Out of the shadows

Tommaso Palermo, Daniel Martinez and Dane Pflueger discuss entrepreneurship, accounting, and the construction of legal markets for cannabis in Colorado.

On 6 November 2012, voters in the state of Colorado passed the ballot measure, Amendment 64, outlining a statewide drug policy for cannabis. The measure called for the regulation and taxation of the existing medical market for cannabis and also the creation of a new recreational market for anyone over the age of 21. Since then, regulators at the Marijuana Enforcement Division (MED) of Colorado’s Department of Revenue have been busy working to create twin regulated markets for the production, manufacture and use of cannabis in such a way that generates revenues, limits overtuse and misuse, and avoids diversion into the illegal markets and neighbouring states.

In this article we report preliminary observations on two ways in which activities to bring cannabis ‘out of the shadows’ have affected the development and structure of cannabis markets. These observations are based on interviews conducted in 2015 with MED regulators, entrepreneurs, consultants and software designers, as well as visits to retail, manufacturing and cultivation facilities in Colorado.

From seed to sale

Central to the creation of legal markets for cannabis has been the development and extension of the Marijuana Enforcement Tracking Reporting Compliance system (METRC). METRC is a ‘seed to sale’ inventory accounting system that embodies a ‘full traceability’ mode of governance that seeks control through complete knowledge of the supply chain (Lezaun, 2006). METRC was developed by a supply chain software development firm, Denver-based company innovated an additional inventory systems, grower requirements for childproofing. The new product had demand in the tobacco and other ancillary markets where such regulation already applied. The contested status of cannabis has also allowed for market developments to become intertwined with social movement and political ambitions. Many of the market participants we spoke to highlighted the inseparability of market activities and their strategy to bring cannabis ‘out of the shadows’. For some, this ambition entailed the blending of social, environmental, and economic ends to show cannabis as a source of social goods. For others, this ambition involves treating cannabis strictly as an economic good, just like the widgets of economic textbooks.

Bringing cannabis out of the shadows

Cannabis has, for decades, operated in the shadows. But recent legislation in Colorado and other states have necessitated the remaking of cannabis as something else. We have drawn attention to some of the regulatory apparatus as well as the work of entrepreneurs that contribute to bringing out of the shadows the precise features of cannabis in Colorado. For regulators, the main task is to give visibility to the plant as something that can be tracked. For entrepreneurs, it is to give visibility to cannabis as an entrepreneurial object. In so doing, counter-intuitively, entrepreneurs can take advantage of market’s stigma and regulatory boundaries.

The cannabis market in Colorado provides us with an opportunity to generate unique insights into the governance and constitution of markets as acts of making the clandestine an object of visibility through regulation and innovation. Ongoing research in this field will allow us to probe the ways in which markets, governance, entrepreneurs, and various forms of mediation and accounting bring stability to the world around us, and constitute certainty about things that might otherwise be contested.

References


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