

OLEO TAX REPEAL

HEARINGS
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
EIGHTY-FIRST CONGRESS
FIRST SESSION

ON

H. R. 2023

AN ACT TO REGULATE OLEOMARGARINE, TO
REPEAL CERTAIN TAXES RELATING
TO OLEOMARGARINE, AND FOR
OTHER PURPOSES

APRIL 8, 9, 11, 12, AND 13, 1949

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OLEO TAX REPEAL

FRIDAY, APRIL 8, 1949

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to notice, at 10 a. m., in room 312, Senate Office Building, Senator Walter F. George (chairman), presiding. Present: Senators George (chairman), Connally, Byrd, Hoey, Millikin, and Williams.

Also Present: Mrs. Elizabeth B. Springer, acting chief clerk.

The CHAIRMAN. This hearing is called on H. R. 2023, To regulate oleomargarine, to repeal certain taxes relating to oleomargarine, and for other purposes, which passed the House of Representatives on April 1, 1949.

There is a substitute which I presume will be finally offered. It has been presented and printed and presumably will be offered to the committee before the bill is acted upon.

(The bills referred to follow:)

[H. R. 2023, 81st Cong., 1st sess.]

AN ACT To regulate oleomargarine, to repeal certain taxes relating to oleomargarine, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2301 of the Internal Revenue Code (relating to the tax on oleomargarine) is repealed.

SEC. 2. Part I of subchapter A of chapter 27 of the Internal Revenue Code (relating to the occupational tax on manufacturers, wholesalers, and retailers of oleomargarine) is repealed: *Provided*, That such repeal shall not be construed to entitle any manufacturer, wholesaler, or retailer to a refund of any occupational tax heretofore paid.

SEC. 3. (a) The Congress hereby finds and declares that the sale, or the serving in public eating places, of colored oleomargarine or colored margarine without clear identification as such or which is otherwise adulterated or misbranded within the meaning of the Federal Food, Drug, and Cosmetic Act depresses the market in interstate commerce for butter and for oleomargarine or margarine clearly identified and neither adulterated nor misbranded, and constitutes a burden on interstate commerce in such articles. Such burden exists, irrespective of whether such oleomargarine or margarine originates from an interstate source or from the State in which it is sold.

(b) Section 301 of the Federal Food, Drug, and Cosmetic Act, as amended (21 U. S. C. 331), is amended by adding a new paragraph as follows:

"(m) The serving of colored oleomargarine or colored margarine in violation of section 407 (b)."

(c) Chapter IV of such Act, as amended (21 U. S. C. 341 and the following), is amended by adding a new section as follows:

"COLORED OLEOMARGARINE

"SEC. 407. (a) Colored oleomargarine or colored margarine which is sold in the same State or Territory in which it is produced shall be subject in the same manner and to the same extent to the provisions of this Act as if it had been introduced in interstate commerce.

"(b) No person shall possess in a form ready for serving colored oleomargarine or colored margarine at a public eating place unless (1) a notice that oleomargarine or margarine is served is displayed prominently and conspicuously in such place and in such manner as to render it likely to be read and understood by the ordinary individual being served in such eating place or is printed or is otherwise set forth on the menu in type or lettering not smaller than that normally used to designate the serving of other food items; and no person shall serve colored oleomargarine or colored margarine at a public eating place, whether or not any charge is made therefor, unless each separate serving bears or is accompanied by labeling identifying it as oleomargarine or margarine, or (2) such colored oleomargarine or colored margarine is molded and shaped in such manner so as to have three sides (exclusive of the ends) and no person shall serve colored oleomargarine or colored margarine at a public eating place, whether or not a charge is made therefor, unless each separate serving thereof is triangular in shape.

"(c) Colored oleomargarine or colored margarine when served with meals at a public eating place shall at the time of such service be exempt from the labeling requirements of section 403 (except (a) and 403 (f)) if it complies with the requirements of subsection (b) of this section.

"(d) For the purpose of this section colored oleomargarine or colored margarine is oleomargarine or margarine having a tint or shade containing more than one and six-tenths degrees of yellow, or of yellow and red collectively, but with an excess of yellow over red, measured in terms of Lovibond tintometer scale or its equivalent."

SEC. 4. So much of the unexpended balances of appropriations, allocations, or other funds (including funds available for the fiscal year ending June 30, 1950) for the use of the Bureau of Internal Revenue of the Treasury Department in the exercise of functions under the Oleomargarine Tax Act (26 U. S. C. 2300 subchapter A), as the Director of the Bureau of the Budget may determine, shall be transferred to the Federal Security Agency (Food and Drug Administration) for use in the enforcement of this Act.

SEC. 5. This Act shall not abrogate or nullify any statute of any State or Territory now in effect or which may hereafter be enacted.

SEC. 6. This Act shall become effective thirty days after its enactment except that section 2 of this Act shall become effective thirty days after its enactment or July 1, 1949, whichever date is earlier.

Passed the House of Representatives April 1, 1949.

Attest:

RALPH R. ROBERTS, *Clerk.*

[H. R. 2023, 81st Cong., 1st sess.]

AMENDMENT (in the nature of substitute) Intended to be proposed by Mr. Wiley (for himself, Mr. Gillette, Mr. Miller, Mr. Butler, Mr. Thye, Mr. Withers, Mr. Magnuson, Mr. Hickenlooper, Mr. Taylor, Mr. Langer, Mr. Young, Mr. Morse, Mr. Gurney, Mr. Mundt, Mr. Aiken, Mr. Ecton, Mr. Jenner, Mr. Cain, Mr. McCarthy, Mr. Capehart, Mr. Johnson of Colorado, Mr. Cordon, Mr. Humphrey, Mr. Donnell, Mr. Flanders, and Mr. Ferguson) to the bill (H. R. 2023) to regulate oleomargarine, to repeal certain taxes relating to oleomargarine and for other purposes, viz, strike out all after the enacting clause and in lieu thereof insert the following:

DEFINITIONS

SECTION 1. (a) The term "oleomargarine" as used in this Act includes—

(1) all substances, mixtures, and compounds known as oleomargarine, margarine, oleo, or butterine;

(2) all substances, mixtures, and compounds which have a consistency similar to that of butter and which contain any edible oils or fats other than milk fat if (A) made in imitation or semblance of butter, or purporting to be butter or a butter substitute, or (B) commonly used, or intended for common use, in place of or as a substitute for butter, or (C) churned, emulsified, or mixed in cream, milk, skim milk, buttermilk, water, or other liquid and containing moisture in excess of 1 per centum and commonly used, or suitable for common use, as a substitute for butter.

(b) For the purposes of this Act, "yellow oleomargarine" is oleomargarine, as defined in subsection (a) of this section, having a tint or shade containing more than one and six-tenths degrees of yellow, or of yellow and red collectively, measured in terms of the Lovibond tintometer scale read under conditions sub-

stantially similar to those established by the Bureau of Internal Revenue, or the equivalent of such measurement.

(c) The term "commerce" as used in this Act, means trade, traffic, commerce, transportation, or communication among the several States, or between the District of Columbia or any Territory of the United States and any State or other Territory or between any foreign country and any State, Territory, or the District of Columbia, or within the District of Columbia or any Territory, or between points in the same State but through any other State or any Territory or the District of Columbia or any foreign country.

PROHIBITED ACTS

SEC. 2. The manufacture, transportation, handling, possession, sale, use, or serving of yellow oleomargarine in commerce, or after shipment in commerce as yellow oleomargarine, or in connection with the production of yellow oleomargarine for shipment in commerce, is hereby declared unlawful: *Provided, however,* That yellow oleomargarine manufactured or colored within the borders of a State or Territory in which it is to be consumed shall not be subject to the provisions of this Act but shall be subject to the laws and regulations of such State or Territory. Nothing contained in this Act shall be construed to limit in any way the applicability of the Federal Food, Drug, and Cosmetic Act.

ENFORCEMENT

SEC. 3. The Administrator of the Federal Security Agency is authorized and directed to administer and enforce this Act and to prescribe and enforce rules and regulations to carry out its purposes and policies. The enforcement provisions of the Federal Food, Drug, and Cosmetic Act, including the provisions relating to injunctions and seizure, shall be available for the enforcement of this Act.

PENALTIES

SEC. 4. Any person, firm, or corporation violating any of the provisions of this Act, or of the rules and regulations issued in connection therewith, and any officer, agent, or employee thereof who directs or knowingly permits such violations, or who aids or assists therein, shall upon conviction thereof be subject to punishment in the same manner and to the same extent as persons who violate the Federal Food, Drug, and Cosmetic Act.

APPROPRIATIONS

SEC. 5. There is hereby authorized to be appropriated annually, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for the adequate enforcement of this Act.

REPEAL

SEC. 6. The following sections of the Internal Revenue Code (relating to taxes on colored and uncolored oleomargarine, to special occupational taxes on manufacturers, wholesalers, and retailers of oleomargarine, and to packaging, reporting, and other regulations of oleomargarine) are hereby repealed: Sections 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2313, 3200, 3201 (26 U. S. C., secs. 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2313, 3200, 3201).

The CHAIRMAN. All right, Senator Fulbright, you may proceed now and make such statement as you wish regarding the measure.

STATEMENT OF HON. J. W. FULBRIGHT, UNITED STATES SENATOR FROM THE STATE OF ARKANSAS

Senator FULBRIGHT. Mr. Chairman, ordinarily I do not feel it is necessary to read a prepared statement to this committee, but since this is the beginning of the hearings, if the committee will permit, I would like to read a prepared statement with regard to these measures.

In view of the fact that last year and in preceding years very thorough hearings were held on the basic economic factors that enter into

this problem, I have not tried to review all of that material because we have available those hearings both in the Senate and in the House. So I am trying to approach it with particular regard to the so-called substitute that has been offered, trying to meet the change in tactics that that bill represents. It is the same, I think, as the Granger, Andresen bill introduced in the House.

This committee has before it several bills dealing with margarine, two of which I propose to discuss today.

One is a measure, H. R. 2023, by Mr. Poage, of Texas, which passed the House on April 1. This bill, similar to my own, S. 117, repeals all Federal taxes and excises on margarine. In addition, it contains provisions intended to prevent fraud in the sale of margarine in public eating places.

