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ARTICLE

The shifting fortunes of corporate psychedelia

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Abstract

This article traces the shifting fortunes of for-profit psychedelic medicine through two phases: a boom from 2016 to late 2021, followed by a bust that continued through late 2024. It argues that the forces driving this cycle are best understood through the concept of capitalization, which links present valuations to investor expectations about future earnings. Engaging the capital-as-power framework, the article situates psychedelic companies within the broader biopharmaceutical sector, showing how the volatility of drug development is intensified by the unruliness of these substances as capitalized assets. This unruliness stems from a range of factors, including murky intellectual property claims, unpredictable and intense subjective experiences, and lingering cultural stigma. During the boom, firms attracted significant interest from venture capital and other investors by promising revolutionary breakthroughs in mental health treatment. As expectations rose, so did valuations. But disappointing results from clinical trials, regulatory setbacks, and deepening doubts about the ability to control and standardize psychedelic therapies led to sharp declines in investor confidence. Analyzing financial performance alongside investor narratives, the article underscores the tensions involved in subjecting these unruly substances to the logic of capitalist power.

Keywords: Psychedelics; capitalization; power; pharmaceuticals; financial cycles

Introduction: Shifting fortunes

> If you think about psychedelics, they're all about unity. They bring a lot of oneness with the universe and with nature. The venture capital world kind of reflects that. (Dustin Robinson, Managing Partner of Iter Investments, cited in Weintraub, 2021)

Not long ago, the corporate rush into psychedelic medicine looked unstoppable. The first for-profit psychedelic company was established in 2016, and soon after, hundreds of start-ups entered the field. Each raced to develop their own psychedelic treatments for a range of mental disorders, from depression, anxiety, and addiction to post-traumatic stress disorder (PTSD) and anorexia nervosa.

The psychedelic business model rested on a simple market narrative (see atai Life Sciences, 2021; Compass Pathways, 2021a). On the demand side, the companies pointed to the vast unmet need for effective mental healthcare: an estimated one billion people globally living with some form of psychiatric illness. On the supply side, they cited the failures of major pharmaceutical companies to deliver effective new psychiatric drugs. Mental health treatment, they argued, was a market primed for disruption. Where

standard psychiatric drugs had failed, substances like LSD, psilocybin, mescaline, and ayahuasca showed promise in treating mental illness. With access to capital markets and a willingness to take big risks, psychedelic companies claimed they alone could rapidly scale the delivery of these revolutionary medicines.[1] Investors bought into this narrative, and money flooded in, including major funding from billionaire venture capitalists (VCs) like Christian Angermayer and Peter Thiel. Some of the biggest players went public to much fanfare, with initial public offerings (IPOs) that attracted lofty valuations. Corporate psychedelia looked set to fulfil its vision: delivering big returns for investors and offering a long-awaited solution to the global mental health crisis.

But by late 2021, the psychedelic boom suddenly turned to bust. Results from the first large-scale clinical trials fell short of expectations, failing to deliver the transformative, 'miracle cure' outcomes that many had anticipated. Amid rising interest rates, funding dried up, share prices collapsed, and many companies shut down or drastically reduced their ambitions. Online forums, once buzzing with excitement from retail investors, instead filled with complaints about heavy financial losses. The most consequential blow came in the summer of 2024, when the Food and Drug Administration (FDA) in the United States (US) unexpectedly rejected an application from Lykos Therapeutics for approval of MDMA-assisted therapy for PTSD. The decision undermined confidence in the clinical and commercial future of psychedelic medicine. In just a few years, the sector moved from a euphoric high to a massive comedown, finding itself mired in an existential crisis that caught nearly everyone off guard.

In this article, I track the shifting fortunes of corporate psychedelia and advance a framework to explain its financial cycles. Theoretically, my analysis foregrounds the process of capitalization, the discounting of future earnings into present value, to account for the short but turbulent history of this new sector. The study of capitalization has gained renewed attention as researchers grapple with the spread of financial logics into science and technology. My framework draws on the capital-as-power approach, which views capitalization as the key logic of the capitalist order (see Nitzan and Bichler, 2009). On this view, capitalized earnings represent a firm's power to control productivity, broadly conceived as societal creativity and well-being.

To explore the capitalization of psychedelic companies, I situate the analysis within the biopharmaceutical sector to which they belong. Drug discovery is inherently risky, and the lack of current earnings makes valuing biopharma start-ups especially uncertain. To offset this risk, biopharma ventures rely on hype to attract investors. The resulting swings of risk and hype create volatile markets, with sharp booms and deep busts. In the case of psychedelics, these tendencies are pushed to extremes. Psychedelic drug development represents uncharted territory for biopharma: it involves even more risk, even more hype, and, in turn, even greater volatility. The reason for this pronounced volatility, I claim, can be traced to the unruliness of psychedelics as capitalized assets. This unruliness stems partly from the murky intellectual property (IP) landscape, where the natural origins of psychedelics and the longstanding usage by an underground network frustrates patent claims. Unruliness also arises from the intensity of psychedelic experiences, which defy standard psychiatric models and regulatory frameworks. Overall, the unruly nature of psychedelics makes them resistant to corporate attempts to control them for profitable ends.

Building on this theoretical foundation, my empirical analysis maps the boom-and-bust cycle of corporate psychedelia. As I show, the sector has struggled to translate control over these unruly substances into stable market value. During the boom, from 2016 to late 2021, psychedelic companies kept pace with and briefly outperformed the Nasdaq as well as the global biotechnology sector; during the bust, from late 2021 to late 2024, they consistently underperformed. Shifting fortunes were accompanied by corresponding changes in the narratives that underpin capitalization. During the boom, recognition of the unruliness of

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psychedelics was overshadowed by exuberant forecasts and ambitious regulatory timelines. The bust, by contrast, exposed doubts about the viability of psychedelic business models. It was not only rising interest rates, but also contested patent claims, regulatory delays, and mixed clinical trial outcomes that dampened investor enthusiasm for what had once been framed as biopharma's next breakthrough.

There is a growing body of literature highlighting the dangers of leaving psychedelic drug development in the hands of for-profit entities. Yet my study, as far as I am aware, offers the first attempt to map and explain the boom-and-bust cycle of corporate psychedelia. Understanding this cycle is essential for grasping how financial forces shape outcomes in psychedelic medicine. At the same time, examining the political economy of psychedelic drug development offers at least two new insights into the study of capitalization. First, while the capital-as-power approach has traditionally focused on dominant capital, the largest corporations that occupy central positions in the capitalization process, this study shifts attention to smaller start-ups. These firms aspire to enter the upper echelons of the corporate hierarchy, offering insight into how power is actively pursued and constructed in emerging and volatile sectors rather than simply exercised by established players. Second, by emphasizing the unruliness of assets, the analysis highlights how the logic of capitalization is not only contested by humans but also disrupted and constrained by the unpredictable behavior of 'disobedient things' (Cochrane, 2020).

The article begins by critically assessing existing hype cycle models, arguing that they fail to explain the psychedelic financial cycle. It then develops an alternative framework for the study of financial cycles over three sections, starting with a general account of capitalization, before examining its operation in biopharma and in psychedelics specifically. The next two sections present the empirical analysis of the psychedelic financial cycle through two distinct phases: the boom phase (2016 to late 2021) and the bust phase (late 2021 to late 2024). The article concludes with reflections on recent developments in the field and their implications for the future.

Beyond hype cycles

A growing critical literature has examined the implications of the renewed interest in psychedelics (Hauskeller and Schwarz, 2023). One of the main themes that emerges in this literature is the dangers of leaving psychedelic drug development in the hands of commercial entities. Researchers warn that for-profit psychedelic companies, could, among other things, compromise patient safety (Devenot et al., 2022; Noorani, 2020), undermine scientific integrity (Phelps et al., 2022), and limit access to care (Hartogsohn, 2023; Tvorun-Dunn, 2022). By scrutinizing the behavior of corporate players, these researchers anticipate the challenges likely to emerge with the legalization and commercialization of psychedelic therapy. Their critiques serve as a necessary counterbalance to the optimism surrounding the so-called 'psychedelic renaissance' that has been unfolding since the early 2000s (Pollan, 2018). Yet, as far as I am aware, no study to date has attempted to track the shifting fortunes of corporate psychedelia, to examine theoretically and empirically why it has swung from boom to bust.

