While some philanthropists fought for decades to legalize marijuana, others are gearing up to address the undesirable consequences.

By Justin Torres

Like a dam giving way, public policy transformations often progress slowly—and then all at once. So it is with the movement to decriminalize marijuana. The fringe opinion of 20 years ago has gone mainstream: Public support for “medical marijuana” now regularly approaches 75 or 80 percent in opinion polling, and out-and-out legalization of the drug has begun to attract small majorities overall, and lopsided majorities among younger respondents.

This change in opinion is linked to changing law enforcement and statutes. Starting with California in 1996, 23 states now permit use of the psychoactive agent in marijuana, THC, in various forms with a doctor’s prescription, and U.S. Attorney General Eric Holder has stated publicly that prosecuting medical marijuana users “will not be a priority” for federal law enforcement. Seventeen states, the District of Columbia, and several dozen localities have decriminalized the possession of small amounts of marijuana, keeping anti-pot laws on the books while reducing penalties to those akin to a citation. And in 2012, Colorado and Washington passed laws permitting the sale and recreational adult use of marijuana.

This revolution in policy and opinion is no accident. Some of the most powerful donors in America have poured tens of millions of dollars into networks that have used sophisticated activism, research, and legal advocacy to alter opinions and flip laws. The success of these donors is a case study in how an idea backed by philanthropic dollars can eventually root in the public mind and instigate dramatic social change. But with that success comes new questions: How will Americans be affected by this change? What should concerned donors do to soften its effects? Is funding a counter-revolt possible?

Soros’s success

The story starts with financier and philanthropist George Soros. Since 1994, Soros has poured nearly $80 million into research and advocacy in support...
of marijuana legalization and other rollbacks of drug law, including ending criminal sentences for non-violent drug crimes. In a recent article in the Financial Times, Soros lambasted the federal "war on drugs" as a "$1 trillion failure" that has created a massive black market and shifted the burden of enforcement onto fragile production and transit countries like Afghanistan and Mexico.

According to an in-depth report by Kelly Riddell of the Washington Times, Soros’s Foundation to Promote Open Society donates roughly $4 million every year to the Drug Policy Alliance and its electoral arm, Drug Policy Action, each of which supports decriminalization and legalization efforts, as well as fighting incarceration, and projects such as needle exchanges and distribution of overdose antidotes to reduce the harm done by drug use. These organizations led the Colorado and Washington legalization efforts, and laid much of the groundwork for medical marijuana. Soros also supports work by the American Civil Liberties Union in favor of marijuana legalization, and the Marijuana Policy Project, which organizes policy change and state ballot measures.

Soros’s efforts were more or less matched by Progressive Insurance chairman Peter Lewis, who first tried pot in his 30s and called it “better than scotch.” The National Organization for the Reform of Marijuana Laws estimates that Lewis spent $40-$60 million to support drug legalization from the 1980s until his death in 2013. Soros, Lewis, and various nonprofits associated with them provided 68 percent of the funding for the group that mobilized the legalization initiative in Washington state, and two thirds of the funding for the organization that pushed pot legalization in Colorado.

These formal funding relationships buttress a series of informal connections in the Soros drug-policy universe. For example, Drug Policy Alliance president Ira Glasser is a former executive director of the ACLU. And Marijuana Policy Project co-founders Rob Kampia, Chuck Thomas, and Mike Kirshner formerly did advocacy at the National Organization for the Reform of Marijuana Laws.

Birth of an industry

As public attitudes have been softened, an entire cannabis industry has risen rapidly. Growers, distributors, dispensaries, marketers, financiers, consultants, technologists, and cannabis-related investment funds are popping up to cash in on a now above-ground lucrative trade. These providers have even organized a trade group, the National Cannabis Industry Association.

If anything epitomizes the way marijuana has gone corporate, it is the NCIA. There is none of the patchouli and tie-dye of yore about this group. Describing the first-ever Cannabis Business Summit held in Denver this past June, spokeswoman Taylor West (formerly of the venerable political mag National Journal) says, “Look around and you’d think this was a meeting of any business group.” Some panel topics: Advanced Retail. Risk Management and Insurance. Finance. Communications Strategy. Government Relations. “Most of our members are small business owners who are wrestling with all the things that small business owners everywhere wrestle with,” states West.