Another measure, in the nature of a substitute for H. R. 2023, sponsored by 26 Senators, proposes to confine the manufacture and sale of yellow margarine to intrastate commerce. For purposes of identification only I shall refer to this measure as the Wiley bill.

I want to discuss the Poage bill briefly and to explain the reason for the provisions which place restrictions around the sale of margarine in public eating places.

One of the principal points at issue in the long margarine controversy has been the contention that to color margarine yellow at the factory would result in fraud on a wholesale scale. Yellow margarine, it was said, looks like butter and tastes like butter. Therefore, the public and the butter industry must be protected by punitive legislation intended to prohibit or restrict the production of yellow margarine.

However, the labeling requirements for margarine, both yellow and white are such that there is no danger of deception in sales to householders. These sales amount to about 93 percent of all margarine sold. Sales to bakers, confectioners, and the like account for about 3½ percent of all sales, and sales in public eating establishments amount to about 3½ percent. It is in this latter area that the possibility of deception exists. The butter interests have cited alleged surveys showing that margarine is being served as butter in some restaurants.

This committee, last year, and Congressman Poage and I, in our bills, attempted to close the small gap where danger of deception exists.

The bill which passed the House provides that a public eating place serving margarine must post a notice to that effect, or print such a notice on the menu. In addition, each separate serving of margarine must be identified as such, or as an alternative, margarine may be served in a triangular shape. With the exception of the triangle amendment, the House bill is almost identical with the measure reported unanimously by the Senate Finance Committee in the last session of the Congress.

To some, including myself, the requirements in the House bill with regard to the serving of margarine in restaurants may seem to be over-zealous. However, I have no objection to them. I refer to the requirement on triangular shape.

Senator MILLIKIN. It is H. R. 2023 that you refer to?

Senator FULBRIGHT. Yes.

The Poage bill goes as far as anyone can reasonably expect to meet the contention that removal of the Federal penalties against yellow margarine would result in widespread fraud and deception.

But the issue before this committee does not bear directly on the question of yellow margarine. The committee will have to decide whether to accept the Poage bill, which I favor, or the Wiley bill, which is similar to a bill reported by the House Agriculture Committee and defeated in the House. As I have said, the Wiley bill would confine the manufacture and sale of yellow margarine to intrastate commerce, and would absolutely prohibit it, make it unlawful, in interstate commerce.

As this committee well knows, the margarine hearings before it last year revolved around the question of the taxes and excises on margarine which had been in effect, in one form or another, for more than half a century.

Butter spokesmen contended stoutly that continuance of the taxes was necessary to prevent fraud and resultant injury to the dairy industry.

The hearings in 1948 followed House approval of a bill which repealed in their entirety the Federal antimargarine taxes and restrictions.

I might remind the committee that that repeal last year was favored by a margin of better than 2 to 1 in the House.

That bill failed in the Senate, the primary reason being the congestion which invariably accompanies the end of a Congress. That is, it got over here very late, and we never got it to a vote. In Senate test votes, however, the margarine bill showed strength which apparently dismayed its enemies, and House passage of the repeal bill in 1948—as was also the case this year—was by the overwhelming margin of 287 to 89. That is the vote this year.

Last fall, dairy and butter groups came forward with an entirely new antimargarine program. They agreed that the taxes and license fees on margarine should be scrapped provided that the manufacture and sale of yellow margarine should be completely prohibited by Congress. That was proposed informally in their meetings.

This represented a startling reversal of policy. The taxes on white and yellow margarine and the license fees levied on grocers who sold margarine had been vehemently defended for years by the butter spokesmen. They had insisted that the taxes and licenses must be retained and they shifted ground only after it became clear that the Congress would no longer support their position.

It has finally been admitted that margarine, so long as it is not yellow, is a perfectly good and legitimate product and should be sold without penalty.

During the Eightieth Congress, this committee and the Senate, itself, heard the color phase of the margarine issue dwelt on at length. I propose to mention it only briefly today since the butter proponents have again reversed their field. I will say, however, in passing that butter is the only food which claims a monopoly on color to the exclusion of a competitor, and that similarity in color and in other ways is the very essence of competition and of free enterprise.

The bill reported by the House Committee on Agriculture and supported by the dairy and butter groups on the House floor was not the measure to ban completely by Federal law the manufacture and sale of yellow margarine. Instead, it was the proposal to which I referred previously—a bill to ban the interstate shipment of yellow margarine and to confine the manufacture, shipment, and sale of yellow margarine within State lines.

This, then, is the Wiley bill. I would like to point out that it is completely out of line with the proposition to ban yellow margarine. To my mind, confining yellow margarine within State lines is completely illogical. Either yellow margarine is a spurious imitation of butter, one which perpetrates a fraud on the public and unfairly competes with butter, or it is a legitimate and perfectly good food product.

If it is a fraudulent article, as the butter industry contends, its manufacture and sale should be banned, completely banned.

If it is a good food, whose only crime is competition with butter, then confining it within State lines makes no sense whatever.

In fact, the latest change of front on the part of the butter industry provides some very strong additional evidence that what butter really objects to is competition from margarine. If a good excuse for this legal discrimination can be found, well and good. If not, the argument will be fitted, as plausibly as possible, to the latest policy line.

It is well known that the butter interests would prefer a complete ban on the manufacture and sale of yellow margarine to the Wiley bill which would limit it to intrastate commerce. However, it is no secret that the butter forces could not get the measure calling for a complete ban out of the House Agriculture Committee. Apparently, they have concluded they cannot get such a measure out of the Senate Finance Committee, or through the Senate.

I do not intend to discuss the Poage bill in detail today. The arguments for repeal are familiar to members of the committee. As I said before, we discussed it at great length last year.

It is my contention that the Federal antimargarine laws are wrong in principle; that they represent primarily the desire of one group to be protected by Federal law against another group which produces a similar product, both products being legitimate and valuable food.

I do not propose to talk at length about the oft-repeated claims of the butter group that repeal of the antimargarine laws would injure, or destroy, the dairy industry. I feel that this claim is exaggerated beyond all reason. I do not think the dairy industry would be hurt by repeal of the Federal antimargarine laws. Butter is the least profitable use of the dairyman's product. Once it was a yardstick by which to measure and fix all milk prices, but increasingly, milk prices are set by alternative formulas and are not tied to butter. The experience in Belgium, the Netherlands, Denmark, and other dairy countries in western Europe, which place no restrictions whatever upon margarine, including yellow margarine, has been that there is room for both industries and that the dairy industry, margarine or no margarine, still continues to flourish.

I only want to remind the committee of the evidence submitted last year with regard to the relative importance of butter to the dairy industry in all these States. The figures, I know, startled a great many Members of the Senate last year. I have them available, but I simply did not want to burden the record with them because they were gone into very thoroughly last year. I shall refer to them a little later on. I emphasize that they have confused the Members of the Congress as well as the farmers themselves by their exaggerated claims as to the significance of butter to the prosperity of the dairy industry as a whole.

It is my opinion that the manufacturers of butter are riding upon the backs of the dairy industry and are saying, to use the vernacular, "Let's you and him fight." Undoubtedly, we will hear before this committee, prophecies about the ruin of the more than 2,500,000 dairy farmers if the margarine laws are repealed and predictions about the resultant ruin of our soil and the destruction of our civilization. I do not take these predictions seriously, and I am fairly well certain in my own mind that neither do intelligent spokesmen for the dairy industry.

But, let us assume that the prophecies are true. In that case, the Wiley bill, which would keep the manufacture and sale of yellow margarine within State lines, does nothing to avert this approaching doom. The measure would inconvenience and hamper the sale of margarine. Yet, eventually, almost every State would have yellow margarine and, whatever the increase in costs due to the fact that margarine plants would have to be erected in each State, still yellow margarine would remain cheaper than butter.

As I see it, in time, as much margarine would be sold under the Wiley bill as under the Poage bill, but at great loss to our economy. If the sponsors of the Wiley bill really believe that the sale of yellow margarine would ruin dairying, they certainly are doing nothing to save their great industry. If the Poage bill would wreck the dairy industry, so would the Wiley bill. Obviously, the sponsors of the Wiley bill know that the dairy industry will not be hurt by repeal of the antimargarine laws. I think that the ruin-to-the-dairy-industry argument can be disposed of as a very red herring indeed.

However, any industry is on shaky ground when it comes to the Congress and asks for protection against a domestic rival because of prospective damaging competition. If we are to go along with this policy, I think our consciences should trouble us greatly. The ghosts of the carriage and buggy makers should visit us at night; we should be haunted by thoughts of the indigo producers put out of business long ago because of competitive dyes. And by thoughts of hundreds of industries that have succumbed to progress. The butter makers well understand the weakness of their position when they claim inability to compete. That is why they descend to the absurdity of predicting ruin to the dairy industry and finally ruin to the country as an excuse for asking Congress to give them special advantages over margarine.

The taxes existing today on margarine are outmoded and contrary to the spirit of free enterprise and progress. The butter industry agrees that these levies should go. But the alternative, the intra-state proposal, is even more objectionable than the taxes to anyone who realizes what the free flow of commerce has meant to our Nation. I would say that one of the hopes of the world today is the example set by this country. The history of modern times might be entirely different if Europe had been a free-trade area like the United States.

One of our principal arguments in trying to induce the other countries of the world to follow our example has been the free flow of trade among these 48 States. This kind of proposal is directly contrary to that whole argument which has been advanced for many years.

As everyone knows, the United States narrowly escaped the fate of Europe. After the Revolutionary War, State pride was so great that it still is one of the marvels of history that the Constitution

could be adopted at all. It could not have been adopted had it not been for the chaotic situation created by State interference with trade and the fact that some of the greatest men of all time were living in this country and saw clearly what must be done.

Congress may have the power, although I doubt it, to limit commerce in yellow margarine to intrastate channels. I do say, however, that placing such a limitation on a wholesome food product would be unwise and that, the precedent, if extended far enough, would wreck our economy.

