Legalize It

Want to know how to boost Oregon’s ailing economy? (Hint: it’s not selling pot.)

By JAMES PITKIN | PAGE 17
Rick Rutherford is struggling to make ends meet. 
The 43-year-old lives in Northeast Portland but makes most of his income—up to $10,000 in a good year—from his share of farming wheat on 150 acres his family owns near The Dalles.

“You get by,” says Rutherford, who has a coonhound named Rooster and a shepherd-Doberman mix named Ava, but no kids.

He’s convinced he could work his way out of this recession if it weren’t for the federal government. Specifically, the Drug Enforcement Administration.

How come? Rutherford wants to raise hemp, a plant with a PR problem.

CONT on page 18
Rutherford and other Oregon farmers are blocked by one enduring, illogical and infuriating complication: The plant’s unshakable connection with marijuana, a cousin in the cannabis family that—unlike hemp—contains enough THC to get you high.

Hemp has no effect as a drug. But it does have exceptional properties as a food, fuel, building material and textile. It’s also ultra-sustainable, growing quickly in almost any climate, with little water and no pesticides.

The state of Oregon wants to let Rutherford grow it. So do Montana, Kentucky, Texas and 13 other states. Even Kevin Mannix, the law-and-order ballot-measure behemoth behind Oregon’s Measure 11, says the feds should reconsider.

“I’ve seen enough to know there are serious questions to be answered,” Mannix says.

Oregon faces a $577 million budget hole. We’ve already given away $1.3 billion in tax credits trying to save our economy with conservation and renewable-energy projects.

Advocates say the simple act of letting Oregon farmers grow hemp could eventually bring millions of dollars into the state. Canadian farmers made more than $8 million on hemp last year, according to the Canadian Hemp Trade Alliance. Advocates in Oregon say once a homegrown U.S. hemp industry gets started, the potential profits here are far greater.

But the DEA refuses, making this the only industrialized nation in the world where farmers can’t grow hemp.

“It’s frustrating because we have the capability to do it,” Rutherford says. “We could start growing it tomorrow, and we could harvest it in six months, and we would have instant jobs.”

The pressure to legalize hemp production is mounting, however, and Portland is at the center of the battle.

Portland is home to the largest hemp foods manufacturer in the country.

Portland venture capitalists have invested more than anyone else in the nation in companies that use hemp, pioneering new technologies for textiles.

Lastly, Portland is home to one of the most prominent activists pushing for change on a national level, and is soon to be home to a nonprofit helping farmers in developing countries to grow the stuff.

“We’re right at the cusp of a major breakthrough for hemp in this country,” says Eric Steenstra of the national lobbying group Vote Hemp. “Folks in Oregon have played a big part in putting us there.”

Activists like Woody Harrelson and Willie Nelson have used their celebrity pedestals to haul hemp into the spotlight. Christina Volgyesi does her work largely behind the scenes.

A 41-year-old Toronto transplant who lives in Southwest Portland with her husband and two daughters, Volgyesi quietly built up the most successful hemp-based company in the nation and now works behind the scenes to change the laws.

In 2003, Volgyesi, a raw-foods convert who’s a regular at Yoga Pearl, stumbled on some hemp protein powder at a nutrition store in Vancouver, B.C., and bought a jar to take home.

“I didn’t even know what it was,” Volgyesi recalls. “I had to look it up online.”

The bill, which passed with a vote of 27-2 in the Senate, now heads to the House. State Sen. Floyd Prozanski (D-Eugene), a sponsor of the bill, says her testimony helped bring the bill to a vote.

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Their business tripled in a year. With nearly $8 million in sales this fiscal year, it’s been rated one of the fastest-growing local companies by the Portland Business Journal.

Living Harvest is headquartered in Portland, but thanks to the DEA, only a fraction of its work gets done here in Oregon. That’s because it’s OK to manufacture and sell hemp products in America, but it’s illegal to grow hemp itself.

So the seeds Living Harvest uses to make its foods are imported from Canadian farmers in Manitoba. The production facility is kept close to the source, in Alexandria, Minn. So instead of Oregon farmers and workers, those jobs go to Canada and the Midwest.