This is not to suggest that cyclical patterns have been ignored. Much of the existing literature uses hype cycles to explain the cultural and technological drivers behind the resurgent interest in psychedelics. Two models appear in these discussions: the Gartner Hype Cycle (GHC) and the Seige Cycle (SC). Both models chart a similar arc of public expectations, from early excitement to disillusionment to a more measured view, but they differ in scope and structure. The GHC, developed in 1995, applies broadly to emerging technologies (Fenn and Raskino, 2008). Meanwhile the SC, introduced by psychiatrist Max

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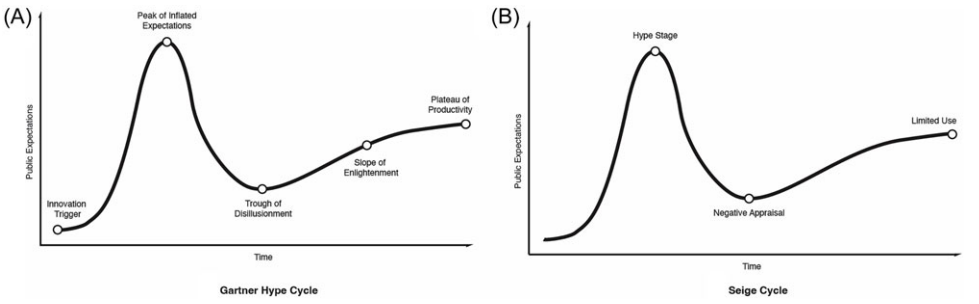

Figure 1. Conventional hype cycle approaches. *Source*: Adapted from Fenn and Raskino, 2008: 9 and Moghaddam, 2021: 142.

Seige (1912), focuses specifically on the career trajectories of psychotropic drugs (see also Moghaddam, 2021). The two cycles are visualized in Figure 1.

These frameworks have been used to interpret the recent resurgence of psychedelic science, often by drawing parallels to the rise and fall of interest in the post-World War II period. Working within the GHC framework, researchers at John Hopkins University argued in 2022 that psychedelics had reached the Peak of Inflated Expectations, a massive hype bubble (Yaden et al., 2022; see also Appiani and Caroff, 2024). They warned of a likely descent into the Trough of Disillusionment, echoing the backlash that led to prohibition in the 1960s. Their hope was for a transition toward the Slope of Enlightenment, a more sober assessment of the efficacy of psychedelic drugs. This would then eventually settle at the Plateau of Productivity, where researchers and clinicians would communicate to the public the possibilities and limits of these powerful substances. Working within the SC framework, Nicolas Langlitz (2012) traces an earlier postwar cycle in which psychedelics moved from cutting-edge psychiatric tools to cultural scapegoats, before being cautiously reintroduced in the 1990s. He now sees signs of another SC unfolding: the recent wave of enthusiasm giving way to renewed skepticism, with the risk that it may once again culminate in prohibition rather than in sustained, responsible integration (Langlitz, 2023).

Conventional hype cycles are useful guides for diagnosing shifts in the general mood surrounding psychedelics. Yet one limitation, at least as applied to psychedelics, is that they remain largely descriptive. Existing studies do not provide much insight into why public expectations change, nor have they thoroughly examined the factors driving such shifts. Another limitation of existing hype cycles is their oversimplified treatment of public expectations. In casting the public as a unitary actor, these approaches neglect the diverse and often conflicting visions for how psychedelics might be reintegrated into Western capitalist societies (Schwarz-Plaschg, 2022). Put simply, there is no reason to assume that the expectations of investors align with those of others in the psychedelic community, including underground therapists and Indigenous practitioners. To meaningfully track the shifting fortunes of corporate psychedelia, we need a framework that focuses on the expectations of investors rather than the public at large.

Recognizing the diversity of expectations also draws attention to another important insight neglected in conventional hype cycle accounts: namely, that competing expectations are structured hierarchically. This point is implicit when existing studies emphasize the role of the media and 'industry', presumably referring to psychedelic companies and their investors, in amplifying hype (Yaden et al. 2022: 943). The outsized influence of corporate interests suggests that the financial cycle plays a central role in driving the broader hype cycle. This raises several important questions: Why does finance exert such a strong influence on psychedelic expectations? Why does investor sentiment in the psychedelic space fluctuate over time? And what, if anything, sets psychedelic

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investment apart from other forms of capitalist finance? Addressing these questions requires a new framework, one that makes finance the starting point.

Capitalizing boom–and-bust

To track the shifting fortunes of corporate psychedelia, my framework foregrounds the process of capitalization. Compared to the many other '-izations' that have emerged from academic knowledge production, capitalization has received less attention. But the concept does have a long history. It occupied a central role in the thought of Irving Fisher (1896) and Thorstein Veblen (1978[1904]), and it has seen a recent resurgence, particularly in research on the permeation of financial logics into science and technology (Birch, 2017; Doganova, 2024; Doganova and Muniesa, 2015; Klinge et al., 2025; Langley and Leyshon, 2017; Roy, 2023). This recent resurgence owes much to the work of Jonathan Nitzan and Shimshon Bichler (2009; 2018), who since the 1980s have developed the most sustained effort to explore capitalization both conceptually and empirically. While conventional theories, both neoclassical and Marxist, downgrade capitalization to a nominal fiction or mirror of 'real' accumulation, their capital-as-power framework considers it the central institution and key logic of the capitalist order (Nitzan and Bichler, 2009: 153).

In both corporate finance manuals and critical finance studies, capitalization is understood as the process of discounting future earnings into present value.[2] From the perspective of capital-as-power (Nitzan and Bichler, 2009: 185–209), the capitalization of any income-generating asset can be broken down into four interrelated components:

$$k = \frac{E \times H}{r \times \delta}$$

where
K: capitalization
E: future earnings
H: hype
r: normal rate of return
δ: risk

Note the distinct temporality that governs this mode of valuation (Bichler and Nitzan, 2016: 126; Nitzan and Bichler, 2009: 185–214). Investors determine the present value of an asset based on the income they expect that asset to generate in an unknowable future. The numerator of the formula includes future earnings and the hype associated with those earnings. Since future earnings cannot be known, investors often use current earnings as a baseline. The hype coefficient is the ratio of expected (ex ante) to actual (ex post) earnings. The denominator consists of the components of the discount rate. One is the normal rate of return, often tied to the 'risk-free' yield of benchmark assets like government bonds. The other is the risk coefficient. Here, risk is the difference between expected earnings volatility and actual volatility.

