



Abbreviated for easier reading, this U.S. Senate hearing, which took place on May 19, 1944, provides invaluable insight into the discussions, debates, and operations surrounding the War Hemp Industries which was a Delaware Corporation, controlled by a consortium of Government agencies, which undertook the effort to grow hemp for the maritime war effort.

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## UTILIZATION OF FARM CROPS (FIBER)

*United States Senate, Subcommittee of the Committee on Agriculture and Forestry*

*May 19, 1944*

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The subcommittee met in the courtroom of the Hardin County Courthouse, Eldora Iowa, Hon. M. Gillette, chairman, presiding.

May of this year, there have been rather unexpected developments in the field of utilization of hemp; and it seems to those who were particularly interested that it would be highly advisable to make further inquiry so we could bring our hearings up to date as to what has developed in a technical way in the matter of the utilization of hemp-improved methods; what has been the experience and the judgement of the growers as to the possibilities for the future of the industry as a permanent industry; and particularly their attitude as to suggested policies looking to the abandonment of the hemp industry in this part of the country, and considering it as a war industry rather than one of permanent possibilities.

With that in mind, at the request of many community groups, many of those interested in the growing of hemp, and many interested in the future of the fiber industry in this country and the utilization of our own agricultural production possibilities, I have called this meeting. I have asked Mr. Fred Butcher, president of War Hemp Industries, of Chicago, to be present.

### STATEMENT OF FRED E. BUTCHER

**Senator Gillette:** Mr. Butcher, will you give the reporter your name and your official position?

**Mr. Butcher:** Fred E. Butcher, president, War Hemp Industries, 208 South LaSalle Street, Chicago

**Senator Gillette:** Mr. Butcher, how long have you been president of War Hemp Industries?

**Mr. Butcher:** Since February 2, 1943

**Senator Gillette:** Mr. Butcher, you have just heard me make a brief statement as to the purpose of this meeting, and you have been asked by the committee to come because of your intimate contact with the situation, and especially in view of your prominence as president of this industry. I don't have the knowledge of the industry sufficient to ask questions. We prefer to have our witnesses make their statement in their own way... I would like to have you go ahead and tell us anything that may be on your mind, or in your thoughts that tell us anything that may be on your mind...

**Mr. Butcher:** Perhaps a statement of just what we have done might be in order. Immediately after the organization of this company, contract was made with Defense Plant Corporation, through Commodity Credit Corporation; Defense Plant Corporation to build the plants and lease them to Commodity Credit Corporation to assemble the personnel and operate the plants.

**Senator Gillette:** Let me interrupt you. War Hemp Industries Inc., is your organization. Where is it incorporated?

**Mr. Butcher:** Delaware

**Senator Gillette:** It is a corporation organized under the laws of the State of Delaware.

**Mr. Butcher:** That is correct.

**Senator Gillette:** And its personnel is made up of a group of men asked by the governmental agencies to---

**Mr. Butcher:** By Commodity Credit.

**Senator Gillette:** By Commodity Credit?

**Mr. Butcher:** Yes

**Senator Gillette:** Does Commodity Credit hold stock in it?

**Mr. Butcher:** No, the stock is held by the officers, but held in trust by Commodity Credit.

**Senator Gillette:** I see.

**Mr. Butcher:** Stock was originally issued to the officers of the company.

**Senator Gillette:** And you are the operating concern?

**Mr. Butcher:** Yes, sir.

**Senator Gillette:** All right. Proceed.

**Mr. Butcher:** The plans for the plants were prepared by the engineering staff of the Department of Agriculture, and bids were invited. Contracts for 2 plants were signed in March of 1943, with the expectation of those 2 plants being pilot plants. We found that there was to be a great deal of delay in the construction work, so finally bids were invited on all the other plants. It was originally planned to build 71 plants; but there was such a destruction of the seed crop in Kentucky in the winter of 1942-43

that we only could provide seed enough for 42 plants. Those contracts were let in May 1943 to 17 different contractors, and the contracts were for various periods from different contractors, and the contracts were for various periods from 3 months to 5 months. The longest period of contract for completion of the plants was 5 months...

We assembled the personnel, management personnel, for each of these plants. I, personally, selected the management personnel, and through them we arranged for the planting of approximately 180,000 acres of hemp.

**Senator Gillette:** Let me interrupt you again, Mr. Butcher. You speak of contracting for that acreage. Was that contract negotiated between your Hemp Industries corporation and the grower?

**Mr. Butcher:** No, the contracts were by the Commodity Credit Corporation

**Senator Gillette:** Between Commodity Credit Corporation and the grower?

**Mr. Butcher:** Yes, sir.

**Senator Gillette:** Directly with the grower, and not the immediate operating agency for a specific plant?

**Mr. Butcher:** That is correct. And the contract provided that the straw delivered by the grower was the property of Credit Commodity Corporation and, of course, the resulting fiber from our processing was also the property of C.C.C.. In preparing to translate the contracts of C.C.C. with the farmers into terms of straw, and delivery of straw, we were obliged to set up certain grading standards, which were prepared under our direction.

**Senator Gillette:** What do you mean by straw – the hemp before it is processed?

**Mr. Butcher:** Yes, sir. These grading standards had to conform to the terms of the contract, which set up certain prices for four different grades of straw. We prepared those standards and translated them into a method of grading at each of the 42 plants. That grading and the resulting deliveries of straw, gave us total tonnage of millable straw of approximately 325,000 tons of straw net; that is, less moisture and weed deductions. For that we paid the farmers just a little less than \$14,000,000... Those plants are charged against us as an operating company at the rate of 21 percent depreciation annually, to depreciate the entire cost of the plants in 5 years.