The commerce power (art. I, sec. 8, Constitution) is one of the most important as well as the most powerful authorities granted to Congress. No one factor was more important in bringing about the formation of our Federal Union than the lack of a Federal commerce power under the Government which was established under the Confederation.

The Federalist (ch. XXII) described the situation as follows:

The interfering and unneighborly regulation of some States, contrary to the true spirit of the Union, have, in different instances, given just cause of umbrage and complaint to others, and it is to be feared that examples of this nature, if not restrained by a national control, would be multiplied and extended till they became not less serious sources of animosity and discord than injurious impediments to the intercourse between the different parts of the Confederacy.

Mr. Justice Rutledge, of the Supreme Court, has pointed out that the adoption of the principle of free trade among the States even preceded the adoption of the "indispensable domestic freedoms secured by the first amendment." He said:

Only later were they added, by popular demand. It was rather to secure freedom of trade, to break down the barriers to its free flow, that the Annapolis convention was called, only to adjourn with a view to Philadelphia. Thus the generating source of the Constitution lays in the rising volume of restraints upon commerce which the Confederation could not check. These were the proximate causes of our national existence down to today (A Declaration of Legal Faith, Rutledge, p. 25).

The important thing to note is that the forefathers did not merely prohibit trade barriers among the States; the Constitution conferred upon Congress the power to "regulate." Mr. Justice Jackson, in the case of *Hood v. Du Mond*, decided on Monday of this week, spoke of the success of this provision as follows:

Our system, fostered by the commerce clause, is that every farmer and every craftsman shall be encouraged to produce by the certainty that he will have free access to every market in the Nation, that no home embargoes will withhold his export, and no foreign state will by customs duties or regulations exclude him. Likewise, every consumer may look to the free competition from every producing area in the Nation to protect him from exploitation by any. Such was the vision of the founders; such has been the doctrine of this Court which has given it reality.

Let me cite some examples of the situation which made the adoption of the Constitution imperative:

Maryland, by her inspection laws and taxes, sought to prevent the export of her potash.

Massachusetts prohibited the exportation of grain or unmanufactured calfskins and imposed an onerous inspection tax on exports to other States of tobacco, butter, and other products, while North Carolina laid, for a limited time, an embargo on the exportation to other States of Corn, wheat, flour, beef, bacon, and other necessities of life.

The situation was equally as confusing as regards imports.

New York, by imposing an import duty, sought to exclude from its markets the butter, milk, and other dairy products of New Jersey and the firewood of Connecticut.

Rhode Island imposed an ad valorem tax of 5 percent on all articles imported into that State from the other States as well as from foreign countries, with a proviso for reciprocal relief.

It was customary for States having ports to impose heavy taxes on all imports.

The adoption of the commerce clause was so effective, so far as internal trade barriers were concerned, that for the first 100 years after the adoption of the Constitution, it was unnecessary for Congress to take any substantial, affirmative steps to regulate the movement of goods in interstate commerce.

Beginning late in the nineteenth century, the Congress began to regulate commerce in an affirmative manner. But a study of that regulation clearly shows that the basic concept behind the commerce power is to promote the free flow of commerce, and not to prevent it.

Congress has exercised its power to prohibit the movement of goods in interstate commerce sparingly indeed. As a general matter, the power to prohibit an article from moving in interstate commerce has been used only for products which Congress felt were harmful, dangerous, or deleterious. Some instances of the exercise of this power are: Stolen motor vehicles, women for immoral purposes, kidnaped persons, adulterated and misbranded foods under the pure-food laws, diseased livestock and plants.

Not even the bitterest foe of yellow margarine will contend that it is not a wholesome and nutritious food product.

As a matter of principle, it is inconceivable to me that the Congress now will establish the precedent of banning wholesome and legitimate products in interstate commerce. Or to put it another way, I do not believe that Congress will take upon itself the process of balkanizing the country. If we do establish that policy, we are making a mockery of the commerce clause of the Constitution. We, ourselves, would be doing the very thing that the States did under the Articles of Confederation, and which almost wrecked this country during its infancy.

Let us revert now to a discussion once more of some of the provisions of the Poage bill. I refer specifically to the provisions for the identification of margarine served in public eating places. The Poage bill would require, as I have stated, notice to the consumers, either on menus or posted, that margarine is being served, plus a positive identification of each separate serving of margarine. You may recall that the Finance Committee last year wrote into the margarine bill almost the same provisions that are in the Poage bill with regard to identifications in public eating places, and for the same purposes that they are in the Poage bill.

As I said previously, 93 percent of the margarine sold goes to consumers through retail stores. Not even the enemies of margarine have been able to give an authentic instance of deception in the sale of margarine in stores. Three and one-half percent of margarine is used by bakers and confectioners and they do not care whether the margarine is white or colored. They use it for mixing purposes. The remaining 3½ percent of margarine sold is used in public places and some of this is used for cooking purposes and the color does not matter. The possibility of fraud in margarine sales, consequently, exists in

less than 3½ percent of all margarine consumed in this country. The Poage bill goes very far indeed in endeavoring to shut this tiny gap and to protect the public.

By contrast, the Wiley bill contains no provisions whatsoever with regard to the identification of margarine in public eating places, although spokesmen for butter shouted loud and long about deception in restaurants and emphasized the results of alleged surveys. If they are really concerned about the possibility of deception in restaurants, why does not the Wiley bill give the consumer some protection in this regard?

I would like to point out also that the Wiley bill, in effect, destroys the protection which the Federal Food, Drug, and Cosmetic Act and the regulations issued under it give the consumer. The numerous provisions of the law and the regulations which specify the ingredients which may be used, prescribe labeling requirements, and which protect the consumer in many other ways would not be applicable to yellow margarine made and sold under the provisions of the Wiley bill. This is true because no yellow margarine would move in interstate commerce, and hence be subject to the Food, Drug, and Cosmetic Act.

I would like to emphasize that point. The Poage bill strengthens and extends the protection of the Pure Food Act in all its ramifications and declares margarine that does not move in interstate commerce to affect interstate commerce, I think properly and logically so, whereas the Wiley bill approach overlooks entirely that phase of it and takes away the protection that exists today in the Pure Food laws in this field.

Let us summarize briefly what the two bills would do. Both the Poage bill and the Wiley bill would permit the sale of yellow margarine in exactly the same areas: the States which do not prohibit the sale of yellow margarine.

The Wiley bill, however, would revert to the ideas which prevailed during the Articles of Confederation and which almost wrecked the economic life of the country.

The Poage bill is in line with the ideas which have made this country the greatest productive Nation the world has ever known.

The Poage bill would protect the consumer against deception; the Wiley bill gives him no protection whatever and takes away protection which he now has. If I were a dairyman and were concerned about competition from margarine, I would support the Poage bill in preference to the Wiley bill.

Margarine, either yellow or white, is a perfectly good and wholesome product. It is made from domestic farm products and is manufactured in the United States. Housewives want to buy it already colored. They should have that privilege.

It is time, and past time, to repeal these un-American Federal antimargarine laws and to pass on to other things.

Mr. Chairman, that completes my formal statement. I would like to read a very short communication into the record from a Senator who would like to have been here but could not. This is a letter addressed to me from the senior Senator from Massachusetts, Mr. Saltonstall:

When you testify in favor of H. R. 2023, an act to regulate oleomargarine, to repeal certain taxes relating to oleomargarine, and for other purposes, before the Senate Committee on Finance, I wish you would record me in favor of it.

As you know, in the Eightieth Congress, I expressed my opposition to the present discriminatory Federal taxes on any type of margarine. I have repeatedly

stated to many people in Massachusetts that I would continue to do what I can to see that this tax on the consumer is eliminated. I believe that H. R. 2023 does just this, and that it is a bill which is in the best interests of the average American family.

I sincerely hope that the Committee on Finance will report this bill in the same form as it passed the House so that the Senate may have an opportunity to vote upon its merits.

Sincerely,

LEVERETT SALTONSTALL,
United States Senator.

Senator CONNALLY. Could you just, in a thumbnail sketch, give us the difference between the Poage bill and the Wiley bill? What does the Wiley bill propose to do?

Senator FULBRIGHT. A complete prohibition of the shipment in interstate commerce of yellow margarine; manufacture, sale, and shipment in interstate commerce.

The Poage bill is almost identical with the bill I introduced here this year and that this committee reported unanimously last year, with the exception that it adds an alternative provision that the sale of yellow margarine in public eating places may be made by making it into triangular shapes rather than giving notice. In other words, it is an additional alternative method of giving notice that margarine is being served. Otherwise, it is for all practical purposes the same as the bill reported last year. It does away with all taxes and restrictions on the sale of yellow margarine.

Senator CONNALLY. It does away with all tax on margarine.

Senator FULBRIGHT. That is right.

The CHAIRMAN. Whether colored or uncolored.

Senator FULBRIGHT. Mr. Chairman, as I said before, there simply are no new data with regard to the economics of this subject that wasn't presented last year; but, in order to make it conveniently available and part of my statement, I have a table which gives by States the relative value of butter to all farm income. I think it is an extremely important point simply because I feel that due to the organization of the butter interests they have been able to make people believe that this matter is of far greater importance than it actually is. I mean the butter industry itself, I think, has misled many dairy people and many farmers to believe that butter is the very backbone of their industry. I want to cite just one example. It is one of the very important ones, because the Senators from Wisconsin have taken such a prominent part in this fight. In Wisconsin, for example, dairy income ranks first in their income from all agriculture. The dairy industry contributes 48.7 percent of all farm income. The significant thing is that the butter contribution to the income of all farming income is 0.79, less than 1 percent, just slightly over three-fourths of 1 percent. That is in Wisconsin.

Senator CONNALLY. What percentage does it bear to all the dairy income?

Senator FULBRIGHT. I did not figure that one out. That is, percentage to all farm income. The dairy income itself is 48.7. So, it is approximately twice that. It would be a little less than 2 percent.

Senator CONNALLY. Even of the dairy income.

Senator FULBRIGHT. Even of the dairy income. The fact is, butter is the least profitable way to dispose of milk. In the very highly developed Dairy States they have developed marketing facilities to sell their milk in its fluid form, which is the most profitable.

