

Shrinking U.S. Labor Unions See Relief in Marijuana Industry

The medical marijuana shop next to a tattoo parlor on a busy street in Los Angeles looks much like hundreds of other pot dispensaries that dot the city.

Except for one thing: On the glass door—under a green cross signaling that cannabis can be bought there for medical purposes—is a sticker for the United Food and Commercial Workers union (UFCW), the nation's largest retail union.

The dispensary, the Venice Beach Care Center, is one of three medical marijuana dispensaries in Los Angeles that are staffed by dues-paying union members. Another 49 in the city plan to enter into labor agreements with the UFCW, the union says.

Together, the dispensaries are a symbol of the growing bond between the nascent medical marijuana industry and struggling labor unions.

During the last few years, unions, led by the UFCW, have played an increasingly significant role in campaigns to allow medical marijuana, now legal in California, 17 other states and Washington, D.C.

In the November elections, UFCW operatives also helped get-out-the-vote efforts in Colorado, where voters approved a measure that made possession of one ounce (28.3 grams) or less of the drug legal for anyone 21 and older. Washington state approved a similar measure and both states require regulation of marijuana growers, processors and retailers.

Union officials acknowledge that their support stems partly from the idea that the marijuana industry could create

hundreds of thousands of members at a time when overall union membership is shrinking.

The U.S. Bureau of Labor Statistics reported last month that union members – who accounted for 11.8 percent of the workforce in 2011 – now make up about 11.3 percent of all American workers, the lowest percentage in nearly a century.

Retail unions such as the UFCW are fighting the rise of part-time workers and a steady drop in real wages over the last two generations. Organized labor also has been under pressure from Republican governors such as Wisconsin's Scott Walker, who led an effort to curb collective bargaining rights for public workers in that state.

Union officials say there are now 3,000 UFCW members who work in the cannabis industry, a tiny fraction of the union's 1.3 million members.

Industry advocates acknowledge that the legal marijuana industry's potential to produce jobs is difficult to project. One reason: uncertainty over how the U.S. government will deal with an industry whose product is illegal under federal law but increasingly accepted by state laws.

Since Colorado and Washington state voted to legalize marijuana on November 6, President Barack Obama has said his administration will not pursue recreational pot users in those states.

However, the president has not said whether the U.S. government will allow widespread sales of the drug that would be legal under some state laws but not federal law.

Planning for a Boom

Despite such uncertainty, the marijuana industry's growth potential intrigues unions and retailers, among others.

An analysis by Sea Change Strategies, a research firm for non-

profit organizations, estimated that the medical marijuana market could grow to \$8.9 billion by 2016.

A study by Washington state's Office of Financial Management said legalization could result in \$1 billion in sales per year in the state, which is home to about 2 percent of the U.S. population.

For people like Dan Rush, who leads the UFCW's cannabis division, the numbers hint at big things to come for the marijuana industry.

"Since Election Day, we've had a rush to join the union" in states where marijuana is sold legally, said Rush, who has become a key player in the union's efforts to promote the legal use of the drug. "I can't keep up," he said. "That's a direct result of the best poll in the world being Election Day."

Rush said that if the industry expands, as he and others hope, it would support jobs across the country, from growers to truck drivers to carpenters to retail clerks.

The scale of the business could rival that of a major U.S. crop or the alcohol industry, according to UFCW officials who estimate that 100,000 workers could be added to their union in California alone.

By joining a union, marijuana workers could have more sway in pressing for higher pay and benefits such as healthcare.

Unlike business owners in other industries who typically view unions warily, some legal marijuana retailers welcome the prospect of a unionized workforce—for now, at least.

Marijuana retailers have invited the UFCW into their shops. They think the union could give legitimacy to their business and support against competitors who, the retailers say, undercut the industry's standing by operating outside the law.

“It’s the difference between being – I hate to use the term – but a street dealer and being a legitimate business operator,” said Brennan Thicke, 38, one of the founders of the Venice Beach Care Center.

Resistance in Colorado

Other marijuana business owners aren’t as enthusiastic about unions being involved with their enterprises.

Perhaps the toughest staging ground for the UFCW’s marijuana efforts has been Colorado, where an individualistic spirit guides many of those who have tried to get a toehold in the medical marijuana business.

The retailers there say they are conflicted – grateful for the legitimacy that labor’s involvement could bring their businesses, but worried that the support could undermine the already shaky financial footing of their small operations.

One marijuana business owner in Denver said he considered aligning with the UFCW but eventually backed away. He said he was worried that having a union shop would hurt the value of his business by driving up employment costs.

“Colorado isn’t a big union state anyway,” said the owner, who asked not to be identified. “I was surprised that they put so much focus and money in here in the first place.”

‘It Was a Struggle’

The UFCW’s Rush, a thick-shouldered 52-year-old with a laugh turned to gravel by Lucky Strike cigarettes, is based in Oakland.

The city became a major hub for medical marijuana after California became the first state to allow marijuana for medical treatment 17 years ago. Marijuana is prescribed as a pain reliever for a range of maladies.

Cannabis businesses, Rush said, have helped to revitalize the downtown and have put millions of dollars in tax revenue into Oakland's coffers.

He recalled that when the union was deciding in 2009 whether to get involved with the legal marijuana industry, not everyone in the leadership was sold.

"It was a struggle," Rush said. "Folks were not ready to hear it."

Eventually, he helped to persuade enough labor leaders that the same union that organized Hostess bakery workers could represent people who made pot brownies.

"Whether it was semolina or cannabis, this happens to be where our industry is growing," said UFCW spokesperson Dawn Le.

A major goal of the union's marijuana effort involves Obama—who enjoyed broad union support in winning re-election in November—to stop federal crackdowns on pot dispensaries that are legal under state laws.

Last year, federal authorities in California targeted more than 200 medical marijuana businesses, including the first in the country to unionize, in a show of force that highlighted the gulf between federal and state marijuana laws.

Union leaders say they aim to help businesses navigate the difficult legal climate and pressure lawmakers for change.

In Los Angeles, UFCW Local 770 is pushing a ballot measure that would set zoning and safety standards for medical pot dispensaries. For years, police and residents have complained about the impact that less-than-reputable medical marijuana dispensaries have on some neighborhoods.

Dispensary workers and owners who have aligned themselves with the union say that some competitors undermine prices and security by flouting labor laws and avoiding taxes.

“I feel safer with the union around,” said Ayrn Taylor, 23, an employee at the Venice Beach Care Center.

UFCW gathered enough signatures for a local ballot measure in May that would limit the number of dispensaries in Los Angeles to fewer than 130.

The 50-plus dispensaries with union ties would be allowed to stay in business, said Rigo Valdez, an organizing director with UFCW. One city councilman estimates there may be as many as 900 dispensaries now open in Los Angeles.

If the union-backed initiative is successful, it would put most of those dispensaries out of business – and could make the UFCW a dominant player in one of the nation’s most important markets for legal marijuana sales.