**Senator Gillette:** Do you hold the title to these plants?

**Mr. Butcher:** No; title is held in Defense Plant Corporation, with lease to Commodity Credit Corporation, and we, in turn, act as agents to Commodity Credit Corporation.

**Senator Gillette:** Why do you say, then, the charge is made against your group?

**Mr. Butcher:** Because by contract we are the processing organization, the operating organization, and we have to set up certain accounting systems that provide for our total costs, and an element in our costs is that depreciation charge on the plants.

**Senator Gillette:** Let me interrupt you again so as to develop this record. You say you have 42 plants?

**Mr. Butcher:** Yes, Sir.

**Senator Gillette:** That you have been concerned in establishing and operating. Will you state for the record where these plants are?

**Mr. Butcher:** Eleven plants are in Iowa; eleven in Minnesota; eleven in Illinois; six, in Wisconsin; two in Indiana; and one is in Kentucky.

**Senator Gillette:** Are all of them in operation now?

**Mr. Butcher:** All except the Kentucky plant.

**Senator Gillette:** They are actually functioning at present time?

**Mr. Butcher:** Yes, 41 plants are in operation.

**Senator Gillette:** All right.

**Mr. Butcher:** The total production in August was almost 11,000,000 pounds of fiber; and that was at a rate of 12.8 pounds of fiber per man-hour. We employ from 125 to 140 people in each plant, so that in full operation there are between 5,000 and 5,500 people employed in these 41 plants. The pay roll of these plants is approximately \$1,00,000 per month; a little bit more than that, so that in each community there is a pay roll of from \$21,000 to \$35,000 per month.

**Senator Gillette:** Do these plants average about the same in size?

**Mr. Butcher:** They are all the same design, with the only variation being as to fitting the plants to the contour of the land; and the primary thing with which we started was the grade rooms where the fibers were to be graded and separated, which was related to a north light.

**Senator Gillette:** So when you are talking about the wage scale and the amount of money that is paid for labor in these plants, the total runs on an average about the same for each plant?

**Mr. Butcher:** Yes. The reason for the variation is that at many plants we have not been able to secure enough labor to run a double shift all the time. Our normal schedule, as we set it up, was two 10-hour shift. Their physical limitation make it necessary to run 8 hours and 9 hours..

**Senator Gillette:** With the methods for preserving what you call the hemp straw, will the employment be seasonal, or will it be extended pretty well over the year with your accumulated supplies, if we continue on a full basis?

**Mr. Butcher:** Well, in view of our experience, Senator Gillette, I think we might modify our practice in this: We would, perhaps, have a reduced acreage. Instead of having 4,000 to 4,500 acres for each plant, we might have 3,000 or 3,500 acres on the theory that we would plant be able to make a better selection of soils and simplify our harvesting and hauling and stacking problems. The planting will have taken place in May. That is a matter for the farmers and something with which the mill personnel have no relation. Then in September we would begin our harvesting. In the meantime a substantial number of mechanics and helpers would be busy in overhauling the milling equipment and harvesting equipment.

**Senator Gillette:** Between seasons?

**Mr. Butcher:** Between the seasons. Then the milling season will start just about this time, the middle of October, or not later than the first of November, so for women employees, or ordinary routine employees in the mill, there would be an interim of 2 or 3 months.

**Senator Gillette:** But it would give us pretty substantially continuous employment throughout the year when they are operating at capacity?

**Mr. Butcher:** For the skilled men; yes; it does. The problem of labor has been one our great difficulties. The priorities of defense plants have taken a good many of our capable skilled me, and have continually interfered with our recruiting new employees. We are faced just now with particularly acute drives for employees by defense plants on the Pacific coast, and we are up against it in Illinois and Wisconsin, particularly, where we can no longer hire employees at the gate, and where only people who fail to pass examinations for employment in defense plants are referred to us. That has become an increasingly difficult problem and has made it necessary, in a good many cases in Illinois and Wisconsin, to gradually reduce our operations down to half capacity for one shift.

**Senator Gillette:** Well, of course, that is a temporary situation., we hope.

**Mr. Butcher:** That is temporary.

**Senator Gillette:** Because of the war exigencies.

**Mr. Butcher:** That is correct. Normally we should have no difficulty in having sufficient personnel in all the locations where these plants are found. Without exception they are all in first-class agricultural areas, and originally when we planned to build 71 plants, the program was designed to provide for a wide variety of climatic conditions and guard, as well as possible, against total crop failure on the theory that not all sections would be affected by any major disaster. The fact that we were obliged to reduce the number of plants to 42 instead of the original 71 has modified that somewhat, but this year we have had the experience where we planted for the 1944 crop a total of 63,000 acres; and it is my estimate that we will only harvest—that is, haul into the plants—approximately 45,000 acres. We had an abnormally wet spring through northern Iowa and over the entire State of Minnesota; not so much so in Illinois and Wisconsin.

**Senator Gillette:** That reduction of the originally contemplated plan to construct 71 plants, and the determination to reduce them to this 42 was a decision made the Commodity Credit Corporation?

**Mr. Butcher:** Yes; because of the lack of seed to plant the acreage for the entire 71 plants.

**Senator Gillette:** That was the factor that determined that reduced program?

**Mr. Butcher:** That was the factor. And even with that reduction, in order to plant the acreage for the full 42 plants, we were obliged to import some seed from Chile, several thousand bushels, to plant the acreage at two of the Minnesota plants.