Not only must the seeds be grown in Canada, they also have the shells ripped off before they cross the border—otherwise they’d be viable for planting, a no-no under federal law. Much useful material is wasted hulling the seeds, further cutting into Living Harvest’s profit margins.

The hemp milk is made in Minnesota, but the ice cream is produced in Eugene. Both are sold under the trade name Tempt. Hemp milk is the fastest-growing nondairy beverage on the market, according to industry figures, with Living Harvest at the head of the pack.

For Volgyesi, hemp started out as a business proposition. But along the way she came to see it as a much greater opportunity to benefit farmers, consumers and the planet. She remains invested in Living Harvest, but last year she accepted a full-time job as project coordinator for the Hemp Industries Association, a national trade group with a staff of three.

“I got more and more interested in the advocacy side of hemp,” she says. “It just seemed like a natural progression.”

Last year, Volgyesi testified in Salem to help pass Oregon’s hemp law. State Sen. Floyd Prozanski (D-Eugene), a sponsor of the bill, says her testimony helped bring the bill to a vote for the first time in six sessions he’s introduced it.

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The evidence that’s coming out is it’s not this evil plant that can corrupt everybody,” Nelson says.

But federal law trumps state law, and the 1970 Controlled Substances Act lumps hemp in with marijuana as a controlled substance. Until that law changes, only the DEA can provide exceptions for farmers to grow hemp. And so far the agency has refused.

Even the GOP is on board. Prozanski’s co-sponsor was state Sen. David Nelson, a Republican farmer from Pendleton. He says several farmers in his district have called to ask when they can start growing hemp.

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It used to be a similar snafu with medical marijuana. Some states had legalized it, but the feds still arrested patients and growers—until the Obama administration announced last year it would back off. Now farmers want the same assurances with hemp, but so far, they are not forthcoming.

In the past, cops objected by saying hemp looks too much like marijuana, creating confusion for law enforcement and a potential diversion for illegal pot grows. But advocates say it’s nonsense to think a licensed hemp farmer would risk losing his land by growing illegal bud between the rows. And marijuana growers wouldn’t want hemp anywhere near their plants—it crossbreeds and diminishes THC content.

Steenstra, head of Vote Hemp, says there are no private interests working against hemp in Washington, D.C.—not the petrochemical industry, not big timber, not even King Cotton.

“The DEA is really the lone stumbling block to this whole thing,” Steenstra says. “I don’t know if they’re trying to protect their budget or what they’re afraid of.”

Top DEA administrators declined to be interviewed, citing pending lawsuits by two North Dakota farmers.

The best hope comes from two congressmen who are otherwise polar opposites—Reps. Ron Paul (R-Texas) and Barney Frank (D-Mass.). Their resolution would finally legalize industrial hemp. It has 24 co-sponsors, including Oregon Democrats Earl Blumenauer and Peter DeFazio. But so far it hasn’t made it to the floor for a vote.

That’s because the resolution is stuck in—wait for it—the House Judiciary Committee’s subcommittee on crime, terrorism and homeland security.

“Instead of having this dealt with as an agriculture issue, it’s being dealt with as crime and terrorism,” says Steenstra. “As you can imagine, that committee has some important things to deal with.”

As Congress dawdles, few individuals have more to gain—or lose—from the fight over hemp than David and Heather Howitt.

Seated in the living room of their home in Portland’s Southwest hills, with a Buddha on the table by the sofa, the couple explains how they came to be America’s largest private investors in hemp.

David started out in Portland in 1991 as a shaggy-haired Lewis & Clark College law student from Grand Rapids, Mich., arriving with little more than a pair of beat-up hiking boots and a duffel bag full of T-shirts.

After graduating, David Howitt rose through the ranks of corporate law in Portland—first as an associate at Schwabe, Williamson & Wyatt, then as corporate counsel for Adidas America, where he was promoted to vice president for licensing and development.

Today, Howitt is a venture capitalist—a small club in Portland. In this unpretentious city with virtually no connections to the world of high finance, you can count the number of venture capitalists on both hands.

Left to right, Barker, Howitt at Adidas. "THE EVIDENCE THAT'S COMING OUT IS IT'S NOT THIS EVIL PLANT THAT CAN CORRUPT EVERYBODY." —SEN. DAVID NELSON. The Howitts represent an even rarer breed. While other venture capitalists in town focus on sustainability and high tech, they’ve invested nearly $10 million in building companies that use industrial hemp.