Although capitalization can be broken down into these four components, they are closely entangled, with earnings at the center. Hype expresses the degree of optimism or pessimism about earnings. The risk-free rate is risk-free due to the lower volatility of asset's underlying earnings. Risk itself is a measure of earnings volatility. Because earnings underpin each element, any attempt to theorize capitalization must begin by theorizing earnings. Conventional theories claim earnings stem from productivity. In the neoclassical view, they are equal to capital's marginal contribution to production. In the Marxist view, they derive from the exploitation of productive labor. Capital-as-power offers a radically different approach. It argues that earnings do not come from productivity itself, but from the power of capital to control and restrict productivity for the sake of profit (Nitzan and

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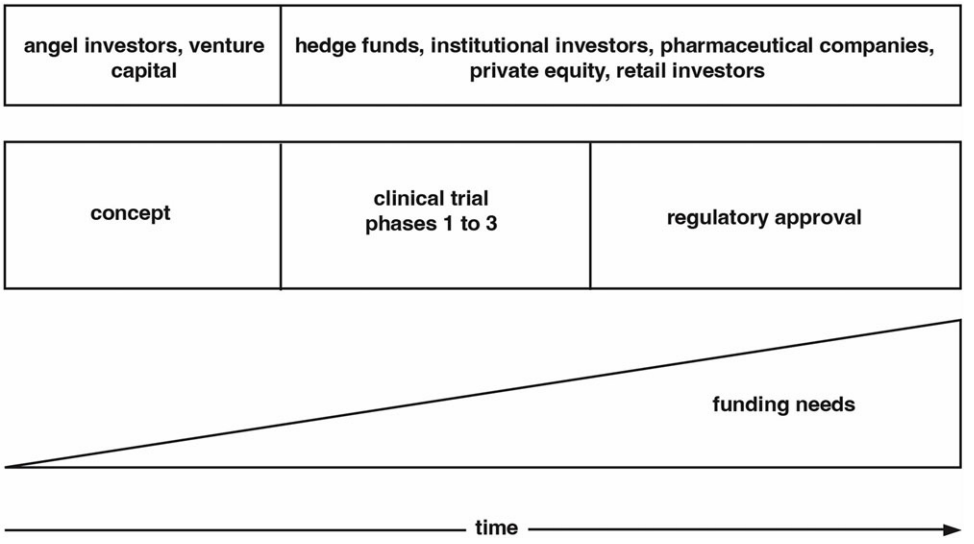

Figure 2. The drug development chain. *Source:* Adapted from Andersson et al., 2010: 636.

Bichler, 2009: 321–329). Without the power to exclude others, secured through private property rights, capitalized earnings would not exist.

This approach to boom-and-bust cycles has two advantages over conventional hype cycle models. First, unlike the ambiguous notion of public expectations, capitalized earnings provide a precise, quantitative proxy for investor sentiment. Second, by emphasizing the power dynamics behind expectations, this approach moves beyond mere description. It allows us to explain how and why expectations shift over time.

From the perspective of capital-as-power, changes in capitalization reflect shifting assessments of a firm's power to control productivity, broadly conceived as society's capacity for creativity and well-being, in the pursuit of profit. What matters is not absolute capitalization, but differential capitalization: an increase in capitalized earnings relative to some average benchmark. In this sense, differential capitalization *is* power, yet the identity is figurative (Nitzan and Bichler, 2009: 312–313). Through the inter-subjective ritual of capitalization, investors convert quality into quantity. They translate complex, heterogeneous processes of social power into universal units of capitalization. The researcher's task is to unpack this translation through a speculative yet systematic analysis that weaves together the quantities (numbers) and the qualities (narratives) of capitalist power.

Biopharma: Future value, present losses

How, then, do investors capitalize psychedelics? Before tackling this question, I first want to situate psychedelics within the broader context of biopharmaceutical drug development. Psychedelic companies fall under biopharma because they use biotechnology methods and biological processes to turn natural or synthetic psychedelics into regulated medical treatments. This section examines how capitalization operates across biopharma, setting the stage for the next section, which focuses on its dynamics within corporate psychedelia.

From a capitalization perspective, biopharma start-ups stand out for being pre-revenue. This means that until regulators approve their products, companies have nothing to sell

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and run consistent losses. At the heart of the biopharma business model is the drug development chain as shown in Figure 2. The process begins with a new drug concept and ends with regulatory approval from agencies such as the FDA. Approval is required not only for marketing the drug but is also typically a condition for reimbursement by public and private insurers. To gain approval, companies must complete a series of clinical trials demonstrating the drug's safety and efficacy. Success is rare. One estimate suggests that it takes 10 to 15 years and $1 to 2 billion for a new drug to reach the market (Sun et al., 2022). Even those that make it to clinical trials face a failure rate of 90 percent. For psychiatric drugs, the failure rate rises to 94 percent, second only to oncology (Ghaemi, 2023: 83). With such poor odds, drug development has been compared to a casino or to other 'highly speculative' sectors like oil, gas, and mineral prospecting (Andersson et al., 2010: 632).[3]

Lacking revenues, biopharma start-ups must rely on financial markets to fund their operations. Capital market financing is the 'lifeblood' that keeps everything afloat on the perilous path to market (Pisano, 2006: 162). The challenge is both practical and theoretical: in the absence of earnings, what guides valuation? The answer lies in a set of alternative indicators that help construct expectations about a firm's future performance and capacity for control.

The first of these indicators is cash. As companies move through the drug development chain, they must spend increasing amounts on research and development (Drakeman et al., 2022). Investors pay attention to two metrics: the gross cash burn rate, the total monthly outflow for operating expenses, and the cash runway, which indicates how long the company can sustain operations at that rate before exhausting its reserves. These figures help determine whether the company can survive the clinical trial process and reach the market.

The second indicator is non-financial: clinical trial readouts. Narratives play a crucial role in framing and interpreting pipeline progress. Favorable milestone reports can attract future investment and boost share prices for publicly traded companies (Froud et al., 2006; Andersson et al., 2010). Company executives therefore have incentives to exaggerate the outcomes of clinical trials, using narrative hype to offset the risks of drug discovery.

Alongside corporate management, VC plays a central role in shaping the narratives that drive valuation (Birch, 2023). Given the high risks involved in drug discovery, it is unsurprising that VC, which specializes in backing high-risk startups, has become integral to biopharma financing. Once VC firms commit to an investment, they have an incentive to sustain high valuations. As David Elder-Vass (2021) explains, the goal is to exit through an IPO or trade sale. The higher the valuation at IPO, the greater the return when shares are sold to other investors. Since most VC-backed biopharma ventures ultimately fail, funds depend on outsized returns from the few that succeed. By telling stories about the future promise of biopharma, VCs help amplify hype, a key component of the capitalization formula. Elder-Vass (2021: 9–15) describes VC as a 'value entrepreneur' that uses storytelling to persuade other investors in the 'asset circle' of a company's worth. This form of investing is strongly procyclical: it mobilizes capital by raising expectations of future success. As those expectations grow and attract increasing flows of investment, they fuel price inflation. Waning confidence brings with it a contraction in investment activity (Janeway et al., 2021).

Patents are the third pillar of biopharma capitalization. While cash and clinical milestones point to a company's ability to reach the market, patents reflect its potential to dominate that market once there. A strong IP portfolio offers the promise of monopolistic returns, helping justify investor risk in a sector defined by high failure rates (Grabowski et al., 2015). From the perspective of power, patents are not merely legal instruments but mechanisms for control: they privatize collective creativity and convert it into proprietary revenue streams (Gagnon, 2007). In the forward-looking logic of valuation, patents secure the right to extract future earnings, either by controlling product markets directly or by

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transferring that control to larger firms through licensing or acquisition (Bourgeron and Geiger, 2022; Roy, 2020).

Though patents lie at the heart of biopharma business models, they are difficult to secure. Many compounds and therapeutic methods already exist in the scientific record, which limits patent scope and excludes claims over naturally occurring substances. Because biopharma inventions build on prior discoveries, meeting patent law's standards for novelty and non-obviousness can be difficult (Sherman, 1990). Even when patents are granted, companies often confront 'patent thickets', overlapping IP claims that complicate market entry and can lead to costly litigation (Carolan, 2009). Adding further complexity, innovation in biopharma emerges through collaboration among private firms, universities, and government agencies (Roy, 2023). This collective knowledge production creates disputes over ownership, tangled licensing agreements, and challenges in securing freedom to operate. As a result, turning a discovery into a protected, marketable product is especially difficult in biopharma compared to other technology sectors (Pisano, 2006).