Wisconsin is the greatest Dairying State, yet butter is the least significant part of the dairy income. That is a point that I think cannot be overlooked. To hear these people talk you would think it was life and death, and it simply is not so. I would like to put in the record this table giving figures for all the States.

Senator BYRD. What part of the income is cheese?

Senator FULBRIGHT. I did not put it in this table. Cheese is a much more important part than butter. I did have it in the tables last year. As I said before the Senators came in, I can supply all that data. We did supply it last year. It was so recently in the hearings that I thought it was not necessary and would be an undue burden to bring and again to put in all of the figures on the whole economics of the question.

I would be glad to do so if any member of the committee wishes.

The CHAIRMAN. We will be glad to have that table and you may supplement it.

(The document referred to follows:)

Rank of dairy cash income, by States, as among major farm commodity groups, 1947¹

State	Dairy-Income rank	Percentage all farm income of—	
		All dairy	Butter
Alabama ²	5	6.1	0.64
Arizona ²	5	6.3	.17
Arkansas ²	5	4.9	1.25
California.....	4	12.0	.01
Colorado ²	5	6.0	1.73
Connecticut.....	2	26.8	.055
Delaware.....	2	9.6	.47
Florida ²	5	8.5	.06
Georgia ²	7	5.6	.61
Idaho.....	4	11.1	1.28
Illinois.....	4	9.6	1.04
Indiana ²	2	12.2	1.27
Iowa.....	4	7.4	5.20
Kansas ²	4	6.2	2.55
Kentucky ²	3	9.7	1.90
Louisiana ²	5	6.4	.15
Maine ²	2	15.0	1.33
Maryland ²	1	24.9	.25
Massachusetts ²	2	22.5	.13
Michigan ²	1	29.3	3.69
Minnesota.....	2	18.0	6.87
Mississippi ²	3	6.2	.40
Missouri ²	2	11.8	2.06
Montana.....	5	4.9	2.25
Nebraska ²	5	5.3	3.34
Nevada ²	3	7.7	1.55
New Hampshire.....	2	26.9	.59
New Jersey ²	3	19.9	.22
New Mexico ²	4	5.1	.95
New York.....	1	40.8	.43
North Carolina ²	6		
North Dakota ²	5	6.1	5.39
Ohio.....	2	20.3	1.46
Oklahoma ²	3	9.5	3.29
Oregon.....	2	14.3	1.84
Pennsylvania.....	1	32.6	.67
Rhode Island ²	1	34.3	.27
South Carolina ²	7		
South Dakota.....	6	5.0	3.98
Tennessee ²	4	13.2	1.15
Texas ²	6	6.1	.85
Utah ²	3	14.1	1.25
Vermont.....	1	60.8	.67
Virginia ²	4	14.3	1.72
Washington.....	3	14.1	1.36
West Virginia ²	3	19.2	3.39
Wisconsin.....	1	48.7	.79
Wyoming.....	6	5.8	1.97

¹ U. S. Bureau of Agricultural Economics, Farm Income Situation (June-July 1948). The comparative groups are: Meat animals, dairy products, poultry, other livestock products, food grains, feed crops, cotton (lint and seed), vegetables, fruits and tree nuts, tobacco, oil-bearing crops, other crops.

² Yellow margarine is permitted by State law.

The CHAIRMAN. The hearings of last year are available. They are in printed form. Have the House hearings been printed?

Mrs. SPRINGER (Acting Chief Clerk). Yes, sir; we have them available.

The CHAIRMAN. You have them available in printed form. The House hearings this year, I mean.

Mrs. SPRINGER (Acting Chief Clerk). That is right.

Senator FULBRIGHT. I really feel there is no need of other hearings, but I realize the position of the committee. Everybody requests them, and you have to hear them. It was gone over so thoroughly not only last year but several times in the last few years, and there are literally volumes of material from every conceivable source. The only thing that could be added is the more recent statistics, these statistics from the United States Bureau of Agricultural Economics, which only carry out the trend of the decreasing importance of butter to the dairy industry. Although the production of milk is steadily going up, the importance of butter is steadily going down.

Senator CONNALLY. How about the farmer? Is it more convenient for him, do you claim, to sell his milk in fluid form?

Senator FULBRIGHT. It is much more profitable.

Senator CONNALLY. If it is more profitable, it is easier.

Senator FULBRIGHT. The only restriction on his doing it is the marketing facilities, and I think much can be done to improve that. By that, I mean the extension of daily routes to pick it up and refrigeration. Wherever you have a highly developed industry, such as Wisconsin, they have developed those marketing facilities. It is in the less developed and more sparsely settled country where it is difficult to market it that way that the butter is relatively more important. I may say in my own State butter is relatively more important to the farmers in my own congressional district than it is in a State like Wisconsin, but I think the answer to that is simply that the principle of this bill is absolutely wrong. There is no other example like it. I think it is the wrong principle and that these restrictions ought to be repealed.

The alternative they have come here with, an absolute prohibition on interstate commerce in yellow margarine, is even worse than the existing situation and less defensible. I do not want to get into a constitutional argument, because the members of this committee know far more about the Constitution than I do; but, from that point of view, the levying of a tax, I think, is much more clearly justifiable and supportable under the Constitution than an absolutely unreasonable and arbitrary restriction on commerce in a legitimate article. I don't see how you can possibly justify just picking out a perfectly good article and, in order to protect somebody, use the power of the commerce clause to say, "No; you shall not ship that in interstate commerce." It seems to me that that is an extremely arbitrary and unreasonable use of that power.

Senator CONNALLY. It seems to me that this bill is valuable, related to what you are talking about now, to try to halt, to stop, this thing of States instituting prohibitory laws against the products of other States. That practice has grown rapidly in recent times, and it is all wrong. I am not talking about oleomargarine. I am talking about a lot of other things.

Senator FULBRIGHT. Yes, I know that, and I agree entirely with the Senator. We do have to fight that all the time. There grew up not long ago a tendency to discriminate with regard to truck licenses and these entrance regulations into a State. We had it in my own State, quite a row about it with Oklahoma. They finally straightened it out, but it tended to become a distinct burden.

Senator CONNALLY. In some of these States out in the West, for instance, the Colorado River is the boundary between California and Arizona, and when you hit that boundary you have a State post, some troops or something, inspectors, and you can't bring anything in unless they approve it. That is all wrong.

Senator FULBRIGHT. It is inconceivable to me that the Federal Government would turn around and itself do in a much more extensive way just what we are continually trying to prevent the States from doing.

Senator CONNALLY. It is the same principle.

Senator FULBRIGHT. Yes. To me it is absolutely indefensible. This idea that there is any basis for the using of the analogy of a deleterious or harmful or adulterated food is absolutely fantastic. That argument about the characteristics of margarine has long since been exploded. Nobody, I think, seriously feels that margarine is not in every respect a good food, wholesome in every other way. The theory is that this is something comparable with, we will say, stolen automobiles and adulterated food. There is no possibility in my mind of making that analogy stick. It is just an out-and-out effort to use the commerce clause for the purpose of protecting a particular industry from competition. That is all it is.

The CHAIRMAN. Any questions?

Senator MILLIKIN. Senator Fulbright, how many States have oleo plants?

Senator FULBRIGHT. That figure escapes me. I had that last year. Two have grown up in my State within the last year. I have forgotten the figure.

Senator MILLIKIN. Does anyone among the audience here know how many States have oleo plants?

Senator FULBRIGHT. I wonder if Mr. Truitt might know.

Mr. PAUL T. TRUITT (president, National Association of Margarine Manufacturers, Washington, D. C.). Fifteen States, Senator.

The CHAIRMAN. One or more.

Mr. TRUITT. One or more, yes, sir.

Senator FULBRIGHT. I had forgotten that figure.

Senator MILLIKIN. Senator Fulbright, are you qualified to tell us what is involved in an oleo plant, what controls its location, something about its size and complexity?

Senator FULBRIGHT. I am not too well informed. As I said, it is a new industry in my State, although, as the Senator well knows, I think we are third in the production of cotton. Within the last year two plants were established which are combination shortening and oleo plants. By that I mean they process it into both products from the cottonseed oil and soybean oil. Both cottonseed oil and soybean oil are produced in considerable quantity in the delta part of my State.

Do you mean the size of those plants?

Senator MILLIKIN. I am driving at with what facility oleo plants could be put into the other States.

Senator FULBRIGHT. I think they could be put into other States. They don't involve tremendous investments.

Senator MILLIKIN. Would somebody be qualified to answer that?

The CHAIRMAN. Perhaps Mr. Truitt would.

Mr. TRUITT. That is a little out of my line. I had not informed myself. I can say this about it: Naturally, as an economic matter, they will tend to location in such a State as produces the raw material. Several of them are in Illinois, I think, and Indiana, using to a great extent the soybean oils of those States in that section.

I would rather defer to a later witness who is thoroughly familiar with that particular aspect. I didn't inform myself about that side of the question.

The CHAIRMAN. Any other questions?

All right, Senator, thank you.

Senator FULBRIGHT. I thank the committee very much for this opportunity.

The Chairman. We were glad to have you.

Senator Maybank?

**STATEMENT OF HON. BURNET R. MAYBANK, UNITED STATES
SENATOR FROM THE STATE OF SOUTH CAROLINA**

Senator MAYBANK. Senator, I appreciate being here. I had to go over to the Appropriations Committee where we are considering the civil functions bill, and I came back here to be with you, with your permission, for just a few moments. I have only a short statement, concurring entirely with your suggestion and the thoughts of Senator Fulbright. This has been an issue for so long and there has been so much said about it, not only in this committee but in the Senate and in the House as well, there is little left to be added.

I only want to refer the committee to my lengthy statement of last year (Congressional Record, June 17, 1948, p. 8852), when the bill was before the Senate. I refer you also to the hearings that were held here in 1943 when I introduced an amendment to the revenue bill in the Senate. It was defeated in this committee and we were again defeated on the floor by about 2 to 1.

Of course, we did far better last year. We were able to bring up the bill itself. The amendment to the tax bill in 1943 was defeated on the theory that the bill had been defeated in the House and this legislation should start in the House.