After David Howitt graduated law school in 1994, he and Heather, a Lincoln High School grad, founded Oregon Chai literally out of their kitchen. The company went on to sell their blend of spicy, creamy tea nationwide, employing 30 people and doing $32 million a year in sales.

They sold the company in 2004 for $75 million—they won’t say how much they made, only that they were major shareholders. They used the money to start the venture-capital firm Meriwether Group with Ken Barker, a South African business guru who had worked with Howitt at Adidas.

Shortly after starting Meriwether, the Howitts met Volgyesi and her husband, who were running Living Harvest. The Howitts invested in the company to help them launch milk and ice cream. They remain invested, and Heather sits on the company board.

The Howitts hope the success of Living Harvest will be outstripped by their second investment in hemp. In 2006, they put money into Vancouver, B.C.-based Naturally Advanced Technologies, which has developed a process that can turn hemp fabric, traditionally as coarse as burlap, into fiber as soft as cotton.

The Howitts’ investment partner at the Meriwether Group, Ken Barker, took over as CEO of the company.

Barker, who lives in West Linn, says he’s consumed “24/7” securing deals to commercialize the hemp fabric, called Crailar, for clothes and other products. He is now in the process of closing deals with Hanes for blending Crailar with the company’s cotton clothes and Georgia-Pacific for use in cleaning rags.

Once the products are set to go to market, Barker says he’ll soon move the company’s global headquarters to Portland.

Barker is mum on many of the specifics for the proposed deals with Hanes and Georgia-Pacific. But the potential is staggering, particularly in the clothing industry.
Hemp facts

- Hemp is one of the world’s most complete plant-based sources of protein, with all the essential amino acids. It also contains an ideal ratio of omega-3 and omega-6, essential fatty acids the body can’t produce on its own.

- Hemp was one of the earliest plants cultivated in this country. Betsy Ross made the first U.S. flag out of hemp, and the Declaration of Independence was written on hemp paper.

- Hemp was legal to grow until the 1970 Controlled Substances Act classified it as a drug. Hemp was phased out much earlier than that, however, in part because of the Marihuana Tax Act of 1937, which made pot illegal. The last crop of hemp in America was harvested in 1957.

- The Pentagon was built in the early 1940s on what was a former hemp farm. Some of those plants were bred from a test plot in Corvallis.

- During World War II, U.S. farmers planted over 150,000 acres as part of the “Hemp for Victory” campaign.

- Hemp can be used to make concrete and the product is carbon negative, meaning more carbon is locked up in the process of growing and harvesting the plant than is expended in making it a building material. It’s waterproof, fireproof and seven times stronger than traditional concrete.

Hanes currently uses 2 million pounds of cotton per week in its socks alone. Yet cotton is one of the most destructive plants to farm, depleting soils wherever it’s grown and requiring massive amounts of pesticides and water. And its price is skyrocketing.


David Howitt says he’s not only in hemp to make money. Like Volgyesi, he wants to spread hemp’s benefits—this time to the Third World.

The idea is straightforward. Hemp grows easily in almost any climate, and it could provide a much-needed source of protein for hungry nations as well as a potential export crop. Mixed with lime, hemp’s woody core creates low-cost concrete that could literally rebuild disaster-torn countries.

So Howitt and Zach Smith, a local consultant, are forming a nonprofit to work with farmers in developing countries. Problem is, even countries receiving U.S. aid have been pressured to adopt prohibitions on hemp.

Howitt and Smith found that many countries they were interested in helping—including Haiti and Guatemala—have such bans or would risk losing U.S. aid if they grew hemp. For their pilot project they found Ghana, a former French colony with no hemp prohibitions. They hope to start a test plot of up to 10 acres working with local farmers there next month.

“I’m not a hemp zealot, and I’m not a conspiracy theorist. I’m just a person who looks at facts and looks at opportunities in the world,” Howitt says. “This is nature’s perfect plant in many respects. It’s just really sad that this unbelievable resource is not being harnessed to create the net benefit in the world that it could.”