But a powerful big-business element is also mobilizing to make money on cannabis. Investment firms specifically focused on marijuana are being organized, like the Ghost Group in southern California, which is seeking $25 million in startup capital. Privateer Holdings is already being operated by two Yale graduates who are now raising $100 million for the private-equity company’s next investment round. Citing the Starbucks corporate model, principals Michael Blue and Brendan Kennedy recently told Australian broadcasters they are "treating it like a professional industry...like it should be treated." They bought a website called Leafly and turned it into a popular review site for different strains of the drug, complete with a smartphone app. Privateer has developed 40 proprietary strains of marijuana; its “Pink Kush” hybrid contains more than 23 percent psychoactive THC. “It’s a massive industry now and it will only grow as further legalization takes place, and if you look globally it’s a $150 billion industry. That’s the only reason we jumped into the space,” stated Blue.

The ties between this new industry that sprung up after the philanthropic campaign and the donor-funded advocacy groups are strong. The links between the two worlds show in the trade leaders: the co-founder and executive director of the national trade association, Aaron Smith, is a veteran of the Marijuana Policy Project and also Safe Access Now, a Soros-backed nonprofit in California. Troy Dayton, co-founder of the first “angel investor” firm targeting the cannabis industry, called ArcView, was by his own account one of the first volunteers for the Marijuana Policy Project as a teen. These links are a reflection “of this industry’s roots in political reform,” says West. “The people who want to build this into a responsible, productive industry are obviously going to be the same people who worked to end the social injustice of prohibition.”

“A responsible industry”: West repeats the phrase, or something like it, several times during our interview. Colorado, where recreational marijuana use has been legal for more than two years, is one state-sized experiment—some critics say, a barely controlled experiment—into whether a responsible cannabis industry is possible. This summer, New York Times columnist Maureen Dowd published one of the stranger op-eds ever to grace the pages of the Gray Lady, about a trip to Colorado where marijuana-infused
philanthropy creating rules on serving sizes, packaging, and labeling. There are industry programs to train dispensaries and producers on how to label, market, and sell cannabis products to improve safety. “As an industry, we don’t have an interest in consumers having a bad experience,” she says. But in places where it is legal, economic forces are pushing marijuana rapidly into stronger and more readily ingested forms that consumers can easily misuse, mistakenly or not. There are now concentrates sold in the form of waxes, oils, or resins that can tip 80 or 90 percent THC. These are, for instance, injected into “pens” that can be plugged into a computer’s USB port for heating. One puff then gives the user the equivalent of smoking a whole marijuana joint.

Philanthropic mitigation
Some observers doubt that the cannabis industry’s self-interest is enough to ensure a safe marketplace, or that the industry can be trusted to do the hard thinking about the effects of so radical an experiment. One concerned observer is John Krieger, executive director of the Achelis and Bodman Foundations. It was watching the influence that the Soros-backed groups had on the legalization debate that got him interested in exploring whether his philanthropy should wade in on the other side. “I think anyone should be concerned about the chocolate left her “curled up in a hallucinatory state for… eight hours…. I was panting and paranoid, sure that when the room-service waiter knocked and I didn’t answer, he’d call the police and have me arrested for being unable to handle my candy,” Dowd wrote. “I strained to remember where I was or even what I was wearing…. As my paranoia deepened, I became convinced that I had died and no one was telling me.”

Dowd, it turns out, is not alone in the new Colorado, where the market for marijuana-laced edibles has exploded and the inexperienced are discovering that the new, industrially processed pot brownies, candies, chocolates, and sodas are not your Boomer dad’s weed. At least one murder and one death in Colorado have been attributed to marijuana ingestibles, while dozens of Colorado children have been hospitalized after eating unsecured or stolen brownies or candies. The Potency Monitoring Project at the University of Mississippi, which tracks the strength of marijuana seized in drug busts around the country, has found that since the 1990s average THC levels in marijuana have zoomed from 3 percent to more than 13, and some strains now being offered for legal sale reach as high as 25 percent.

West says her trade group supports reasonable regulation of the cannabis marketplace, and some members are serving on a Colorado commission charged with creating rules on serving sizes, packaging, and labeling. There are industry programs to train dispensaries and producers on how to label, market, and sell cannabis products to improve safety. “As an industry, we don’t have an interest in consumers having a bad experience,” she says. But in places where it is legal, economic forces are pushing marijuana rapidly into stronger and more readily ingested forms that consumers can easily misuse, mistakenly or not. There are now concentrates sold in the form of waxes, oils, or resins that can tip 80 or 90 percent THC. These are, for instance, injected into “pens” that can be plugged into a computer’s USB port for heating. One puff then gives the user the equivalent of smoking a whole marijuana joint.