So I shall not expound any new theories for the necessity of the repeal of these taxes. My sole purpose and desire is to have the tax taken off. I believe it to be unjust and unfair in the interest of those who produce soybean, cottonseed, and other oils, and also in the principal interest of those who consume oleo; they should not be discriminated against to the tune of a 10 cents per pound tax just because they prefer colored margarine.

I have appeared before this committee so many times in order to voice my opposition to the existing taxes and license fees on colored margarine that I feel right at home in coming back here today.

I hardly think it necessary to again go through the long 63-year history of this injustice. That has been done before this committee many times in the past and is a matter of record in the printed proceedings which are available to all. Extensive hearings were held in

the House of Representatives, and the arguments were thoroughly and ably presented prior to the passage of this bill H. R. 2023 by that body. It does not even seem necessary to go into the many, many reasons for the repeal of these taxes and license fees again at this time.

As far as the manufacturers, wholesalers, retailers, and housewives are concerned, they are positively aware of the unjustness of these regulations. Their testimony is clear and true evidence of their feelings. The farmers, the men who produce the high-grade vegetable oils used in the manufacture of margarine, are certainly well acquainted with the facts and, Mr. Chairman, all of these people have felt the burden of these ridiculous penalties far too long.

This is a question that transcends the lines of any party or any group, even so powerful a group as the one which has been able to maintain this legislative stranglehold on an otherwise competitive industry.

Mr. Chairman, the American people are no longer willing to tolerate the existence of such a restraining hand on the manufacture of one product, a product which has every right to take its deserved place and stand on its own merits along with other products in its field.

The properties of margarine and the benefits to be gained from its use on the family tables of this country have been expounded over and over again by competent authorities. I think last year you had the representatives of 2,500 hospitals before this committee who testified in the interest of this bill. Its nutritional value is an established fact, controlled and regulated by our Pure Food and Drug Administration Standard of Identity.

The argument always resolves itself to one of color. While butter, the admitted opponent in this particular battle, may be colored any tint of yellow without even being so labeled, even though it may have been white originally. The ingredients of margarine must be bleached to keep from giving the finished product a natural yellow tint. Butter, cheese, and ice cream each enjoy special and unique exemption from labeling artificial coloring under the act of 1923. Margarine is denied the use of yellow simply because the dairy industry has used its enormous political influences to drive a competitive product off the counter. This is discrimination and a flagrant violation of the American principle of open competitive business.

Mr. Chairman, it is my sincere belief that these regulations are pointedly designed to restrain the free marketing privileges of one group of manufacturers. They go beyond that. They place undue hardships and restrictions on our housewives in their daily marketing. I have no doubt but that the majority of our people prefer butter for table use. That may be habit and education, and it may not.

The main point is this. The low income families of this Nation have no choice. The purchase of margarine for their daily table use is an economic necessity. But whether they buy margarine by choice or by necessity, it is their inalienable right to be free to buy yellow margarine if they so desire. Butter is colored a particular tint of yellow to meet the consumer preference of a particular market. Why not margarine?

Mr. Chairman, I have nothing further to add at this time except to thank you again for allowing me the privilege of being here. I have referred to all the lengthy statements I have made during the past years and will not ask that they be reprinted here. When the

bill comes to the floor, and I hope it will be soon, I will have more to say.

The CHAIRMAN. Thank you, Senator. If there are no questions for Senator Maybank, we thank him very much for his appearance here.

Senator Lodge advised that he would like to appear if he is able to return from the State Department in time. Are there any other Members of the House or Senate who wish to be heard on this matter at this time?

Are there any witnesses who wish to be heard at this time this morning? We have a short while remaining.

Senator MILLIKIN. Is there anyone here, Senator Fulbright, who could tell us about the facility with which these plants could be put into the various States?

The CHAIRMAN. I was going to make that inquiry, Senator Millikin. Mr. Truitt, are you prepared to give to the committee an answer to that at this point in the record?

Mr. TRUITT. No, Senator, I am not; but I would be glad to file the information or to bring a witness here from an engineering company that specializes in margarine plant construction who can give you complete and detailed information. If you will indicate your pleasure, I will file a statement or bring the witness and have him here on Tuesday, whichever you prefer.

(The information requested appears on pp. 122 and 164.)

The CHAIRMAN. Is it convenient for the witness to come?

Mr. TRUITT. I would think so; yes, sir. He will have to come from Louisville, Ky.

The CHAIRMAN. Some questions might arise. Can you give us generally the relative cost of providing the equipment and facilities for the production of margarine?

Mr. TRUITT. Generally a completely integrated margarine plant, exclusive of oil-refining facilities costs about a quarter of a million dollars. That includes the manufacturing equipment, the laboratory equipment, the storage and power equipment and all the necessary appurtenances to manufacture the product. It does not include oil-refining facilities.

Senator CONNALLY. What is the size—

Mr. TRUITT. That would be a minimum-sized plant which would produce about 3,000 pounds per hour.

Senator CONNALLY. There is not the same rule for all plants. It is according to the size and output and so on.

Mr. TRUITT. That is the minimum I am speaking of, Senator.

Senator CONNALLY. I heard you. I was getting ready to ask you that question and you answered it before I got my question out, which is all right. I want to ask the witness one other question, if I may, Mr. Chairman.

The CHAIRMAN. Yes.

Senator CONNALLY. Do or do not the manufacturers of oleomargarine mix other fats in the production of oleomargarine?

Mr. TRUITT. Senator, all the fats used in the manufacture of margarine are enumerated in the Federal Standard and Definition of Identity.

Senator CONNALLY. I say, they do use them?

Mr. TRUITT. They do use them.

Senator CONNALLY. I know that some years ago the packers were interested in oleomargarine and I think a good many of them had their own plants in which they utilized animal fats along with vegetable fats to make the oleomargarine products, is that right?

Mr. TRUITT. That is correct. Today, however, animal fat is used in the manufacture of margarine sold largely in two States only, Minnesota and Wyoming, and those States require that all margarine sold therein contain a stipulated percentage of animal fat. Animal fats are permitted under the Federal food and drug regulations for the manufacture of margarine.

Senator CONNALLY. You have already stated, I think, if they are used the purchaser is advised and knows what the margarine contains in the way of other fats, is that true?

Mr. TRUITT. That is correct. The product is fully and accurately labeled.

Senator CONNALLY. That is all, thank you.

Senator FULBRIGHT. Mr. Chairman, this is offhand just at the moment, but of the two plants I referred to, one is in Mississippi County, Ark., in which the total investment, I was told last fall, was 1 million and a half. That included a refinery for the oil and the shortening. They make both shortening and margarine in that plant. They told me that there was an investment of \$1,500,000 in that plant. That is an example of one recently built. It is quite a large plant.

The CHAIRMAN. If there is no other witness here who wishes to be heard this morning—

Senator FULBRIGHT. Mr. Chairman, I have a statement by Senator Styles Bridges that he asked me to insert in the record.

The CHAIRMAN. You may read it or insert it.

Senator FULBRIGHT. It is only a page. I might read it.

The CHAIRMAN. Read it, then.

Senator FULBRIGHT. Very well [reading]:

STATEMENT OF HON. STYLES BRIDGES, UNITED STATES SENATOR FROM THE STATE OF NEW HAMPSHIRE

I feel that H. R. 2023, passed by the House by a better than 3 to 1 margin, is a workable solution to the oleomargarine problem.

This bill removes all Federal taxes and license fees on oleomargarine. The removal of these taxes and fees is supported generally by the dairy farmers of the country.

The bill also places all oleomargarine, yellow and white, under the jurisdiction of the Food, Drug, and Cosmetic Act. This would mean that oleomargarine would move freely in interstate commerce but only to those States which permit the sale of oleomargarine by their own laws. H. R. 2023, therefore, affords full protection to the States.

H. R. 2023 requires complete identification when served in public eating places. As a matter of fact, I think the provisions for complete identification had their origin in this committee last session when the problem was under study.

I am prompted to support this bill because it does give rightful protection to the dairy farmers of the country. I think we all recognize the importance of the dairy industry to the economy of our country. In my own State, the dairy farmers constitute one of our most important industries and I would not speak in support of this bill if it were a source of injury to the dairy farms. But here we have a legislative proposal which not only removes taxes and fees recognized as discriminatory, but also protests the dairy farmer, the respective States, and the consumer, whether he is a consumer of oleomargarine or butter. I might add that so far as New Hampshire is concerned it is up to our own State legislature whether action is taken by our State to implement this proposed Federal law.

I believe, Mr. Chairman, that H. R. 2023 should be favorably reported to the Senate.

I might say, Mr. Chairman, that dairying is really an important industry in that State.

Mr. Chairman, I want it to be clear in the record that Senator Lodge desired to testify. He had an appointment down at the State Department and he hoped to get back. I just want the record to show that he intended to be a witness and wished to support the bill.

The CHAIRMAN. Mrs. Springer, has any witness indicated a desire to appear tomorrow?

Mrs. SPRINGER. We have three Senators tentatively scheduled and three other witnesses.

The CHAIRMAN. Tomorrow, Saturday?

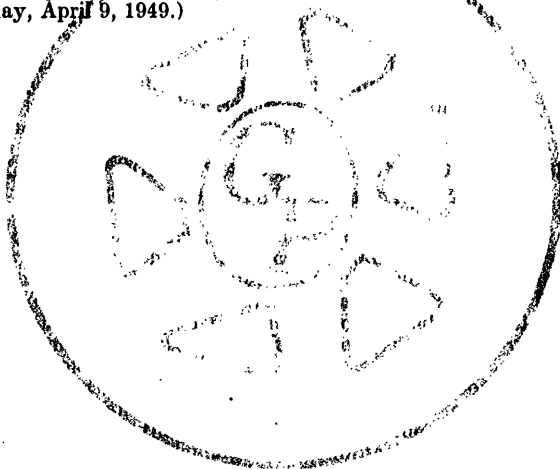
Mrs. SPRINGER (Acting Chief Clerk). Yes. Senator Thye and Senator Mundt. Senator Aiken is not sure. Then there are three other individuals.