**Senator Gillette:** Well, at this point in the record; while you people are very familiar with it, there are very few in the Senate who are; I would like to just ask a couple of questions with reference to the source of the seed supply. Will you amplify that statement, where you are get it, and what prospects there are for domestic production of seed?

**Mr. Butcher:** The seed was produced in Kentucky. In the summer of 1942 we had about 55,000 acres grown in Kentucky for seed. That seemed to be an especially good crop, but the fall and winter and early spring of '42-42' was one of abnormal rainfall through all the Kentucky territory, and this seed being produced usually in small plots along streams, a great deal of it was destroyed. So that instead of 300,000 bushels of seed, which we had expected to harvest in Kentucky for the planting in 1943, we only secured about 220,000 bushels, and that reduced our ability to provide for the planted for these additional mills.

**Senator Gillette:** Your contracts for seed production are entirely different contracts from your contracts for the growing of the hemp for processing into fiber?

**Mr. Butcher:** That is right.

**Senator Gillette:** Is the rest of the crop useless after the seed is harvested?

**Mr. Butcher:** Yes, I would say so.

**Senator Gillette:** Are there sections of the country that are peculiarly adapted to producing seed, or could it be produced in these area here just as well?

**Mr. Butcher:** Well, a good many of us believe that strains of seed may be developed that would be produced in this territory (Iowa) just as well as in Kentucky, but the present fact is that there has been no attention paid to the breeding of seed and its improvement, and because of the long season in Kentucky hemp seed has been grown there rather than anywhere else.

**Senator Gillette:** Are there established varieties of hemp, or is it one variety, so far as we are growing it here?

**Mr. Butcher:** It is one variety. It is a cross between Manchurian seed and some other seeds that have been grown always in this country; but in the main it is just one strain of seed that is normally grown in Kentucky.

**Senator Gillette:** You don't use Wisconsin seed?

**Mr. Butcher:** No; there is no seed grown in Wisconsin.. I think perhaps our friends from the university could give us more information on that than I could.

**Senator Gillette:** I don't want to disturb your line of thought in the presentation of this information we are so interested in. Just go ahead.

**Mr. Butcher:** Our experience in operating the plants is that the personnel of the plants is satisfactorily employed. What I mean by that is that people like to work in the plants. The experience with the farmers, I believe, has been universally satisfactory. There was the hesitation at the beginning of the program because nearly all the farmers had had no experience with this new crop... I can say that definitely in every single milling area where we have had the crop, the return have been better on the average than any other crop that was planted.

Our method of arriving at the prices paid for the straw was the best we could devise at the time. The only pattern we had to follow was the commercial mills in Wisconsin where the crop has been grown for many years, and where it is a cooperative, or a partnership arrangement between the mill and grower...

Then the net returns after the fiber is sold are equally divided between the milling organization and the grower. That requires each farmer to stack his crop himself; keep it separate from every other crop; and each grower's production is milled separately from every other grower's.

We arrived at the four different grades in an attempt to take over the grower's crop immediately when it was ready for delivery and pay for it at that time. Then we were obliged to assume all the risks of the processing, and any risk that was involved in the maintenance of the good condition of that straw.

**Senator Gillette:** In thee contracts you make with the grower you furnish the seed?

**Mr. Butcher:** We furnish the seed and charge the grower for it, deducting it from the proceeds of his crop.

**Senator Gillette:** And you furnish him the machinery necessary?

**Mr. Butcher:** Yes; we furnish him the machinery and make a charge for the use of the machinery per acre for the harvesting of the crop.

**Senator Gillette:** You pay for the repairing and the upkeep of the machinery?

**Mr. Butcher:** Yes, we do. That amount in the 1944 contracts was \$7 per acre, divided \$2.5 per acre for the cutting machine; \$2.50 for the binder; \$1.50 for the turner; and 50 cents for the twine. Where ever there is an abandonment of acreage, we cancel any charge for seed that was used in the planting of that acreage.

**Senator Gillette:** While your experience has been necessarily limited, has there been rather general approval on the part of the growers as to the value of the crop and a wish to continue with the crop, or have you had a turn-over in your contracts with your growers?

**Mr. Butcher:** I believe I can say, Senator, that the exception of men who were so situated that they couldn't conveniently sign contracts in 1944, I don't know of any instance where a grower who planted hemp in 1943 wasn't willing to sign a contract in 1944. I think that is the universal experience.

**Senator Gillette:** That is very encouraging. Now, I want to ask you another question there. If these industries are continued as not constituted, about what time do you make your contracts for 1945 production? When do you start making those?

**Mr. Butcher:** The experience of farmers with hemp as a crop is that it fits into their crop rotation plan in good shape. It is an additional cash crop. The experience has been that if corn is planted following hemp, it gives very satisfactory results. I don't know of any single occasion, and I have checked many hundreds of them during this season, where there wasn't a completely satisfactory corn crop following hemp.

**Senator Gillette:** I have also been informed that it has a very helpful effect, destructive effect, on many types of weeds?

**Mr. Butcher:** That is true, but we have had some unsatisfactory experiences; some folks planting it solely for that purpose in a badly infested weed section, and it didn't do too good a job, either as hemp crop or as a weed eradicator.

**Senator Gillette:** Does it require any special type of fertilizer that corn wouldn't require?

**Mr. Butcher:** We like to have high-nitrate fertilizer because it is a nitrate crop. That seems very definite; and where ever we have abnormal rainfall, that interferes with nitrification of the soil during the growing season and affects the growth of the hemp crop. I hardly know what else you want me say, Senator.

