report notes that six of the eight permits for dispensaries were issued to "people of color," and "several" of the six permits issued were dispensaries operated by African Americans (p.7)."

Western City is leasing or selling city-owned or abandoned properties and is more likely to give business opportunities to investors who can afford to purchase properties mostly in areas where economic blight was caused by the 1980s war on drugs (Slowicek, 2018). Cities like Oakland and Western City are examples of blighted areas capitalizing on the legal industry. One has an equity program geared toward creating ownership for African Americans and expunging arrest, but even with the implementation of these programs, African Americans face public policy barriers that exclude them from ownership and employment. All these factors raise questions related to existing laws and policies that led to a lack of economic opportunities and continued police interaction for African Americans.

### **Statement of Problem**

The legal cannabis industry is a 16 billion dollar business in the United States (Arcview, 2019); however, African American ownership opportunities are nearly

nonexistent. Even in cities like Oakland, which have an equity ordinance in place, only 5% of cannabis businesses are African American owned (Blau, 2018, p.2). The intent to create opportunities is there, but the policies continue to protect the White elite. Overall, in California, only 4% of all cannabis businesses are African American owned (McVey, 2017). According to Western City's Economic Development Commission, there are no majority African American owners, and the city does not track the race of employees. African Americans are still arrested at three times the rate of Whites in states where cannabis is legal (Innocence Project, 2019). Without access to capital, combined with the threat of arrest under possession laws, lack support from the cannabis community and traditional institutions, some speculate that the cannabis industry may become an extension of the 'war on drugs' instead of an end to that era.

The public policies that guide state and local cannabis laws and regulations are racialized in ways that put African Americans as the face of the struggle with the goal to legalize cannabis on a federal level; however, the industry puts the least money toward lobbying efforts and programs that will create effective policies that are inclusive. Policies are stringent, difficult to comply with, and expensive. Startup cost, combined with extreme taxation of up to 45% (Press Herald, April 2018) makes it challenging for entrepreneurs without outside investments from entering the cannabis industry. The racialization of this industry which uses African Americans as commodities to promote profits for White elite owners follows the same pattern of policies related to the housing industry and financial institutions that propret to encourage economic growth and ownership for African Americans but have not improved the wealth gap for African

Americans and which has remained the same since Reconstruction (Alexander, 2010, Baradaran 2017; Taylor, 2020).

Under current cannabis policies, African American entrepreneurs are not benefiting from ownership and employment. Current laws and regulations make it nearly impossible to operate a legitimate cannabis business without the threat of criminalization for violating state and city possession laws and regulations. With the growth of this industry and the claim that the current medicinal and adult recreation laws will rectify racial disparities in arrest and ownership, thus far, there are no sufficient increases to ownership, employment, or effective equity programs in place that accurately address racial disparities and the public policy barriers African Americans encounter while attempting to enter the industry. When attempting to garner community buy-in to support more business opportunities in the cannabis industry, African Americans lack support from traditional institutions including the majority of White liberal cannabis coalitions (Blue, 2018; CannaCon,2020).

### **Purpose of the Study**

The purpose of this qualitative research study was to explore 5-15 African American entrepreneurs' perceptions about public policy barriers they face when attempting to enter the cannabis industry. Giorgi (1997) explains qualitative research design as a means for the researcher to delve into the perceptions, perspectives, understandings, and feelings of individuals who have direct knowledge and experienced or lived the phenomenon of interest. Qualitative research study designed is concerned with answering the questions as to why a phenomenon is occurring (Giorgi, 1997). In this

study, the perception that cannabis policies are more of a barrier is in line with the pattern of ineffective policies that are promoted as beneficial to African Americans but result in their exclusion in areas of economic growth and ownership. Robinson's (1983) theory of racial capitalism served as the theoretical foundation for this study. The collection of data for the final study was through focused interviews with a snowball sample of eight participants who have experienced trying to enter the cannabis industry in Western City, California.

### **Research Questions**

In this qualitative research study, I addressed a central research question:

Central Research Question: What public policy barriers are African Americans facing when attempting to enter the legal cannabis industry?

I further considered three sub questions:

Subquestion 1: What are the public policy barriers in Western City regulations that impact entry into the cannabis business?

Subquestion 2: How does racism and economics influence policies that are perceived barriers?

Subquestion 3: What methods have been identified to assist in removing the stated barriers and increase African American ownership in the cannabis industry?

### **Theoretical Foundation**

Empirical research uses verifiable evidence from research questions related to the population, behavior, or the phenomena studied (Maxwell,2013). When conducting a study, a researcher can use a specific theory to form questions that guide them through

the data collection process and to develop an understanding of what, where, and why a phenomenon is occurring (Weber, 2010). This study examined the theory of racial capitalism and the pattern that leads to public policies that are promoted as beneficial to African Americans but are detrimental to economic growth and ownership. The theory is applied to the current cannabis industry and the perceptions that African American entrepreneurs have related to public policy barriers they may face attempting to enter into the cannabis industry. Racial capitalism, a phrase created by sociologist Oliver Cox in 1948, describes how laws, and public policies that outline and guide laws, are built on the social construction of race and white supremacy. Throughout history, especially after Reconstruction, policies that relied on the racialization along with commodification and predatory inclusion of African Americans did not result in economic growth for the individual and devalued the community. Through the forced labor, criminalization, and now exclusion of African Americans, the cannabis industry is embedded with racial capitalism.

The theory of racial capitalism was developed further by Robinson (1983), a political theorist, and author of *Black Marxism: The Making of the Black Radical Tradition*. Robinson's book was a call for racial justice and the global fight against government-backed economic exploitation of African Americans through laws, policies, and regulations that ultimately devalue African American communities and keep business and ownership rates among them stagnant. Racial capitalism is a form of capitalism that allows elite White owners to perceive being progressive. By appearing to support inclusion, they use cultural images, phrases, and racial plight to promote their

commodities (Leong, 2012). For the owner's economic gain, African Americans have become the commodity (Robinson, 1983). In addition to the African American image, their history with cannabis is also a marketing platform. Promoting federal legalization as a way to make up for the loss that African Americans experienced is an example of restorative justice. Cannabis proponents use language to give the perception of supporting African American inclusion. However, history dictates that this will lead to federal legalization and business opportunities for major corporations to dominate the cannabis industry. Major alcohol, tobacco, and beverage companies have invested approximately 6 billion dollars in the global cannabis market in anticipation of federal legalization (Gelles, 2018, p.2). An example of rallying support for federal legalization is by promoting cannabis as a form of equity or restorative justice. When the Vice- President of the United States Kamala Harris was a presidential candidate and a member of the House of Representatives, she announced that federal legalization is past due and is part of "dismantling the failed war on drugs" (Lim, 2019, p.1). When African Americans are used as a commodity in cannabis, the perception is that White owners support African American inclusion in ownership and employment; however, it has been legal in some form in California since 1996, and it has not led to any measurable economic opportunities for African Americans or their communities.

Robinson (1983) said that racial capitalism's existence is dependent on the African American experience related to "slavery, violence, imperialism, and genocide." Based on the theory of racial capitalism, legal cannabis is dependent on the African American experience to promote and legitimize industry measures essential to preserving

capitalism. It serves a 'necessary' function to facilitate capital accumulation for White elites and protect white privilege for all White people (Calathes, 2017).

The theory of racial capitalism allows for the exploration and uncovering of a pattern that shows how some laws and policies are promoted as beneficial to African Americans or as a remedy to atone for a past wrong instead the policies that give instructions on how to implement laws, programs, ordinances, and regulations has an adverse impact on African Americans. Policies related to housing, financial institutions, and business ownership historically have excluded African Americans instead of creating opportunities. The new legal cannabis industry and the public policy that governs it has the elements of past polices that are promoted as beneficial but leads to exclusion of African Americans in ownership and profit for White elites. The state legalization of cannabis is promoted as an atonement for the criminalization of African Americans. As explained in greater detail in Chapter 2, the cannabis industry is an example of the racializing of a market to increase profit and maintain a hierarchy. African Americans are used as commodities by exploiting their image and plight for profit (Hirschman, 2019, Leong, 2012). Predatory inclusion is used in the form of polices set forth in ordinances and equity programs that claim the goal is to increase business ownership. Racial capitalism focuses on the structure of an organizations laws and public policies that are influenced by white supremacy and historically establishes an acceptable culture of the exclusion of African Americans (Colman, 1990; Robison, 1983).

### **Nature of the Study**

In this qualitative research study, I explored the perceptions of African-Americans regarding the public policy barriers they face in obtaining cannabis licenses to operate retail, cultivation, or manufacturing business in Western City, California. The selection of this research design describes human feelings and responses to a phenomenon (Groenewald, 2004). The qualitative research study design is concerned with answering the questions related to the perceived public policy barriers African Americans face when trying to enter the cannabis industry.

Data was collected through face-to-face focused interviews with African American cannabis entrepreneurs that was conducted with video conferencing software. Focused interviews allowed the respondents to give their experiences and the impact those experiences had on the phenomenon occurring (Gubrium & Holstein, 2001). It also gave me the freedom to explore the phenomenon's reasons and motives. The questions centered around the respondent's direct experiences and knowledge related to the study. Snowball sampling, a form of purposeful sampling, was used to select participants based on their direct knowledge and experience (Emmel, 2013). This study's sample size was sufficient, and provided comprehensive information by the participants, thus meeting requirements for saturation (Emmel, 2013). The participant's experience in the cannabis industry ensures that the most data-rich information is collected. The interviews were conducted by a video platform due to social distancing requirements caused by the coronavirus pandemic. The focused interviews were individual. I recorded, transcribed, and then analyzed the data through Moustakas's (1994) modified van Kaam method of



analysis. I performed the steps required for the analysis; the first six are (a) horizontalization (b) reduction and elimination, (c) thematize the invariance constituents (d) checking the themes against data (e) create individual textural descriptions. The study was conducted following Walden University's Institutional Review Board (IRB) guidelines to ensure research participants' ethical protection. Further discussion and detail of the nature of the are in Chapter 3.

### **Definition of Terms**

*African Americans:* An official racial category pertaining to individuals who are members of an American ethnic group who have origins in any of the Black racial groups of Africa (U.S. Office of Management and Budget, 1997)

*Barrier:* A law, rule, and problem that makes something difficult or impossible, making it difficult for people to understand each other.

*Capitalism:* An economic system characterized by private or corporate ownership of capital goods, by investments determined by private decision, and by prices, production, and the distribution of goods determined mainly by competition in a free market (Merriam-Webster's Collegiate Dictionary, 2020).

*Cannabis:* A plant, illegal in many countries, made from the dried leaves and flowers of the hemp plant. Cannabis produces a pleasant feeling of being relaxed if smoked or eaten (Healthline, 2020).

*Community Justice:* Rooted in the actions that citizens, community organizations, and the criminal justice system can take to control crime and social disorder (Crawford, 2001).

*Cannabis Cultivation:* A term that refers to growing cannabis, either in a commercial facility or in a home garden. Cannabis cultivation can occur outdoors, but it is much more likely to be indoors in a hydroponic (soilless) set-up (Maximum Yield, 2018).

*Cannabis Dispensary:* A location (whether business or nonprofit) where patients or consumers can access cannabis legally and safely. Users get assistance from experts (budtenders) who find an optimal dosage and recommend the delivery method to achieve optimal results when using medical cannabis (Canna Insider, 2019)

*Cannabis Equity:* Lower the public policy barriers to cannabis licensing, employment, ownership in areas hardest hit by war on drugs.

*Cannabis Manufacturing:* All aspects of the extraction and infusion processes, including processing, preparing, holding, storing, packaging, or labeling of cannabis products (Cannlawblog.com, 2018).

*Commodity:* A commodity is a basic good used in commerce that is interchangeable with other commodities of the same type. Commodities are most often used as inputs in the production of other goods or services. The quality of a given commodity may differ slightly, but it is essentially uniform across producers (Krege Library, 2020).

*Commodification:* Instead of owners, African Americans are viewed and used as commodities. An industry may exploit the African American image, culture, and legal and political interactions to appear progressive while appropriating a community's plight for profit (Leong, 2012).

*Equity:* Fairness and justice in policies and investments that aim to grow good jobs and expand entrepreneurship opportunities for low-income people and people of color; build human capabilities by upgrading the education and skill of the nation's diverse workforce; and dismantle destructive public policy barriers to economic inclusion and civic participation; build healthy communities of opportunity for all (Blackwell, 2016).

*Predatory Inclusion:* The act of providing a service, implementing initiative or policies to African Americans that does not lead to the intended economic growth to individuals and community (Taylor, 2019)

*Parity:* The state or condition of being equal, especially regarding status or pay (Crockett 2003).

*Racial Capitalism:* The process of deriving value from others' racial identity harms the individuals affected and society as a whole (Robinson, 1983).

*Racialization:* Process of constructing people into inferior or superior racial categories that block/limit or facilitate their access to valued societal resources of property, power, prestige, and privilege (Gallagher, 2007)

*Racial hierarchy:* The grouping of ethnicities according to their social value and legitimacy in society (Domke, Garland, Billeaudeau, & Hutcheson, 2003).

*Restorative justice:* A system of criminal justice that focuses on the offenders' rehabilitation through reconciliation with victims and the community at large (Crawford & Clear, 2001).

*Stigma:* The disapproval of, or discrimination against, a person based on perceivable social characteristics that serve to distinguish them from other members of society (CannaCon, 2020).

*Underground Market:* Black market or shadow economy created by cannabis prohibition. The illicit cannabis market is estimated to be worth \$141 billion per year worldwide. However, assessing the size and extent of the illegal black market is no accurate and may be larger due to its clandestine nature (Edger 2003).

### **Assumptions**

The assumptions made for this study were the following:

- African Americans are being excluded from the cannabis industry based on public policies.
- Social and economic factors as opposed to self-inflicted barriers prevent inclusion in the cannabis industry.
- The in-depth face-to-face focused interviews were appropriate to explore public policy barriers that African Americans face when trying to enter the cannabis industry.
- The in-depth focus interview questions are written and presented in ways the participants can accurately interpret the questions asked.
- The participants honestly and openly answer the interview questions by sharing their perceptions about the questions asked.

- The study results will lead to positive social change as findings are directed at helping cities implement effective ordinances and equity programs that increase African American ownership.
- The goal of states and cities where cannabis is legal is to increase African American ownership.
- The structure of existing policies related to legalization, allows investors to open manufacturing sites within blighted areas of cities that have suffered under the 'war on drugs.
- Existing policies will not create economic parity for African Americans, and the only way to ensure that African Americans inclusion is by creating and enforcing equity programs that give financial assistance and priority consideration when issuing licenses and selling or leasing their city property.
- There is a historical pattern in laws and the public policies that guide these laws carry the tenants of white supremacy.

### **Scope and Delimitations**

These study participants included interviews with eight African American entrepreneurs who want to enter the cannabis industry in Western City, California. In this study, I focused on the perceived public policy barriers they face, the causes of this exclusion, and how it relates to racial capitalism.

### **Limitations**

There are several limitations to trustworthiness that may arise from the execution of this study. The first possible limitation is generalization. The findings for this study are based on the responses from eight participants selected using snowball sampling. The second possibility, social desirability bias, may cause participants to answer questions based on what they think the researcher would like to hear. The participants may tailor their answers, thinking the researcher will view them positively if they respond in a certain way but which may be counter to their actual experiences or beliefs.

### **Significance**

This study first focused on exploring the pattern of racial capitalism in cannabis laws and the policies that guide those laws and uncovered the public policy barriers that African American entrepreneurs face attempting to enter the legalized cannabis industry. The critique of the legal cannabis industry rarely involves any negative connotations regarding the overall economic structure of the industry, and this prevents any real discourse of the social and economic impact that current policies have on African Americans seeking ownership. Using racial capitalism as a theoretical foundation helps to illustrate how these public policy barriers are difficult to breakdown because of systemic and institutionalized racism within the economic system. I also looked at how the industry markets products or political support using the African American experience but excludes them from business ownership or employment.

Cities, where cannabis is legal, are aware of the racial disparities in cannabis ownership and employment, and as a remedy, some have created equity programs. Some

argue that these programs do not address appropriate solutions to public policy barriers that African Americans face (Goggin, 2018). Instead, their definition of equity is structured around restorative justice, which, according to the theory of racial capitalism, is an extension of racial capitalism, resulting in ineffective policies that aid African American exclusion. This study unveiled the public policy barriers which will lead to recommendations for effective cannabis ordinances and equity programs.

This study serves as a guide to cities and states who seek to write or rewrite their cannabis policies by implementing best practices that are effective, inclusive, and avoids elements of racial capitalism. By exposing the pattern of racial capitalism in the cannabis industry, policy makers can create policies that avoid the promotion of white supremacy and exclusion in cannabis. This study will influence social change that goes beyond the cannabis industry. When the pattern of raciest and exclusionary laws and policies that outline and guide these laws is uncovered, local, state, and federal municipalities can create or revisit policies that were promoted as being beneficial to African Americans but have not improved the wealth gap and ownership. Citizens and activist can identify policies that are promoted as being beneficial to African Americans but are detrimental by recognizing the racial capitalism pattern in laws and policies that include racialization, African Americans as commodities and predatory inclusion.

This study addressed a gap in the literature. Racial capitalism and the subcategories of racialization, commodification, and predatory inclusion have not been presented together as elements of racial capitalism, although the descriptions of the subcategories are forms of racial capitalism. These subcategories are addressed separately

in studies related to policies in housing and banking that promote systemic racism and have devalued the African American community and continue to lead to the exclusion of African Americans exclusion in ownership and employment (Taylor, 2019) and the legalization of cannabis. Taylor (2019) described predatory inclusion in housing policies, while Bradadian (2017) described racialization and systemic racism in financial institutions.

Legalization of cannabis is promoted as restorative or social justice; however, the history of cannabis, its impact on African Americans, and the tenets of white supremacy and racial capitalism that are woven into laws and policies that outline and guide them are not addressed in literature. This study aimed to highlight the pattern in cannabis policies that purport to be beneficial to African American but lead to racial disparities in ownership and inclusion.

### **Summary**

In this study, I explored eight African American entrepreneurs' perceptions about public policy barriers they face attempting to enter the cannabis industry. Data collection was through in-depth, focused interviews using video conferencing software. Once completed, the interviews were categorized and coded. Using an 'open' coding process followed by labeling and categorizing data, themes were identified through labeling and symbols. Reading over notes and transcripts, categorizing, and labeling data helped me "identify key participants," and additional content coding led to discovering emerging trends and themes (see Rubin, 2012). Findings from this study will lead to positive social change by helping states and cities develop comprehensive and useful cannabis policy



and equity programs that will increase African American ownership and employment in the cannabis industry. Findings may also lead to other studies that explore African American exclusion in other industries like professional sports and beauty and hair businesses. The findings are impactful on a global level as well. Jamaica, Barbados, and other Caribbean countries have legalized cannabis, and the local Blacks are experiencing similar public policy barriers to ownership (Vice, 2018).

In Chapter 1, I included the background of the study, statement of the problem, the purpose of the study, research questions, theoretical foundation, nature of the study, definition of terms, assumptions, scope and delimitations, limitations, the significance of the study, and a summary. In Chapter 2, I include the introduction, literature search strategy, theoretical foundation, research application of racial capitalism, history of racial capitalism in cannabis, international implications of racial capitalism in cannabis, identified the public policy barriers that prevent African Americans from entering the cannabis industry and provide a summary. In Chapter 3, I address the research design and rationale, the researcher's role, methodology, and issues of trustworthiness. In Chapter 4, I include the setting, demographics, data collection, data analysis, evidence of trustworthiness, and results. In Chapter 5, I present my interpretation of findings, and discuss limitations of the study, my recommendations for future research and policy creation, the implications for social change, and provide a conclusion.

## Chapter 2: Literature Review

The purpose of this qualitative research study was to explore eight African American entrepreneurs' perceptions about public policy barriers they face attempting to enter the cannabis industry in Western City (a pseudonym), California. The problem is that out of the 15 cannabis businesses in Western City, there are no majority or principal African American owners, the race and gender of owners and employees are not tracked by the city, and there is no collection of demographic information for license or employment applicants. Cannabis policies do not include solutions for many of the racial disparities African Americans experience in the industry. African American entrepreneurs experience systemic racism in the application process, lack access to capital, and lack support from the cannabis community and traditional institutions. African Americans, in general, experience higher arrest rates under possession laws, even in states where the plant is legal in some form. However, solutions to address this disparity are absent from cannabis policies. Though disparity in ownership within the industry are addressed in equity programs that advertise fairness and inclusion in the industry and while equity programs are implemented in several neighboring cities, Western City had no equity program for African American access to this burgeoning industry at the time of this study. Furthermore, even in cities with equity programs, the rate of ownership among African Americans has not significantly improved.