Overall, several features define the valuation of VC-backed biopharma firms that operate without revenues. To compensate for the lack of financial data, companies and their backers rely on alternative indicators: cash, clinical milestones, and patents. Each serves to construct a narrative about the company's power to claim and sustain a privileged position in future markets. This becomes especially important in the high-risk context of drug discovery, where valuation hinges on projecting control over uncertain outcomes. The procyclical nature of VC investing, which amplifies both booms and downturns, can be understood as a ritualized response to shifting perceptions of power. In biopharma, these perceptions are especially volatile, given the layered uncertainties of scientific innovation, regulation, and exclusive ownership claims.

Psychedelics as unruly assets

While the points made in the previous section about biopharma also hold for psychedelic drug development, it is worth asking whether there is anything genuinely novel about how the latter substances are capitalized. As I show in this section, the differences from biopharma in general are of degree, not kind. Psychedelic drug development represents uncharted territory for biopharma: it involves even more risk, even more hype, and, in turn, even greater volatility. Why? Because there is an unruliness to psychedelics as assets that sets them apart from the standard molecules used in psychiatric drug development. Unruliness makes these substances resistant to corporate attempts to control them for profitable ends.

Unruliness is a theme found in animal and resource geography (Bakker and Bridge, 2006; De Gregorio, 2020). It refers to the ways in which nature imposes constraints on the logic of capital and the scaling of markets. To recognize nature's unruliness is not to suggest that it always evades technical-scientific mastery. It simply illustrates how these efforts to tame and control are historically contingent and often require adjustment to, as much as mastery of, nature's erratic flows. Unruliness manifests across three main dimensions, all of which are interrelated: 1. material, through the variability and nonlinearity in biophysical processes; 2. legal, through indeterminate property claims and costly enforcement; 3. political, through contested meanings, legitimacy struggles, and shifting cultural narratives.

An especially evocative example of nature's historically contingent unruliness is that of pigs in early medieval Gaul. In a rich ecological-historical account, Jamie Kreiner (2017) shows how these clever, boundary-crossing animals frustrated human attempts to bring them under their control. To profit from pig husbandry meant accommodating them and their complex environments as much as it meant mastering them. The flexibility required

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in human relations with pigs had wider reverberations, influencing Merovingian policymakers who were compelled to adopt a similarly flexible approach to fiscal policy. Like pigs, psychedelic substances, both natural and synthetic, are volatile and unpredictable. Psychedelics do not just trespass boundaries; they are known to dissolve them altogether (Giffort, 2020). And yet from the perspective of power, the maintenance of boundaries is essential to the task of turning them into capitalized assets.

The frustrations of boundary maintenance are most clearly manifest in efforts to patent psychedelics. Like biopharma at large, corporate psychedelia leans heavily on patents to attract investors, especially without a proven financial track record. The rush to commercialize has sparked a psychedelic patent frenzy, as companies claim IP over new compounds and delivery methods, treatment protocols, dosing regimens, and therapeutic tools (Marks and Cohen, 2022). The challenges of biopharma patenting discussed in the previous section are particularly acute with psychedelics. Compounds such as psilocybin, DMT, and MDMA, are either naturally occurring or were synthesized decades ago, leaving little room for new composition claims. Therapeutic uses of these substances have also been long documented, making it difficult for companies to establish that their inventions are truly novel. To further complicate matters, an underground network, steeped in both countercultural and Indigenous healing traditions, stands ready to scrutinize and contest patent claims. Though diverse, many in this community are united in their resistance to the privatization of psychedelic knowledge. That resistance is sharpened by the fact that many of these substances are accessible at home for a fraction of the cost of treatments approved by regulatory bodies and delivered within medicalized systems.[4]

Beyond patenting, psychedelics possess unique qualities that magnify their unruliness. One of the most persistent is an enduring cultural stigma, much of it rooted in the political and moral backlash of the 1960s. During that era, psychedelics, particularly LSD, became potent symbols of social rebellion (Dyck, 2024). This symbolic weight continues to shape public perception, reinforced by decades of sensationalist claims that psychedelics scramble chromosomes and trigger psychotic episodes that lead people to jump from buildings (Pollan, 2018: 3–5). Though largely discredited, these stories persist in popular consciousness, complicating efforts to normalize psychedelic therapies. As a result, companies and advocates must contend not only with regulatory and IP hurdles but also with a legacy of fear and suspicion that resists containment within mainstream psychiatry.

Perhaps the most profound expression of psychedelic unruliness occurs at the level of subjective experience. Unlike conventional psychiatric drugs, psychedelics induce powerful, weird, often overwhelming alterations in consciousness colloquially referred to as the 'trip'. These experiences vary widely in duration and intensity depending on the substance. For instance, the effects of 5-MeO-DMT are remarkably brief, lasting less than 30 minutes, whereas the effects of ibogaine can extend for up to 24 hours or more. In a bid to sidestep the commercial and clinical difficulties posed by these profound subjective effects, some companies at the cutting edge of psychedelic science are attempting to engineer psychedelics that preserve their therapeutic benefits without inducing a trip at all (Mitchell, 2024).[5] Yet it remains unclear whether these so-called 'neuroplastogens' will be effective. Many researchers and clinicians argue that the trip itself is integral to the healing process, providing breakthroughs that underpin therapeutic success (for a review of evidence, see Letheby, 2021).

Recent research shows that a shared feature of both classic and atypical psychedelics is their ability to reopen the critical period for social reward learning (Nardou et al., 2023; see also Roseman et al., 2018), a process essential to the behavioral changes linked with positive therapeutic outcomes.[6] It also suggests that the duration of the critical period is proportional to the length of the subjective experience: in short, the longer the trip, the greater the window for potential healing. Yet the very intensity and duration that underpin the therapeutic promise of psychedelics also make them commercially and

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clinically unruly (Mitchell, 2024). Psychedelic treatment is not as simple as prescribing a pill to be taken at home; it demands supervised administration, careful psychological preparation, and thorough post-experience integration, often with trained therapists. This model demands time and costs far beyond the standard pharmaceutical playbook. The intense subjective effects of psychedelics also challenge the existing evidentiary standards of biomedicine (Giffort, 2020; Oram, 2018). Randomized controlled trials (RCTs), the gold standard for regulatory approval, are built around the expectation of objective, easily standardized interventions. Psychedelic experiences, by contrast, are highly variable, deeply personal, and shaped by factors such as set and setting, making them difficult to isolate, blind, and control within traditional RCT frameworks. The intense and unruly nature of the trip resists both commercialization and regulatory containment.

To briefly recap, psychedelic drug development operates within the logic of biopharma capitalization, but it introduces challenges that heighten volatility. These challenges arise from the unruly nature of psychedelics, their natural origins, cultural significance, and powerful subjective effects, which complicate efforts to define ownership and exercise control. Put simply, unruliness makes psychedelic commercialization more complex and contested than typical pharmaceutical ventures.

In what follows, I apply these ideas to empirically trace the shifting fortunes of corporate psychedelia. Drawing on the capital-as-power framework, I argue that capitalization reflects the relative power of corporate psychedelia to control these substances for profit. The figurative identity of capitalization (quantitative) and power (qualitative) lends itself to a 'narratives and numbers' approach (Froud et al., 2006). On the numerical side, I examine fluctuations in their market capitalization, as well as patterns of fundraising and ownership. On the narrative side, I analyze a range of documents produced by investors, psychedelic firms, journalists and other stakeholders. These include annual reports, regulatory filings, social media posts, press releases, media commentary, patent filings and public presentations. This approach leads me to identify two main phases in the financial cycle: an initial boom (ca. 2016 to late 2021) and a subsequent bust (ca. late 2021 to late 2024).

Phase I: The boom (2016 to late 2021)

Some of the groundwork for the psychedelic renaissance was laid in the 1990s, when a small group of researchers quietly revived clinical interest in these substances (Langlitz, 2012). But it wasn't until a 2006 study by researchers at Johns Hopkins University (JHU) that the movement gained mainstream scientific credibility (Griffiths et al., 2006). This landmark paper demonstrated that a single dose of psilocybin could induce profound mystical experiences with lasting positive effects on well-being and life satisfaction. The study is often regarded as the starting point of the psychedelic renaissance (Pollan, 2018).