**Senator Gillette:** There are a few questions I want to ask you when you have completed your formal statement, or, rather, your informal statement.

**Mr. Butcher:** Well, I think that is substantially what I wanted to say. The program is going along satisfactory. All the mills are in operation. The general design of the mills is satisfactory. We are not provided with funds for research, which I think is important for the development of strains of seed that will produce better results, larger tonnages; the investigation of better types of milling equipment; and, particularly, the development of retting processes to take the place of the dew retting which is what we are obliged to depend upon at this time, where the vagaries of the weather are a major factor; and if a program of controlled retting can be developed, I am confident that there is no limit as to the tonnage that can be grown successfully and profitably in this country.

Our major problem is the production and delivery of a dependable quality fiber. We are obliged to take our straw from the grower as it is delivered, and he, in turn, can only deliver the straw that is processed in the field by nature, by the amount of rainfall, by the time of the rainfall, and by the amount of sunlight. Instead of taking the crop as you would wheat or oats, and storing it and putting it through a controlled retting process that would deliver a dependable fiber at the end of the process, he has to depend on the weather.

If we can encourage research that will give us that kind of a result, we will have a fiber that will be superior, that will be dependable, that will be of low cost, and will fit into the farming program in splendid shape. We need to remember that hemp produces a larger poundage of fiber per acre than cotton or flax or any other fiber plant that we know anything about; and it hasn't had the scientific attention that these other fibers have received.

**Senator Gillette:** Well, I am very glad to have you make that optimistic statement, Mr. Butcher. The subcommittee, in the work it has already done, has been encouraged to believe that there is a very valuable future for this industry.

As you are well aware, there are two views that are taken of many of these industries, including the hemp industry. One viewpoint is that they are to be considered as war industries only, and in the same category as a munition plant making shells or cannon, and that they are to be abandoned. Another group seems to think that they have a permanent place in our agricultural economy; and the difficulty has been that you have started from tow almost in the establishment of these plants. Your experience and research development, as you suggested, would undoubtedly enable you to correct many of the things that limited you because of the necessity of setting it up in a hurry and the limited amount of pattern that you had ahead of you. Now, I want to ask you two or three questions about the disposition of your production. Where do you sell your production?

**Mr. Butcher:** The fiber is the property of the Commodity Credit Corporation, and the sales are made by Commodity Credit Corporation after allocation by the War Production Board. At the present time our line fiber—our production is divided into two products, line fiber which the long fiber, and the shorter

fiber which we call tow. The line fiber is going exclusively to rope manufactures, and that fiber is being allocated by the War Production Board, and we make shipments according to the directions that they give us to the different rope manufactures from one coast to the other. We ship it all the way from the eastern part of Massachusetts to San Francisco.

**Senator Gillette:** Then the Commodity Credit Corporation makes the contracts with the purchasing market?

**Mr. Butcher:** That is right.

**Senator Gillette:** One a price level that is negotiated between them?

**Mr. Butcher:** That is right?

**Senator Gillette:** Now, your statement as presented here, presents a situation where it is a profitable crop for the farmer; where it provides a pay roll for a community that is an asset to the community; now, from the standpoint of your operating company, is your company, operating at a loss under present conditions, or are you able to keep your head above water?

**Mr. Butcher:** Our processing costs are in line with the processing costs of the commercial mills in Wisconsin which have been operating since the last war. The prices that we paid for the straw to the farmers are high in effect than are paid by the commercial mills to the growers in Wisconsin, on the basis of their cooperative effort, but the prices that were fixed for us by Commodity in the contracts, were an estimate in two ways: First, the comparative value of the different grades of straw; and, second, an effort to set up a price that would be fairly competitive with the other crops that farmers were growing in those areas. Now, it must be remembered that we faced the same emergency situation on the question of fiber in the last war, World War No. 1, and that some 18 or 20 mills were set up by the Government at the time to meet that emergency; and immediately the war was over they were abandoned and forgotten, and when we came along to this war, we met the same emergency again, and under abnormal conditions we were obliged to design and build these plants and try to hurry them into production in order to meet this critical need for fibers for cordage, so it is a repetition of an experience of 25 years ago; and if we have learned our lesson, we shouldn't allow them to be destroyed.

**Senator Gillette:** That, of course, I think is the opinion of the members of the committee. We have been greatly disturbed over that prospect that is being considered. Everyone knows that we found ourselves in desperate shape after Pearl Harbor had cut off market for sisal and jute and many of the foreign fibers, especially, the manila fiber; and the situation was desperate. The people generally do not know how desperate it was. It again reverts to the question of the permanency of these plants and this type of production. Off the record.

(Discussion had off the record.)

**Senator Gillette:** Now you can put this on the record. If the industries are not fit to survive from an economic standpoint, we are just as interested in seeing them eliminated because they would be, instead of an asset, a liability to a community; but if they have the value that we think they have and that those who appear before us seem to think they have in the light of experience and development we think they are going to be a decided asset, and instead of being eliminated ought to be broadened as an established industry. Now, is there anything you want to add, Mr. Butcher?

**Mr. Butcher:** Only this further thing, that as a part of that proposition, I think the country is entitled to have a certain number of them – I don't know what the correct number is – maintained for their emergency value, in addition to their asset value as a normal, profitable, operating commercial establishment.