With or without equity programs in place, some industry stakeholders have speculated that the legal cannabis industry might become an extension of the 'war on drugs' instead of its end. The history of African Americans and cannabis dictates that

equity and cannabis may not be able to co-exist. Cannabis is part of capitalism, and for capitalism to flourish, white supremacy must be upheld (Robinson, 1983; Kendy, 2019).

According to the Ant-Defamation League (2019), the critical tenets of white supremacy are (a) the belief that White people are superior to those of all other races, especially the Black race, and should, therefore, dominate society (Oxford). Capitalism and white supremacy work together, one to generate substantial profits for a small number of people and the latter to exclude Blacks by marginalizing them based on race. Racism cannot separate from capitalism (Kendi, 2019). The economic structure of the United States is built off of the enslavement of African Americans and continues to thrive off of the mass incarceration of African Americans, in addition to the role that African Americans have as commodities and consumers to promote and purchase products (Robinson, 1983; Leong, 2012).

The Trans-Atlantic Slave Trade allowed for the massive accumulation of wealth in Europe and the Americas. The creation of our social-economic and legal system is to preserve wealth. Kendi (2019) identifies those events related to African Americans like emancipation and reconstruction are said to have been beneficial to African Americans, but these events are founded on capitalism and entrenched with inequalities, that resulted in black exclusion. Kendi further notes that capitalism and white supremacy interact together to maintain wealth. Cannabis legalization is presented as an opportunity to improve African Americans historic relationship with cannabis laws and policies; however, in the past 10 years since state legalization, African Americans have largely been excluded and still experience a high rate of police intrusion for possession.

### **Literature Search Strategy**

The search strategies for this literature review included a comprehensive search in Walden University Library databases to include SAGE Premier, ProQuest Central, Thoreau Multi-Database Search, EBSCO Discovery Service. Also, I conducted searches through Google Scholar and Google Books. The search terms included: *Cannabis history*, *African Americans* and *business exclusion*, *Blacks* and *business exclusion*, *California cannabis industry*, *legal cannabis industry the United States*, *cannabis history impact on Blacks*, *cannabis employment rates by race*, *cannabis ownership by race*, *arrest for cannabis in legal states*, *Cedric Robison* and *racial capitalism*, *definition and examples of racial capitalism*, *definition and examples of restorative justice*, *definition and examples of community justice*, and *definition and examples of equity*. In many of the books, journals, and articles found, the authors provided current and relevant information on the cannabis industry and racial capitalism; however, there were no books, journals, or articles that related racial capitalism to the past or present cannabis industry. However, I did identify literature on tactics employed by White owners to garner support for federal legalization by using African Americans as commodities to boost their restorative justice platform entrenched in the theory of racial capitalism.

### **Theoretical Foundation**

Capitalism is an economic system where private entities own all areas of production. The four areas of capitalism are (a) entrepreneurship, (b) capital goods, (c) natural resources, and (d) labor (Amadeo, 2018). The owners of capital goods, natural resources, and entrepreneurship exercise control by establishing companies and

competing in the open market. A disadvantage of capitalism is that on its merits, capitalism does not include equity. Equity is a structural and systemic concept and is "the state, quality or ideal of being just, impartial and fair" (Annie E. Casey Foundation, 2018, p.7). These terms, *equity*, *restorative justice*, and *social justice* are adapted into many local and state agency policies and regulations related to housing, financial institutions, and legal cannabis. The concept of equity is a functioning remedy that counters systemic social factors like exclusion and criminalization based on race (Annie E. Casey Foundation, 2018). However, fairness goes against capitalism's primary goal, which is for owners to maximize the most profit and remain competitive in their field (Amadeo, 2018). However, equity in cannabis is promoted by most, if not all, of the states, local cities, and business owners to increase African American ownership. Proponents of equity in cannabis fail to publicly acknowledge that cannabis is a for profit industry whose focus is on maximizing profits for owners and tax revenues for the government. With the realization that the cannabis industry is for profit and a major contributor to the economy, acknowledgement and safeguards against racial capitalism should be included in the laws and public policies designed to preserve wealth of the elite by addressing how owners in the industry can feasibly become owners.

Economic and political theorist Karl Marx's (1880) said in his analysis of capitalism that it caused social inequality, a split in society, and allowed a few individuals to gain the most wealth and control (Ruben, 1979). Marx's Theory of Materialism explains that it requires worker exploitation in order for a capitalistic system to survive. Workers cannot fight against exploitation and wage disparities because they do not own

the means of production. Also, religion, morality, and social structures are all rooted in economics and can be used to manipulate, divide, and control the masses of workers (p.75).

Political Theorist Cedric Robinson (1983) agreed in part with Marx's theory of capitalism. In his book, *Black Marxism, The Making of the Black Radical Tradition*, Robinson (1983) felt that Marx omitted Africans' enslavement as the nexus of capitalism and the expansion of economic power that still exist today. According to Robinson (1983), capitalism's genesis was that free slave labor was the foundation that allowed capitalism to grow, leading to today's economic structure and dominance in the world's economy. For capitalism to survive, it depends on division by race, and the White elite is the top of the hierarchy. Robinson (1983) argues that public policy barriers like access to capital, the wealth gap, and lack of ownership feed the racial capitalism machine and shape the economy off African Americans' backs. To protect the status of the public policies that outline and guide the laws, regulations, and government programs inherently have the tenets of white supremacy woven into them. The impact of public policies in housing, financial institutions, business ownership, and cannabis are examples of the pattern of the racialization of a market, African Americans as commodities, and predatory inclusion, excludes African Americans in areas of ownership. The benefit and wealth transfers to mostly White elite owners. The benefits also extend to government-backed entities who have the oversight in implementing these policies.

### **Theoretical Proposition**

Previous applications of racial capitalism in studies and articles in peer-reviewed journals view the general definition of racial capitalism by Robinson (1983) as a form of racializing the market by exploiting workers. Studies focus on the US economic system and the theory based on preserving the European race through tribalism, linguistic, and regional superiority. For the White elite to maintain their perceived superiority status and wealth, African Americans' exploitation and exclusion are needed. Exploitation in the form of “free labor, prison industrial complex, devalued communities, lack of access to capital, and ownership” (p.92) is “part of the foundation of the American economy” (p.35).

Past research on excluding African Americans within various industries where African Americans account for a large percentage of the labor force or consumer base but lack representation in ownership, management, and executive positions. Examples of industries include unions, professional sports, entertainment, technology, fashion, hair products, and the emerging cannabis industry.

Even with the almost 200-year history of penalizing African Americans under cannabis laws, state regulators did not mandate any policy, initiative, or funding to promote African American inclusion and investors, and owners did not push for inclusion. Stakeholders thought about profit first, and this has not changed in the cannabis industry, which is no different from any other primary industry where racial disparities are apparent, and where African Americans are exploited for profit.

In the book *How Capitalism Underdeveloped Black America* by Manning (2015), he described capitalism as a system that exists not to develop, but to "underdevelop" African Americans; he says that "capitalistic development has occurred not despite the exclusion of African Americans but because of the brutal exploitation of African Americans as workers and consumers (Manning, 2015).

The term racial capitalism comprises racialization and capitalism; one cannot exist without the other (Robinson, 1983). The theory explored in this study expounds upon the general definition and application of racial capitalism. More recent examples of studies that used racial capitalism as the foundation or framework failed to look at the pattern of laws and policies that encourage racial disparities, exploitation, and exclusion of African Americans. Also, other sub-categories were discovered that confirm the pattern of racial capitalism in law and public policy. Most mention the racialization of a market or political issue; in this study, the commodification of African Americans (Leong, 2012) and predatory inclusion of African Americans (Taylor, 2019) are all part of racial capitalism. The other objective of exploring the theory of racial capitalism in laws and public policy also warns of non-profits and corporations that co-opt a movement for profit by saying that they address racial capitalism, which is why recognizing and knowing the elements and sub-categories of racial capitalism is essential. An industry, corporation, or non-profit may exploit the African American image, culture, and legal and political interactions to appear progressive while appropriating a community's plight for profit. For example, the Black Lives Matter Foundation is a multi-million-dollar organization, and most of the funds go towards bankrolling political campaigns (Vincent,



2020) or other groups. The funds are not used to create ownership opportunities for African Americans. The definition of racialization is the "process of constructing people into inferior or superior racial categories that block/limit or facilitate their access to valued societal resources of property, power, prestige, and privilege (Gallagher, 2007)." To commodify means to make something or someone marketable. Instead of owners, African Americans are viewed and used as commodities. An industry, corporation, or non-profit may exploit the African American image, culture, and legal and political interactions to appear progressive while appropriating a community's plight for profit (Leong, 2012). The commodification of African Americans in public policy occurs when their image and plight is used as a marketing strategy to promote or garner buy-in for an issue or law. Predatory inclusion is the act of providing a service, implementing a policy to African Americans that does not lead to the intended economic growth to individuals and the community (Taylor, 2019). The foundation and success of capitalism judge the value placed on the race. Several developing elements identify racial capitalism:

- The racialization of a market or public policy
- The commodification of racial identity or the plight
- Exploitation through selling and buying racial identity on the market for economic or political gain hurts African Americans but does harm White and non-Black people
- Advertisements and media use entertainment to quantify the importance people place on current national issues like police brutality, social justice,

drug use, incarceration, federal legalization of cannabis, and African Americans' reparations.

- Impedes social progress by implementing displaced policies/measures that lead to unmeaningful, unrealistic, and non-effective social reform and economic growth policies.
- A higher value is placed on the White race in all aspects of society.

The elements that make up racial capitalism are visible in the emerging cannabis industry. Cannabis is a leader in economic recovery for states who continue to legalize in anticipation of federal decriminalization. Cannabis is legal in 33 of the 50 states and Washington DC (Berk & Gould, 2019). In 2020, six more states will legalize cannabis for recreational use (Leafly, 2020, p.1). The recreational market expects to cover 67% of the overall sales and 33 % of medicinal cannabis sales (p.1). Consumers spent over 16-billion dollars on legal cannabis, and the amount to increase to 23 billion by the year 2022 (ArcView, 2019, p.3). Today, in the US, the cannabis industry accounts for 85% of new investments in the 2018 world market (p.155). White elite owners in cannabis are perceived as being progressive by publicly appearing to support African Americans' equitable representation, but they are more concerned with controlling their cannabis industry stake.

Media campaigns, advertisements, and political agendas use African American cultural images, music, verbiage, and racial plight as tools to promote an ideology, profit, and exclusion. On the surface, significant corporations and politicians purport they support African Americans in their quest for inclusion and economic parity; however,

they view African Americans as commodities to increase profits and embellish the public persona supporting social justice (Leong, 2012). Robinson (1983) states that for the owner's economic gain, African Americans have become the commodity instead of the benefactor of creating, developing, and owning what they are used to promote and produce.

Racial capitalism has a history of being infused with cannabis reforms, from the Marijuana Tax Act of 1837, Boggs Act of 1951, Controlled Substance Act of 1971, and California's Proposition 64, Marijuana Initiative Statute were all created and enforced using the same strategies used to uphold racial capitalism. Robinson (1983) argues that the transatlantic slave trade and slavery were essential to establishing capitalism into an economic force, and racialization continues as a mechanism to marginalize African Americans and drive the US economy by limiting their role to a commodity.

This study is vital because cannabis has a long tempestuous history involving African Americans as the pinnacle face used to market punishment and now legalization. Cannabis is not the only industry that panders to African Americans and excludes them from ownership. The problem is systemic throughout many industries where utilizing race is used for profit and exclusion—using race as a capitalistic strategy to expand markets and increase profits for the ruling class (Rusert, 2019). Instead of owners, African Americans are viewed and used as commodities (Leong, 2012). Current examples of exploitation in the cannabis industry are both commercial and political. Several famous African American rappers and athletes are promoting cannabis products, businesses, but the rate of ownership among African Americans has not increased.

Several cannabis summits where diversity, restorative justice, and equity are at the forefront of the panel discussion include owners and vendors that cater to the cannabis industry. These events result in no actionable change. Also, several cities in California have implemented or proposed equity programs. Each entity uses African Americans' plight to push an agenda and increase profit; this is not a new marketing or political strategy.

### **Previous Application of Theory**

The previous racial capitalism applications apply to inequalities in economic opportunities, policies, and political movements that lead to economic exclusion and lack of access in ownership for African Americans. Burden-Stelly (2020) study *Modern US Racial Capitalism* said that racial capitalism as a conceptual framework is on the rise in social sciences because it contributes to understanding the mutually constitutive nature of racialization and capitalistic exploitation. She highlights Robinson's (1983) definition of racial capitalism as a continuation of European feudalism, continuation of "the social, cultural, political, and ideological complexes of European feudalisms." Burden-Stelly (2020) described European feudalism as the dislike of individuals based on the "racial, tribal, linguistic, and regional" status. If this combines into our economic system, laws, and policies that outline and guide those laws, the result will not create economic parity, improve economic disparities, or create inclusion and access for African Americans.

The Issar (2020) article, *Listening to Black Lives Matter: Racial Capitalism and the Critique of Neoliberalism*, uses the racial capitalism framework to look at the Black Lives Matter (BLM) historical policy platform. Issar (2020) study sought to "unravels the

qualitatively different mechanisms through which racialized populations press into circuits of capital accumulation. The racialized exploitation of African Americans for profit is racial capitalism, and the BLM policy platform uses the racial capitalism framework to capture how racial domination configures the history and theory of capitalism. The policy platform argues that racial capitalism and various discriminatory institutions, practices, and laws in the United States have 'for centuries' denied Black populations' equal access to the wealth created by their labor.

Dantzler and Reynolds (2020) use the racial capitalism framework to support reparations in area of housing and criminal justice policy. They state that racial capitalism relies upon a global network of subjugation of racialized bodies. They envision a new approach to housing policies within the reparations agenda to light a pathway to accumulate wealth under racial capitalism's current conditions.

### **Rationale of Theory**

The rationale for using the theory of racial capitalism is to explore the theory and uncover the pattern and place its application into a study focused on racial capitalism within the cannabis industry policies. As listed above, most recent studies highlight one component of racial capitalism, racialization. Adding the other subcategories of commodification and predatory inclusion to existing laws, policies, and programs related to improving African Americans' economic and ownership status can be deciphered to determine if the impact on the African Americans individual or community is detrimental. Also, developing the theory that a pattern promotes white supremacy in law

in policy prevents corporations and organizations from co-opting the term racial capitalism as a marketing tactic to garner support for a policy or a movement.

Racial capitalism as a framework in other studies garners political support and community buy-in. However, the result is a profit for the operators who receive government funds and private donations to institute policies or programs but results in no real change in economic wealth and ownership for African Americans. Racial capitalism can be used by movements, organizations, and corporations that continue to exploit African Americans for profit. Some groups claim they want to change the laws and policies out of a concern for the systemic racism that African Americans experience in this country. Most of these movements and organizations are backed by rich White benefactors and corporations who understand that African Americans are major consumers and that these same benefactors, corporations and non-profits recipients of political favors and government grants. The monies collected go to the owners and operators of the corporations, organizations, and non-profits, and the political power is used to gain and maintain their wealth (Baradaran 2017; Taylor, 2020).

The importance of this study is that it will help create social change. By applying the theory of racial capitalism and its subcategories, racialization, commodification, and predatory inclusion, policy analyst, political institutions, organizations, and the public can make informed decisions by looking at existing and proposed policies that promote the benefits to African Americans but do not result in inclusion, ownership, or economic growth. This theory applies to existing policies that claim to improve the rates of African American home and business ownership, banking institutions that claim to provide access

to capital through government back programs, and to the emerging cannabis industry which claims to seek social change and inclusion as a remedy the criminalization of African Americans under possession and drug laws.

### **Public Policy and Administration**

Racial Capitalism's pattern is the racialization of a market (Robinson,1983), commodification of the African American image and plight (Leong, 2012) followed by predatory inclusion (Taylor, 2019) resulting in continued exclusion and racial disparities in ownership and economic growth. The policies discussed throughout this study outlines the laws that support the racial capitalism pattern. The popular belief is that policy aims to outline what the government will do and what it can achieve for society (Cheung, 2020). However, policies related to ownership and economic growth targeted towards African Americans historically have not resulted in economic growth and have stifled African Americans in business ownership and homeownership (Baradaran 2017 & Taylor, 2019).

The cannabis industry historically is a policy issue. From encouraging farmers in the 1700-1800 to grow hemp, to imposing taxes, fines to criminalization and categorizing cannabis in the same way as cocaine and heroin. With each shift, comes new policies that exclude African Americans. Cannabis policy is also an example of when the legal status of a law changes, policies are created that instructs the the regulatory agency on how to enforce the rules and provides guidelines for local governing authorities. The public expectation of the changes to the cannabis laws was that policies implemented will positively impact those adversely affected by the old law (Dorfman,2020). The national

public policy issues in cannabis are changing the scheduling and regulating cannabis at a federal level (Legalization). On the state level, policy issues are, undercutting the illicit market (underground market), equal access to banking, social justice, and equity (NCIA, 2020). To advance policy issues, owners hire lobbying firms to influence politicians or public figures. The cannabis business spent over \$11 million in 2019 on lobbying efforts; this was three times more than the previous year (Roberts, C, 2019). Most of the lobbying efforts are towards passing laws that would lift the financial restrictions on operations, such as federal legalization and access to banking (Charles, N, 2020).

According to the Center for Responsive Politics (2020), in 2019, seventeen cannabis groups paid ninety-two lobbyists, 62 former government employees, almost \$6 million (CFRP, 2020; p,1). The main contributor to a lobbyist was the Cannabis Trade Federation. They paid lobbyists almost \$1.4 million to influence federal lawmakers (p.1). The main policy issue they advertise in their mission statement is diversity and equity; however, most of the money spent on lobbyists by all seventeen goes towards the Safe Banking Act and the MORE Act. If these bills pass, one will prevent regulators from penalizing banks for servicing cannabis businesses; the other will remove cannabis from the Controlled Substances Act.

Along with diversity and equity, social and restorative justice are part of the coalition or groups of cannabis owners' mission and vision statements. Most states require applicants to describe how their business will address these policy issues; however, the success of advancing inclusionary policies as it relates to African American ownership has resulted in minimal tangible efforts or success. Despite the lack of access



to capital and ownership in the cannabis industry, many African Americans continue to support the industry and the politicians who publicly offer support (Charles, N, 2020).

The public policy and administration concerns are how the industry incorporates racial capitalism with governing bureaucracies' support. No studies challenge legal cannabis authenticity in promoting policies that claim to increase African American ownership or inclusion at all industry levels. Racial capitalism in cannabis begins with the racialization of the market. African Americans overwhelming support the industry because owners and politicians use equity, social, and restorative justice as a rallying cry for support (Dorfman,2020). African Americans reportedly feel the arrest for cannabis possession will stop and that a pathway to ownership will open. The industry uses African Americans' image and their plight to advance commerce and not ownership.

As highlighted in the other sections, there are several industries where the African Americans' image is the face of the policies or the product but are not the recipients of the wealth accumulated by owners and other business stakeholders. With the racialization and commodification of the industry, predatory inclusion begins. Predatory inclusion in cannabis is exemplified by the equity programs that purport to provide access to ownership but have not added to African American owners' numbers. Once African Americans are symbols of inclusion, they continue to be commodities (Leong, 2012). African Americans account for a high percentage of cannabis sales and use. Although they use and buy at the same rate of Whites (Hartig & Giger, 2018), they lack representation in ownership, boards, or upper management positions in cannabis (McVey 2019). Examining the cannabis industry under a racial capitalism foundation is essential

because other industries have flourished using African Americans to promote a policy that is not beneficial to them and does not generate economic growth (Taylor, 2019).

The cannabis industry employs lobbyist for policies that improve their wealth. However, it has not improved or contributed to African Americans' economic growth. African Americans are the benefactors of arrest and incarceration under cannabis prohibition and currently get arrested three times more than Whites (Innocence Project, 2019). Taylor (2019) discussed the same tactics used by federal agencies and local organizations, corporations, and municipalities put in charge of Urban Housing and Development (HUD) and the Federal Housing Administration (FHA) programs. Government-backed housing and banking initiatives were supposed to improve the ownership and wealth gap between African Americans and Whites. Instead, corporations, local government, and non-profit organizations in charge of implementing these policies with the government's support, profited (Taylor, 2019). These government back policies, continue to perpetuate segregation, devalue property in predominantly African American communities and allow redlining (Taylor, 2019).