In the decade following the 2006 JHU study, psychedelic drug development was driven by academic researchers and nonprofit organizations. The nonprofit Multidisciplinary Association for Psychedelic Studies (MAPS) started its clinical trials on MDMA-assisted psychotherapy for PTSD in the early 2000s. In 2014, the Usona Institute was established to support nonprofit research into psilocybin for major depressive disorder. Corporate interests were largely absent until 2016, when another nonprofit C.O.M.P.A.S.S. reorganized as a for-profit company (Goldhill, 2018).[7] Founded to improve access to psilocybin therapy for people suffering from depression and other mental health conditions, C.O.M.P.A.S.S. originally operated as a patient-focused charity. After restructuring as Compass Pathways, the organization shifted its strategy toward developing psilocybin therapy through large-scale clinical trials and seeking FDA approval. The company's transition was a pivotal moment in the rise of corporate psychedelia.

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In 2017, Compass raised modest seed funding (around $5 million) from a group of wealthy investors including billionaire VCs Christian Angermayer and Peter Thiel (CB Insights, 2025; Jack, 2017). Angermeyer, head of Apeiron Investment Group, is an outspoken German entrepreneur whose ventures span psychedelics, cryptocurrency, 'enhanced' sport, and longevity. As we will see, he exemplifies the value entrepreneur as defined by Elder-Vass (2021): not merely investing in psychedelics, but shaping narratives intended to recruit other investors into the asset circle.

The sector continued to build momentum in 2018. That year, Compass Pathways received FDA Breakthrough Therapy designation for its psilocybin therapy (COMP360) aimed at treatment-resistant depression (TRD). This designation was seen as a significant milestone for the company, potentially signaling a swifter path to regulatory approval. Shortly after the announcement, Compass raised $31 million in its Series A round (Taylor, 2020). The round was led by Apeiron, with participation from Thiel Capital. At the time, this was considered a significant raise for a psychedelic start-up (Brodwin, 2018). 2018 also saw the founding of atai Life Sciences, a company Angermayer founded with Florian Brand and Lars Wilde. Atai employs a 'hub and spoke' business model, developing its own proprietary compounds, while also strategically investing in other psychedelic companies. In its Series A round, completed soon after its founding, atai raised $25.5 million, mostly from VC and wealthy individuals (Brodwin, 2018). In 2019 atai and Compass were joined by other start-ups with notable psychedelic compounds: Beckley Psytech (UK), Cybin (Canada), Delix Therapeutics (US), and MindMed (Canada).

If the growth of corporate psychedelia had been steady from 2016 to 2019, in 2020 it erupted into a boom. Early in the year MindMed underwent a reverse takeover of a mining company to list on Canada's NEO exchange, becoming the psychedelic company to go public. Later in 2020, Compass and Cybin followed, with Compass becoming the first psychedelic company to list on a major US stock exchange, the Nasdaq. Compass's IPO was particularly well received, as investor interest allowed the company to upsize its offering and price shares above the initial range (Budwell, 2020). Shares rose 70% on the first day of trading, pushing Compass's market capitalization above $1 billion. By the end of 2020, Compass's market value had more than doubled to $2.3 billion. The contours of the boom are illustrated in Figure 3, which tracks total fundraising in corporate psychedelia. From 2017 to 2019, psychedelic companies raised a total of $154 million. In 2020 alone financing for the sector climbed to $766 million.

In 2021, investment in psychedelics surged to new highs. As shown in Figure 3, the sector raised $1.9 billion in 2021, more than doubling the previous year's record. Atai went public on the Nasdaq through an upsized IPO that was seen as a success, briefly pushing the company's valuation above $3 billion (Podder and Nishant, 2021). It was joined by GH Research, which emerged from relative obscurity to complete its own upsized IPO. The Dublin-based company, focused on developing short-duration, inhalable formulations of 5-MeO-DMT for TRD, raised $160 million, and its stock closed more than 20 percent above the IPO price on its first day of trading (Financial Times, 2021).

During the boom phase, soaring valuations were paired with bold narratives and ambitious timelines for regulatory approval. The rapid 2019 approval of an atypical psychedelic, Johnson & Johnson's esketamine-based Spravato for TRD, helped fuel a sense that similar breakthroughs for other compounds were imminent (Florian Brand, cited in CNBC Television, 2021; MindMed, 2020). Many believed MAPS would soon gain FDA approval for another atypical psychedelic, MDMA-assisted therapy for PTSD with projections in 2016 estimating approval by 2021 (Sheikh, 2016). Classic psychedelics followed a similar pattern. Compass Pathways, often seen as the front-runner in psilocybin therapy, became the subject of upbeat forecasts; in 2018, Angermayer predicted FDA approval of COMP360 for TRD by 2021 (cited in Brodwin, 2018); in 2019, a Compass pitch

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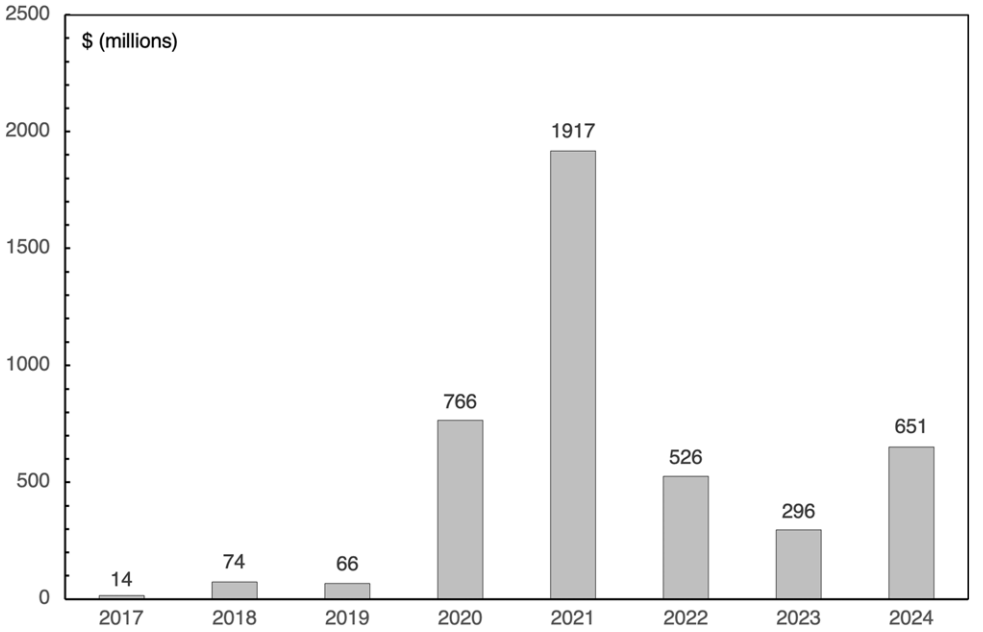

Figure 3. Fundraising in corporate psychedelia. *Source*: Psychedelic Alpha, 2023; 2025.

deck to investors forecasted 2022 as the year of approval (Lee, 2021); in 2020, then-Compass CEO George Goldsmith hoped it would happen 2025 (cited in Fortson, 2020).

Recall that for pre-revenue biopharma companies cash runway, patents and clinical trial results often substitute for earnings in the capitalization process. With a flood of investment and ambitious approval timelines, cash reserves at this time appeared plentiful. During the boom patent applications steadily increased, with over 500 being published in 2021 alone (Vculek et al, 2024). Most importantly, Compass was granted 10 patents during this period, covering specific polymorphic forms, oral dosage methods, and therapeutic applications (Compass Pathways, 2021b). Preclinical studies and Phase I clinical trials, involving a small group of healthy volunteers to evaluate safety and drug behavior, showed positive outcomes (GH Research, 2020). Together, these developments gave the impression that the challenges posed by psychedelics were being brought under control. Small trials seemed to contain the intense subjective effects of the trip within standardized protocols, while the flurry of patent activity signaled the projection of exclusionary power.