**Senator Gillette:** That is a factor that should well be considered. We ought not again find ourselves in the desperate situation we were in.

Mr. Butcher, the committee is very grateful to you for making this trip out from Chicago. We also want to compliment you, and I am speaking for the committee, for the very superior work you, and your organization have done in starting from scratch and establishing these industries as going concerns. It is very creditable to you. We want to be of every assistance possible to you. This is off the record again.

*Industrial Alcohol and Synthetic Rubber | 2793-2805*

**HEMP AND MARIHUANA**

**(FIBER)**

*United States Senate Committee on Finance, Washington D.C.*

Thursday, May 24, 1945

STATEMENT OF HON. JOSEPH P. O'HARA, A REPRESENTATIVE IN CONGRESS FROM THE SECOND CONGRESSIONAL DISTRICT OF THE STATE OF MINNESOTA

Since the passage of the Marihuana Act in 1937, the hemp industry has operate continuously without causing the narcotic agents to indicate that additional restrictions should be imposed. When the Marihuana Act was passed in 1937 there were not more than five independent hemp mills in in Wisconsin and Kentucky.

When World War II involved the United States it was necessary to secure ne sources of fiber for military purposes. The Federal Government built 42 hemp mills. Each one has a capacity to mill the fiber from approximately 3,000 acres. The mills were designed along the lines of existing privately owned mills.

I want to emphasize that is was the know-how and the experience of these private producers of hemp, both in World War I and World War II, which made it possible for this country to supply the needed hemp and fiber for war purposes. As I understand it we could not have successfully carried on our tremendous naval expansion program if this had not been possible.

The privately owned hemp mills each represent an investment of \$300,000 in mills and special machinery. In March 1945, the Narcotics Bureau of the Treasury Department notified the private mill operators that beginning with the 1945 crop no hemp stalks could be legally transported from the farm to the mills unless all leaves were removed. The hemp stalks and leaves become dry in the regular process of handling on the farm and a high percentage of the leaves drop off in this process. Due to

varying weather conditions there is no economical method known in handling the volume of hemp straw to remove the leaves or to be certain that a fixed percentage of the leaves are removed before the straw is transported to the scutching mill.

The industry, including farmers, claim that hemp-fiber production is a valuable small industry making substantial income for farmers, laborers, and factory workers. They claim it is a highly essential industry in periods of national emergency as well as substantial business in peacetime.

And I agree with them in that respect.

Farmers, mill operators, and the spinning industry have asked that a hearing be held before this committee to develop the facts for consideration of the committee.

I felt that since these witnesses are here from out of town I would like to call upon Mr. Wood, who is the deputy commissioner of Narcotics, Treasury Department. I regret very much that Mr. Anslinger could not be here in person.

I will first ask Mr. Matt Rens, of Brandon, Wis., to come forward and take a seat here at the table by the stenographer.

STATEMENT OF MATT RENS, BRANDON, WISCONSIN ( MATT RENS HEMP CO.)

**Senator La Follette:** Mr. Rens, how long have you been in the hemp business?

**Mr. Rens:** I have been in the hemp business for over 30 years. In 1916 we started building our first hemp mill but we were active in growing hemp and selling hemp for fiber for 2 or 3 years before that.

**Senator La Follette:** Well ow, Mr. Rens, will you just state in your own way and present the situation as you see it in the light of this recent action of the Narcotics Bureau and its effect on the hemp industry and any other matters which you think may be of interest to the committee in this connection.

**Mr. Rens:** In the previous war we were called on for the fiber, selling large amounts to the Navy yards direct, but the bulk of it has gone to independent spinners. We have increased our acreage from five to 600 acres a year to 2,700 acres in 1941. We were asked by the spinners then to increase our acreage up to 2,700 acres, and it has grown since then from 2,700 to 3,500 acres.

**Senator La Follette:** Mr. Rens, what is the average size of the field in which hemp is grown?

**Mr. Rens:** I would say from 5 acres to 40 or 50, some as high as 70 acres acres to a grower. We have at present over 300 growers growing hemp for us.

**Senator Guffey:** Is that in your own State?

**Mr. Rens:** That is my company.

**Senator Guffey:** I see.

**Senator La Follette:** They are located in the area contiguous to the mills usually.

**Mr. Rens:** That is right. WE have one mill at Markesan and one in Brandon, Wis., only 14 or 15 miles apart. The hemp is planted, as we say, broadcasted, or drilled, like grain, and harvesting is done in the early part of September, it is harvested in an early stage, so as to get a better, so at to get a better-

quality fiber, and that is before the seed forms, and I understand that the narcotic is not so prevalent in the early stages as late. We harvest it before it is so potent

**Senator La Follette:** What is the income per acre per year?

**Mr. Rens:** For the last few years, during the year, from \$0 to \$100 net to the grower, after paying for seed and harvesting.

**Senator La Follette:** Explain for the record what “retting” means.

**Mr. Rens:** Retting means, through the process of dew and rain and sunshine, there is removed the resin that holds the fiber to the stalk. That is our aim but it also deteriorates the flowery top or the leaves. Anybody that know something about farming knows what water and rain do to hay if it is left out.

**Senator La Follette:** What is the effect of this effect of this action of the Narcotics Bureau taken in March upon the industry, as you see it?

**Mr. Rens:** Well, as we see it, if they consider that these shriveled remnants of leaves that are still clinging to the stalks, if they must be removed, that is prohibitive so far as the hemp industry is concerned, and we cannot operate that way. Personally, I do not think that the Bureau fully realizes what it means to us. In the 30 years we have operated and grown large acreages we have never heard of one instance where there was an illicit use made of the leaves of this hemp plant.