The wealth gap in income and ownership for African Americans has not changed and remains the same as during Reconstruction from 1865-1877 (Choi, 2020). The pattern of racial capitalism woven into policies occurred back then. During Reconstruction, emancipated black slaves established 'Freedman's Towns.' throughout the country. Texas, Arkansas, Oklahoma, California, and New York are among the locations (Sanders, 2011). In 1877 and up 1945, Jim Crow laws were in effect throughout the country. Jim Crow is associated with the South; however, the laws that advanced

segregation and black disenfranchisement began in the North. Codes limiting Blacks rights were in place in northern states before the Civil War (Purnell & Theoharis, 2018). These local and state laws had the critical tenants of white supremacy (American Anti-Defamation League,2019) written into law.

For racial capitalism to exist in cannabis, tenets of white supremacy stand out either intentionally or unintentionally to exclude African Americans compared to the historic policies discussed. The criteria for applying for a state cannabis license is that no one with a felony conviction can own and, in some cities, work in cannabis. This restriction is problematic, considering that African Americans interested in entering cannabis have past police interaction; hence, all cannabis equity programs address the applicants' arrest record. The stigma associated with having a criminal record may prevent investors from investing in an equity applicant. An applicant has to provide a lease or prove ownership of the premises where they plan to operate has to be submitted with the application. This is also problematic, because there is a history of discriminating against African Americans when they try to buy or lease commercial and residential buildings. As explained above, African Americans are systemically left out of ownership opportunities due to predatory lending, devaluing property, and redlining (Taylor, 2019). Requiring applicants to provide proof of a lease or mortgage puts them at a disadvantage to those that can get approved for a conventional loan. The cost of obtaining a state and local license along with operating costs can reach into the millions. African Americans only receive 1% of investment dollars (Walker-Morris, 2018).

## **Political Environment**

Political corruption is rampant throughout California's cannabis industry. City and state officials have been accused of making side deals with illegal operators that set up cultivation and manufacturing shops in abandoned warehouses and residential homes, mostly in blighted high crime areas. The vast majority of the arrested and accused were White and Asian men. In Los Angeles, eight medical marijuana dispensary applicants sued in federal court. The suit alleges several officials – including the mayor, vice-mayor, and a city council member – conspired with private companies to award the city's three dispensary permits to predetermined companies, essentially defrauding subsequent bidders of their \$5,000 application fees (Swan, 2018).

In January 2019, one licensed retailer filed suit against the city and county of San Francisco, alleging the local board of supervisors passed over the company for a license but later granted one to a competitor that had contributed thousands of dollars to several board members' political campaigns (Swan, 2018). In May of 2018, FBI officials raided the Mayor of Adelanto's home and executed search warrants there, at city hall and at a cannabis dispensary in 2017 the vice mayor of Adelanto's vice mayor, who stands accused of taking bribes to "fast-track a marijuana business," according to the Los Angeles Times. Also, in May 2018, a Humboldt County Planning and Building Department inspector was arrested on bribery charges and is alleged to have defrauded various companies, including some in the cannabis sector (Kemp, 2018). Allegations of officials allowing cannabis entities to form monopolies and accepting bribes are also prevalent in Western City, California.

## **Application Process California**

The policy issues that impact African Americans access to capital and ownership are highlighted in the City and County of San Francisco's Equity Report (2020). The list highlights policy issues related to social and economic issues that involve systemic racism. The problem policies were expressed but the pattern of racial capitalism and its sub-categories were not applied to the problematic issues. Each of these listed issues have a policy and a government agency to address them; however, these issues and the policies created to address these issues does not identify the pattern of racial capitalism. The 12 issues identified by the report are:

1. Eligibility: inform eligibility criteria with data, set tiered eligibility criteria to allow most-affected groups to receive higher-value benefits, while extending some benefits to a wider range of applicants impacted by the War on Drugs.
2. Permitting: prioritize and assist Equity Applicants during the permitting process and establish an incubator program to incentivize partnerships between Equity Applicants and other cannabis operators.
3. Community Reinvestment: direct new potential funding from local or state cannabis taxes toward programming for communities impacted by the War on Drugs. Businesses should also be required to describe how their business will provide community benefits.
4. Workforce Development: promote equitable employment opportunities at all cannabis businesses, especially for formerly incarcerated individuals and

those living in neighborhoods impacted by the War on Drugs. Expand First Source and Local Hire to cover the cannabis industry.

5. **Financial & Capital Access:** take an active advocacy role to open up banking services, particularly through state and local credit unions, for the cannabis industry.
6. **Technical Assistance:** direct Equity Operators to existing technical assistance resources in the city and create new technical resources within the Office of Cannabis. Facilitate partnerships with other existing operators and non-profits to help overcome technical barriers.
7. **Criminal History:** hold streamlined expungement events for citizens convicted of eligible cannabis offenses.
8. **Stakeholder Engagement:** create culturally sensitive and district-specific outreach and extend Task Force membership to include representatives from communities with high concentrations of individuals eligible for equity status.
9. **Public Awareness & Education:** deploy an outreach campaign for the Equity Program.
10. **Data Collection & Accountability:** gather data on General and Equity Applicants on a regular basis to analyze the outcomes of the Equity Program and use this data to refine the program. Enforce compliance of commitments made by applicants.

11. Modification & Course Correction: permit in phases and communicate with stakeholder groups to allow for steady improvement of the regulatory structure.
12. Land Use & Zoning: create land use controls that mitigate overconcentration in disenfranchised neighborhoods.

Securing a local city or county license is required before one can apply for a state license. There are 58 counties in California and 2000 incorporated communities (communities that fall outside the city boundaries and are governed by the county). Each municipality has its own rules for cannabis businesses and different cost for applying and approval, operations, and taxes in addition to local and state sales taxes associated with sales and operations.

The applicant must apply for a state license once an applicant's approval processes on a local level. In California, there are three state agencies in charge of licensing and regulatory enforcement for commercial cannabis businesses. The California Department of Public Health's Manufactured Cannabis Safety Branch (MCSB) is in charge of cannabis manufacturing, Cal Cannabis, a division of the California Department of Food and Agriculture (CDFA), oversees cultivation and the CA Bureau of Cannabis Control licenses distributors, retailers, testing laboratories, and microbusinesses.

The initial cost for submitting a state license is \$1,000. This fee is just a submittal fee. If the state approves the license, there are annual taxes and fees associated with operations. Each licensing authority has different annual fees, and most based on the size

of the operation. The table below illustrates the various cost associated with applying, approval, and operating cost (Cannabis.CA, 2020).

The estimated cost of operating a business in California has a wide range as well; it depends on the type of activity cultivation, distribution, micro, delivery, or dispensary. Also, a factor in cost is the number of employees, security requirements, and location. In 2019 the average annual cost to operate a cannabis business was \$150,000-2 Million. The table below shows some of the estimated startup costs associated with a storefront cannabis business.

### **History of Racial Capitalism in Cannabis**

Capitalism is a power structure that involves centuries of African American exclusion and criminalization (Robinson, 1983). It is an economic structure to preserve wealth for the elite in the US, and exploitation and exclusion of African Americans is the mechanism in place (Robinson, 1983). Kendi (2019) said that for capitalism to thrive, the systemic prevention of African Americans amassing economic independence and the preservation of White dominance folds into our economic structure. This preservation tactic also impacts the nation's social and legal systems because the needs of the economy determine the law and social constructs, and the White elite determines the needs of the economy. Pashukanis (1978), explained this as the "principle of equivalence." The meaning behind the principle of equivalence is that laws exist to function congruently with the economic system, to generate capital for the elite (Chandler, 2017; Pashukanis, 1978).



The racialization of our economic systems still depends on the marginalization of African Americans, and this relegation began with the enslaving of hundreds of millions of Africans and Indigenous people (Baradaran, 2017; Robinson, 1983). The system of slavery, strict regulations, criminalization, and exclusion are all systemic dynamics embedded in the history of the cannabis industry. Laws from the 19th Century that enforced stringent regulations and criminalized cannabis are historical examples.

### **Marihuana Tax Act of 1837**

Beginning with the Marihuana Tax Act of 1837, to the current stringent state regulations (US Legal Inc, 2019 & Shackford, 2019), African Americans are excluded from all aspects of profit, but not criminalization (Financial Times, 2018 & Drug Policy Alliance, 2017). The US has a longstanding history related to cannabis from which the first forms of punitive measures stem. Analogous to the current cannabis movement to legalize cannabis federally, owners and politicians are using a restorative justice foundation and claiming that cannabis will provide much-needed tax revenues for states and cities. Historically, the US government has supported various forms of cannabis legalization; however, the government will also use it to exploit and exclude African Americans for capitalism. The changing decision to support cannabis or use it to criminalize has caused owners and politicians to wade the tides of support or opposition with racial capitalism as the mast. The elite will change its public stance on an issue based on what will maximize and retain their wealth and status. First, the US supported the growth and use of cannabis and depended on it as a source for profit.

In 1619 in the Colony of Jamestown, Virginia passed the first cannabis law, supporting cannabis cultivation for hemp products. The law was a mandate to all farmers to grow cannabis for hemp production and other colonies followed, Massachusetts in 1631, Connecticut in 1632, and the Chesapeake Colonies into the mid-1700s. (Herer, 2010). From 1631 to 1800, cannabis was used as currency and to pay taxes. It was an incentive for farmers to grow more cannabis and for consumers to buy hemp products like clothes, rope, tinctures, medication, soaps, and other cannabis byproducts. During this time, cannabis was the largest cash crop in the US until the cotton production took over as the preferred economic source (Green, 2002 & US History I, n.d). The tides shifted, and cannabis eventually becomes a dangerous drug worthy of criminalization. The progression of cannabis in the US went from a cash crop to a strongly regulated product to criminalization back to today's cash crop. Withstanding the ever-shifting department of cannabis is racial capitalism and the exploitation and exclusion of African Americans to make and maintain a profit.

### **Cotton Production Over Cannabis**

In 1787 there was no cotton production in the US. It grew in parts of Virginia and had no value as a particular cash crop until after the War of 1812. The causes of the War of 1812 led to the increase of cotton production so that the US could purchase their way out of British rule and into trade, nationally and internationally (US History I). The British restricted shipments of goods from the US to European countries, and the US wanted to expand trade and territory, but the US needed money to compete. The profits generated from cannabis cash crops were localized and did not grow year-round.

Cannabis would have made for an unlikely financial source to fund the US expansion. The US needed seed money for the war, and they turned to cotton, which grows year-round. The increase in cotton production leading up to the war was called the "cotton boom" (US History I, n.d, p.2). Unlike cotton, cannabis was not traded on the open market because each colony was able to grow and exchange cannabis locally. Cannabis has a growing and harvesting season, meaning that it must be planted and processed at a specific time (Goggins, 2019). Cannabis goes from a “vegetative to flowering stage when days start to shorten, and nights get longer” (p.1). It took more labor and natural resources to produce cotton, but it can produce seven or more crops per year (US History I, n.d.) compared to one cannabis crop per season (Goggins, 2019).

In 1837 the US increased the number of steamships to transport cotton from 17-700 with investment dollars from the cotton industry (US History I, n.d.). Large plantations throughout the South produced cotton or tobacco, while smaller plantations preferred cannabis cultivation because the fibers derived from hemp were more durable and used for processing other hemp products (Herer, 2010). In order to persuade the smaller owners to convert to cotton, the US government provided subsidies to more extensive plantations to purchase machines that massed produced cotton (Herer, 2010). The US government also introduced the Marijuana Tax Act that required all those who sell, deal in, dispenses, or gives away cannabis to register with the Internal Revenue Service and pay an individual occupational tax (US Legal). Those in violation of the law were fined up to \$2000 and sentenced up to 5 years in prison (US Legal).

By 1860 the US had purchased 3,500 vessels that carried \$220 million' worth of cotton sold to British Manufactures (US History I, n.d, p.6). The US was also able to expand its territory by purchasing British owned Louisiana, and by 1840 New Orleans, LA owned 12% of the nation's banking system (p.7). The cotton expansion solidified the US as a global economic power, but it came at the expense of African Americans forced slave labor. In 1850 there were at least 3.2 million slaves in the 15 states (p.3) 1.8 million were picking and processing cotton (p.3).

By 1860 the US produced over 2 billion pounds of cotton annually (p.3). Once this law was in place, and people got punished for cannabis, it changed the people's perception of cannabis as a natural resource to something forbidden and dangerous. Under the law, African Americans were three times more likely than their owners to be prosecuted under this law (Solomon, 1996), and the criminalization and exploitation of African Americans only progressed. Special interest groups made up of national and international corporations wanted cannabis outlawed. DuPont, a company formed in Germany, but had significant operations and finances in America, owned the licenses and patents for nylon and plastic fibers. They also manufactured gunpowder and were investors in Germany during World War I. Before the implementation of the 1837 Tax Act, 70-90% of all rope, twine, and cordage was made from hemp, after the Tax Act, all of these products made from fibers which Dupont owned the rights to (Here, 2010, p.12). DuPont is still operating today, in 2017 they began to promote their line of protective gear for cannabis cultivators, they have mega cultivation sites throughout the country and use the crops for scientific research (Dupont, 2018).

To eradicate cannabis and to sway the widespread belief that cannabis was a safe and useful natural resource, African Americans as commodities became the norm. The use of their image to create and reinforce negative stereotypes and punitive measures to dissuade support for cannabis so that White owners could make more money off of the export of cotton, the collection of taxes, prison fees, and state restitution.

### **The commodification of African Americans**

To commodify means to make something or someone marketable (Rosenthal, 2019). The relationship between the commodification of African Americans and cannabis is a tactic that has been in place since slavery and continues today. Commodification is exemplified by the history of the cannabis industry exploitation of the African American image, culture, legal and political interactions, and by the government imposing punitive measures (Leong, 2012). The use of punitive measures to outlaw cannabis under the Tax Act was the first law related to cannabis; however, this tactic applies to all significant industries and corporations in the US. If cannabis was outlawed, owners of major corporations like DuPont, who invested in cotton, vessels, machinery, and slaves, could maximize their profits. Other Major corporations like Hearst used their media platform to exploit African Americans. Hearst's newspapers ran articles almost daily with false stories about the "marijuana crazed-negro" and how he raped White women.

The labeling of Mexicans as "frenzied beasts who, under the influence of marijuana, would play anti-White voodoo-satanic music called jazz. Although African Americans used cannabis for consumption at a lesser rate than Whites or other races, negative images used in movies like *Refer Madness* (1936), the movie was a propaganda

film that perpetuated the same negative stereotypes of African Americans highlighted in newspapers. The attitudes towards cannabis shifted, and most of the country agreed with the law enforcement and the government that cannabis was a dangerous drug, it drove African Americans to attack Whites and practice voodoo.

The success of the Tax Act led to more ridged laws like the Boggs Act. The Boggs Act (1951) made sentencing for drug convictions mandatory, and the first offense for cannabis possession carried a minimum sentence of 2-10 years with a fine of up to \$2000 (Solomon, 1986). In 1970 the Controlled Substance Act was passed; this law classified cannabis as a schedule I drug, which put it in the same category as heroin and cocaine—this preclusion of scientists from gaining access deemed cannabis medically useless. The laws are not there to protect society from vicious African Americans who are high and out of control on cannabis; the government enforced these laws based on the economic need of corporations. In order for the racialization of a market to succeed, views of African Americans as inferior, uncivilized, and a threat to the system require the preservation of white supremacy. If not for white supremacy as a fundamental tenant of capitalism, past and present propoganda campaigns dealing with cannabis would not be successful. The history of cannabis shows that it was legal and then outlawed in the past to avoid the infiltration of hemp products, impeding the new major cash crop, cotton. The laws in the 1970s that enhanced the criminalization of African Americans and classified cannabis as a dangerous drug helped protect and strengthen pharmaceutical companies and their ability to push their products (Herer, 2010). The drug laws of 1970 also led to

mandatory minimums for cannabis possession and was an introduction to the mass incarceration of predominantly African Americans.

In the US, the racialization of cannabis is for profit. Racialization is the process of constructing people into inferior or superior racial categories that block, limit, or facilitate access to valued societal resources of property, power, prestige, and privilege (Gallagher, 2007). In cannabis, the vilification of African Americans led to being legalization in order to increase the number of slaves that provided free labor and production of more lucrative crops to export like cotton and tobacco. Currently, the racialization of the cannabis market uses African Americans to promote federal legalization and, ultimately, higher profits.

Other major industries use racialized marketing strategies that increase their profits, grow their consumer base while marginalizing African Americans. The housing market, industrial prison complex, political system, and the media have sanctioned and benefited from racialization. In the housing market, zoning laws, predatory lending, community disinvestments, and punitive policies result in the systemic exclusion and discrimination of African Americans and the devaluing of their communities. With the support of the government, banking, and real estate industry, African American people went from being excluded from homeownership to becoming the primary target of high-risk mortgage investments.

Federal Housing programs starting from President Lyndon Johnson to President Barack Obama passed initiatives to improve African American homeownership rates, prevent redlining, and provide financial assistance; however, these programs have not

been beneficial. Private companies and non-profits were selected to run these programs. Instead of creating opportunities for African Americans, these private and public entities, with government support, are all complicit in predatory inclusion (Taylor, 2019; Baradaran, 2017). Taylor (2019) defined predatory inclusion as "granting "African American homebuyers' access to conventional real estate practices and mortgage financing, but on more expensive and comparatively unequal terms" (p. 5).

The racialization of a market is a construct of capitalism that contributes to the exclusions of African Americans as owners in the marketplace (Robinson, 1983). Instead of owners, African Americans are viewed and used as commodities (Leong, 2012).

Robinson (1983) said that racial capitalism's existence is dependent on the African American experience related to "slavery, violence, imperialism, and genocide." Based on the theory of racial capitalism, legal cannabis is dependent on the African American experience to promote, expand, and legitimize the industry with federal legalization. The success of cotton in solidifying the US as an economic force in international trade proved that the racialization of a market is essential to preserving white supremacy in capitalism, it serves a 'necessary' function to facilitate capital accumulation for White elites and protect white privilege for all White people (Calathes, 2017).

### **The Cannabis Industry-United States**

Currently, there are 13 states where cannabis is legal for adult recreational use, with five more expected to be added by the end of 2020 (p.3). From the years 2017 to 2020, the compound annual growth rate of cannabis was 23.9%, making it one of the



most substantial growth rates of any other industry during that time (Hindes, 2020). The market continues to grow; in 2019, the US market size for cannabis was \$16.9 billion (p.2). By 2023 global cannabis sales will exceed \$66.3 billion (p.2).

Today legal cannabis plays a role in the world's economy; it is a global multibillion-dollar industry (ArcView, 2019). In the US, the cannabis market size is \$16.9 billion and growing (Hindes, 2020). Cannabis, the fastest-growing cash crop, is recognized as an essential business and gets credit for generating taxes for states and cities where it is legal and with changing cannabis possession laws through the expungement of criminal records or infractions. In the United States, the cannabis industry market was estimated at is \$16.9 billion and growing (Hindes, 2020). The importance of cannabis and the impact that future federal legalization has on race and social constructs is demonstrated by how something that was once illegal, now plays a pivotal role in how owners, communities, and politicians view cannabis policies in terms of race and ownership.

In 2020, the cannabis industry avoided recession during the nation's coronavirus pandemic and later during the global civil unrest to protest systemic racism and police brutality towards African Americans. This year, eight states, including California, deemed cannabis "an essential business," which allowed cannabis businesses to remain open during the lockdown and put it on the same level as banks, grocery stores, hospitals, and pharmacies (Holland, 2020). Within the 2 months of the lockdown, the cannabis industry profits, and customer base grew. New customers increased by 142%, and retail revenue increased an average of 90% (Wells, 2020, p.2). In June of 2020, during the civil

unrest related to police brutality against African Americans, at least forty-three cannabis businesses on the West Coast were robbed and looted, two businesses were owned and operated by African Americans (Davis, 2020). Most of these businesses are in revitalized areas where economic blight caused by the 1980s war on drugs (Slowicek, 2018).

