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### ***Brian's Franchise***

Brian, a well-off American in his twenties, is now living in Amsterdam. Until a few years ago he was the owner of a large franchise chain of small indoor farms specializing in growing marijuana. Having become expert in breeding and raising marijuana indoors while in college, he had dropped out in 1989 and set up a chain of small indoor marijuana gardens which he tended in rented houses in and around Washington, DC. His personally bred variety of marijuana—"Potomac Indica"—soon became well known, and he hit on the idea of selling his expertise and his plants to others. He found several local partners in towns along the East coast whom he provided with the necessary equipment and plants, instructions on how to cultivate marijuana indoors, and regular on-site consultations. In return partners gave him a percentage of the profits from each crop. In effect Brian had set up a franchise chain modeled on other decentralized organizations such as McDonald's.<sup>1</sup>

Marijuana is the nation's largest cash crop. Estimated at \$32 billion a year in 1995, it dwarfs other U.S. crops such as corn (\$14 billion) or soybeans (\$11 billion). Unlike other agricultural industries, however, a large portion—perhaps the majority—of marijuana produced in America is now grown indoors and is not sold through traditional agricultural distribution channels.

Marijuana production in the United States originated in the early 1970s when hippies left cities such as San Francisco and Berkeley, and migrated to rural communities in northern California.<sup>2</sup> Until the mid 1970s most marijuana smoked in the United States was imported from Mexico. In 1975, however the Federal government cracked down on the smuggling of marijuana across the Mexican border. The hippie communities in rural northern California responded by starting to cultivate their own marijuana, first in small amounts for their personal use, then increasingly in larger amounts to sell to others. The fledgling new domestic industry created by government restrictions of foreign supplies eventually spread into several northern California counties, including Mendocino, Humboldt, and Siskiyou Counties, an area now known as the "Emerald Triangle," on analogy with Southeast Asia's "Golden Triangle" where much of the world's opium is grown.<sup>3</sup>

The climate in rural, forested northern California was particularly favorable for growing cannabis indica, a frost tolerant species of marijuana. As the marijuana business grew from a few small plots in 1975 to become a \$300 million industry in Humboldt County alone by 1979 (hey, the second largest crop was valued at \$7 million, and only the timber industry was estimated to be larger), the jobless rate in the county fell from a high of 22 percent in 1975 to 9 percent in 1979.

California's clandestine marijuana industry created a considerable political stir. Because of its economic importance local governments tended to discourage police efforts to restrict marijuana growers by vetoing funding for such efforts. As one county supervisor said in 1979: "Some responsible businessmen think it (the marijuana industry) is very important to the economy. You know: people who sell cars, hardware, fencing and garden tools."<sup>5</sup>

Government efforts to eradicate the industry, however, stepped up considerably during the Reagan era when in 1982 the Federal government launched the "Campaign Against Marijuana Planting" or "CAMP." With annual CAMP outlays of up to \$2 million in California, the federal government also used helicopters to hunt down the farmers as well as roadblocks to sever their distribution systems. In addition "asset forfeiture" laws were passed that allowed authorities to confiscate and keep any property related to the production, sale, or possession of marijuana, regardless of whether the actual owner of the property was found guilty of a crime. The confiscating agency was allowed to keep the proceeds from the sale of the confiscated property and spend the money on whatever it wanted.

Pressured by CAMP efforts to eradicate American marijuana farms, intensive research by marijuana farmers led to even smaller, more potent varieties of the plant that could be grown indoors and that could be harvested quickly, as well as the development of technologically advanced methods of manipulating the indoor environment to maximize production in minimal spaces, and new cloning methods that removed the unpredictability of growing from seed. By 1989 the new indoor strains of marijuana contained an average of 10 percent THC compared to the 0.5% that was common during the 1970s. Within the space of a phone booth, using carefully controlled amounts of light, water, air circulation, carbon dioxide, and nutrients, a hundred of the new dwarf plants could be grown and forced to produce the same yields as had earlier been produced on half an acre.

It was at this point that Brian had left college and set up his franchise operation, having himself played a role in the research that had led to the development of the new breeds and the new indoor farming technology. On October 26, 1989, however, the government launched a new offensive named “Green Merchant” aimed at eradicating the new indoor marijuana gardens. New Federal laws were passed imposing heavier sentences on growers (5 years for having 100 plants, 10 years for 1000). The government was now spending as much as \$1.7 billion on antimarijuana programs. As government antimarijuana efforts intensified during the early 1990s, Brian sold off his business and moved to Amsterdam where police do not enforce marijuana laws.

In Amsterdam Brian turned to developing self-contained indoor garden units that were operated completely by a computer and that could be monitored from a distance through a modem connected to the Internet. In this way, a marijuana farmer could set up garden units in isolated areas, visiting them only to plant and harvest the crop. The computer in the unit would send a message through the Internet if anyone broke in and would then automatically destroy the garden and all computer data. The farmer would then know that the garden should be abandoned and never revisited. Brian felt that computerization would revolutionize the still growing industry.

## QUESTIONS

1. How would Marx analyze the events recounted in the case? How would Smith analyze these events? How would Locke analyze these events? To what extent, if at all, are these analyses correct?
2. “When government interferes with free market activities it distorts the market, forces consumer prices to rise, and rarely achieves its objectives.” Comment on this statement in light of the history of the marijuana industry in the United States.
3. In your view, should government prohibit economic activities like growing and selling marijuana? Why or why not? What sorts of business activities should government prohibit; what sort should it not prohibit? Justify your position fully. Identify the ideology implied by your position.
4. From an ethical point of view, what recommendations would you make to Brian? Explain your recommendations in terms of the moral principles that you feel are involved.

## NOTES

1. Michael Pollan, “America’s No. 1 Cash Crop,” *New York Times Magazine*, February 19, 1995.
2. Ed Pope, “Grower Brings New Life to Land,” *San Jose Mercury*, 21 October 1979, p. 3A.
3. Bill Weinberg, “Into the Emerald Triangle,” *High Times*, April 1996, vol. 248.
4. Ed Pope, “Marijuana Is Cash Crop for North Coast Farmers,” *San Jose Mercury*, 21 October 1979, p. 3A