**Senator La Follette:** What has been your experience, if any, with regional or local offices of the Bureau, have they indicated whether they were satisfied with your operations or not, prior to the time this order was issued?

**Mr. Rens:** Well, our local [IRS] office at Milwaukee, we report to them and give them the names of the parties we buy the seed from and the amount we buy, and we give them a report on every farmer that buys seed from us, and the amount he buys, and later the amount of hemp fiber produced from the seed, and the agents at Milwaukee the Internal Revenue Department, to whom we must report, they have repeatedly told us that we have cooperated with to the full extent, and we wish to do that in the future.

**Senator La Follette:** Is there anything else that you would like to state for the record?

**Mr. Rens:** Well, we would like to have this act amended so that the farmers could deliver this hemp plant tax-free from the farms to the processing mills. The they could go on growing hemp as they have done for all these years.

**Senator Guffey:** You said “tax free.” What tax have you in mind?

**Mr. Rens:** There is a penalty of a dollar an ounce for all marihuana. I might say for your information that when this law came into effect hemp seed was involved, the transfer of hemp seed involved three transfers – from the grower to the dealer in Kentucky, from the dealer to us as the mill owner, from us to the farmer. If that had been still in effect it would have cost my company this year for the seed we bought \$8,997,120... Hemp seed is now tax free but it will have the same effect on us if this goes through with the taxing of all remnants of the leaves in the bundles. It will be much more.

We are sure that the hemp business will be killed if this goes into effect. I believe that the hemp business will be killed if this goes into effect. I believe that our country needs fiber from a national standpoint. It has its commercial value and the hemp industry should be maintained.

**Senator La Follette:** Thank you very much, Mr. Rens.

**STATEMENT OF S.H. McCrory, DIRECTOR, HEMP DIVISION, COMMODITY CREDIT CORPORATION.  
UNITED STATES DEPARTMENT OF AGRICULTURE**

**Senator La Follette:** Mr. McCrory, will you tell us something about your knowledge of this industry as a result of your services with the Commodity Credit Corporation.

**Mr. McCrory:** For the last 3 years I have been in charge of the Hemp Division of the Commodity Credit Corporation, which has had for its job the production of American hemp fiber. The line fiber is used in cordage as an extender for sisal rope. By a WPB order all rope manufacturers are required to use 15% of American hemp in all sisal rope three-fourths of an inch in diameter and larger with the exception of certain specified articles which are eliminated from that provision. The tow we sell wherever we can.

In 1943 we planted about 175,000 acres of hemp and harvested about 136,000 acres. In 1944 we planted about 65,000 acres and harvested about 50,000 acres of hemp for fiber. We have grown hemp in Kentucky, Illinois, Iowa, Indiana, Minnesota, and Wisconsin. My observation on production of hemp has led me to this conclusion in regard to leaves.

It appears if the hemp industry is to continue in this country that some provision should be made to permit the hemp plant to be brought from the farm to the hemp mill where it can be processed. The leaves are disposed of in the milling process and are not a source of danger after that point. I do not think it is possible by any method that we now know to completely remove the leaves from the hemp plant prior to the time it reaches the hemp mill.

**Senator La Follette:** Is there anything further that you could add to your statement that you think would be helpful to the committee in considering this question?

**Mr. McCrory:** Only this thought. Hemp fiber is in a highly competitive situation as in respect to other fibers that are grown in this country or imported, particularly the soft fibers flax and jute, and if we are to keep a hemp industry, and I believe that it is in our country's interest to do so, we should not put any more obstacles than we must in the way of the people who are going to grow hemp, requirements that increase their cost and place them at a disadvantage.

**Senator La Follette:** Thank you very much, Mr. McCrory.

**Senator Guffey:** Have you ever known any of these mills to run out any marijuana for drug purposes?

**Mr. McCrory:** No, sir. So far as I know we have never had any difficulty at our own mills. We have had no reports of anyone attempting to secure leaves or blossoms nor have I heard of such attempts being made at the privately-owned mills.

**Senator Guffey:** Thank you.

**STATEMENT OF E.S. BOOTE, LUDLOW MANUFACTURING & SALES CO., BOSTON, MASSACHUSETTS**

**Senator La Follette:** Would you kindly give your full name and address and the company that you are connected with?

**Mr. Boot:** My name is Edward S. Boote, and I am employed by the Ludlow Manufacturing & Sales Co., with mills in Pennsylvania, Delaware, and Mississippi.

**Senator La Follette:** And for the record would you state what Ludlow Manufacturing & Sales Co. business is?

**Mr. Boot:** Our business is the spinning of soft fibers.

**Senator La Follette:** And in that connection, have you been using some of the products of these mills that we have been discussing?

**Mr. Boot:** We start with the fiber after the miller scutches it and puts it in the form of bales. Our process is the successful drawing out and splitting up of the fibers as we get them from the millers until they have reached such size as we desire for the twine or yarn that we are making.

Then the yarns are twisted, plied, and sold on that basis. The majority of our business during the war, of course, has been for war purposes. At the present time we have contracts with the Navy for such items as hemp yarn, which the Navy twists into various sizes for their own purposes. We have contracts also with the Navy for what is called diameter cord, which is used for the sustaining cords on parachute flares, the connection between the hood of the chute and the flare itself. The diameter cord is also used for Navy halliards, signal flags.