In June of 2020, during the civil unrest related to police brutality against African Americans, at least 43 cannabis businesses on the West Coast were robbed and looted; two businesses were owned and operated by African Americans (Davis, 2020). Most of these businesses are in revitalized areas where the 1980s war on drugs caused economic blight ((Slowicek, 2018).

Cannabis was the fastest growing industry in the US In 1996, California and Arizona were the first states to pass laws approving cannabis for medicinal use, three additional states and Washington DC followed (Shapiro, 2018). Today, cannabis is legal in 33 states and Washington DC (ArcView, 2019, p.3). In 2018, states began to legalize cannabis for adult recreational use. Currently, there are 13 states where cannabis is legal for adult recreational use, with five more expected to be added by the end of 2020 (p.3). From the years 2017 to 2020, the compound annual growth rate of cannabis was 23.9%, making it one of the most considerable growth rates out of any other industry during that time (Hindes, 2020). The market continues to grow; in 2019, the US market size for cannabis was \$16.9 billion (p.2). By 2023 global cannabis sales will exceed \$66.3 billion (p.2).

In 2018, consumers spent over 10-billion dollars on legal cannabis, and the amount, set to increase to 23 billion by the year 2022 (ArcView, 2019, p.3). Today, in the

US, the cannabis industry accounts for 85% of new investments in the 2018 world market (p.155).

Most of these entities are cultivation sites, and 2,174 are storefront retail businesses (High Times, 2019). Out of all the cannabis-related businesses, including dispensaries, over 81% are owned or founded by Whites. African Americans account for 4% ownership, although their percentage of ownership in the cannabis industry is not precise. (McVey, 2018). Currently, cannabis is legal in 33 states and Washington DC (Berk & Gould, 2019) In 2017, there were approximately 120,000 full-time employees, and by 2022 this is expected to grow to almost 467,000 full-time employees (Arcview, 2019, p. 10), African Americans make up approximately 6% of the employment rate (Goggin, 2018, p.2). The number of female executives in cannabis is 27%, higher than the 23%, the average number of executive positions held by women across all other industries nationwide. For African American women, the numbers are lower; only 3% are executives (McVey, 2019, p.1).

Owners throughout the US are lobbying local government offices to shut down the underground market (Fertig, 2019; Devine, 2019). Instead of supporting policies that will formalize this market, owners want illegal operators to shut down and punished for operating illegally. Owners face with excessive taxation and stringent regulations, expectant in an industry that thrives under capitalism's fundamentals. History has shown that when owners face the threat of reduced profits, they lobby government agencies like the Department of Justice to increase enforcement efforts to eradicate non-sectioned operations. In Massachusetts, Oregon, Washington, Colorado, Idaho and Oregon upwards

of 90% of the cannabis sold last year was from the underground market and in these cities, African Americans are up to four times more likely to be arrested for cannabis-related actions (Fertig, 2019; Schachter, 2019). In Idaho and Oregon, over a ton of cannabis has been seized by state troopers, which is a 665% increase in the amount of cannabis seized compared to the last two years (Fertig, 2019, p.3). Most of these cities have some forms of equity programs that give priority consideration to African Americans; however, these policies are not leading to an increase in African American ownership, nor is it decreasing the number of African Americans operating in the underground market and the arrest they face in legal markets. For example, Massachusetts's Social Equity Program requires that 50% of licenses issued to African Americans; to date, no African Americans have received licenses (Schachter, 2019, p.2).

### **Racial Equity and Cannabis**

There are at least six components of effective racial equity policies: (a) the distribution of resources and opportunities is neither determined nor predicted by race, racial bias or racial ideology; (b) the structures, systems, practices and cultural narratives in society provide real situational fairness and equal opportunity; (c) there is a democratic commitment to dismantle the false narrative of white supremacy and address the legal, political, social, cultural and historical contributors to inequity; (d) families and individuals are able to thrive and flourish in the intersections of all aspects of their identity, including race, religion, gender, orientation, ability, and socioeconomic background; (e) the most vulnerable communities in society have access to mechanisms to achieve social mobility and voice in naming their reality, describing how these systems

of oppression play out, and developing solutions which draw upon their assets; and (f) all people, cultures and identities are equally valued and recognized under the belief that strength comes through the diversity and expression of our shared humanity (NPESF, 2019).

Cannabis equity programs implemented in cities throughout California have primarily been non-effective, or cities like Western City are reluctant to implement a program. Equity in cannabis may counter capitalism's primary goal, which is for owners to maximize the most profit and remain competitive in their field (Amadeo, 2018). The public support for equity programs by industry owners and politicians is a form of racial capitalism. Race, as a capitalistic strategy, expands markets and increase profits for the ruling class (Rusert, 2019, p. 29). The racialization of a market is a construct of capitalism that contributes to the exclusions of African Americans as owners in the marketplace (Robinson, 1983). Instead of owners, African Americans are viewed and used as commodities (Leong, 2012). African Americans, as commodities for the cannabis industry, is through the exploitation of the African- American image, culture, and their legal and political interactions for the advancement of the industry (Leong, 2012, p.10).

In the cannabis industry, owners and politicians use the African American experience as a marketing tool to promote legalization and monopolize ownership. Owners support policies and procedures like using force to shut down illegal operators because equitable measures of inclusion that include incorporating fairness into legal ownership for a plant that was illegal counters the fundamentals of capitalism. Throughout history, laws are created and enforced to protect owners and uphold the

capitalistic structure, and African Americans have been the face of punishment.

Historical examples of when owners with political support want to control industry and increase their wealth, government regulations, and law enforcement tactics used to deter, distract and punish African Americans to preserve wealth for the elite. From the Atlantic Slave Trade to financial institutions, to the current cannabis industry, laws and regulations are used to exclude and prevent sustainable wealth and ownership for African Americans; this is racial capitalism. From 1631 to early 1800, the US use cannabis as a cash crop, a form of currency, and medicine. Also, to create several products, including clothes. When cannabis was no longer profitable to affluent investors, they pivoted to funding the 1812 US war against Britain. The war was declared so that the US could dominate international trade. The criminalization and introduction of punishment and mandatory sentencing followed (Herer, 2010 & US History I, n.d). This same pattern of African American marginalization is in the current cannabis industry.

When cannabis became legal, states imposed strict regulations and cost. Startup cost to open a cannabis business in states where it is the legal range between 250,000-\$7500,000 (Moore, 2018, p.1). Also, there are operational costs upwards of \$250,000 annually (p.3). Cannabis represents 85% of new investments in the country (Arcview, 2019, p.5), but African Americans account for 1% of cannabis venture capital investments (Walker-Morris, 2018, p.2). The underground market in the US currently accounts for \$50-\$60 million dollars in sales and state officials. Law enforcement agencies are threatening or have already implemented tactics like setting fire to illegal cannabis farms, shutting off water and electricity to retail operations. Officials are

reluctant to use the same enforcement tactics used during the height of the war on drugs. The legalization of cannabis was promoted as a form of social justice to stop the distraction the war on drugs had on African American communities (Malanga, 2019). A majority of these illegal operations are in minority communities and feel that the call for stricter enforcement could lead to a “war on drugs2.0” (p.2). Due to the success of the underground market, to use tactics like raids would be reminiscent of the police intrusion during the 1980s. African American entrepreneurs face a higher risk than others who operate in the underground market because most enforcement is in low-income minority communities where the arrest of African Americans for cannabis is 3-4 times the rate of Whites in states where cannabis is legal (Williams, 2019).

Cannabis is illegal under federal law and has the same Schedule I classification as crack, cocaine, and heroin (Controlled Substance Act, 1970). With bipartisan support, 33 states have legalized cannabis for medicinal or recreational use, including conservative states Utah, Oklahoma, and liberal California, which is the largest cannabis market in the country (Flaccus, 2018). As more states legalize cannabis, public opinion had shifted to support with 62% of Americans supporting legalization compared to the year 2000 when 31% of Americans supported legalization (Hartig, 2018, p.1). Even with the increase of legal cannabis, the underground market in the US continues to thrive in states where it is legal. Over 30% of the cannabis cultivated in legal states goes to the underground market (Lewis, 2019, p.2). In Massachusetts 75% of cannabis sells were from the underground market, Washington State has stated arresting workers at illegal cannabis farms, 80% of cannabis sold in California since its legalization was from the underground market and

the Governor has requested help from the National Guard to help enforce the law (Murphy, 2019 p. 1-2). The underground market's continued success is impacting the tax revenues that states were expecting, and now owners are supporting a local and federal government's effort to shut down and arrest those who are part of the underground market (Murphy, 2019).

Due to the thriving underground market and owners' complaints that it is interfering with their profit margins, the criminalization of African Americans in cannabis may continue due to public policy barriers that African Americans face while trying to enter into the legal industry. There is no data on the race of the underground market but looking at the arrest of African Americans for cannabis may lead to an assumption that a disproportionate number in the underground market is African Americans. According to an American Civil Liberties Union report. In the US, a person is arrested for cannabis almost every second, and African Americans are 3.73 times more likely to be arrested for cannabis possession than Whites, although they use cannabis at almost equal rates. Besides, African Americans are charged and receive more substantial sentences for the distribution of cannabis. With the underground market "diverting" money from legitimate owners, the legal cannabis industry is still a ten-billion-dollar business in the United States (Arcview, 2019, p.2); however, African American ownership opportunities are nearly nonexistent. The solution to curtail the profit from the underground market is an arrest, not to find equitable solutions to bring those, especially African Americans, impacted by the war on drugs out of the underground. As explained in Chapter 2, the US has a history of owners using their political influence to encourage



laws and regulations that improve their profits and exclude those who pose a threat even if that means that owners must pretend to support equity and social change publicly.

### **The Cannabis Industry -California**

California's legal cannabis industry expects to gross 5.1 billion dollars by 2019, which is more than half of 2018 profits for the United States (Berk & Gould, 2019 & Arcview, 2019). There are expectations that cannabis will generate substantial tax revenues for the cities that host cannabis entities (Berk & Gould, 2019). As of October 31, 2018, a year after recreational adult-use approval by voters, there were approximately 4,085 active licenses, including 257 issued in late 2017. By December 2018, the number of licenses issued more than doubled to 6,855. (Sheller, 2019). Out of the 6,855 licenses issued for dispensaries in California, 4% of African Americans are partial owners (McVey 2019). It is important to note that the number of licenses does not equate to the number of businesses; one business can hold multiple licenses (GRC, 2019).

At least 80% of the cannabis sold in California comes from the underground market, with a value of an estimated \$3.7 billion (McGreevy, 2019). In 2018, the underground market was four times the size of the legal market in California (p.2). Some enter or remain in the illegal market because they cannot compete with the startup cost and regulations required to operate a legitimate business (p.3). To counter the growth of the underground market, Governor Newsome, with the endorsement from current cannabis owners, has deployed at least 150 National Guards to work with federal and local law enforcement to dismantle illegal operations throughout the state (McGreevy, 2019).

Operating a cannabis business without a local and state license leaves operator vulnerable to both state and federal prosecution under the narcotics act. These are the same laws that were in effect during the era of the 'war on drugs' that were the cause of African Americans making up the majority of people incarcerated for drug offenses; these laws are still in effect today.

Several cities in California have equity programs that are not effective. They have not led to a representative number of African American principal owners. In Oakland, their equity program gained national attention, but once implemented, the unintended consequences were apparent shortly after. White investors prey on African Americans who fit the equity applicant criteria and use them to qualify under the equity ordinance. Once they receive the equity permit, investors offer to buy out the applicant and keep the license. If the applicant refuses, the investor no longer provides capital to pay suppliers, and the applicant forced out of business, and the investor still owns the license (The Peoples Dispensary, 2019).

The City of Oakland (COO), a city twelve miles outside of Western City, has a larger population but is similar to Western City in terms of the impact that the war on drugs had on creating blighted areas that now host the emerging cannabis industry. The cost of operating a cannabis business is less than Western City. Instead of collecting a flat quarterly rate for operations, the city collects a percentage of gross profits. The application fee for a non-dispensary facility is \$2,474, with an annual regulatory fee based on gross sales greater than \$150,000. The annual fee is \$11,173. Gross Sales starting at \$50,000-\$150,000, the annual fee is \$5,586 (COO, Application, 2019, p.1).

The other difference between Western City and Oakland is that Oakland has already implemented an equity permit program that gives priority consideration for permits but no retail space to operate. Even if a permit granted, the cost of operations and retail space in Oakland is challenging to maintain. The median cost of retail space in Oakland is 1.8 million dollars (Reonmy, 2019).

According to a report by Oakland Equity permit Program (OEPP, 2019), African Americans under the equity programs receive permits; however, there are ongoing public policy barriers to completing the final state requirements, permit process, or compliance with state laws. Oakland had a total of 1577 applications for the cannabis business from 2017-20018, and 813 applicants applied for the city's equity permit program (OEPP). In total, the city has “granted 24 equity permits” (p.8). The city has a loan program in place that helps offset some of the cost, but most of these businesses have not been able to “obtain annual state permits to operate” (p.9). Based on the city's Equity Report (2019), “access to capital is a major issue that prevents businesses from operating, although they have been granted permits under the equity program” (p.9). Omitted from the equity report was a breakdown of applicants by race. Except for for1 mention that 6 of the eight permits for dispensaries issued to "people of color" and "several" of the six permits issued were dispensaries operated by African Americans (p.7), but they are unable to gain annual licenses from the state and risk a shut down due to non-compliance with state regulations.

### **The Cannabis Industry- Western City**

The Western City (pseudonym) is a small urban city north of San Francisco, California. In 2010 the city passed an ordinance allowing cannabis sales for medicinal use only. In that same year, the residents voted yes on Measure V, levied a 5% tax on gross cannabis sales. The city said the tax would fund community improvement programs, parks, and recreation areas in the (Ballotpedia, 2010). Currently, the \$5.5 million raised by Measure V go into the city's general fund to fund the city's pension programs (COR, 2020). The city expects payroll and retirement pensions for employees and law enforcement to put the city further in debt (Aldax, 2020). The city depends on the cannabis industry, and the Mayor predicted a new green rush for the city back in 2016 (Ioffe, 2016). During that time, Ioffe (2016) reported the city deficit at \$12 million and to double by 2025. (Aldax, 2019). According to financial reports from February 2020, the city's deficit dropped to \$7.1 million.

The city has a steady unemployment rate of 3% (Aldax, 2020). Homelessness is at an all-time high, and the crime is on the rise (p.2). In 2017, the median housing price was \$380,000, and in February 2018, the median housing price jumped to \$580,000.

Industrial warehouses placed on the market with conditional use permits to cultivate and distribute cannabis also added value to the commercial and industrial property that had been on the market for decades also increased in value. For example, the historic flooring company, located next to one of the city's most notorious public housing projects, the Pullman Street Apartments sold for \$3 million with a conditional use permit. Currently, that same property is being on sale for over \$25 million. The Department of Urban

Housing and Development (HUD) sets the rules for the tenants who live in public housing. Two of the rules are no smoking inside the units and no illicit drugs (HUD, 2020). Since cannabis is a controlled substance under federal law, tenants cannot work at this facility, which is less than 500 feet from them. It also increases the likelihood of police intrusion under reasonable suspicion, the legal standard that gives police officers a right to detain and arrest on suspicion of illegal activity.

Currently, the city has issued 15 licenses for three dispensaries, two manufacturers, and ten cultivation sites. Out of the 15 licenses issued, two African American males have partial ownership in a dispensary and another in cultivation. Less than 3% of African Americans hold jobs in cannabis, and the number is lower for the business that is partially owned by African Americans (EDC, 2019). The underground market represents approximately 90% of Western City's cannabis industry, with no official plans to legitimize these businesses except for those with political connections.

Historically, capitalistic systems have profited from the plight and exploitation of African Americans for the sake of preserving white supremacy (Robinson, 1983). Cannabis owners continue to benefit from a steady increase in profits and in obtaining state and local licenses. The Mayor of Western City, who warns of the impending financial crisis, faces accusations of helping illegal operations become compliant, out of those who received help from his architectural company and political connections, none were African American or residents of Western City (Slowicek, 2018). The three dispensary owners have monopolized the retail side of the industry. Western City excluded African Americans in business ownership and housing, and they are arrested

and pulled over at five times the rate as Whites; they lack political and community support that some illegal operators received.

Western City is leasing or selling city-owned or abandoned properties and is more likely to give business opportunities to major investors who can afford to purchase properties mostly in areas where economic blight caused by the 1980s war on drugs (Slowicek, 2018). For example, the city allowed the sale and cannabis cultivation license for the Tredway Building (Cannamls, 2019). This building located next door to one of the city's most notorious housing projects for low-income tenants. The building is considered a landmark and now outside White and Chinese investors will legally operate a cultivation site next door to projects where African Americans still have their homes raided by police, where murders and gang violence is still prevalent, and smoking inside the unit will lead to eviction and removal from the rent subsidy program.

Oakland and Western City are examples of cities using their blighted areas to capitalize on the legal industry. One has an equity program geared toward creating ownership and expunging arrest. However, Western City's proposed equity program is to protect the three current retail owner's monopoly and prevent larger investors from taking over their business (EDC, 2019). All these factors raise questions related to existing laws and policies that lack economic opportunities and continued police interaction for African Americans. Even with an equity program in place, the elements of the program have to navigate around the public policy barriers that are caused by capitalism and the racialization of a market.

### **The Application Process – Western City**

The information gathered was available on the city's website. The Planning Department is responsible for processing cannabis applications for the city and applying cost an initial filing fee of \$7,382 due when the application is submitted. The city also requires applicants to apply for additional planning permits, have a location and a business design. If an application is approved, the complete application process alone can cost upwards of \$27,000 which does not include the cost of obtaining the additional permits for design review, certificate of appropriateness for historical buildings and other fees, design fees and pre-paying to lease a building while the applicant waits for approval. Applying cost can exceed \$60,000 just to comply with the requirements for approval. In addition to sales tax, the city also collects a 5% tax from the owner's gross profits. This money goes into the city's general fund to pay pensions and payroll—the voters' approval of an additional 5% tax in 2010. Business owners pay between \$100,000-\$400,000 annually to operate in the city and are required to pay a quarterly regulatory fee for inspections.

### **The New Face of Cannabis Commodities**

Caliva, a privately-owned cannabis company, formed in San Jose in 2015, hired Rapper Jay Z as their Chief Brand Strategist. The multi-million-dollar company has over 600 employees and no African American Managers (Caliva, 2019). According to Caliva's (2019) official statement, Jay-Z's new role is to increase job training for former prisoners and foster quality and fairness in the development of the legal marijuana industry. The company generated much positive press but did not add any African Americans to their

management team, nor are there any African Americans with a percentage of ownership in the company. Critics of the 'partnership' feel that Jay-Z's role is ceremonial. Ward (2019) said "He will make an appearance at the board meetings once a year, and that is it." His real role is to make the company's brand appealing to Jay-Z's target market. If the purpose was to increase awareness of social justice reform, why go to a company with no African Americans in positions to hire or influence change. (Bellusci, 2019 & Ward 2019).

### **International Racial Capitalism in Cannabis**

Racial capitalism and its subcategories have global implications in countries where Black people are most of the labor force but are not the major owners. Black country has a similar history of criminalizing their own and institution g laws and policies that serve White countries. The Caribbean Community and Common Market (CARICOM) is an organization made up of 15 Caribbean nations to promote economic integration. The group has been responsible for getting countries in the Caribbean to decriminalize cannabis. Counties like Jamaica, St. Lucia, Granada, Antigua and Barbados have legalized cannabis for medicinal or recreational use. The same statistics of ownership and inclusion by blacks in these countries are like those in the United States. These predominantly black countries inundated with White foreign investors from the US and Canada have opened large cannabis operations in Africa and through the Caribbean.

These new-age colonizers are there to claim land to cultivate and sell cannabis to tourists (Vasquez, 2019). Locals in these countries have been excluded from out of ownership and licensing opportunities because they cannot afford to compete with larger



investors who are colonizing the cannabis industry. In Jamaica, there is a large Rasta community whose spiritual communion involves sharing cannabis, which they call ganja. The arrest of Rasta people is ten times the rate of other Jamaicans and tourists. The Rasta image is sold throughout the world and is synonymous with cannabis culture. The image depicts a black man with long locs showed in red, gold, and green with a lion in the background but Rasta cannabis farmers who have to face criminalization claim they are still punished and excluded from the legal industry while Whites come into the country and operate legally (Vice, 2019).