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legalization of an intoxicant. You don’t have to be a prude or a blue-haired old lady to think that if a society’s legalizing something that causes impairment, one should have questions and concerns,” he says. Himself strongly opposed to legalization and medical marijuana, Krieger was surprised to find his board split on the issue. Some, like him, were opposed, but others were open to legalization while curious about the surrounding legal and medical questions: What would employers do with high employees? What would parents tell their children about whether to smoke pot? While “there was no consensus on the board about what our attitude toward legalization should be,” says Krieger, there was interest in playing a constructive role. “We were wondering: ‘Well, what could we do to contribute to a greater debate of the issue?’”

Given the divide, Achelis and Bodman decided to approach the topic from several angles. Ultimately, the board approved $300,000 in grants split among five organizations. Partnership at Drugfree.org received $50,000 to assemble a toolkit for parents on how to talk to kids about drug legalization. Carnegie Mellon University got $50,000 to support professor Jonathan Caulkins’s research into habitual marijuana use, examining its effects on family life and comparing it to alcohol abuse. National Families in Action took in $50,000 to produce a policy document on how marijuana legalization will affect the workplace: What are the rights and responsibilities of employers in a state that has legalized or decriminalized marijuana use?

A $100,000 grant went to former Philanthropy Roundtable president John Walters, to establish the Center for Substance Abuse Policy Research at the Hudson Institute, a D.C. think tank. Walters, who served as drug czar under President George W. Bush, sees his new venture as an effort to counter what he calls “misinformation” from Soros and the pro-legalization advocacy groups. “Most families I see have a friend or family member who has been involved with drugs or alcohol. They know that no family is better with drugs in its midst,” says Walters.
He reports his center will produce research to correct misinformation from the pot industry, and work with localities that would prefer to abide by federal law, which still penalizes marijuana use. "The policy in many states, and the attitude of national leaders in the Obama administration, has become lax," he warns.

A middle way

Achelis and Bodman’s final grant went to Project SAM, or Smart Approaches to Marijuana, a group chaired by former congressman Patrick Kennedy. While anti-legalization, Project SAM “tries to take a more nuanced approach,” according to board member Ben Cort, a recovering addict (sober since 1996, at age 18), and an old hand in the nonprofit addiction treatment industry who works at an in-patient facility at the University of Colorado Hospital. “Unfortunately,” says Cort, "the debate has boiled down to people who are into full-scale commercialization and industrialization…and other folks who really do think that swift and certain punishment of low-level offenders is the only way to keep our streets safe and our families protected.”

Cort, and Project SAM, seek a middle way: opposed to legalization, but willing to rethink sentencing laws that put non-violent offenders in jail. Cort also advocates for what he calls, with studied emphasis, “real research into the medicinal qualities of marijuana—willing to acknowledge possible medicinal benefits, but skeptical of claims that marijuana is a miracle plant that prevents cancer or slows Alzheimer’s.

Together with fellow Project SAM founder Kevin Sabet, a former Obama administration drug-policy official and author of the book *Reefer Madness*, Cort decries the rise of “Big Weed”—the takeover of marijuana cultivation and distribution by corporate interests that see the potential for major profits in highly processed, potent, and efficient marijuana products. These businesspeople are chasing a national market that some analysts say will reach $3 billion in 2015 and top $10 billion by 2019.

Financial interests, says Cort, have squelched an honest dialogue about the potential risks of legalizing weed, and have systematically underplayed the dangers of pot-infused edibles and THC concentrates. He points to THC-infused sodas produced by the company Dixie Elixirs, offered in flavors like grapefruit and peach, that contain THC levels equivalent to several joints. (The company has recently begun to market a single-serving version.) Labels on such products will often contain a warning to drink only one serving at a time, “but who can believe that’s effective?” he asks. “There has been no real regulation…it’s been left to a piecemeal state system that doesn’t want to admit that it can’t handle this new industry. It’s like the Wild West out here.” To keep up with exploding demand for its products, Dixie Elixirs moved in August to a new factory four times the size of its earlier facility.

Cort is a realist about where the legalization debate is heading, and about what should come next. Recognizing that the genie may be out of the bottle, he says the thing to focus on now is “setting up an infrastructure. We have rushed into legalization, without having given any thought to how we would regulate this industry. We’re allowing them to make the rules that they are then governed by. We need to think hard about that.” Helping spur that hard thinking may be a role that new philanthropic donors can fill as this debate unfolds across America.