In addition, we have contracts with the Army for waxed electric leafing cord of various descriptions, which has a wide use in the radio construction field and, of course, by the Signal Corps in many ways.

Ordinarily, in addition to these present contracts, we would make such things as yarns for parachute harness. That is, the parachutes on which human life depends. We should make shoethread for the manufacture of shoes and also for the repair of worn-out shoes. There is another line of goods which is termed "hemp marline, tarred and untarred," which has a large use by the Navy for deck lines, seizing cords, and so on.

**Senator La Follette:** What is the rule of thumb on rope in ship-building as to the relationship between rope and tonnage of ships?

**Mr. Boot:** The requirement to date, I understand, has been 1 pound of rope for each ton of shipping constructed. That is the scope, sir, of our present business. We expect and certainly hope to continue to use this hemp in the large quantities which we have been able to use, and we are confident that unless a restriction is placed on the marketing of this material that we shall be successful in doing so.

**Senator La Follette:** In other words, you see an opportunity for the use of this product in peacetime?

**Mr. Boot:** We do, indeed. We use no fiber for our fine yarns at the present time except American hemp and have succeeded in using a great quantity of it, and I believe that we shall be successful in continuing. It is an excellent textile fiber.

**STATEMENT OF GEORGE E. FARRELL, AGRICULTURAL SPECIALIST, BUREAU OF AGRICULTURAL ECONOMICS, U.S. DEPT. OF AG.**

**Senator La Follette:** Mr. Farrell, have you in connection with the work in your department become familiar with the hemp industry?

**Mr. Farrell:** I have, for the last year I have been working on the problem of what might be done with these Government hemp mills and what uses might be made of the fiber and possibility of its use in the postwar period.

**Senator La Follette:** The Government has an investment of approximately \$12,000,000, has it not?

**Mr. Farrell:** I believe about \$12,000,000 were expended in the construction of the mills outside of engineering costs and some other supervisory costs. These mills, of course, are still intact. They are not operated. Some of them are operating now, but when this crop that has was grown in 1944 is completed, they will have completed their scutching operations and will be closed down.

In the work that I have done I find that this hemp fiber can be spun into thread of approximately 30 lay, and it can be done economically, and it will serve every purpose that linen serves. This hemp fiber is superior in that it absorbs about 250 percent of the power of absorption of cotton. In other words, a pound of hemp will absorb about 2.5 pounds of water, where a pound of cotton will only absorb only 1.

I have also been working on the proposition of wider use. This hemp fiber can be used can be used in making yarns, it can be woven into cloth, it can be used for carpet warp, it can be made into canvas, and it has a very wide use.

In addition to that, the production of corn in the Corn Belt has been increased approximately 30 percent by the introduction of hybrid seed. It will be necessary to find new crops that can be grown in the Corn Belt, and hemp is one of them.

The production now averages about 900 pounds of fiber per acre. In choice fields the production runs upto 1,100 per acre. The farmers like to grow it because it assists them in destroying the weeds in the field; it grows up very thick and it, of course, chokes out most of the weeds. It fits in pretty well with the agriculture of the Corn Belt. It is planted just before corn and requires no summer cultivation, and it is harvested just before corn. It fits into the rotation.

Just before the war approximately 60,000 tons moved in international trade in Europe. It was used for the production of clothing—clothing of various kinds. We haven't explored that here to ay great extent, because we were doing other things. If this industry is expanded it will provide an income for farmers in the Corn Belt, it will increase employment in these small towns where the mills are, it will prove a sizable amount of employment in the spinning and weaving mills. It seems to be a very satisfactory industry that can be developed extensively.

I think that is all I have to say.

**Senator Guffey:** What does it sell for a pound?

**Mr. Farrell:** Well, you can figure that a farmer may have a net income of \$100. That would be producing somewhere around 1,000 to 1,100 pounds per acre. Normally the hemp income is a little bit more than

corn. If the income from corn is \$65 an acre the farmer may expect somewhere around 67 cents a pound for his hemp. Except in wartime. It is in competition with corn at all times for the land.

**Senator La Follette:** Thank you, Mr Farrell.

#### **STATEMENT OF WILL S. WOOD, DEPUTY COMMISSIONER, BUREAU OF NARCOTICS**

**Mr. Wood.** Will S. Wood, Deputy Commissioner, Bureau of Narcotics, Treasure Department. Mr Chairman, I am very sorry that illness made it impossible for the Commissioner to be here today.

**Senator La Follette:** I am very sorry, too. I hope he won't be ill long.

**Mr. Wood:** He is in Pennsylvania with a sprained back. I imagine a few days will straighten him up. We regard marihuana enforcement as a very important and serious matter. The present law has worked very effectively. We are not advised as to the language of the legislation which is being considered today and therefore are not in a position to state just effect it would have on marihuana enforcement. We request that a bill not be voted on by the committee at this time but that the legislation which is now being considered be submitted to the Treasury Department in order that we may have an opportunity to give it full and serious study and make written comments.

We request also that Commission Anslinger be afforded an opportunity to be heard to appear before your committee at a late date.

**Senator La Follette:** Well, I think he should have an opportunity to be heard and I very much regret he couldn't be here because I was hoping that this hearing might, to some extent, develop into a roundtable discussion to see if there couldn't be some solution to this problem short of executing and extinguishing the hemp industry, which has been operating in this country for so many years and operating successfully commercially in my own State since 1916.

Of course, I wouldn't expect you to be in a position to comment on any specific piece of legislation before you did have an opportunity to examine it, but I would like to ask you to give us the big reasons for the issuance of the March (1945) regulation or restriction.