According to the Jamaica Observer (2013), security forces in Jamaica eradicated 247 hectares of marijuana fields, destroyed 1.9 million cannabis seedlings, and seized 285 kilograms of seeds. Back in 2012, the government destroyed 711 hectares of cannabis, 2.5 million seedlings, and 785 kilograms of seeds (Somerset, 2018), yet the Rasta community exclusion from legal ownership and employment is comparable to African Americans in the US. The first legal cannabis dispensary in Jamaica is run and operated by White Canadian investors (Somerset, 2018). Barbados has legalized cannabis for medicinal use, but they are not allowing local cultivation, importing their cannabis from Columbia.

### **Summary and Conclusion**

Racial capitalism in cannabis continues to affect African Americans throughout the United States, and blacks throughout the world. Racial capitalism focuses on the social structure or organization within the economy and the influence of white supremacy in trying to establish inclusion and economic parity (Colman, 1990; Robison, 2000) in the

cannabis industry. Examples of cannabis long tempestuous history involving African Americans as the pinnacle face to market punishment and now legalization presented. Also discussed was how race is a capitalistic strategy to expand markets and increase profits for the ruling class (Rusert, 2019). The racialization of a market is a construct of capitalism that contributes to the exclusions of African Americans as owners in the marketplace (Robinson, 1983). Instead of owners, African Americans are viewed and used as commodities (Leong, 2012). To commodify means to make something or someone marketable (Rosenthal, 2019).

Owners and politicians use the African American experience as a marketing tool to promote legalization and monopolize ownership. Owners support policies and procedures that counter equitable measures of inclusion because incorporating fairness counters the fundamentals of capitalism. In the cannabis industry, African Americans must contend with political corruption, lack of financial resources, community support, and white supremacy.

There is a gap in research that focuses on African American exclusion from the legal cannabis industry in the US. There are several articles related to restorative justice and equity programs, but their implementation and promotion are rooted in racial capitalism and will not lead to African American economic parity and inclusion. The cannabis industry is capitalistic, and equity goes against the definition of capitalism. In other words, the legal cannabis industry has to exclude African Americans in order for the wealthy White elite to maintain their power and ownership. This notion is not far

fetch based on the history of cannabis and how it criminalized and excluded African Americans.

The same tactics are in use in the cannabis industry today. First, adjust laws to maximize profits for a few. Second, impose stringent regulations that only the wealthy elite can afford to comply. Third, levy punitive measures against those who cannot afford to comply. Fourth, target a marginalized group and make them 'the bad guy' to get public support, so there are no complaints when the targeted group is punished more harshly than others. Fifth, use the same marginalized group as a commodity. This study is the first to uncover the pattern of racial capitalism in the cannabis industry and how currently proposed remedies like restorative justice are an extension of capitalism where officials use the term in order to generate federal dollars that do not lead to an improvement in urban communities and equity programs go against the fundamentals of capitalism because it promotes fairness and not profit. Racial capitalism is not just prevalent in the US cannabis industry; black countries through the nation are facing similar issues.

In Chapter 2, I included the introduction, literature search strategy, theoretical foundation, the cannabis industry in the United States, California and Western City, racial equity, history of racial capitalism, international racial capitalism, summary, and conclusion. In Chapter 3, I include the research design and rationale, the researcher's role, methodology, issues of trustworthiness, and a summary. In Chapter 4, I include the setting, demographics, data collection, data analysis, evidence of trustworthiness, results, and a summary. In Chapter 5, I include the interpretation of findings, limitations of the study, recommendations, implications, and a conclusion.

### Chapter 3: Research Method

In this study, I explored eight African American entrepreneurs' perceptions about public policy barriers they face attempting to enter the cannabis industry in Western City (a pseudonym), California. The type of data collection used was snowball sampling resulting in in-depth focused interviews with eight individuals. I processed the data by using video conferencing software, which recorded and stored interviews. After each interview, I manually transcribed and coded responses. Data was analyzed using Moustakas's (1994) modified van Kaam method of analysis. I performed the following steps required for the analysis: horizontalization, reduction and elimination, thematized the invariance constituents, checked the themes against data, and created individual textural descriptions. The study was conducted according to Walden University's IRB guidelines to ensure research participants' ethical protection. Chapter 3 includes discussions of the research design and rationale, the researcher's role, methodology, issues of trustworthiness, and a summary.

#### **Research Design and Rationale**

The purpose of this qualitative research study was to explore eight African American entrepreneurs' perceptions about public policy barriers they face attempting to enter the cannabis industry. Robinson's (1983) theory of racial capitalism served as the theoretical foundation for this study. The findings will have positive social change, including recommendations for effective cannabis policies that promote ownership and employment opportunities for African Americans seeking to enter the cannabis industry. In this section, I present the research questions for this study. I also discuss the qualitative

research study design rationale. This section has the following subsections: research questions and qualitative research study design rationale.

### **Research Questions**

In this qualitative research study, I explored one primary research question:

Central Research Question: What public policy barriers are African Americans facing when attempting to enter the legal cannabis industry?

I further considered three subquestions:

Subquestion 1: What are the public policy barriers in Western City regulations that impact entry into the cannabis business?

Subquestion 2: How does racism and economics influence policies that are perceived barriers?

Subquestion 3: What methods have been identified to assist in removing the stated barriers and increase African American ownership in the cannabis industry?

### **Qualitative Research Design Rationale**

Using a qualitative research study design, I delved into the perceived public policy barriers African Americans face when attempting to enter the cannabis industry in Western City, California. Snowball sampling, a form of purposeful sampling, was used to collect data from eight African American participants with direct knowledge and experience in making efforts to enter the cannabis industry (Emmel, 2013). By conducting focused interviews, I captured significant responses that addressed their perspectives, feelings, direct knowledge, and experience (Giorgi, 1997). I used video

conferencing software to record and Moustakas's (1994) modified van Kaam method for analyzation.

This qualitative research study is important because it uncovers a pattern of racial capitalism and public policy issues regarding the cannabis industry that are promoted as beneficial to African Americans but are built on the historical legacy of exclusion and lack economic growth in home or business ownership specifically for African Americans. The definition and application of racial capitalism, racialization, commodification, and predatory inclusion to the legal cannabis industry can effectively be applied to any law or policy that claims to benefit African Americans.

In considering a mixed-method approach, it would have allowed a broader perspective because it offsets the combined methods' weakness of data integration and interpreting the results of mixed data sets. (Johnson & Onwuegbuzie, 2004). With mixed methods, the study results are validated because they include both observation and statistical analysis that allow the findings to be corroborated (p.21). However, a mixed-methods approach was not appropriate for this study because to answer the central research question, and three sub-questions in this research study, capturing the participants' voice related to their real-life experience was significant to answer questions.

The quantitative research method, alone, was also considered because it eliminates the interpretive aspects of the study and specifies variation. However, the quantitative method was not used for this research study because there is no standard measure for the participants' perceptions, thoughts, or feelings (Onwuegbuzie, 2004). Therefore, a qualitative research method was used in this research study because it

provides understanding and the descriptive nature of participants' personal experiences of the phenomena (Johnson, 2013). There were five qualitative research designs considered for this study, which included case study, ethnography, grounded theory, narrative inquiry, and phenomenology (Guetterman, 2015). The selected design, qualitative research study design, makes it possible to understand a phenomenon in real-time. The participants shared experiences, reactions, and responses and helped form a perspective that others with no direct knowledge could understand and expound upon (Patton, 2002; Worthington, 2013).

### **Role of the Researcher**

I participated as an observer during the in-depth focused interviews with 8 African American cannabis entrepreneurs. Focused interviews allowed the respondents to share their experiences and the impact those experiences had on the phenomenon that is occurring (Gubrium & Holstein, 2001). It also gave the researcher the freedom to explore the reasons and motives behind the phenomenon. The researchers' participation and observations made this qualitative research study different from that of quantitative researchers who limit their interactions with the participants. (Lodico, Spaulding, & Voegtler, 2010). I had direct contact with participants and recruited them by e-mail. I collected focused interview data, which I transcribed, coded, analyzed, and interpreted. I did not recruit personal friends or current or past colleagues to take part in the study. Therefore, I had no personal or professional relationship with potential research participants. Recommendations for participants recruited for this study were by individuals with first-hand knowledge of the application process and the difficulties the

participants have in attempting to enter the cannabis industry. I had no power over potential participants.

My role as Commissioner and Cannabis Sub-Committee Chair for Western City did not influence nor hinder the participants' likelihood of being granted a cannabis permit or license for the city, nor were they offered any access based on my position. I have no authority over application or applicants. I do not see, advise, or participate in the application process in any form. The application process is handled by city employees. I do not see or provide any input on applicants. My involvement is solely related to cannabis policy issues. The participants were able to participate without feeling coerced or obligated to take part in the study. I informed them that I have no authority or influence over the application process or the established state or local policies that outline cannabis laws.

To ensure that I did not include any personal bias in the study, I looked at the topic with fresh eyes (Merriam, 2009; Moustakas, 1994) and avoided interjecting my personal or professional experience in cannabis politics or policies related to the study. I used specific strategies, such as positionality and reflexivity. Positionality pertains to who the researchers are, what they know, and my position with the community. Reflexivity is a self-critique by the researcher to examine how her/his own experiences may influence the data collection and selection of data (Dowling, 2006).

Using positionality, I disclosed to participants the role that I have with the Western City, that I was born and raised in the city. Using reflexivity, I was able to address my biases and disclose my experience and values related to cannabis. There was



no bias directed towards participants, and I expressed that all their participation is valued but not required. I treated each participant with respect and did not divulge any of their responses or information to anyone. In addition, I did not publicize the name of the city that is the topic of this study. I did not judge or coerce any of the participants; I considered all participants' perceptions and avoided conflicts of interest in the study. After completion and approval of this study, I will e-mail each participant a summary report of the research findings.

This section focuses on the methodology of the study and sufficient analysis related to the foundation and purpose so that other researchers can replicate it (Leppink, 2017). The findings answer the central study question and allow for new research in other communities with identical issues related to African American exclusion and racial capitalism. The organization of the methodology section is in the following subsections: participant selection logic; instrumentation; procedures for recruitment, participation, and data collection; and data analysis plan.

### **Methodology**

This section focuses on the methodology of the study and sufficient analysis related to the foundation and purpose so that other researchers can replicate it (Leppink, 2017). The findings answer the central study question and allow for new research in other communities with identical issues related to African American exclusion and racial capitalism and its sub-categories. To replicate this story:

1. Find a policy that is promoted as beneficial to African Americans in areas of ownership and or economic growth.

2. Look for key words like equity, restorative justice, social justice, and diversity.
3. Is the law, policy, initiative, statute and or program funded by state, government and or private funds?
4. Is the law, policy, initiative, statute program racialized and promoted towards African Americans as individuals or the community?
5. If the law, policy, initiative, statute or program is implemented, has it increased ownership and economic growth for African Americans?
6. Who has oversight in implementing?
7. Where does the money go? (Directors, CEO, COO, Promotion, Public Relations, Political Influence, Consultants)
8. Has it increased ownership?
9. Does it address systemic racism in housing, banking and other institutions where there is racial disparities related to African Americans?
10. Is the issue racialized (it is only a African American issue)?
11. Does its promotion involve an African American politician, entertainer or athlete?
12. Is the focus made on the liberal White “savior” who just want to do the right thing? (Same person or entity has a financial motive)
13. How much money is put towards local and national lobbying efforts?

14. Does the policy include other groups like the LGBTQ and refer to People of Color instead of African Americans who are the most adversely impacted by racial capitalism?
15. Do the definitions of racialization, commodification and predatory inclusion apply?
16. Is there a corporation, non-profit, movement or any organization that has a majority White or non-African American board of directors and employees that claim their mission and visions are to promote equity and diversity?
17. Is an African American image the face of the issue but there are no African Americans in position of decision making or influence (they have no authority to hire or fire people and were not involved in authoring law, policy, statute, or regulations (they are the commodity)?
18. Analyze the history of public policy related to African Americans stating post-civil war with the slave codes, black codes, Jim Crow, Great Depression and White Reparations, Urban Housing Development, (HUD) Federal Housing Authority (FHA) Crime Bill Act, Black Lives Matter Foundation, State Cannabis laws, and major investors.
19. Apply the pattern and subcategories discussed in this study.

This study can be replicated by answering the questions and analyzing the historical events and institutions listed above. Take any existing law, policy, statute, or regulation that proposes economic growth to African Americans.

The organization of the methodology section is in the following subsections: participant selection logic; instrumentation; procedures for recruitment, participation, and data collection; and data analysis plan.

### **Participant Selection Logic**

Snowball sampling, a form of purposeful sampling, was used to select participants based on their direct knowledge and experience (Emmel, 2013). The participants selected, met the selection criteria for inclusion in the study. The selection criteria for this study included African American males or females who took active steps to try to enter the legal cannabis industry in Western City but were unsuccessful. Active steps include seeking help from local stakeholders, submitting an application, inquiring about equity programs, or contacting the state's oversight board. They all have an interest in owning and operating a cannabis business in Western City, prior experience in growing, manufacturing, or distributing cannabis and knowledge about the plant and its properties.

I found participants through trade shows and word of mouth. Over the years that I have worked in the cannabis industry as a policy consultant, I have met African American people who are expert growers and successful businesspeople who cannot enter the legal cannabis industry. These potential participants will be sent an invitation letter to participate and informed that their identity will not be exposed to the study if they are currently operating in the underground market.

For qualitative research studies, the number of research participants needed to reach saturation varies. Creswell (1998) recommends 5 – 25, and Morse (1994) suggests at least six. The goal of this study was to interview at least 5-15 participants. I had to

keep in mind the population size and zoning restrictions of the Western City that impact the number of overall applicants who would fit the criteria for this study.

Researchers have conflicting views on data saturation; some feel that is the point when "no new information or themes are observed in the data (Guest, Bunce 2006); while Strauss and Corbin (2014) suggested that saturation is a matter of degree and that there is always the potential for new data to emerge. The sample size for this study was sufficient, and saturation occurred with the comprehensiveness of the information provided by the participants (Emmel, 2013).

The discovery of new information did not add to the theory or foundation presented in this study but will help reconcile contradictory findings and evaluate new theories and foundations. For this study, 8 African American cannabis entrepreneurs participated and shared their experiences that will help uncover and define the perceived public policy barriers that African Americans face while trying to enter the cannabis industry in Western City, California. The relationship between saturation and sample size was sufficient in this study because, through snowball sampling, the use of 8 participants allowed me to obtain relevant, comprehensive data. Saturation was researched with 8 participants.

### **Instrumentation**

I will use a 60-minute researcher-developed interview questionnaire to conduct individual in-depth face-to-face focused interviews with participants. The questions were as follows:

1. Basic non-open-ended questions that will guide the study questions:

- a. When did you apply for application?
  - b. What cannabis entity type were you applying for?
  - c. What is your experience in business and or the cannabis industry?
  - d. What area in Western City do you want to want to operate?
  - e. Who helped you fill out the application?
  - f. Why did you choose Western City as a place to operate a cannabis business?
  - g. What feedback have you gotten from the community and cannabis organizations?
  - h. What steps have you taken to open a cannabis business in Western City
2. What areas of the application did you have a problem or issue filing out?
  3. How did you or were you able to raise capital for your proposed business
  4. When you met with city employees to discuss your application what information did, they give you:
  5. What feedback did you get from other cannabis business owner?
  6. What support have you received from African American institutions?
  7. What support have you received from the cannabis community?
  8. What state policy requirement do you feel will be the most difficult to meet?
  9. What local policy requirement do you feel will be the most difficult to meet?
  10. Overall, what has been the biggest obstacle in obtaining a license/permit to operate a cannabis business?

11. How much money have you spent to enter the cannabis industry and what was it spent on?
12. How have other owners treated you?
13. Have you met any other African American owners or activist in other cities who have supported your efforts?
14. Has any city official approached you about ways to enter into the cannabis industry?
15. What activist, lobbyist, owner, non-profit or any other organization approached you to partner with them for a license or permit?
16. What business offers have you received from potential investors?
17. What are some of the conversations that you had with organizations or politicians about federal legalization?
18. What would you change about the cannabis policies on a state and local level?
19. Do you feel that those changes will lead to inclusion?
20. Why do you feel like you have been excluded from ownership opportunities in cannabis?
21. What methods have been identified to assist in removing the stated barriers and increase African American ownership in the cannabis industry?
22. Has law enforcement contacted you and do they treat you differently from other racial groups who are in the same situation?
23. What have you observed about the cannabis industry that others may have overlooked?

The questionnaire was structured to obtain data about the perceptions of public policy barriers African Americans face when trying to enter the cannabis industry in Western City, California. Also, the questionnaire is structured to elicit participants' perceptions, experience about the public policy barriers they faced, define those public policy barriers, and describe actionable ways to implement strategies that may lead to inclusion in the cannabis industry. Focused interviews allowed the respondents to give their experiences and the impact those experiences have on the phenomenon that is occurring (Gubrium & Holstein, 2001). It also gave me the freedom to explore the reasons and motives behind why the phenomenon is occurring. The questions centered around the respondent's direct experiences and knowledge related to the study.

### **Procedures for Recruitment, Participation, and Data Collection**

I received Walden University's IRB approval to conduct the study, the approval number is 03-01-21-0585067. After approval, I contacted 8 participants through email who are African Americans actively trying to enter the cannabis industry in Western City, California, and have perceived public policy barriers that exclude them from ownership opportunities. I did not use a partner organization to find participants. I used snowball sampling and an individual as involved in this process. This individual did not recruit for me but did provide contact information for potential participants. I recruited the potential participants by sending them an email inviting them to participate in the study. I did not select people who have organizational or employment connections with the individual involved. To avoid any perception of coercion, I did not include this individual in the study. Cannabis is legal in California; however, it is a relatively small, closed industry



due to the nature of cannabis legal status on a federal level. Since the study participants represent a much smaller portion of the industry, the individual provided me with contact information from his/her personal network of individuals believed to meet the study's inclusion criteria so that I could reach out to others directly to invite them to participate in the study. This individual did not ask others to participate in the study, assess interest, answer questions, or give the reception that others need to "apply" through him/her. I contacted the individuals through email requesting their participation. The individual's role was limited to providing contact information of those who meet the study's inclusion criteria.

I did not recruit personal friends or current or past colleagues to take part in the study. Therefore, I did not have any personal or professional relationship with potential research participants. The participants' recommendations came from individuals who have attempted to enter the cannabis industry in Western City. I had no power over potential participants or their applications. My role with Western City did not influence nor hinder the participants' likelihood of being granted a cannabis permit or license for the city, nor were they offered any access based on my position. They were able to participate without feeling coerced or obligated to take part in the study. In qualitative research studies, researchers should give up their biases and view the topic with a fresh eye (Merriam, 2009; Moustakas, 1994). I used specific strategies such as reflexivity, which pertain to researchers' self-awareness and strategies for managing possible biasing factors (Jootun, McGhee, & Marland, 2009; Porter, 1993).

On the invitation, the instructions to the participants were to answer basic demographic questions related to selection criteria such as what steps to obtain a permit, also, that their identity would not be shared in the study. I made sure that the participants met the criteria by answering the basic question listed in the questionnaire. Once that was determined, I contacted each participant via e-mail to set up an appointment for the interview. Due to the pandemic and restrictions placed on social distancing, the interviews took place over video conferencing system.

Before taking part in the interview, I emailed a consent form and explained that a yes emailed response to the emailed consent form meant they agreed to be interviewed. I asked each participant to respond through email. The consent form outlines that no compensation or favors were offered to participants for taking part in the study. With the participants' consent, interviews will be taped and last approximately 60 minutes. Before concluding the interviews, I answered participants' questions or concerns. After I addressed all questions or concerns, I concluded the interviews and thanked participants for their participation. After I transcribed the interviews, each participant was e-mailed a transcript of their individual responses. The goal was for the participants to check for accuracy and to ensure that the tone of what they said was credible and valid (Harper & Cole, 2012). I discussed the participants' feedback with them by telephone. The transcription review process took approximately 60-120 minutes. After the final study is approved, I will e-mail a summary report of the research findings to all participants. I kept all data secured in a locked file cabinet and password-protected computer in my private home office. I am the only one with access to the data, which will keep for at least

five years per Walden University guidelines. After that period, I will properly destroy the data using techniques such as shredding and demagnetizing.