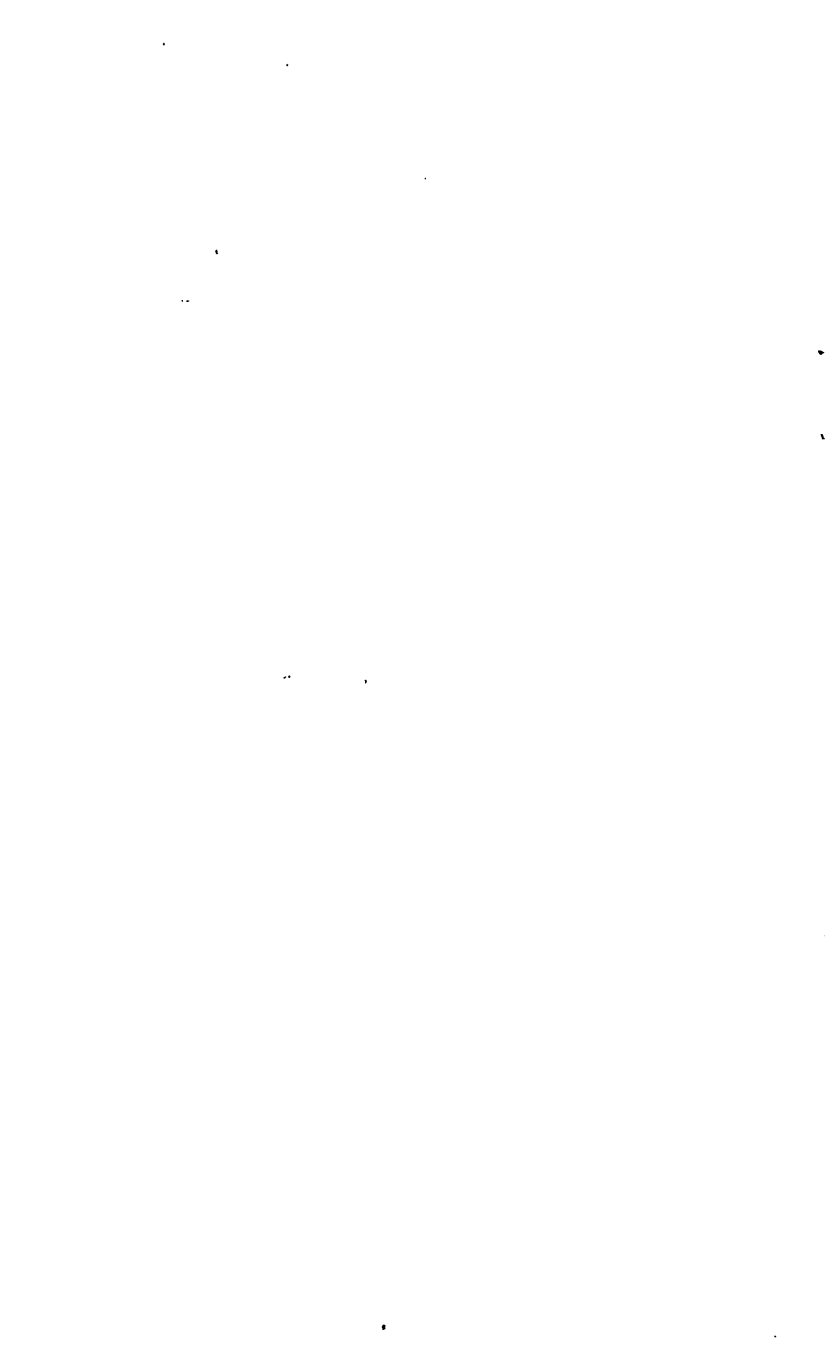
The CHAIRMAN. Who would like to appear tomorrow?

Mrs. SPRINGER. Yes, sir.

The CHAIRMAN. If there is no other witness, we will recess the hearing until tomorrow morning at 10 o'clock to hear such witnesses as are then available.

(Whereupon, at 11 a. m., the committee recessed until 10 a. m., Saturday, April 9, 1949.)





OLEO TAX REPEAL

SATURDAY, APRIL 9, 1949

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to recess, at 10 a. m., in room 312, Senate Office Building, Senator Walter F. George, chairman, presiding. Present: Senators George (chairman), Connally, Johnson, Lucas, Hoey, Millikin, and Butler.

Also present: Mrs. Elizabeth B. Springer, acting chief clerk.

The CHAIRMAN. The committee will come to order.

Senator Thye, I think you will have to do most of your talking to Senator Millikin and me.

Senator THYE. Mr. Chairman, I am indeed happy to have the privilege of talking to you, sir, and Senator Millikin. I regret the other members of the committee are not here.

The CHAIRMAN. Most of them are out of town. You know how busy they are and under what pressure they are working. But there may be two or three other Senators in a few minutes.

You may proceed.

STATEMENT OF HON. EDWARD J. THYE, UNITED STATES SENATOR FROM THE STATE OF MINNESOTA

Senator THYE. Realizing how busy you are, I will be as brief as I possibly can, Mr. Chairman, because I know that there is nothing that I can add to the old arguments on the question of oleomargarine colored and the question of butter. I am reluctant even to go back into the old debate, but I feel that we must make crystal clear what may happen to the butter market in the event we remove the tax on the colored oleomargarine.

Every time that I speak on this question it is a sort of embarrassment to me because I realize that many of the consumers have a general feeling that those of us who support the dairy farmer and oppose the coloring of oleomargarine in imitation of butter are selfish that we are trying to deprive them of the right to have oleomargarine in the form that they would like to have it; that is, in the imitation color. But I have always contended that oleomargarine uncolored is just as nutritious to the person consuming it as it would be if it was colored, and that the color adds only one thing to the product, and that is the pleasantness of looking at it and not apologizing to your family that you are serving them anything but butter.

In the public eating places, where you have some 60,000,000 meals served daily, of course the restaurant operator or the owner would like to have the resemblance of butter if he serves oleomargarine as a

bread spread. Naturally they are endeavoring to have the product colored yellow so that no question will be raised in the minds of their patrons as to whether they are receiving oleomargarine or whether they are receiving a pat of butter.

So the question of color has been the center of the old fight.

I would say that in the event we permit the colored oleomargarine to be sold on the market absolutely tax free, imposing no restrictions whatsoever, this agricultural economy of ours is going to suffer, and out general soil fertility and soil building practices in this land are going to require greater appropriations from our Treasury than we have made heretofore if we are going to hold and maintain our fertility. I shall give you the reason why. About 25 percent of the actual milk production in this country goes into butter. That means about one-fourth of the total production of all milk has to find its market channels through butter. Here in Washington or in Boston, or if you will, New York, or Memphis, Tenn., or any of these large metropolitan centers, it does not make any difference to the producer whether he has a butter market or not because the fluid milk is the outlet for his production. That is what he sells, through the bottle or through the quart of milk. The butter market doesn't mean a thing to him. But when you get outside of these big metropolitan centers and get out in the countryside such as you have in Ohio, Indiana, Michigan, Wisconsin, Minnesota, the Dakotas, Nebraska, and Iowa—just the minute you get a few miles outside of the city limits there you will find the creameries. We in Minnesota have 348 cooperative creameries. We have 146 independent creameries. You will notice the great number of creameries in that one State. Those creameries are churning the butter fat and making butter. That is the means of selling the dairy product.

In the event the butter market is lost because oleomargarine has taken its place—and you can rest certain that oleomargarine will take its place, because the processors of oleomargarine could process for just about one-half the cost of the production of a pound of dairy butter—in the event the oleomargarine competitively destroys the butter market, that means that these creameries—348 cooperative creameries and 146 independents in Minnesota—are all going to be in jeopardy. When and if they are really competitively put out of business, that means that the farmer out in that particular community, because it is so unprofitable to produce dairy products, is going to have to go out of business. He is going to shift to some other type of farming. If he shifts to a strictly grain farm, he is going to add to the problem of price support and the surplus question that we now have before us. If he turns to beef or pork he is naturally going to overproduce in that particular type of farm production, and it is going to create a greater problem in the price support and surplus questions.

Going back to the question of soil-building practices and soil fertility, there is no type of farm that will build the soil and maintain the fertility of the soil more than that of dairying, because on every 160-acre farm out in the Midwest you can find a good-sized dairy herd. There are many acres in pasture land. There are a great number of acres of legume crops, such as clover and alfalfa. That type of farm management builds the fertility of the land and, furthermore, that is a family-size farm unit. A 160-acre farm operated in this

manner will require practically two men, or it will require the mother, the father, and possibly several growing children. The children can assist and take the place of an extra hand. So you have a family unit there. You can raise your children and they can go to school and come back in the evening and do the chores. It lends itself to that family unit. It is a profitable manner of farm management. Our agriculture in the entire Midwest section of the United States is operated in that manner. We have held the fertility of the land. We have not required an appropriation from the Treasury in the form of soil conservation payments that you in the deep South have required.

For that reason I am speaking today not as one who is vitally affected by the question of whether the butter market is going to be shattered by this type of competition or not. I am speaking entirely as a man who has tried to make a study of the fertility of our land. I recognize that we have 682,000,000 acres of land that has been denuded of its top soil, its rich, fertile top soil. I realize that we must appropriate hundreds, yes, hundreds of millions of dollars every year in order to try to replenish this depleted earth. Otherwise future generations are not going to have the fertile acres to till and to take their livelihood from and to support those that are in the cities and needing the food that is produced on the farm.

I have been down through the Southern States several times, and I have gone out on projects wherein they have undertaken to demonstrate to all the countryside how properly to prepare your soil to reestablish a good sod condition or to grow legume crops on it. I have been in the area of Memphis, Tenn., and I have been in the area of Muscle Shoals, and I have been in Alabama and down in the deep South, and I have noted how extension people, your good farm editors and even some of your very splendid daily editors have gone out in the field and witnessed these soil conservation practices and have come back and written splendid news articles, all for the purpose of trying to rebuild a soil that had been depleted by row crop type of farming—cotton, soybeans, peanuts. This row-type farming is just the type of farming that lays the land open to erosion, and your top soil is washed away and there is nothing there to build with. It is just a depleting type of crop.