**Mr. Wood:** I think I can give you that. At the time the law was passed I believe the majority of the men who were then operating mills testified before the committee that hemp could be retted in the field to the extent of 90 percent or better.

**The Chairman, Senator George:** You say that has been in the regulation for some time?

**Mr. Wood:** It was in the hearings at the time the bill was being considered.

**Senator La Follette:** I understood you to say it was in the regulation.

**Mr. Wood:** No, sir; I don't think there was a regulation ever out on it.

**Senator La Follette:** Then this is in effect a new regulation?

**Mr. Wood:** No, it isn't a regulation, Senator.

**Senator La Follette:** What is it?

**Mr. Wood:** We heard that marihuana was going to the mills that had not been retted in the fields and the letter was to call to their attention the fact that should be done upto 90%.

**Senator La Follette:** Well, had there been any regulation in effect that hemp retted in the field must be 90 percent or better free of leaves?

**Mr. Wood:** No, sir; I don't think so.

**Senator La Follette:** There is no use of our fencing about words. Under your authority to issue rules and regulations you in effect issued a new regulation in March.

**Mr. Wood:** No. Originally the regulation showed that it had to be retted completely in the fields.

**Mr. Mitchell:** Mr Chairman, it requires a little explanation

**Senator La Follette:** Give your name and position for the record.

**Mr. Mitchell:** B.T. Mitchell.

**Senator La Follette:** Yes.

**Mr. Mitchell:** Assistant chief counsel of the Bureau of Narcotics

**Senator La Follette:** All right.

**Mr. Mitchell:** You will note that section 1(b) of the act in defining marihuana exempts from the act the mature stalks.

**Senator La Follette:** Section 1—what?

**Mr. Mitchell:** 1(b)

**Senator La Follette(reading):** *The term "marihuana" means all parts of the plant Cannabis sativa L., whether growing or not; the seeds thereof; the resin extracted from any part of such plant; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds, or resin; but shall include the mature stalks of such plant, fiber produced from such stalks, oil or cake made from the seeds of such plant, any other compound, manufacture, salt, derivative, mixture, or preparation of such mature stalks (except the resin extracted therefrom), fiber, oil or cake, or the sterilized seed of such plant which is incapable of germination..*

Is that the section you refer to?

**Mr. Mitchell:** Yes, sir. You note that the mature stalks are exempt, and it is my understanding that that was written in that manner on the representations of the hemp growers that they could ret it in such manner that the leaves and tops would be removed.

**Senator La Follette:** So it is your contention that the language that I have just quoted means any leaves on the stalk of a plant would mean that it is not a mature stalk in the language of this section?

**Mr. Mitchell:** In light of the balance of the definition, yes. You will note the definition says "all parts of the plant," and then exempts the mature stalks.

**Senator La Follette:** So it is your contention that the language that I have just quoted means any leaves on the stalk of a plant would mean that it is not a mature stalk in the language of this section?

**Mr. Mitchell:** That has been our interpretation of that statute, sir.

**Senator La Follette:** Well, how then do you reconcile that with Mr. Hester's and Mr. Anslinger's statement that the enactment of this bill would not interfere with the production of hemp as it has always been produced?

**Mr. Mitchell:** Senator, my understanding is that those statements are that this definition were on the basis of representations that the retting would remove the leaves and flowering top and all you would have left would be the stalk.

**Senator La Follette:** I would certainly like to have you point out any place in the hearings where anybody made such a statement.

**Mr. Mitchell:** I can't say, Senator that it is in the hearings. I wasn't connected with the Treasury at that time. I got that through hearsay. I am sorry I can't give you a more detailed answer.

**Mr. Wood:** Senator, I can give you that just a little bit later on.

**Senator La Follette:** I don't think it occurred before the Senate committee, and it is the Senate committee hearings that I am referring to.

**Mr. Wood:** Yes.

**Senator La Follette:** Because it is perfectly clear if you read those Senate committee hearings that the Senate committee was very much concerned to be certain that in enacting this drastic piece of legislation they weren't putting the Bureau in a position to wipe out this legitimate hemp industry.

**Mr. Wood:** Which, of course, the Bureau doesn't want to do.

**Senator La Follette:** Well, you have heard the testimony here today. It comes from witnesses whom I know to be reputable men and I know that they would not make that statement if it were not true. They say that your regulation of March, or your letter of March, whatever you want to call it, and I will accept your own terminology, is going to put the industry out of business.

**Mr. Wood:** I didn't see the letter, but I understand that it was just a letter and merely told them that it would have to be retted in the field.

**Senator La Follette:** Just a letter, but that puts them on notice that if they take a single bundle of hemp out of the field after it is retted and you can find that there 91 percent leaves on it, they are liable to a tax that would wipe out anybody that was in the business and all of their children for three or four generations by reason of the fact that they have to pay the tax.

The very fact that these men are so concerned about it is an indication that they have been endeavoring to comply with the law.

**Mr. Wood:** Well, I am sure that they are real law-abiding citizens and want to do nothing but comply with the law.

**Senator La Follette:** Well now, what prompted the order or the letter?

**Mr. Wood:** I can't tell you Senator. I do not know.

**Senator La Follette:** Well, do you know Mr. Mitchell?

**Mr. Mitchell:** No, sir, I do not know the details of it. That is one reason that we ask that Commissioner Anslinger be given an opportunity to come here.

**Mr. Wood:** He handled that himself.