### **Data Analysis Plan**

To analyze the interview questions against the central research question and three Sub-questions, eight individual interviews were recorded using a video conferencing system. In addition to manually transcription of the interviews, as a secondary measure I will upload the interviews into a Word document by using Professional Dragan Speech Recognition Software which is utilized for professional transcription. Once the transcriptions were complete, I coded the information with codes that I created and listed so that I could track responses and highlight new themes. I developed codes to identify new information, ideas and key words. Saldana (2016) stated that coding in qualitative data analysis helps the researcher synthesize information by labeling and categorizing with the hopes of uncovering themes and patterns that can help develop a theory. Coding "translates, summarizes, and condenses data (p3)." The reasoning behind my choice to manually code transcripts instead of using a coding software system was to capture my initial reaction to what was said, which I notated during the live interview process. The preferred process of eclectic coding limits restrictions and derives new ideas (p.8)." Coding the transcript helps the researcher isolate emerging themes and concepts and aids in organizing data for analysis (p.10).

The codes that I applied to the data from the transcript were "first impression eclectic codes " (p.45) using the analytic spreadsheet I created during my foundation research courses (see Table 1). The codes are not a predictor of what will be said, it is just

a quick reference to label and find relevant information within an interview. The codes listed major occurrences and themes. Pattern isolation was of selected short excerpts from the transcript answered who, what, where, when, why, and how. Patterns are a demonstration of people's habits and "helps confirm descriptions of people's routines, rituals, roles, rules, and relationships (p. 6). I created six tables, one for each participant. In column one of the tables for each row, I placed a paragraph or answer to the central question and three sub-questions. In column two, I isolated vital phrases, themes, and observations by using codes and various colors to highlight significant responses. The images for codes to identify information from interviews:

**Table 1***First Impression Eclectic Codes*

Code	Definition
¶	Paragraph/Answer/New Answer
\$\$	Financing/Investment
\$PP	Application Experience/Cost
\$OP	Operation/money spent
***	Important
?	Question/Clarification
//	Separate idea
!!!	New Discovery, thought-provoking
PP	Public Policy Issue
MJ	Major Idea/Focal Point
EP	Equity Point
RC	Racial Capitalism /Support Foundation
REG	Regulations/Concerns
Rich	Western City (city issue)
CA	California (State Issue)
PO	Opinion (personal/relevant)
HS	Historical Context

*Note.* The colors that I used to highlight emerging themes, ideas and strategies were (a) green – cannabis industry/community, (b) blue – current local government, (c) red – federal government, (d) yellow- African American efforts, and (e) purple – perceived public policy barriers.

After coding transcripts, I isolated the coded information by creating an excel data spreadsheet. In addition to the codes, the use of color-coding helped label emerging themes. Data was analyzed using Moustakas's (1994) modified van Kaam method of analysis. This method included the following seven steps:

1. Listing and Preliminary Groupings – Horizontalization (List every quote relevant to the experience)
2. Reduction and Elimination  
(determine the invariant constituents by testing each expression for two requirements)
3. Clustering and Thematizing the Invariant Constituents  
(Cluster the related invariant constituents of experience into a thematic label. These clustered and labeled constituents are the cores themes of the experience)
4. Final Identification of the Invariant Constituents and Themes by Application: Validation
5. Using the relevant, validated invariant constituents and themes, construct an Individual Textural Description for each participant of the experience
6. Construct an Individual Structural Description for each participant based on the Individual Textural Description and Imaginative Variation
7. Construct a Textural-Structural Description for each participant of the meanings and essences of the experience, incorporating the invariant constituents and themes (Moustakas, 1994, p. 120-121)

There are no studies or reports that agree or disagree that the cannabis industry uses racial capitalism to exclude African American ownership and inclusion. Preliminary themes in this study included instances of discriminatory and racist practices in searching for a location, difficulty navigating the application process, access to capital, racial disparities in ownership, exclusion, the racialization of the cannabis market, racial capitalism, restorative justice and equity. Additional themes and sub-themes that emerged during the data analysis process are discussed in Chapter 4.

### **Issues of Trustworthiness**

Qualitative research for this study consisted of data collected through focused interviews with 8 participants. The role that the research played is that of a moderator who captures the respondent's experiences that are related to the study. The rigor of qualitative studies is criticized in the research arena due to the potential bias need for there to be a way of assessing the "extent to which claims are supported by convincing evidence. In qualitative studies, issues of trustworthiness refer to a researcher's ability to produce findings that are credible, transferable, confirmable, and dependable. Credibility refers to the confidence of a researcher in the truth of the findings. Transferability focuses on how the applicable the research is to other contexts. Confirmability shows the neutrality of a researcher in findings. Dependability is the extent that my study could be repeated by other researchers and that the findings would be consistent (Statistics Solutions, 2018). This section is organized in the following subsections: credibility, transferability, dependability, confirmability, and ethical procedures.

## **Credibility**

One of the critical criteria of establishing credibility is internal validity, the extent to which the evidence presented in the study supports the claim related to the cause and effect of the phenomenon studied. Internal validity tests what is intended (Shenton, 2004). Merriam (1998) stated that credibility addresses the question, "How congruent are the findings with reality?" Researchers can incorporate credibility strategies to ensure consistency and accuracy. These strategies include prolonged and varied field experience, time sampling, reflexivity, triangulation, member checking, peer examination, interview technique, establishing the authority of the researcher and structural coherence (Shenton, 2004). In this study, the establishment of credibility was through positionality and reflexivity, I disclosed all bias and experience related to the cannabis industry. I also worked to achieve data saturation by ensuring the participants provided comprehensive responses and met the selection criteria. I kept open communication with the participants. After conducting interviews, I called them and discussed my findings and addressed any conflicting information. Also, I provided them with a transcript of their individual interviews to check for accuracy.

## **Transferability**

Transferability refers to the extent to which one study's findings can apply to other situations (Merriam, 1998). It addresses the study's external validity and whether the findings can apply to a broader population (p.39). Houghton et al. (2013) explained transferability is reached when it was determined the original findings had the ability to be transferred to other, similar results or situations while ensuring that the initial findings



remained unchanged. In qualitative research, the standard of transferability relied on the desired outcome of the study (Cope, 2014).

In this study, the reader is provided a detailed and concise description of the study's context, research, and foundation so that they can make a judgement on the merits and alignment of the study based on their experiences (Cope, 2014; Houghton et al., 2013). To ensure transferability in this study, I described all study procedures and processes undertaken that are were established by Walden's IRB. The expectation is that this will provide enough information so that other researchers will be to replicate each step when attempting to enhance this study or look at it from a different framework or when forming alternative theories (Houghton et al., 2013).

### **Dependability**

Dependability addresses the issue of reliability; the researcher employs techniques to show that, if the study were repeated, in the same context, with the same methods, and with the same participants, similar results would be obtained (Shenton, 2004).

The strategies implemented to establish dependability are the application of the research design and its implementation, explaining the plan, data gathering, observations, reflective assessment of the researcher, and evaluation of the potency of the process inquiry carried out. In this study, dependability happened by cross-checking documents, interview notes, recorded interviews, transcriptions of those interviews, and transcription review documents.

The extent and measures to ensure this study can be duplicated will be explained in Chapter 5 of the is study.

**Confirmability**

The concept of confirmability is the researchers' objectivity and ability to address their biases and correct them. In this study, confirmability will be established by triangulation to reduce the effect of investigator bias, admission of researcher's beliefs and assumptions, recognition of shortcomings in study's methods and their potential effects, in-depth methodological description allow the scrutinization of the integrity of research results. I informed each participant of my background and experiences so that I can address any potential for bias.

**Ethical Procedures**

Before I started this study and interviewed participants, I obtained approval from Walden University's IRB. My IRB assigned approval number is 03-01-21-0585067. All participants were treated according to the ethical guidelines that have been established by Walden University's IRB. All participants were free to choose whether they would participate or not. Participants were made aware that if any questions made them uncomfortable, they could skip it without consequences. Additionally, participants were made aware that they can withdraw their consent to participate at any time. It was explained to each participant the correct measures to take to withdraw their participation and consent from the study. I agreed to follow the principals of research ethics (Smith, 2003).

All ethical principles were followed in this study to protect the participant. There are no known harms associated with participating in this study. None of the participants were exposed to any harm, therefore I am not requesting that the IRB provides forms that

have referrals to local support services. Each participant was asked to complete their interview on video conference software. Instead of using their names each participant was assigned a number as a participant identifier at the beginning of the study and before interviews (Creswell, 2013). Files and transcripts were stored in a locked file cabinet to which only I have access.

### **Fidelity and Responsibility**

In this qualitative research study, I sought to establish a relationship of trust with the participants by ensuring confidentiality, not including participants from vulnerable populations, and informing the participants of my ethical, professional, and scientific responsibilities to society and the specific communities in which this study represents. I upheld professional standards of conduct, clarify my professional roles and obligations, accept appropriate responsibility for their behavior, and sought to manage conflicts of interest that could lead to exploitation or harm (Orb, 2001).

### **Integrity**

In qualitative research, the researcher seeks to promote accuracy, honesty, truthfulness, and adopt an ethics of care approach. Watts (2018) stated that integrity ensures that a participant will not be exploited, and this is done by acknowledging the power dynamics when conducting focused interviews for a qualitative research study. In addition to moderating the process, the researcher's role is to balance the participants' rights with their responsibilities. It is essential that while the researcher is trying to gain knowledge about the participants' lived experience, we do so with confidentiality and no intrusions that can harm the participants.

**Justice**

Justice in qualitative research represents fairness in the process to ensure that a participant will not be exploited. Orb (2001) stated that this is demonstrated by exercising reasonable judgment to ensure that potential biases are addressed and recognizing the participants' potential vulnerabilities. The participants in this study were not representative of a vulnerable population. This study does not include children, prisoners, the mentally ill, or the elderly.

**Respect for People's Rights and Dignity**

Respect the dignity and worth of all people, and the rights of individuals to privacy, confidentiality, and self-determination. Respect cultural, individual, and role differences, including those based on age, gender, gender identity, race, ethnicity, culture, national origin, religion, sexual orientation, disability, language, and socioeconomic status, and consider these factors when working with members of such groups.

I conducted the study following Walden University's IRB and all federal and state regulations in California guidelines to ensure the ethical protection of research participants. Data collection began after receiving Walden University's IRB approval. The data collected presented no more significant than minimal risk, and Walden University's IRB guidelines were followed to protect the data generated from the interview questions.

Before the interviews, the participants received information on the interview structure, were emailed a copy of a consent form, and asked to read and respond to the email. The researcher answered all questions and let participants know beforehand that

the interviews would be recorded. They were informed their rights would be protected, and all identifiable information would be redacted from the transcript based on the recorded interviews.

The identity of the participants and the location of the city highlighted in this study is confidential. All data collected is secured in a locked file cabinet and password-protected computer in my private home office. I am the only one with access to the data, which is kept for at least five years per Walden University guidelines. After that period, I will properly destroy the data using techniques such as shredding and demagnetizing. After the study is approved, I provided a copy of my findings to participants at their request.

### **Summary**

I explored 8 African American cannabis entrepreneur perceptions about public policy barriers they face trying to enter the cannabis industry in Western City. The management of data and transcription of the in-depth, focused interviews were done manually. Data were analyzed using Moustakas's (1994) modified van Kaam method of analysis. The data that I collected presented no more significant than minimal risk, and I followed Walden University's IRB guidelines to protect participants and the data. In Chapter 3, I included the research design and rationale, the role of the researcher, methodology, issues of trustworthiness, and a summary. Chapter 4 will include the setting, demographics, data collection, data analysis, evidence of trustworthiness, results, and a summary. Chapter 5 will include the interpretation of findings, limitations of the study, recommendations, implications, and a conclusion.

## Chapter 4: Results

### **Introduction**

The purpose of this qualitative research study was to explore 8 African American entrepreneurs' perceptions about public policy barriers they face attempting to enter the cannabis industry. The central research question drove this study was: What public policy barriers are African Americans facing when attempting to enter the legal cannabis industry? The specific subquestions that guided this study were:

Subquestion 1: What are the public policy barriers in Western City regulations that impact entry into the cannabis business?

Subquestion 2: How does racism and economics influence policies that are perceived barriers?

Subquestion 3: What methods have been identified to assist in removing the stated barriers and increase African American ownership in the cannabis industry?

In this chapter, I present the procedures used to conduct interviews, the setting, participants demographics, data collection and data analysis. The chapter also included an in-depth description of the data analysis process and results. Participants' demographics describe the sample population, data collection procedures, and analysis procedures applied to the data. This information follows a review of the evidence for trustworthiness.

### **Setting**

On March 12, 2021, I contacted via telephone a person with knowledge of African American entrepreneurs who had attempted to enter the cannabis industry in Western City (a pseudonym), CA. Since the study participants represent a much smaller

portion of the industry, the individual provided me with contact information from their personal network of individuals believed to meet the study's inclusion criteria. I used snowball sampling for this study which allows a researcher to contact an individual who has access to potential participants (Tenzek, 2017). The individual involved in this process did not recruit for me but provided contact information for potential participants. I recruited the potential participants by sending them an email inviting them to participate in the study. I emailed each individual and sent them a consent form. Eight people responded to the emailed consent form agreeing to an interview.

The eight participant interviews were scheduled between March 13<sup>th</sup> and 27<sup>th</sup>, 2021. After March 27<sup>th</sup>, no other potential participants responded to the email. I conducted individual, in-depth focused interviews with a total of eight participants. Each participant was informed that they could refuse or skip the interview and that there were no personal or organizational influence that I had over the cannabis application process.

### **Demographics**

The participants of this study were eight African Americans who reside in Western City and had made concerted efforts to enter the cannabis industry in the city. Three participants made it through the application process but were not selected. Three were in the process of completing their application but were unable to secure a premises, as required. Two participants had prepared their applications, but their focus was on networking and generating political, cannabis coalition, and investor support. Three participants highest level of education was a high school diploma. Four had bachelor's degrees ranging from business, accounting, social work, and psychology. One participant

had a master's degree in business administration. Each participant considered themselves an entrepreneur, five participants were business owners at the time of the study, who wanted to expand into the cannabis industry. For the other three participants, cannabis was their first time trying to start a business. See Table 2.



**Table 2***Participant Demographics*

Participants	Age	City of Domicile	Concerted Efforts	Highest Level of Education	Entrepreneur Status Current Business owner/1 <sup>st</sup> Business Attempt
<b>P1</b>	25	Western City	Started Application/Look for location Contacted city and coalitions	High School	1 <sup>st</sup> Business
<b>P2</b>	37	Western City	Submitted Application Contacted city and coalitions	Bachelor's Degree	1 <sup>st</sup> Business
<b>P3</b>	42	Western City	Started Application/look for location	High School	Current
<b>P4</b>	28	Western City	Submitted Application Contacted city and coalitions	Bachelor's Degree	Current
<b>P5</b>	54	Western City	Submitted Application Contacted city and coalitions	Master's Degree	Current
<b>P6</b>	32	Western City	Stated Application/Contacted city	Bachelor's Degree	Current
<b>P7</b>	28	Western City	Started Application/Networking	Bachelor's Degree	1 <sup>st</sup> Business
<b>P8</b>	27	Western City	Started Application/Networking	High School	Current

*Note.* Business refers cannabis being the first-time participant(s) has attempted starting a business.

### **Data Collection**

Individual interviews were conducted, and each one lasted approximately 60 minutes. A total of eight interviews were conducted using Zoom video conferencing software. Before the interviews, I assigned each participant a numeric identifier P1-P8. I labeled the individual identifier in the video description meeting section. During the recorded interviews, I took handwritten notes to capture important details, including emerging themes and lived experiences related to the study. I made sure that the numeric identifier was placed in the notes so that I could keep track of the participants' responses in real time. I also took handwritten notes of my reaction, and words and terms that were unfamiliar to me. After each interview, I told the participants that I would contact them to ask follow-up questions for clarification or elaboration and send them a transcript of their interview to make any changes or ask questions. In addition, I informed them that once the study is approved, I would email them a summary of my findings.

I manually transcribed the interviews, saved them to a USB drive, and sent each participant an e-mail with the interview transcript to ensure that all information was accurate. Seven participants confirmed that the information was correct and that there were no additional changes needed. One participant had to elaborate on a term and application requirement that I was unaware of. I had to ask this participant a follow up question about California Environment Quality Act (CEQA). I was unaware of this requirement for the cannabis application and had not researched its impact. The participant elaborated on their experience involving CEQA and provided a government website where I could research (CEQA) and how it impacts on barriers in the cannabis

application process. Two participants asked questions regarding the potential findings of the study. I informed them that after the completion and approval of the final study, I would send them a summary of the findings.

### **Data Analysis**

I analyzed the research data using Moustakas's (1994) modified van Kaam method of analysis. After manually transcribing the interviews, I used reduction, imaginative variation, and a synthesis of the overall themes uncovered in the participant response. Horizontalization was used to list every quote relevant to the participants' experience had related to their attempts to enter the cannabis industry. I used a different color to highlight themes, familiar and unfamiliar terms each and relevant experiences. Next, I used reduction and elimination to remove overlapping, repetitive and vague language and uncover patterns and themes that did not change across participants. The invariance in the responses became the structure of the recurring themes expressed by the participants.

Clustering and thematizing were needed to ensure that the consistent themes were explicit and comparable for all participants. Final identification consisted of checking the themes against the complete record of the participant responses. The responses that remained after this step was compatible and explicitly expressed by participants. The responses that were not comparable or explicitly expressed were deleted. The relevant and validated themes were listed verbatim in an Excel spreadsheet. The narrative supporting the themes captured the meaning and essence of the experience representing the eight participants of this study. When the data responses were isolated on the

spreadsheet, I created a summative table that illustrates known elements, participant experiences, perceptions, sub-category of those perceptions and the themes discovered by analyzing these areas.

The data analysis process included obtaining a complete description of the participants' experience with public policy barriers they faced in entering the cannabis industry. I synthesized data by listing all comparable and explicit responses, creating a demographic table and a summative table. When these steps were completed, a textural description was created from the verbatim participants' responses.

### **Evidence of Trustworthiness**

Validity and reliability through credibility, transferability, dependability, and confirmability were established in this research study. In this study, the establishment of credibility will be through positionality and reflexivity. I disclosed all bias and experience related to the cannabis industry. I also worked to achieve data saturation by ensuring the participants provided comprehensive responses and met the selection criteria. I kept open communication with the participants. After conducting interviews, I called them and discussed my findings or addressed any conflicting information. Also, I provided them with a transcript for them to check for accuracy.

To ensure transferability in this study, I have described all study procedures and processes undertaken that are were established by Walden's IRB. The expectation is that this will provide enough information so that other researchers will be to replicate each step when attempting to enhance this study or look at it from a different framework or when forming alternative theories (Houghton et al., 2013). I developed focused questions.

Dependability was established explaining the plan and carried out on a strategic level, data gathering, observations, reflective assessment of the researcher, and evaluation of the process inquiry's potency. In this study, dependability happens by cross-checking documents: interview notes, tape-recorded interviews, transcriptions of those interviews, and transcription review documents.

Confirmability was established to reduce investigator bias, admission of the researcher's beliefs and assumptions, recognition of shortcomings in the study's methods and potential effects, in-depth methodological description, and scrutinizing research integrity results. I accomplished confirmability by taking detailed notes of my thoughts and beliefs. In this study, the establishment of credibility will be through positionality and reflexivity. I disclosed all bias and experience related to the cannabis industry. I also worked to achieve data saturation by ensuring the participants provided comprehensive responses and met the selection criteria. I kept open communication with the participants. After conducting interviews, I called them and discussed my findings or addressed any conflicting information. Also, I provided them with a transcript for them to check for accuracy.

## **Results**

Through data analysis, I keep track of a priori codes, which are the known elements of the study. Those elements encompass racial capitalism and are racialization, commodification, and predatory inclusion. Open codes were the observed data related to the participants' experiences related to the known elements. Categories were created based on the participants' perception of the barriers they face. The sub-categories are

based on the overall perceptions of how those participants define the cause. Three themes related to the A priori codes, categories and sub-categories were uncovered with experts from participant interviews.

### **Central Research Question**

What public policy barriers are African Americans facing when attempting to enter the legal cannabis industry? Data were analyzed based on the central question, and three themes emerged. Theme 1 involved systemic, institutional, and structural racism reflected in cannabis policies, the implementation, and negative perceptions of African Americans are part of racial capitalism. Theme 2 involved the cannabis policies related to licensing. Theme 3 involved access to capital.

