

Big bong, little bang

The main high from Canada's cannabis legalisation is financial

Street weed will not disappear soon



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A BLACK dragon with white claws, its wings etched with Escher-like designs, has a vitrine of its own at the centre of the Boroheads glass gallery in Toronto. The “dab rig” (for smoking cannabis oil) sells for C\$8,000 (\$6,170). Such items are in high demand, according to the gallery’s co-owner, who calls himself James Bongd. He says “there’s a lot of speculative buying” of cannabis-related paraphernalia, especially of pieces by famous artists like Cap’n Crunk, the dragon’s creator.

Such speculation is the main sign that Canada is about to become the first large country to legalise cannabis for recreational use nationwide, on October 17th. It will then become legal to consume fresh or dried cannabis and cannabis oil, and to grow at home up to four plants. (Uruguay passed a law to legalise cannabis in 2013.) Investors are bidding up the share prices of cannabis-connected companies. In the past two months shares in Tilray,

which grows medical marijuana, have risen in value from C\$25 to nearly C\$130, bringing its stockmarket capitalisation to C\$12bn.

Cannabis-themed businesses are sprouting. The Toronto Hemp Company, an emporium around the corner from Boroheads, offers equipment for home growers in the basement; one level up are rolling papers, humidors and candles with just the right scent for banishing the smell of pot; on the top floor are glass bongs in nightmarish shapes with padded carrying cases. Banks, though, are being cautious. They fear falling foul of the United States' Patriot Act, under which banks that participate in the drug trade can be punished.

For most Canadians the big bong this month will feel like an anticlimax. It "will pass relatively unnoticed", says Patricia Erickson, author of "Cannabis Criminals", a book about how punishment affects drug users. Canada has been heading towards legalisation since 1972, when the Le Dain Commission, appointed by the government, recommended that possession of cannabis be decriminalised. That never happened. But in 2000 the Supreme Court ordered the legalisation of medical marijuana. Nearly 331,000 registered patients buy pot produced by 120 licensed facilities; some patients may be dealers as well.

People who just want to get high have not had a hard time doing so. Young Canadians are the most avid users in the rich world: 28% of children from 11 to 15 years old have consumed cannabis, according to a report by UNICEF in 2013. That finding helped persuade the Liberal government of Justin Trudeau, which was elected in 2015, to legalise the stuff. It hopes to push organised crime out of the business of selling cannabis and to keep children away from it. It set 18 as the minimum legal age for smoking weed and plans education campaigns to discourage younger teens from indulging. Some provinces have put the smoking age higher.

Criminals will not disappear right away, in part because neither federal nor provincial governments are prepared to cope with demand for legal cannabis. The federal government, which regulates production and health matters, has issued only enough permits to supply 30-60% of demand in the first year, according to a report by the C.D. Howe institute, a business think-tank.

Most provinces, which are responsible for regulating the sale of cannabis, will have few legal retail outlets on October 17th. In Ontario, the most populous province, there will be none. Its Progressive Conservative government, which took over from a Liberal one in June, dropped plans to sell cannabis through government-owned shops. Private retailers will take over. But the first one will open next year. In the meantime, Ontarians can buy cannabis online from the government.

"Every legal gramme produced will be sold," says Chuck Rifici, chairman of Auxly, a firm that helps others produce and market cannabis. When that is smoked up, consumers will turn to the illicit market. Mr Rifici notes that after prohibition of alcohol ended in the United States in 1933, legal distillers could not meet demand for 15 years. He expects legal suppliers of cannabis to catch up more quickly in Canada. But consumers will be stuffing black-market weed into their bongs for years to come.

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