Having witnessed that and recognizing that they are trying to establish the family-size dairy farms in Arkansas and Mississippi and all other Southern States, I realize that in the event we were to protect the butter market we would aid them in the development of this type of soil building farm practices. If we here today remove the tax on the colored product and permit that colored substitute product to be shipped across this continent from one area to another, and if we permit it to be sold by the groceryman and by any other retailer without any restrictions, it is going to be only a very short time until the housewife is going to find herself paying for that pound of margarine just about what she has to pay for butter. It will always remain a few cents beneath the butter price, but it will pull the butter down to its level as well as go up in price itself. So she will not have any particular benefit. The oleomargarine will be up in price and the butter price will be pulled down several degrees to meet that oleomargarine level. So everybody is going to lose.

The consumer or housewife is going to lose because she is not going to buy the product as cheaply as she is able to buy it now in the

uncolored form. As a matter of fact she can buy it today in a pack that has the little capsule in it and with a few squeezes of the hand she can color it herself and it will be just as good as it will ever be when it is colored by the processor and put in the carton.

I served in our own department of agriculture in Minnesota for several years before I went into the Governor's office, and I had the regulatory work as part of my responsibility, and we had all the dairy and food inspectors under that department. They were constantly supervising and inspecting the sales establishments as well as restaurants and hotels, and it was a very common happening in the regular routine inspection to pick up foods to be checked in the laboratory to determine whether they contained the shortening that they were labeled to contain. It was the common practice for them to find bakery products, such as buns, cookies, and so forth, that had a very golden yellow color to them, and when they gave them the laboratory test, it was found to have been artificially dyed to make it look as if it had a lot of butter shortening. There was one violation that was continually showing up. I know to my knowledge that they have picked up thousands of samples of meat, and it had been adulterated in order to overcome bleaching out by age.

So adulterations and attempts to deceive are an old violation, as old as history itself and as old as mankind has any records. We know that if they are permitted here to sell oleomargarine in an absolute colored imitation of butter, there is going to be what we might call simply, "butter legging." There is another term for it, "bootlegging."

What they are going to do is to put oleomargarine in a butter carton. How are you going to tell it? You cannot tell it, and you are not going to have the Federal inspectors out because the Federal inspectors assume the responsibility of inspection when the product colored carried a Federal tax. If the Federal tax is removed, the Federal inspectors will not be out there. It will be a question of the States having a sufficient inspection force to go out in the field and pick up the number of samples and take them to the laboratory and have them tested to determine whether that is oleomargarine or whether it is butter. So the States are going to have to increase their inspection force, the States are going to have to increase the number of chemists in their laboratories, they are going to have to increase their laboratories, if they are going to police it properly and prevent the sale of oleomargarine in the form of butter in cartons or imitation of butter.

The question is more serious, I think, than you and I recognize it to be just as we look upon the tax that is involved in the legislation that we are considering here this morning.

I am opposed to any tax, any processing fee, any handling fee that makes oleomargarine more expensive to the consumer. That I am opposed to. That should be removed, and it should have been removed years ago. But on the question of the colored oleomargarine and the tax with relation to that. I cannot rightfully and justly convince myself we are taking a step forward in the event we take that tax off, because the housewife wanting the product now as a food, can get it much cheaper in the uncolored form than she will ever get it if it is permitted to be colored without restriction.

There is only one time that she may be embarrassed by putting the uncolored oleomargarine on her table, and that is when it is put on

the table for the purpose of a spread on the bread, but if it is put on the potato the same as you would put butter on a baked potato or on a mashed potato, there the color does not mean a thing. It doesn't mean a thing to her in any baking process. There is the only one time that the color is important to her, and that is when it is used as a spread in place of butter.

Likewise, the only one time that the color is a question is in the public eating places where some 60,000,000 meals are served daily.

So I must come back to you gentlemen to convey this thought to you: Remember that butter is the manner by which the farmer sells at least 25 percent of the total dairy production of this Nation annually, and if you destroy that butter market you are going to destroy millions of dairy-type farms that are family farms.

You gentlemen have looked over the legislation that was proposed by the Secretary of Agriculture this week and have seen what he proposes as an agricultural program and how he endeavors to hold the family farms in the United States by putting a positive ceiling-- some have said the ceiling is \$20,000, others have said it figures out to about \$25,000--as the gross or maximum sales that farm unit may make and still be qualified to take a support price or any benefits under the farm program.

If the Secretary of Agriculture and this Administration are so concerned about the family farm that they definitely want to put a ceiling on the total amount of money that one producer can sell as a gross product from his farm, if they are going to put that kind of ceiling on in order to hold the family farms, then we had better examine this oleomargarine question very, very carefully before we change the legislation.

Yes, I say again, remove all the processing tax, remove all the processing fees and the selling fees on uncolored oleomargarine, but be careful about the tax on the colored oleomargarine because that does not take anything away from the consumer. The color tax is only a protection both from the standpoint of "bootlegging" and from the standpoint of the consumer being charged more for the product than she should be charged for it.

In closing I want to say to you that if the Secretary of Agriculture and this administration recognize that they have to take a drastic step and put a ceiling over the total gross sales from a farm not to exceed--and I will use the very highest figure I have heard quoted--\$25,000--if that is what they must do in order to hold the family-size farm in the United States of America, then you and I had better assist a little bit and not destroy this family-type farming method to which the dairy cow has lent itself so well by taking the tax off the colored oleomargarine, because if you take that tax off that colored oleomargarine the oleomargarine is going to drive the butter out of existence and out of the processing plants here in the United States. If you drive that butter out of existence, you have destroyed more family-size farms than Secretary Brannan and the administration will ever build with the proposed program that was offered this past week.

Senator CONNALLY. Do you mean that in open competition with the colored oleomargarine--I am not advocating that--butter would lose out and the public would prefer the colored oleomargarine?

Senator THYE. The public would not prefer it, but--

Senator CONNALLY. It would not have to buy it, would it?

Senator THYE. But, Senator Connally, the consumers might not know whether they had the privilege of preferring it or not, because the public too often would be confused and could be deceived because they would not know when they got butter or when they got oleomargarine.

Senator CONNALLY. They can taste, can they not?

Senator THYE. No, they cannot taste it.

Senator CONNALLY. Can't taste it?

Senator THYE. No, they can't.

Senator CONNALLY. They can taste butter and cannot taste oleomargarine. They would be on equality there, would they not?

Senator THYE. They taste alike. The fact of the matter is that they have so successfully processed the substitute Senator, that I will just wager with you you could not tell the difference. I smoke cigars and you do, and I am not a betting man, but, I would wager a very good cigar with you——

Senator CONNALLY. Do not talk to me if you are not a betting man. You can't have a unilateral bet.

Senator THYE. I would be willing to wager a cigar this morning, sir, that you and I could have oleomargarine and butter served to us, two different puts of it, and you and I could not tell whether it was butter or whether it was oleomargarine; I have gone through that test.

Senator CONNALLY. Nobody is hurt, then, if that is the case. What you don't know doesn't hurt you.

Senator THYE. That is true, Senator. But strychnine can go down with a glass of milk and it has been done, and you could not know it until it got into your stomach. But your stomach would know it. And your stomach would know the difference between oleomargarine and butter because the stomach could assimilate all of the nutritiveness of the butter, but it could not assimilate all of the so-called types of fats and oils that are used in the processing of oleomargarine. That is my argument, sir.

Senator CONNALLY. All right.

Senator THYE. That is why I say that you and I might be fooled at the time, but our stomachs would not be fooled because the stomach would know the difference, sir.

The CHAIRMAN. Really, after all, it is the price that would affect the sales. The price controls your market ultimately, anyhow, everywhere, all the time. Of course, there are variations, but it is price. I have made this observation in my own section. We have all the soil problems that you speak about.

Senator THYE. Yes, sir.

The CHAIRMAN. You are quite right in saying that it is the very basis for any recovery of land from erosion. What is just about as bad with us is bleaching from the sun. When you remove your whole crop at a season of the year when the sun hits it continuously, the bleaching process is as bad as the washing or the erosion. It is all part of it. My observation has been there that there has not been a falling off of butter sales, but there has been, of course, an increase in the oleomargarine sales because of price. I live in a section where there is not much commercial dairying, some creameries, but every farm has its own cows. It is largely a family operation. I do not find oleomargarine being sold to those farms. There is an increase in the sale to the man about town, the workers, and families that do not keep

cows in town and cannot very well do so. The price I think is the thing that really controls more than the coloring used.

Senator THYE. That is true. It was especially true under inflationary price levels.

The CHAIRMAN. That is true, when there was wide margin. Now of course when the difference narrows ----

Senator THYE. If you went back over the history of the butter prices and oleomargarine prices, you would find that oleomargarine lagged behind the butter price by, say, anywhere from a third to almost a half at times. In other words, it was a sort of shadow to butter all the time. The one reason that it was a shadow to butter was that you had this tax on the colored oleomargarine, so any time that they colored the product and the housewife had to pay for that coloring, that 10 cents or 9½ cents tax on the colored, of course she did not buy it. She would buy it, however, in the white form and color it at home oftentimes just in order to satisfy their own vision.

If you care to examine what the butter sales in this Nation have been, I have the figures before me. This says "Civilian consumption of butter and oleo in wartime in million pounds." In the year 1941 it was 2,104,000. Then it has steadily dropped down. I will not labor you with all of the years, but I will go to 1945. There the total was 1,399,000. So you see that butter dropped from 2,104,000 in 1941 to 1,399,000 just 5 years later. A like comparison is given oleomargarine.

In the year 1941 there were 293,000,000 pounds, and in the year 1945, just 5 years later, it had jumped up to 425,000,000. So you see that it went up and butter went down. One reason why butter—pardon me, Senator Connally?

Senator CONNALLY. I do not want to interrupt you in the middle of a sentence, but I want to ask you a question.