In responding to the central question, participants were asked to explain and describe their perception of policy barriers that they feel excluded them from entering the cannabis industry. All participants shared their experiences to understand their perceptions of the cannabis industry and why they feel excluded. All stated they had faced barriers that are not self-inflicted but written into cannabis policies. All stated that the cannabis industry is not concerned with correcting African Americans' historical criminalization and its impact on the current legal industry, the lack of access to resources, and stigmas about cannabis. Some examples of specific areas of the application process, policies, and examples of racism they feel disproportionately impact African American cannabis ownership.

Overall, the participants stated that they feel that racism is rooted in cannabis policies to exclude African Americans. However, cannabis legalization both on a local

and federal level is promoted as social justice reform for African Americans, unfair historical treatment related to devalued communities, and the "war on drugs." Other participants' responses indicated that the cannabis industry is a for profit-driven business and is no different from any other industry. The lack of ownership stems from lack of access to capital and the negative perceptions that investors, the cannabis community, and politicians have of African American cannabis entrepreneurs. For a summary of all the themes, see Table 3.

**Table 3**

*Description of Themes*

A Priori Code	Open Codes	Categories Perception	Subcategories	Themes/ Participants	Excerpts
Racialization	Social Justice Reform Federal Legalization History of Exclusion Application/Licensing Process designed to excluded African Americans	Legalization Local and federal level is promoted as social justice reform	African Americans are not benefiting economically from new legalization Application/Licensing Process excludes African Americans	Racism P1, P2, P3, P4, P5, P6, P7, P8	P1 “When people hear cannabis from a black person, all they hear is a drug dealer with drug money. When a White person mentions cannabis, they are as businesspeople.” P5 “The racism is blatant. Look at most products they use our image, culture to sale and we are being left out.” P3 “It boils down to money and influence. If you cannot pay politicians and lobbyists to develop relationships that may lead to networking with investors, the exclusion will continue.”
Predatory Inclusion	Equity Programs Cannabis Coalitions Politicians  Extreme financial barriers associated with an application that is not guaranteed Extreme financial barriers associated with an application that is not guaranteed	City/State ordinances are designed to benefit others	Regulatory Restrictions Access to capital Application/Licensing Process	Licensing Application Process P1, P2, P3, P4, P5, P6, P7, P8	P4 “Cannabis policies promote predatory and racist behavior. They make community benefit and engagement or equity part of the application process when they know there is no significant benefit to African Americans.  P2 “Our local government is forgetting that we already paid the price. If you do not have access to a minimum of \$1 million, you will not get into this industry if you are black and do not have a \$1 million.
Commodification	African American image used to promote products and legalization	Image used to push agenda, market product, legalization	Cannabis coalitions, politicians and investors use African Americans with no intentions of expanding ownership	Access to capital P1, P2, P3, P4, P5, P6, P7, P8	P7 The cannabis sub-culture makes us feel like they have a pass to tell racist jokes, use a negative caricature of our image on their products. It is done in the open. P4 Investors, politicians, and cannabis coalitions want a black face to go before the city council to support their application.” P8 Our role in cannabis is to make other people rich off our suffering



*Theme 1 Structural, Institutional, and Systemic Racism in the Legal Cannabis*

*Industry*

All participants shared that they have experienced some form of racism among investors, politicians, and cannabis community leaders. Several told stories of predatory investors looking for a black face to pass the community benefits requirement for most applications. Others mentioned not receiving support from well-funded cannabis coalitions where the vast majority are White. They shared that even politicians would make promises for support, but it leads to no more than a photo opportunities. The participants shared that most monies collected by coalitions go to lobbying efforts and not to African American entrepreneurs. Overall, participants responses felt that they carry the stigma that the war on drugs left on the proception of African Americans by Whites and from other African Americans who may be in positions to help but are not willing because of their feelings about cannabis as a drug or the fear of police intrusion.

Participant 1 shared,

When people hear cannabis from a black person, all they hear is a drug dealer with drug money. When a White person mentions cannabis, they are as businesspeople.

African Americans who can offer financial or professional support related to cannabis, several participants, say that it is a form of colorism and an extension of racism.

Participant 1 continued,

African American business owners and community activists are afraid to support African American cannabis entrepreneurs. The perception of assuming that an African American in cannabis is involved in illegal activities or lazy potheads will put them at risk of being viewed as working with a drug dealer.

Participant 8 shared,

We do not get support from the Black churches in our city or black professionals like lawyers, architects, policy analysts. Even if they partake, they will instead align themselves with someone who is accepted and will not draw any unwanted attention,

Participant 3, mentioned.,

A young black entrepreneur does not have the luxury of moving in circles with millionaire investors.

Participant 6 added,

They automatically assume we are criminals even if we are entering into a legal industry.

Six participants shared their personal experiences at cannabis networking events.

Most of the discussions are about social justice reform, and federal legalization will push forward social justice reform. That cannabis is an opportunity for African American ownership and an opportunity to profit legally and not have to worry about the arrest. However, several talked about how ownership percentages have not changed, and African Americans continue to get arrested at higher rates for cannabis in states where cannabis is legal. They feel that that the actions by some investors, politicians, and the

cannabis coalition is racist. Several stated their experience feeling used, marginalized because they were black.

Participant 2 shared,

The investors, politicians, and cannabis coalition activities are trying to make a name for themselves. They ask us to write congress, attend events, speak on panels, and we are paraded around for photo opportunities so that an investor can claim that they are going to help the community if they get a license, or a politician can get votes by claiming they support cannabis to social justice. However, what hurts more are the cannabis associations that promote equity in cannabis. They are more racist than the others.

Participant 6 added,

They are only concerned with making money and keeping the industry as White as possible. I have been at events where they feel so comfortable making racist statements. The cannabis sub-culture makes them feel like they have a pass to tell racist jokes, use a negative caricature of our image on their products. It is done in the open.

Participant 4 shared,

Cannabis policies promote predatory and racist behavior. They make community benefit and engagement or equity part of the application process when they know there is no significant benefit to African Americans. Investors, politicians, and cannabis coalitions want a black face to go before the city council to support their application. It is a requirement to show that the cannabis business will benefit the

community. So, once we agree to support them, they get the license, we get a few thousand dollars and many unkept promises for partnership and profit-sharing. The cannabis coalitions on a quest for federal legalization quest who pretend to want us involved, but again it is just a way to generate donations and fight for federal legalization. If we are excluded on the city and state level, it will worsen when cannabis is legalized on a federal level. Not only are we not part of business ownership and the licensing process, but we are also left out of the supply chain. Media has skewed the life of Black cannabis entrepreneurs in America. We are often the consumers and not the benefactors of ownership and profit. The marketing of cannabis shows us as gangsters and extreme users, and the legal cannabis industry is history repeating itself.

Similarly, Participant 7 shared,

An investor approached me and said that his investment group wanted to partner with my group. We were excited and agreed to have his company mention us in the community business section, which said they were willing to partner with locals interested in cultivation. The investor got a cultivation license in the city, but the city never followed up with the investor to see if he fulfilled the community benefits requirements.

Participant 5 shared,

The racism in the cannabis industry is sad, we experience it all the time. We see Whites and Asians as owners in the city, but we are being left out. Most of these business owners at some point worked in the underground market. They do not have to worry

about the police pulling them over or raiding their business. The racism is blatant. Look at most products they use our image, culture to sale and we are being left out.

Three participants say that cannabis policies are reminiscent of other policies federal and local that are detrimental to African Americans. In the next section, we discuss the experience of trying to obtain commercial property for a cannabis business. However, participants told of similarities in trying to obtain residential housing. Western city Housing Authority is an example. Similar to the negative perception that participants feel the cannabis industry has towards them, they see the same racist behavior in private and public housing. Participants feel that owners will not rent to African Americans and actively participated in a scheme to force African Americans out of Western City.

Participant 2 shared,

I am not surprised about the racism we face in the cannabis industry. It happens in other industries and federal and state-regulated programs. The Housing Authority forced many low-income African American residents out of Western City when they decided to take housing vouchers granted to individuals for the federal Section 8 Program. Instead of issuing vouchers to individuals, they put pool funds together to lower the amount and control who receives vouchers. So, if the federal program said that a family of six qualifies for a four-bedroom apartment and the voucher covers two thousand a month, the city would only offer the landlord \$1400. Landlords would refuse to rent African Am had to move to other cities with lower rent." Currently, HUD has taken control of the HA due to an

investigation under the Fraud Civil Remedies Act to submit misleading financial documentation to HUD.

Participants gave examples of their experience attending cannabis forums and events. They described the products on display that used black caricature images of Rastafarians, urban culture, and stereotypical black images that depict gang-like imagery. In addition, they described panelists and keynote speakers who are primarily male and White. During these events, the participants' goals were to network, meet investors and learn more about entering the industry. Although most panel discussions and keynotes address equity, diversity, and inclusion, they feel the focus and the purpose of these forums are to discuss how to enhance the billion-dollar industry and not inclusion

Participant 5 added,

The cannabis sub-culture makes us feel like they have a pass to tell racist jokes, use a negative caricature of our image on their products. It is done in the open at cannabis promotional events and forums

Participant 8, concluded,

Our role in cannabis is to make other people rich off our suffering. At events all the panelists are majority White men who boast about how they are there to promote diversity equity and inclusion and all they want is a license to operate in our poor communities.

### ***Theme 2: Licensing/Application Process***

All participants said the initial barrier is the licensing process for state and local cannabis applications. Five participants specifically mentioned the requirement for a

lease agreement or purchase of premises before an application is submitted. They stated that this is a financial hindrance and places African American applicants at risk of discriminatory interactions with property owners and real estate agents who are unwilling to lease or sell. Another issue is that when owners find out that the lease is for cannabis, they will increase the rental cost, in some cases, by three times the listed price.

Participant 7 shared,

If the city removed the requirement of the premises and instead issued conditional licenses, we can then go to realtors/owners and show them that the city has approved us, at least it will show the owners that we are legitimate candidates, the assumption is that we are not going to make it to the final stages of the process.

Participant 3 shared,

The cost of entering a lease agreement for a license without an application's approval is a barrier. It is hard for us to enter into agreements predicated on licensing. It is not fair to us as the applicant. The application process lasts for a minimum of six months. Therefore, we have to pay for a lease, and if we are not issued a license, we lose all our money.

Participant 2 shared,

My business partner and I saw a property zoned for cultivation that was within our budget of \$2000 a month for rent. When we met with the realtor and told her that we were applying for a cannabis license, she called us the next day and said that the rent was now \$10,000, and since it is a cannabis business, they can charge that amount. That stopped us from applying because we could not find a location.

The application process is expensive, to file an application in Western City is a minimum of \$3,000. The cost of completing the application can range from \$25,000 and can exceed \$60,000 depending on the type of license. A successful application needs a security plan, facility plan and operation plans that requires completion by an expert. If the applicant does not have the skills or knowledge to complete the necessary documents, they have to hire a subject matter expert. Also, according to participants a legal or compliance expert is needed as well. All these requirements by the state and Western City make it difficult to complete an application that will be approved.

Participant 5 shared,

The requirements for the applications are extreme. One is required for state approval then the city has an additional application. In addition to requiring a premise first, we have to hire an architect for the facility plan, an ex-police officer for the security plan and a compliance expert to make sure that our application meet all the legal requirements. I have been in business for over twenty years and there is no industry that is regulated like cannabis.

Participant 2 said,

The application process is convoluted, and it takes a team of experts to complete it. It cost us close to \$30,000 to complete the application and there is no guarantee that we will get approved for a license.

Similarly, they mentioned that California forbids anyone with a felony for a controlled substance offense within the past three years cannot obtain a license, and criminal background checks for all employees. Also, there are extreme financial barriers



associated with an application that is not guaranteed. If one cannot self-finance, the likelihood of receiving a 100% investment is unrealistic for an African American. Most participants said they could network with a venture capitalist if they were already part of the venture capitalist network.

### ***Theme 3 Access to Capital***

All participants agreed that access to capital excludes them from the industry. Two participants mentioned cannabis equity programs that are in surrounding cities. Although Western City does not have an equity program, the participants shared that it would not improve ownership. As discussed above, the reasons that the three participants mentioned above, access to venture capitalist dollars.

Participant 4 shared,

The impact on African Americans because of police kicking down doors, pulling us over, dragging us out of cars, degrading, beating, and arresting us more than any other race of people for cannabis, now that it is legal, our local government is forgetting that we already paid the price. If you do not have access to a minimum of \$1 million, you will not get into this industry if you are black and do not have a \$1 million. Good luck finding an investor who is not a predator. We cannot go into a bank and get a business loan because cannabis is illegal on a federal level. Limited access to capital has nothing to do with not knowing where to get money or having no money available. Many investors, even black ones, look at us as a risk because of our race.

Similarly, Participant 5 shared,

A lot of African Americans are not part of the community of generational wealth in the county. If I worked in the tech industry, went to an ivy league school, I may have access to venture capitalists, but they are not part of our community. Again, no matter the business, we are faced with issues of access. Systemic racism has excluded us in cannabis and beyond, and until the policymakers take into account that systemic racism folds into cannabis policy, the exclusion will continue.

All participants felt that the application process's is politicized, and the lack of capital, political connections, and legal representation facilitating capital and completing the application requirements is complex or, according to the three participants, impossible to navigate. Participant 1 shared,

It boils down to money and influence. If you cannot pay politicians and lobbyists to develop relationships that may lead to networking with investors, the exclusion will continue. Just like Blacks have been excluded from ownership, we are also excluded from authoritative positions in cannabis policy.

Participants feel that the cannabis industry and the regulatory process for establishing a business is fundamentally racist. The intent to promote legalization as a form of social justice for African Americans is a ploy to generate their support for legalization, keep them as consumers, and exclude them from ownership opportunities. Historically, this is not a new concept in industries that the government regulates. Even if the intent of the public policies that guide these industries are noble, the outcome is that qualified African Americans are excluded from ownership through stringent regulatory

requirements, access to capital, and the need for the elite to keep the industry small so that they can maximize profits.

### **Summary**

The purpose of this qualitative study was to understand the perceived public policy barriers that African Americans face with attempting to enter the cannabis industry. African Americans voiced their perspective while describing their experience during individual interviews over video conferencing software. Each participant interview provided in-depth data that addressed the research question. The analysis of data revealed three themes: (a) systemic, institutional, and structural racism are reflected in cannabis policies and influence the perceptions of African Americans, (b) licensing/Application process, and (c) access to capital. The themes represent the participants' essence and live experiences in attempting to enter the cannabis industry.

The research question of this study what public policy barriers are African Americans facing when attempting to enter the legal cannabis industry? All eight participants expressed that their experience reflected the systemic, institutional, and structural racism in cannabis public policies and results in the implementation and negative perceptions of African Americans.

Theme 2 involved the cannabis policies related to licensing and the application process. All participants said that obtaining a license requires the use of subject matter experts, and it is challenging to navigate if not experienced with regulations. Five participants specifically mentioned the requirement for a lease or purchase agreement for a premise as a barrier.

Theme 3 involved access to capital. All participants said that is also a barrier because it cost upwards of \$1 million in startup cost, and African Americans make up less than 1% of the venture capitalist monies from investors in cannabis. Two participants mentioned cannabis equity programs as a barrier because it causes predatory investors to make deals with African Americans. Once they receive a license, they drop the equity applicant, keep the license, and state and city incentives that come with an equity license. Western City does not currently have an equity program, but participants felt that if Western City implemented an equity program with the same policies as others, it would have the same result of not increasing ownership for African Americans in the cannabis industry.

In Chapter 4, I included the demographics, setting, data analysis, data collection, evidence of trustworthiness, results and a summary. In Chapter 5, I include the interpretations of findings, limitations of the study, recommendations, implications, and a conclusion.

## Chapter 5: Discussion, Conclusions, and Recommendations

### **Introduction**

The purpose of this qualitative study was to understand the perceived public policy barriers that African Americans face with attempting to enter the cannabis industry. I researched the lived experiences of eight African Americans who made concerted efforts to enter the cannabis industry in Western City (a pseudonym), California. My goal was to provide an understanding of the experiences that African Americans face, why they consider those experiences as barriers to ownership, and to build on present literature associated with public policies that are promoted as being beneficial to African Americans but result in a lack of ownership and economic growth. The pattern displayed in cannabis public policies is similar to ineffective housing and financial institution policies promoted as helping African Americans and African American communities with ownership and economic growth. Therefore, descriptive data were obtained through focused interviews from eight participants who shared their experiences. Data were interpreted and analyzed using Moustakas's (1994) modified van Kaam method of analysis.

### **Key Findings**

In this qualitative study, I explored eight African American entrepreneurs' perceptions about public policy barriers they face attempting to enter the cannabis industry. I collected data through in-depth, focused interviews conducted through video conferencing software. This study's design was selected to answer the central research

question about African American perception about public policy barriers that amount to exclusion from ownership in the cannabis industry.

Using Moustakas's (1994) modified van Kaam method of analysis, I discovered three main themes. First, findings indicated that most participants believed that structural, institutional, and systemic racism cause the public policy barriers that exist in cannabis. Also, participants believed that cannabis public policies do not consider the historic punishment and criminalization of African Americans who are still four times more likely to be arrested for violating cannabis possession laws, even in states where cannabis is legal for recreational and medicinal use. Also, they expressed concern for African American communities that were left with blighted and devalued property due to the war on drugs. These areas in Western City are being leased or sold off to White and Chinese cannabis owners for cultivation and manufacturing. They also felt that racism was the main factor deterring African Americans from being more equitably included in the cannabis industry, from the policies to the investors' perception and the overall cannabis community and coalitions.

Second, application and licensing requirements to receive consideration by the state and local government, such as accruing a premises before filing, and the requirement to hire experts to conduct environmental, facility, and financial plans, along with the need to consult legal and regulatory compliance experts as well. The application also requires that owners and employees have no criminal record related to a controlled substance, and all are subject to background checks. Third, findings indicated that access to capital. The cost of entering the cannabis industry, just at the application and licensing

phase, can cost thousands of thousands of dollars, and there is no guarantee that the applicant will get a license. In addition, private investments to African Americans are so low that there is no significant change in the percentage of African American ownership since the legal status of cannabis began to change over a decade ago. Chapter 5 includes the interpretation of findings, limitations of the study, recommendations, implications, and a conclusion.

### **Interpretation of the Findings**

The findings of this qualitative study both confirmed and offered in-depth experiences related to public policy barriers that African Americans face when entering the cannabis industry. This study's findings were interpreted using Robinson's (1983) theory of racial capitalism and the literature review. Racial capitalism in cannabis continues to affect African Americans throughout the United States and Blacks throughout the world. Racial capitalism focuses on the social structure or organization within the economy and the influence of white supremacy in establishing inclusion and economic parity (Colman, 1990; Robison, 2000) in the cannabis industry.

Examples of cannabis's long tempestuous history involving African Americans as the pinnacle face to market punishment and now legalization were presented in Chapter 2. The racialization of a market is a construct of capitalism that contributes to excluding African Americans as owners in the marketplace (Robinson, 1983). Racialization is the process of constructing people into inferior or superior racial categories that block/limit or facilitate their access to valued societal resources of property, power, prestige, and privilege (Gallagher, 2007).

Instead of owners, African Americans are viewed and used as commodities (Leong, 2012). To commodify means to make something or someone marketable. An industry may exploit the African American image, culture, legal and political interactions to appear progressive while appropriating a community's plight for profit. (Rosenthal, 2019). Predatory inclusion is the act of providing a service, implementing initiative or police to African Americans that does not led to the intended economic growth to individuals and community (Taylor, 2019) Predatory inclusion is used by politicians, investors, and coalitions to draw African Americans to support the cannabis industry by telling them that it is a form of restorative justice. However, African Americans are still arrested at three times the rate of other races in cities where cannabis is legal and excluded from ownership.

A public policy promotes racial capitalism if it includes occurrences of racialization, commodification, and predatory inclusion. It is not a thorough enough argument to claim that capitalism by itself promotes systemic racism. It is the need to preserve wealth for the wealthy White elite and exclude African Americans and their contributions to the United States' strong economy. Preserving wealth for the few is what perpetuates white supremacy in capitalism and racial capitalism in public policy.

Racial capitalism is apparent in the cannabis industry today: (a) laws were adjusted to maximize profits for a few (b) the licensing/application process imposes stringent regulations that only the wealthy elite can afford to comply (c) punitive measures are levied against those who cannot afford to comply (d) a marginalized group is targeted and viewed as 'the bad guy' to get public support, so there are no complaints



when the targeted group is punished more harshly than others. (e) use the same marginalized group as a commodity. The exclusion pattern discussed by the participants coincides with the research conducted for this study and participant responses.