This is not to say that the boom was one of unbridled mania. In moments of reflection, voices within corporate psychedelia raised concerns about the unruliness of the compounds they were developing. Murky IP and the potential for legal disputes, high administration costs associated with tripping; these factors weighed on the minds of executives and investors alike (Weintraub, 2021). Yet, for every note of skepticism, there was a symphony of enthusiasm for the mental healthcare revolution psychedelics were about to unleash. Jeff Siegal (2021), a managing partner at JLS Fund, one of the main VC players in the sector, captured the general mood of the boom phase when he declared '. . . that psychedelics represent the closest thing we've seen to any kind of major disruption to the $121 billion mental wellness industry in more than 50 years'. His comments reflected a broader sentiment that psychedelics were not only commercially promising but capable of challenging the power of the large pharmaceutical companies that dominate psychopharmacology (O'Brien, 2020).

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As the boom phase neared its peak in 2021, for-profit psychedelic drug development was about to face its biggest test yet. Until that point, the growing body of data amassed during the psychedelic renaissance had been based on small-scale trials and studies. All that changed on November 9, 2021, when Compass Pathways publicly announced the topline results of its Phase 2b clinical trial evaluating COMP360 for TRD. At the time, it was the largest clinical trial of its kind, enrolling 233 patients across 22 sites in 10 countries. Neuroscientist Boris Heifets described the highly anticipated study as 'a bellwether for a massive industry waiting in the wings' (cited in Psychedelic Alpha, 2021). Angermayer (2021) went so far as to call the day of the Compass announcement the most important in recent psychedelic history. His assessment of the results was upbeat; he deemed them 'very supportive' of psilocybin therapy.

But markets reacted differently. Compass's share price fell nearly 30 percent after the announcement, triggering spillover effects across corporate psychedelia (Aday et al., 2023). While some investors echoed Angermayer's positive view of the trial results, the sell-off reflected a mix of concerns (see Beckley Waves, 2021; Orelli and Speights, 2021). One was durability: although the high dose produced a strong antidepressant effect at week three, the average difference from the control group had faded by week twelve. The results did not support the revolutionary narrative that value entrepreneurs like Angermayer had helped build. In other words, even promising data could not match the inflated expectations of the boom, when psychedelics were often framed as miracle cures. Another factor was the large proportion of retail investors holding psychedelic stocks, which may have amplified volatility. The idea that retail investors misread the trial's implications and underestimated the complexity of clinical development gained traction in post-trial commentary. Safety concerns were heightened by adverse events, including suicidal ideation, self-injury, and suicidal behavior, in twelve participants, mostly in the high-dose group. While not uncommon in patients with TRD, these outcomes raised questions about psilocybin's long-term viability.

Ultimately, the trial exposed a deeper tension. The unpredictable and intense nature of psychedelic experiences, so central to their therapeutic promise, made it difficult to align clinical outcomes with investor expectations. The unruliness of psychedelics was on full display, resisting conversion into the metrics that sustain capitalized power. Negative reaction to Compass's phase 2b results was the first in a series of blows that sent the sector spiraling downward. As the next section will show, this prolonged downturn has fundamentally reshaped corporate psychedelia.

Phase II: The bust (late 2021 to late 2024)

Since late 2021, psychedelic valuations have tumbled, scrutiny has intensified, and the hype that had defined the boom has given way to doubt. Several indicators capture the intensity of the bust. Figure 3 introduced earlier shows the sharp drop in investment flowing to corporate psychedelia. Over the three years from 2022 to 2024, psychedelic companies raised $1.5 billion, less than the $1.9 billion raised in the single peak year of 2021. Figure 4 adds to this picture, presenting stock price indices for the Nasdaq, world biotech, and the psychedelic sector. To construct an index for the psychedelic sector, I include the five largest psychedelic companies by market capitalization, atai Life Sciences, Compass Pathways, Cybin, GH Research, and MindMed, which together account for over 80 percent of the sector's publicly listed value (Psychedelic Alpha, 2025). As we see in Figure 4, between the announcement of Compass's phase 2b results in November 2021 and the end of 2024, the value of the psychedelic index fell 75 percent.

Why has the psychedelic bust been so pronounced and why has it persisted? While the fallout from Compass's Phase 2b results in late 2021 may have been a catalyst for the initial

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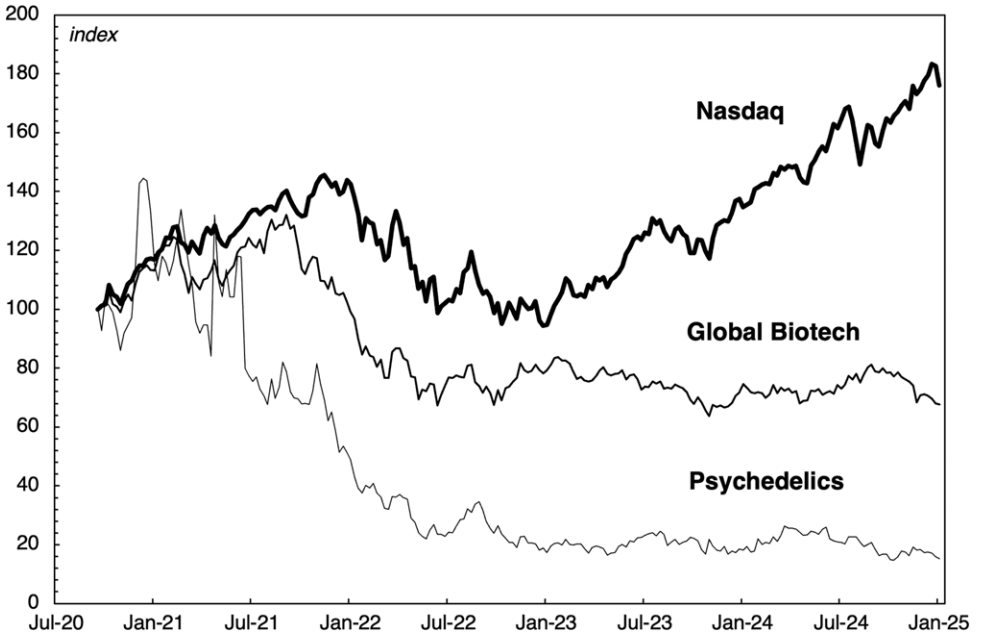

Figure 4. Share prices for the Nasdaq, global biotech, and psychedelics. *Source*: Refinitiv, 2025. *Note*: Values are rebased to 100 in September 2020. The psychedelics index comprises five companies (atai Life Sciences, Compass Pathways, Cybin, GH Research, and MindMed), weighted by market capitalization. Each psychedelic company is included in the index from the date it debuted on the stock market.

decline, the sustained downturn owes much to the broader macroeconomic environment. In response to COVID-era inflation in late 2021 and early 2022, central banks across high-income countries began raising interest rates and kept them elevated throughout the period covered in this study. In terms of capitalization, a higher discount rate disproportionately reduces the market value of pre-revenue biotech companies, whose distant cash flows are especially sensitive to monetary tightening (i.e., the farther into the future investors must wait for returns, the steeper the discount rate).

As a key component of capitalization, the movement of interest rates is crucial to any financial cycle. But there is something puzzling about the relative performance of the psychedelic sector. Figure 4 shows that psychedelic stocks have lagged not only the Nasdaq since 2021, but also the broader biotech sector. Figure 5 reinforces this point, indicating that the psychedelic sector's differential capitalization, its share of both Nasdaq and global biotech capitalization, has declined over the same period. Given that the biotech sector also includes many pre-revenue firms similarly exposed to tightening, it seems that macroeconomic conditions alone cannot account for the poor relative performance of psychedelics.

Beyond rising interest rates, what else might be contributing to the deep discounting of corporate psychedelia? In the remainder of this section, I argue that the persistent slump stems from shifting perceptions of risk. Psychedelics have always been regarded the riskiest assets within biopharma, but the perceptions of the risks of psychedelic investing have increased since late 2021 (Kary, 2023). Understanding why brings us back to the earlier question of how pre-revenue psychedelics companies are valued in the absence of earnings, through cash reserves, pipeline progress, and IP. This, in turn, brings us back to the discussion of how psychedelic unruliness heightens the uncertainty surrounding these metrics.

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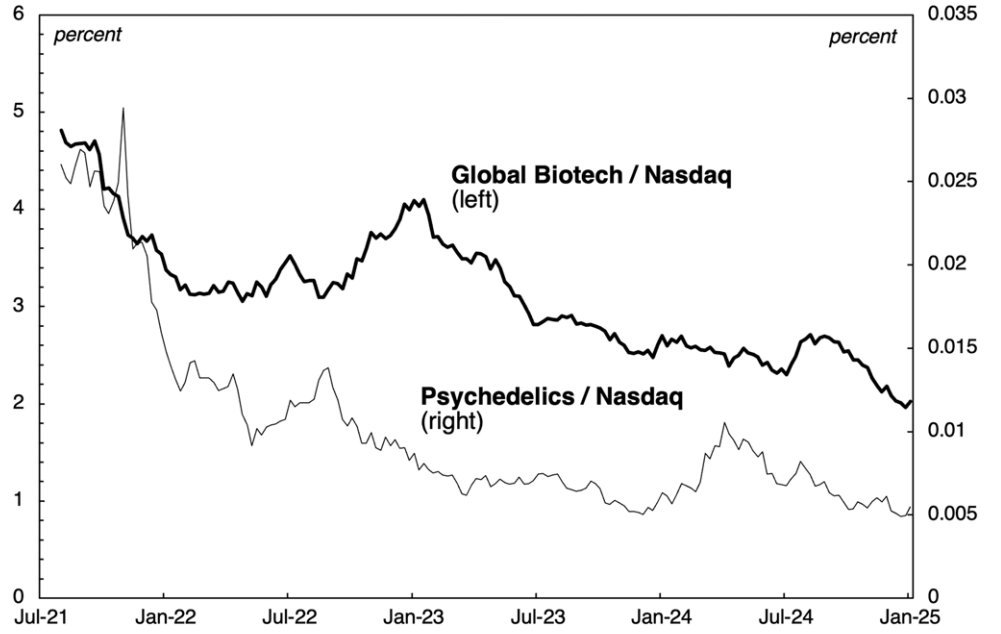

Figure 5. Differential capitalization: Global biotech versus psychedelics. *Source*: Refinitiv, 2025.

Let's begin with IP. As already discussed, patents are essential to pre-revenue companies because they signal the promise of monopolistic control over future revenue. But that promise is especially vulnerable in psychedelic medicine, where widespread prior use and contestation pose a threat to the strength and enforceability of patent claims. From the outset, corporate psychedelia has been aware of these challenges. Yet during the boom phase, hype drowned out any serious scrutiny of murky IP. It has only been in the context of the bust and the prevailing 'risk-off' mood since 2021 that these issues have begun to attract sustained attention (Kelly, 2022; Wainer, 2024).

Some high-profile legal disputes during the bust phase cycle have exposed the fragility of psychedelic patents. In December 2021, Freedom to Operate (FTO), a nonprofit psychedelic patent watchdog, challenged a patent awarded earlier that year to Compass Pathways by the U.S. Patent Office (USPTO) (Love, 2021b). The patent covered the process of producing a crystalline synthetic version of psilocybin known as 'Polymorph A' (COMP360). FTO argued that Polymorph A was neither a novel discovery nor demonstrably useful in any specific way, claiming that similar crystalline forms of psilocybin were already publicly known. Despite these objections, the Patent Trial and Appeal Board upheld Compass's claims, a result described by some as an 'unreserved win' for the company (Psychedelic Alpha, 2022). Still, the ruling raised difficult legal questions about how such IP might be enforced (Pechenik, 2021). For instance, would only infringements of 'pure' Polymorph A be enforced? What happens if trace amounts of Polymorph A are found in the synthesized products of a Compass competitor? This question of 'how much' is open to interpretation and may invite further legal contestation in the future.

In February 2022, Porta Sophia, another nonprofit psychedelic patent watchdog, filed a third-party preissuance submission challenging one of Compass' US patent applications (Jacobs, 2022). This type of filing allows outside parties to present evidence, such as prior research or publications, to the USPTO to help examiners assess whether a new patent deserves to be granted. The submission contested Compass's attempts to patent not only a psilocybin compound but also aspects of the therapeutic environment, such as using

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muted colors, soft furniture like beds or couches, and calming visual cues, as part of their treatment method. Porta Sophia argued that these elements of set and setting have long been integral to psychedelic therapy and should remain in the public domain. In response to the submission, Compass amended its application in August 2022, canceling 137 of 162 claims (Porta Sophia, 2022). This marked a significant retreat by the company, effectively abandoning its attempt to patent widely known therapeutic practices in the face of public and legal scrutiny.

Taken together, these cases have heightened investor uncertainty and cast doubt on the enforceability of corporate psychedelia's IP. For investors, the prospect of costly legal battles has complicated the perceived value of IP portfolios in this space. What once appeared to be a promising foundation to control psychedelics for profitable ends now looks increasingly unstable.

If uncertainty around IP has cast doubt on the long-term defensibility of future revenue, then pipeline progress raised more immediate concerns about whether that revenue will materialize at all. These concerns were compounded by mixed outcomes in clinical trials since Compass's Phase 2b trial. There were some bright spots. Positive large-scale trials led both Cybin and MindMed to receive breakthrough therapy designation from the FDA in March 2024, sending their stocks soaring (Linnane, 2024; Lokuwithana, 2024). Yet for every sign of progress post-2021, the sector faced setbacks that matched or outweighed it. For example, atai's market capitalization dropped by 40 percent January 2023 after its heavily anticipated Phase 2a trial of R-ketamine for TRD failed to meet its primary endpoint (Jarvie, 2023).

Even the most cautious timelines for approval made during the boom began to look hopelessly naïve. As the downturn dragged on, it was becoming clear that the path to regulatory approval was going to be more difficult than originally thought. The distant cash flows on which capitalization relies were pushed even further into the horizon. Timelines for approval were being extended, and with them, came increasing concerns from investors about whether companies would have the cash runway to see them through the approval process (Harrison, 2023; Jordan, 2023).

By far the most consequential blow came in 2024, when the FDA rejected an application from Lykos Therapeutics to approve MDMA-assisted therapy for PTSD. Lykos is the for-profit wing established by MAPS in 2024 to raise the financing needed to bring the therapy to market. Confidence in approval had been high: Lykos came armed with seemingly strong Phase 3 results (Nuwer, 2023). But in a shock decision in June of that year, the FDA advisory panel voted 9-2 against Lykos's application, questioning whether the therapeutic benefits outweighed the risks.

Two parts of the panel's ruling were especially relevant to other psychedelic ventures (Lambert, 2024). First, the panel expressed concern that the subjective effects of MDMA made it difficult to maintain proper blinding. Participants in the trial could likely tell whether they received the active drug or a placebo, which the panel argued undermined the validity of the study's efficacy results. This critique spotlighted a long-standing concern: that the powerful subjective effects of psychedelics make it difficult to design placebo-controlled trials that satisfy FDA standards. Second, the panel highlighted the challenge of isolating the drug's effect from the therapy itself. While the FDA does not regulate psychotherapy, the panel questioned whether the observed benefits were due to MDMA or to the psychotherapeutic support provided alongside it. This has far-reaching implications, as many psychedelic treatments currently in development also rely on drug-assisted therapy models, raising doubts about how such interventions will be evaluated under a drug-centric regulatory framework.