### **Central Research Question**

The central research question was: What public policy barriers are African Americans facing when attempting to enter the legal cannabis industry? The central research question results indicated that all participants believed that the overall barrier to entry is racism, followed by the licensing/application process and access to capital.

### ***Theme 1: Structural, Institutional, and Systemic Racism in the Legal Cannabis Industry***

Although the participants did not specify or categorize the type of racism, their experience can be defined under forms of structural, institutional, and systemic racism. Structural racism and systemic racism are interchangeable; they are systems in which public policies, institutional practices, cultural representations reinforce ways to perpetuate racial group inequity. Systemic racism focuses on the historical, cultural, and social psychological aspects of our currently racialized society. Both allow privileges associated with "whiteness" and disadvantages associated with "color" to endure and adapt over time. Cannabis history involving the punishment, criminalization, consumers, and commodification of African Americans has existed for centuries, and the new legal market has not changed the systemic exclusion from financial gain and ownership for African Americans. Once a market is racialized, the structure of racism is allowed to

flourish to the detriment of African Americans. The cannabis industry has all the components of racial capitalism.

African Americans attempting to enter an industry as an owner or executive must contend with a capitalistic structure rooted in systemic racism. Robinson (1983) warns, when African Americans, along with allies, mobilize for inclusion in the marketplace, a "renewed emphasis on white supremacy" is used to maintain ownership (p.194).

The participants described how they face racism at every phase of trying to start a cannabis business. As the patterns unfolded, the themes overlapped under forms of racism, identified as structural, institutional, and systemic. Each form of racism in a public policy is an example of racial capitalism. The elements of racial capitalism are racialization, commodification, and predatory inclusion. The lived experiences that all participants expressed show how cannabis public policies included the elements of racial capitalism.

### ***Theme 2: Licensing/Application Process***

In Western City the Planning Department is responsible for processing cannabis applications for the city and applying cost an initial filing fee of \$7,382 due when the application is submitted. The city also requires applicants to apply for additional planning permits, have a location and a business design. If an application is approved, the complete application process alone can cost upwards of \$27,000 which does not include the cost of obtaining the additional permits for design review, certificate of appropriateness for historical buildings and other fees, design fees and pre-paying to lease a building while the applicant waits for approval. Applying cost can exceed \$60,000

just to comply with the requirements for approval. In addition to sales tax, the city also collects a 5% tax from the owner's gross profits. This money goes into the city's general fund to pay pensions and payroll—the voters' approval of an additional 5% tax in 2010. Business owners pay between \$100,000-\$400,000 annually to operate in the city and are required to pay a quarterly regulatory fee for inspections.

The practices that they have experienced property owners and real estate agents when inquiring about a property zoned for cannabis is a form of redlining. Redlining is when an African American is refused loans, lease agreements, insurance or steered into a different neighborhood because they are often incorrectly deemed a financial risk (Taylor, 2019). The participants also shared experiences with investors and coalitions who perceive them as drug dealers or inept.

### ***Theme 3: Access to Capital***

Startup costs to open a cannabis business range between \$250,000-\$7500,000 (Moore, 2018, p.1). Also, operational costs are upwards of \$250,000 annually (p.3)—the average cost of opening and operating a cannabis business at over \$1 million. Cannabis represents 85% of new investments in the country (Arcview, 2019, p.5), but African Americans account for 1% of cannabis venture capital investments (Walker-Morris, 2018, p.2).

In addition to startup costs, the state has fees, and each city can set its fees for applications and operations. In Western City, the application fees are over \$20,000, even if denied. If the applicant is approved, they move to the next phase and pay an additional \$16,989 and higher per quarter. The fee covers the annual regulation and inspection.

Also, each operator pays 5% tax a year that votes supposed for a redevelopment fund (p.2).

Participants described when attempting to raise capital they are met with racism from investors and cannabis coalitions. When they attend networking events, they see displays of products with African American imagery, and investors do not look at them as serious candidates for a business partnership. They feel that the coalitions only need African Americans to promote federal legalization, which African Americans will not benefit from if they are not in the cannabis sphere now. The application process and access to capital are emerging themes; however, they both fold into the structure of racism that consists of structural, institutional, and systemic racism as a barrier; however, the experiences they described are a form of institutional racism.

The application process and access to capital is institutional racism. Institutional racism refers to the policies and practices within and across institutions that, intentionally or not, produce outcomes that chronically favor or put a racial group. Although the city requires a community benefits plan as part of the application, investors and coalitions use social justice as a political platform for legalization with the claim that the more restrictions lifted off cannabis as a controlled substance that this will be a remedy for the disproportionate impact the war on drugs had on African Americans and African American communities. Western City and all other cities and states where cannabis is legal have not increased African American ownership.

## **Racial Capitalism in Cannabis Industry**

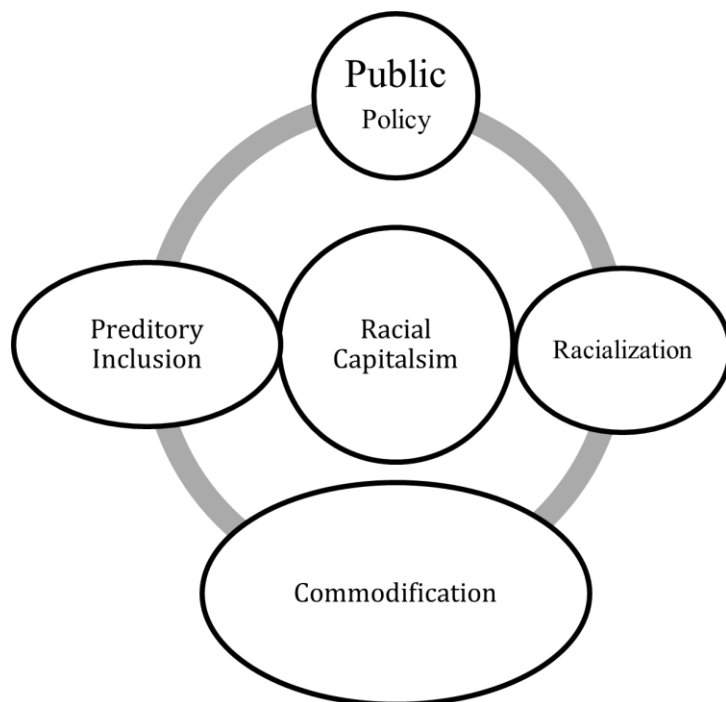
This study is not an adverse look at capitalism. Without the structure of racism, capitalism is a fair marketplace where individuals can compete on their merit and hard work. When white supremacy and the structure of racism are upheld in a capitalistic system, marginalized groups are used to maintain the wealth of a few. Nor is this study a promotion of Marxism and socialism. In the 1853 edition of the New York Tribune Karl Marx, the founder of Marxism said, “The classes and the races, too weak to master the new conditions of life, must give way.” To think that ending capitalism as an economic structure would in turn eradicate racism is false. For example, socialist and Marxist were not anti- racist, yet this is promoted by groups like Black Lives Matter who are also continually active in promoting cannabis as a form of social justice.

Robinson's (1983) fundamental complaint about Marxism is that it excludes the fact that the slavery was essential to establishing capitalism into an economic force. Racialization continues as a mechanism to marginalize African Americans and drive the US economy by limiting their role to a commodity.

In the cannabis industry, African Americans' racialization is used to promote legalization. The African American image and plight are used to promote products and other political causes that do not equate to ownership. Instead, their roles are predominantly as commodities. As the participants described they see many products with caricatures of African Americans. They hear restorative and social justice as a platform for legalization, yet there are no pathways to ownership that does not include wealth and political influence.

These forms of racism are structured to be disadvantageous to African Americans. This structure is also in policies that maintain the low economic growth rates and ownership amongst African Americans in home and business ownership. However, it contributes to improving the economic strength and ownership among Whites and other racial groups who have seen an increase in wealth. African Americans have not had an improvement in the wealth gap since Reconstruction. The wealth gap in income and ownership for African Americans has not changed and remains the same as during Reconstruction.

The pattern of racial capitalism woven into public policies occurred after the Civil War. During Reconstruction, emancipated black slaves established 'Freedman's Towns.' throughout the country. Texas, Arkansas, Oklahoma, California, and New York are among the locations (Sanders, 2011). In 1877 and up to 1945, Democrats fought to keep Jim Crow laws in effect throughout the county. Jim Crow is associated with the South; however, the laws that advanced segregation and black disenfranchisement began in the North. Codes limiting African Americans' rights were in northern states before the Civil War (Purnell & Theoharis, 2018). These local and state laws had the critical tenants of white supremacy (American Anti-Defamation League,2019) written into law.

**Figure 1***Racial Capitalism in Public Policy*

The perception that racism is the main barrier to entry into the cannabis industry has historical merit. Often policies are promoted as beneficial to African Americans but do not result in economic growth or ownership. African Americans are used to promote these policies like cannabis policies and are not the beneficiary. The participants' experience facing racism at every entry-level cannabis industry reflects the cannabis public policy (structural). The stringent requirements for the application process, the racist behavior of investors and coalitions, to using the African American image to market products, and federal legalization all blocks and control access to the industry and results in the exclusion of African Americans (Institutional) and the history of public policies promoted as the beneficial (systemic) overall system of racism. The cannabis

industry, although the primary platform for legalization at the state, local, and eventually the federal level the platform is social justice. However, cannabis is an industry for profit. Its success is dependent on capitalism, and the main goal is not to make a profit, not increase African American ownership. To make a profit, they must control access; this is a form of racial capitalism. For current owners to thrive, they need the public to believe that their mission and vision are inclusion, but in reality, the structure of racism has to exist in the legal cannabis industry for it to grow while profits and ownership is limited to a few. Robison (1983) explains that throughout history, there needs to be separation and control in order for the elite to retain power.

As participants stated, if the intention were to include African American in ownership, with the historical impact of cannabis public policies, the process of getting a license and access to not only capital but political influence would have been obtainable. In addition, participants noted that successful applications require multiple experts to complete application. Other requirements like accruing primes and owners and employees not having any convictions of a controlled substance is a barrier because African Americans are arrested for cannabis possession violations at over three times the rate even in states where cannabis is legal in some form. Additional findings indicated that access to capital is a barrier. The cost to enter the cannabis industry is a minimum of \$1million in Western City and throughout.

### **Limitation of Study**

A few limitations to trustworthiness arose from the execution of this study. The first possible limitation was generalization. This study's findings are based on the



responses from 8 participants selected using snowball sampling; Further studies could expand the sample population across cities and states to develop an effective policy that addresses the systemic barriers that African Americans face when attempting to enter the cannabis industry. Studies may be conducted with or without emphasis on the overall structure of racism, can focus on singular barriers related to the application and access to capital.

The second limitation involved the possibility of social desirability bias. To remain positive when sharing their experiences, the participants have been candid with their responses by not saying what they think the research wants to hear. However, it was assumed that all participants responded honestly to the interview questions.

### **Recommendations**

Three recommendations for future research emerged from this study. The first recommendation alluded to in the above section on the study's limitations is that future studies extend the sample population across other cities and states to understand African American perceptions of public policy barriers in cannabis.

Second, studies that involve African American women experiences attempting to enter the cannabis industry. The percentage of ownership and executive positions in cannabis is less than 5% for African Americans. For African American women in cannabis, they represent less than 2% (McVey, 2018). It is essential to explore their perception of public policy barriers when attempting to enter the cannabis industry. White women are accepted into the cannabis industry as executives and owners at a higher rate than African American women. The number of female executives in cannabis

is 27%, higher than the 23% average executive positions held by women across all other industries nationwide (McVey 2019, p.1). For African American women, the numbers are lower; only 3% are executives (p.1). As a result, research should be conducted on African American women's experiences to explain if the structure of race is more paramount than gender.

Third, the study's findings may also lead to other studies that explore African American exclusion in other industries where there is a perception of public policy barriers that exclude African Americans from ownership in several other industries where there is racial capitalism sports, black hair stores, technology. As a result, research should be conducted on African Americans attempting to enter these other industries where African Americans represent a large part of the consumer base but not ownership.

The recommendations contribute to future inclusion, decision making strategies and public policy improvements that are not just for African Americans, but any marginalized group.

### **Implications**

In order to increase the rate of African American cannabis ownership in Western City recommendations included: the city provides technical assistance with completing the application; lease city-owned commercial property to African American entrepreneurs from the city, and allow African Americans working in the informal cannabis market and those with arrest and convictions for possession of a control substance become compliant with no penalties; reduce or waive application fees and administrative cost associated with the application process.

On a state and national level, recommendations include changes to cannabis public policy. Currently, state cannabis public policy focuses on cannabis as a social justice reform issue. However, the policies do not reflect the need for reform or restitution to African Americans who are historically impacted of cannabis prohibition and the continued punishment and exclusion under public policies that claim to benefit and remedy the damages to African Americans and the African American community. The financial, physical, social, and cultural impact of historic punishment may be addressed as a call for social justice by the industry, but no viable solutions have been put in place that actually increase African American inclusion. This study can help policymakers adopt policies that address the barriers of the application process, access to capital that are inclusive, and exist because of racial capitalism, which is needed to maximize profit by keeping the industry small and White.

Social implications for this study show that there is a pattern of ineffective public policy as it relates to African Americans. For this reason, African Americans are encouraged to operate as a collective. For example, each participant has skills, knowledge, and resources that the other may not have. Each participant works with a small group or alone. If the African American cannabis community pulled their resources together, they might create a business plan that is more lucrative to investors because they see that most have business experience or, as a group, they can pull their resources together and not wait for the government to step up.

Findings from this study can confront the lingering dilemma of how local and state administrators address racial capitalism in cannabis public policy. This study helps

identify racial capitalism in public policies that are promoted as beneficial to African Americans but do not result in economic growth or ownership. Identifying factors of racial capitalism in cannabis public policy starts with the racialization of a market or political issue; the commodification of African Americans (Leong, 2012) and predatory inclusion of African Americans (Taylor, 2019) are all part of racial capitalism.

The use of the historical plight of African Americans to promote cannabis policy is a form of racialization, which is the "process of constructing people into inferior or superior racial categories that block/limit or facilitate their access to valued societal resources of property, power, prestige, and privilege (Gallagher, 2007)." The political platform for cannabis shows African Americans as victims under failed drug laws. However, exclusion continues for individuals that these policies purport to help. Whether it is by stringent regulations or cost, African Americans are not benefiting from policies.

To commodify means to make something or someone marketable. Instead of owners, African Americans are viewed and used as commodities. Participants described how stereotypical African American images and urban vernacular use to market cannabis products and promote predominantly White cannabis coalitions.

Predatory inclusion is the act of providing a service or implementing a policy to African Americans that does not lead to the intended economic growth to individuals and the community (Taylor, 2019). In cannabis, participants gave examples of predatory inclusion by politicians and investors. Some felt that politicians and investors place African Americans in the forefront to gain political attention, and investors do it to meet the requirements of an equity program or community benefits plan. Participants stated

that the purpose of having African Americans go before the city council or other political boards is so that they can appear to be inclusive and supportive of reform. However, investors are not willing to invest or partner with African Americans who are not famous.

Findings in this study may also lead to other studies that explore African American exclusion in other industries like professional sports. The findings are impactful on a global level as well. Jamaica and Barbados have legalized cannabis in some form, and the local blacks are experiencing similar public policy barriers to ownership.

This research study adds further knowledge to the cannabis public policy literature on barriers based on African Americans' perceptions. This information may also interest other fields such as criminal justice and business administration. The findings from this study are also applicable to federal agencies and organizations who anticipate the federal legalization of cannabis and want to construct cannabis laws and the public policies that guide them under the lens of not perpetuating racial capitalism.

Other studies can be conducted that explore African American ownership exclusion in other industries like professional sports and black hair care stores. The positive social change implications of this study are far-reaching. In addition to influencing other studies, the findings in the qualitative study can influence changes in social institutions, social behaviors, and social relations.

Participants mentioned the lack of support that they receive from traditional institutions like the black church, and they are cannabis coalitions that use them to push their political and social agendas. The findings of this study can influence these social

institutions to consider their behavior and attitude towards racialization, commodification, and predatory inclusion. There is a possibility that these social institutions are not aware of how they perpetuate racial capitalism. Other social institutions include government agencies, sports, and media. All these entities take advantage of racializing an issue and commodifying the African American to market a policy or product with no economic benefit to African Americans. This study can be used as a guide to generate positive social change among these institutions and organizations. At the very minimum, it will incite a dialog about racial capitalism.

Another positive social change implication from this study is identifying the incorrect use of racial capitalism. Racial capitalism is a foundational platform for other social and political movements promoted as beneficial to African Americans, including rent control programs, urban development projects, first-time buyers' programs, and Black Lives Matter. Some activists in support label themselves as Marxist and use the term Racial Capitalism to garner support for Marxist and socialist ideology to end racism; however, this is not in line with Robinsons' (1983) stance on Marxism or racial capitalism. Robinson warned of the possibility of the appropriation of racial capitalism for influence. The purpose of his book *Black Marxism, The Making of the Black Radical Tradition*, demonstrates the history of resistance, labor, and ideas by African Americans. He claimed that Marx only looked at European models and experiences and did not include the contributions of African Americans. He further believed that Marxist theory was "inaccurate and incomplete." In addition to highlighting the public policy barriers in cannabis that led to the exclusion of African Americans, this study will help

determine if social institutions and movements are co-opting the term to facilitate agendas and public policies that will continue to preserve the wealth for a few and not to benefit African Americans. By expounding on the elements of racial capitalism by exposing the racialization, commodification, and predatory inclusion in public policy, social movements and social organization will enhance positive change on a global level. Competing social organizations will expose community and political predators who are appropriating racial capitalism to enhance and preserve the wealth of a few verses benefiting African Americans and recognizing their contributions to the powerful economic structure that remains intact.

This study focused on the exclusion of African Americans in the cannabis industry. It explained cannabis public policies' historical relationship with African Americans and how the pattern in these policies manifests into the systemic exclusion of African Americans from ownership and economic growth by using racial capitalism. However, those who seek positive social change can also look at the positive ways the cannabis industry has evolved and use that as an introduction to changing or creating a public policy that reflects the continuous evolving of the industry. By learning and appreciating the history of cannabis and how it has shaped the world in areas of medicine, social acceptance, and decriminalization, instances of racial capitalism woven into policies can be identified, explained, corrected, and implemented.

### **Conclusion**

To further address and understand the public policy barriers expressed by African American entrepreneurs entering the cannabis industry, it was essential to obtain African

Americans' perceptions that experienced obstacles that they feel exclude them from ownership. Although no known study explores cannabis policy under the lens of racial capitalism, findings of this research study supported previous research findings studies such as Baradaran (2017), Taylor (2019), Leong (2012) and Shackford, (2019) that also reported about public policies that are promoted as beneficial to African Americans but result in from economic growth and ownership. Therefore, it would be difficult to dismiss the accounts of the eight African American cannabis entrepreneurs who have experienced public policy barriers incidents that have caused them to view cannabis public policy as racist.

African American cannabis entrepreneurs have shared their perceptions to provide a well in-depth understanding of why African American cannabis ownership is low. Therefore, their experiences and perceptions of public policy barriers are very beneficial and essential. There is a demand for effective public policies that benefit African Americans and the African American communities that are adversely impacted by the failed war on drugs. In addition to using this study to create or rewrite cannabis public policies on a local, national, and global level. The global Rastafarian community is a close example of the exclusion of African Americans. Individuals of the Rastafarian belief use cannabis as a sacrament. In countries like Jamaica and Barbados, Rastafarians' criminalization continues for cannabis possession, and their exclusion from ownership continues at high rates as well (Chappel, 2019).

The cannabis industry is one of the leading cash crops in the world. The global implications classify cannabis as the new colonization. In the United States it is a market



where racial capitalism is regulated using public policies. There is a deep-rooted history of systemic racism in the United States and how it has influenced public policies that are promoted as beneficial to African Americans but does not result in ownership or economic growth. The cannabis industry can be an opportunity to shape a public policy that improves African American ownership and inclusion or encourage African Americans who have faced public policy barriers to work as a collective and not depend on a government policy or program.

This qualitative study shows a pattern of failed public policy that excludes African Americans from ownership and economic growth. Dismantling racial capitalism in public policies takes time and effort. In the meantime, African Americans can work towards obtaining ownership and wealth without the dependence on the government enacting effective laws and policies by pulling together resources and forming their own cannabis collectives.

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