The panel's ruling sent stock prices across the psychedelic medicine sector reeling and triggered a crisis of confidence (Hart, 2024). Although the advisory panel's recommendations are non-binding, they typically carry significant weight with the FDA. In this case,

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the agency followed suit: in August 2024, it formally rejected Lykos's application and requested an additional Phase 3 trial to address the concerns raised. It was a devastating outcome for Lykos and the broader field, as running another Phase 3 trial would be both time-consuming and expensive, delaying any potential approval by years. In the wake of the FDA's rejection, Lykos laid off 75 percent of its staff and saw the resignation of MAPS founder and Lykos board member Rick Doblin as well as longtime CEO Amy Emerson. To make matters worse, in August 2024, three of the company's scientific papers were retracted over ethical violations (Masson, 2024). Then in January 2025, Lykos's patent applications were rejected by the USPTO, a major blow to its ability to secure exclusive control over MDMA therapy (Smith and Pechenik, 2025).

Even before the Lykos debacle, the grim new realities of the bust had compelled companies to downplay the therapy component (Hardman, 2024a). The FDA rejection merely amplified that trend. In addition to doubling down on efforts to reduce reliance on psychotherapy in treatment protocols, companies across the sector have been redesigning trials to minimize the risk of unblinding, and accelerating efforts to develop next-generation compounds that deliver therapeutic benefits without the trip (Adam, 2024). Together, these moves signal a renewed effort to tame unruliness by transforming psychedelic treatments into standard psychiatric drugs that can be tested and delivered independently of intensive therapeutic support.

Despite the crisis it triggered, the Lykos decision has also been viewed by some as a constructive turning point, an opportunity for the field to refine its methods and better align with FDA expectations (Nathan-Kazis, 2024). Angermayer (2024a), for his part, interpreted the FDA's rejection of Lykos as a critique of trial execution rather than of psychedelic therapies themselves, arguing that companies conducting rigorous studies remain well-positioned for approval. Ever the hype merchant, Angermayer (2025) attributes the ongoing bear market to high interest rates and continues to frame leading psychedelic stocks as a 'once-in-a-lifetime buying opportunity'. Whether his optimism is justified remains to be seen. Because capitalization is inherently forward-looking, such claims can only be judged if, and when, psychedelic companies secure regulatory approval and begin generating revenue.

Conclusion: Drawing a line

Researching an unfolding topic is challenging, especially when it involves something as complex and often capricious as capitalization. In this article, I addressed these challenges by focusing on a clearly delineated timeframe: from the establishment of the first for-profit psychedelic start-up in 2016 to the fallout from the FDA rejected Lykos's MDMA therapy application for PTSD in 2024. As I write this conclusion in the summer of 2025, much has already happened in corporate psychedelia since the Lykos rejection. The temptation is to keep chasing the latest twists in this fast-moving field. But at some point, you need to draw a line, however provisional, under the unfolding story. Otherwise, the work risks becoming financial journalism, useful in its own right but distinct from critical finance studies, which steps back from the news cycle to examine broader patterns and structures (Samman et al., 2022).

Before drawing that line, I want to briefly consider two major developments from the first half of 2025 that may have decisive long-term impacts on the future of corporate psychedelia. The first is the return of Donald Trump to the presidency, with Robert F. Kennedy Jr. serving as Secretary of Health and Human Services. Kennedy has long been critical of the FDA's caution around psychedelic treatments and could move toward a more permissive regulatory stance, particularly regarding therapies aimed at veterans and the opioid crisis (Hardman, 2024b). Marty Makary, Trump's newly confirmed FDA Commissioner, has expressed strong support for advancing psychedelic therapies, calling

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it a top priority for the agency (Manalac, 2025). In a surprising twist, Matt Zorn, once a legal thorn in the FDA's side after suing the agency over drug access, was appointed by the Trump administration in May 2025 to help shape psychedelic policy (Schumaker, 2025). The sector welcomed these developments as a potential lifeline after years of regulatory delays and waning confidence (Angermayer, 2024b).

The second development is the announcement of the first readout from Compass Pathways' phase 3 trial of COMP360 in late June 2025. The announcement had been described as a 'make or break moment' for the leading company in the field (Hardman, 2025). Compass Pathways (2025) declared the results 'highly statistically significant and clinically meaningful'. Perhaps most importantly given the fallout from its Phase 2b trial, the company reported no new safety issues. Yet investors still reacted negatively: Compass's shares plunged nearly 50 percent on the day of the announcement. Market analysts pointed out that while the endpoint was met, the clinical improvement fell short of the 5-point reduction many had anticipated (Waldron, 2025). Questions lingered about the durability of effect, scalability of treatment delivery, and remaining regulatory uncertainty, all weighing heavily on investor sentiment.

A more permissive regulatory environment, coupled with continued investor skepticism, has produced a mood of ambivalence. Corporate psychedelia may still reach its goal of delivering legalized psychedelic medical treatments. But if such ventures are to be profitable in the long-term, the analysis in this article suggests that companies must find a way to tame psychedelic unruliness, to bring these substances under the control of mainstream psychopharmacology. Any taming here remains open, no more certain than the medieval effort to keep pigs behind fences. And if it does eventually succeed, it may come at a cost that is existential if not financial. Indigenous and countercultural communities are diverse, making it difficult to generalize about their views on psychedelics. Yet one thing that unites these disparate communities is that they all seem to embrace the unruliness of the psychedelic experience as an essential part of healing. In other words, the transformative power of these substances derives from their intense subjective effects, from their weird, time-dissolving properties, from their time-consuming inconvenience (Mitchell, 2024: 201). If these communities are right, then the corporate project of sanitizing psychedelics for clinical use risks neutralizing the very qualities that make them effective. That outcome might turn out to be profitable, but it undermines corporate psychedelia's promise to resolve the mental health crisis.

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Notes

1. See comments from Compass Pathways co-founder Lars Christian Wilde in a moderated discussion on 'psychedelic capitalism' (cited in Oxford Psychedelic Society, 2021). Wilde argues the for-profit model of drug discovery is superior to the non-profit one because of its abilities to large sums of money more quickly.
2. Capitalization takes on a different meaning in anthropological literature on the political economy of drug development (see Gaudillière and Sunder Rajan, 2021; for applications to psychedelics, see Sanabria, 2021; Yoo and Sakopoulos, 2025). As Kean Birch (2017: 484) points out, the concept is not always clearly defined in this tradition, but it generally refers to the process by which living entities are transformed into capital. In this context, the notion of capital as self-valorizing value is clearly rooted in Marx's definition. Given its Marxist orientation, this literature would likely interpret the approach to capitalization adopted in this article as a form of speculative fiction.
3. I use scare quotes because from the forward-looking perspective of capitalization all investment is speculative. It would be more accurate to describe drug development as highly risky like these other activities.

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4. Given the threat that broader accessibility poses to the business models of psychedelic companies, it is perhaps unsurprising that some have opposed state-level drug reforms, such as those in Oregon, that allow for wider, non-medicalized use of these substances (Compass Pathways, 2021a; Love, 2021a).
5. Microdosing is another way of surpassing these unruly subjective effects. This practice of taking a small, subperceptual dose of a psychedelic substance, first took root in Silicon Valley and has gained widespread popularity for its purported effects in boosting productivity, creativity, and well-being. But the jury is still out on its effectiveness (Cavanna et al., 2022).
6. Psychedelics are commonly divided into classic and atypical forms. The former include LSD, psilocybin, mescaline, DMT, and sometimes ibogaine. The latter include ketamine and MDMA. Classic psychedelics are serotonin receptor agonists (mimicking the effects of serotonin), MDMA promotes serotonin release, and ketamine disrupts the brain's glutamate system.
7. An acronym for the somewhat tortured 'Center Of Mental health Pathways And Support for Self-directed care'.

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