Senator THYE. I was just going to say the one reason, of course, that there was a drop in butter consumption was the inflationary war prices, and the other was that this Government at the outset of the war recognized that it did not have the shipping facilities so that it could ship perishable foods to the Allied countries and to the soldiers in the various areas of the world. So the Government immediately had to take steps in order to get a processing of dairy products in such a manner that it was not so perishable. So they immediately placed a higher price on cheese and a higher price on powdered milk in order to encourage a diversion from butter into powder and cheese and thereby get the type of food product that could be sent to England and stock piled over there and sent elsewhere in the world. I know that they experimented on the type of bag that they could put the powdered milk into so that it could stand the salty air in ocean transportation. There was a diversion, a very speedy diversion, from butter over into the manufacture of powdered milk, whole milk rather than the skim milk in some instances. Condensed milk was stepped up tremendously, and likewise, cheese. That, of course, was one reason why butter did skyrocket in price because there wasn't as much of the product.

Senator CONNALLY. What I wanted to ask you was, what percentage of butter is artificially colored? Do you know that? Do they color butter?

Senator THYE. That is an excellent question, Senator Connally, and you do color it. I have turned the old tumble churn a good many a day when I wanted to be elsewhere. I have used the old plunger churn, too, sir, before they ever got into the creamery type of butter production. I have seen my mother pour in the little color into that tumble churn so many, many times that I can go back in my memory of those days very easily.

Senator CONNALLY. Why did they do that?

Senator THYE. I was getting to the point, Senator Connally. When the cattle are in the barn on dry feed it affects the color of the butterfat. We humans react the same way. Confine us inside long enough and you and I bleach out. Let us out into God's open nature sun and wind and green grass, and you and I tan up and color up. That is what happens insofar as the butter is concerned. When cattle are on dry feed in the wintertime, there is not much color to the cream, and consequently the butter when churned is pretty light in color, but the minute you turn the cattle out on the green pastures the color comes to the cream, and when you churn your butter it becomes yellowish in color. Color is added in order to have a uniform color in the butter through the seasons in the different areas of the Nation. If you went down in your good country of Texas and Georgia where they have green grass the year-round, you would have a good color to your butter every single month of the year. But up in these Northern States we do not have green grass the year-round.

Senator CONNALLY. Do you think it fair, though, for those folks who haven't the natural yellow color to compete with us who have the natural color and do not fool anybody? We are not deceiving anybody. We are just selling what we produce.

Senator THYE. In order that butter should look uniform the year through and in the different areas of the Nation, then we just started adding a drop of color now and then depending on the season of the year so as to keep that uniformity. Nevertheless, butter always has been yellow. If it were not, the oleomargarine people would never be concerning themselves with this color. Frankly, I am partial to blue. I am absolutely partial to blue.

Senator CONNALLY. Blue what?

Senator THYE. Blue color.

Senator CONNALLY. Blue chips, or what?

Senator THYE. No, just blue color. I am partial to blue color. I would just as soon see the oleomargarine blue. You and I never discriminate against strawberry jam. You and I never discriminate against peanut butter, and that is brown. You and I never discriminate against those because we accept them. We like them that way. The only one reason why these folks have ever been concerned about the color in oleomargarine was just the question that they wanted it to look like butter. As I said before, it is only the stomach that could tell the difference. The stomach can assimilate one and it cannot assimilate the other, depending on the type of oils that they are using in the process.

I realize that I am laboring you gentlemen.

Senator MILLIKIN. Mr. Chairman, would the witness say this is the distinction? You do not color butter to make it look like oleomargarine, but they color oleomargarine to make it look like butter.

Senator THYE. That is exactly right, sir. There is no question, gentlemen, in all seriousness. I am always ready to apologize to the consumer for the tax and processing fee that has been charged against oleomargarine. I will apologize any time, and I have said time after time it is a mistake that it was not removed years ago. But when it comes to the question of the color in there to make it look like butter--- and they have already successfully flavored it to make it taste like butter-- that is a deceptive step. The consumers are going to suffer not only economically, but they are going to suffer in the fact that we are going to destroy the dairy industry out here in the big areas where you haven't got a metropolitan center that takes the fluid milk. When you destroy that, you have destroyed the family farm, and if you destroy the family farm here in the United States, and Secretary Brannan and the administration recognize that in the type of legislation that they propose, if you destroy that family-size farm, you are not going to have the strong America that you have today. There has been no proven fact that would support me in this except that I do not think that you can find any food product that will serve as well as dairy products because you gentlemen, I am sure, are familiar with livestock, and if you have ever tried to take a calf and feed it on anything but the whole dairy milk, the first few days, and if you have ever tried to raise a calf on anything but the dairy milk that contains some of the dairy fat, and it is that fat that you churn into butter, you have discovered after a few weeks that you are not raising a good calf if you tried to substitute lard or coconut oil or cottonseed or if you tried to substitute even soybean oil. I have tried it time after time in my own operations, and I have been disappointed too many times. That is why I say your stomach can tell the difference, although your eye cannot always tell it. That is one reason why I am so anxious that the color factor of this oleomargarine remain in there so as to identify the product and not to permit it to become a direct, straight, open competitive product that would destroy the butter market and drive the dairies out of existence through out the United States.

In closing, Mr. Chairman, I have just a little over two pages here of a statement that I prepared for the press. It is more specifically to the point than the general statement that I have made here to you gentlemen, and I would like to insert this as a part of my remarks.

The CHAIRMAN. Yes.

Senator THYE. If there are no further questions, I will be glad to try to answer them.

The CHAIRMAN. Thank you very much, Senator.

(The statement referred to follows:)

STATEMENT OF SENATOR THYE

Because I am convinced that removal of restrictions relating to oleomargarine colored yellow in imitation of butter would have a serious adverse effect on the dairy industry, and eventually the entire agricultural economy, I have joined with a group of 26 Senators in sponsoring an amendment in the nature of a substitute intended to be proposed to H. R. 2023. This amendment would repeal the Federal taxes on oleomargarine but make unlawful the manufacture, transportation or sale of yellow oleomargarine in interstate commerce.

Yellow oleomargarine manufactured or colored within the borders of a State or Territory in which it is consumed would not be subject to the provisions of the act but to the laws and regulations of the State or Territory. Application of Federal pure food laws would not be limited by the act, and the enforcement pro-

visions of those laws are specifically cited in connection with the new provisions to be administered by the Administrator of the Federal Security Agency. This measure is along the lines I believe necessary as a fair safeguard to consumers and producers of both dairy products and substitutes.

In all areas except those adjacent to large metropolitan centers, the dairy producer is dependent on the butter market. The dairy farm lends itself to the most practical type of diversified farming. It is a family-type farm operation, and that is just what we are trying to continue in America, with its individual ownership, individual management, and individual opportunity for the growing family.

We have appropriated hundreds of millions of dollars for soil conservation and soil-building practices. Butterfat comes from dairy farms which, with their acres of pasture lands and legumes, build the soil. Oleomargarine is processed from vegetable oils produced from row-crop operations, like soybean and cotton production, which deplete the soil.

Even in the deep South, progressive agriculturists have endeavored to establish livestock and diversified farm management in the development of family-type farms. If we now yield to the great pressure of the cotton council, we will be taking a step backward in the continuance and growth of family farms in this Nation. By destroying the butter market we may help a few large processors of the substitutes, but we will put out of business thousands of small creameries all over the land. There are 348 cooperative creameries and 146 independent creameries in Minnesota alone.

I am in favor of the repeal of the taxes on oleomargarine which increase the cost to the consumer, but I strongly advocate protection of the public as regards the color of that product for, as a matter of fact, color adds absolutely nothing to the nutritive value of oleomargarine. Without this necessary protection, the cost to the consumer in the ultimate end will be much greater, not only in the serious economic results stemming from destruction of the butter market but also in the inevitable rise in the price of the substitute.

The CHAIRMAN. Senator Mundt? I believe you are next on the list. But if you are not, we will call you anyway.

STATEMENT OF HON. KARL E. MUNDT, UNITED STATES SENATOR FROM THE STATE OF SOUTH DAKOTA

Senator MUNDT. Mr. Chairman and colleagues, I hesitate to follow so eloquent and able a protagonist as the Senator from Minnesota, Mr. Thye, to whose testimony I have listened with close attention, which was so impelling to me that I feel if I were a member of the Finance Committee I would be completely persuaded by this time. I therefore hesitate to do anything which might lessen your ardor and enthusiasm in support of the so-called Wiley-Gillette substitute. I shall not detain you long, but I would like to say one or two things in addition.

It seems to me, Mr. Chairman, that the legislation in which we have joined here, which I believe was referred to in the press as a Wiley-Gillette substitute, is in definite conformity with some old, established American principles and concepts, the first of which is that it is long established in American public life that we protect the vested interests of a manufacturer or an inventor or a writer in his product. We provide the copyright. We provide the patent. We provide for registration of trade-marks. We provide protection to an individual who writes a song or who develops a process or who invents a machine. I think we owe to the American farmer the same kind of consideration we give to an American manufacturer who has developed down through the years a process or model or form. We protect him against infringement and against undue imitation. This legislation seeks to do that from the standpoint of the American farmer who has been through the years the person who has popularized butter in its natural color, which is yellow.

The only conceivable reason that anybody tries to imitate butter and make it yellow is to make it look like butter. They put it in a container that looks like butter, the same shape and size and cover. They try to make the outside cover look like butter. They try to serve it in a pat to make it look like butter. So I think we are acting in conformity with an established American principle when we say that we are not going to permit those who would imitate butter to ship through interstate commerce a product which is permitted solely in order to infringe upon something which has been popularized by another group of processors, namely our dairy farmers.

There is a second established American principle with which this legislation conforms, and that is going back to the turn of the century when we passed our Pure Food and Drug Act. We developed an American policy that the consumer has the right to know what is contained in the liquid or the pill or the powder that he injects into his system. It has to be conspicuously labeled on the outside in the form of a patented medicine, if it is a patented medicine, or whatever other type of ingredient it is.

When we give to the producers of an imitation of butter the right to ship in interstate commerce a product which is not butter, but which is designed to look like butter, it seems to me we fly in the face of that established American precedent, which is that you insist that the consumer and the buyer have a right to know exactly what he is getting. That is what you do as long as oleomargarine is white and butter is yellow. People buy it deliberately and intentionally knowing what it is, and I associate myself with those who feel that the Federal tax should be removed, that those who want oleomargarine should be permitted to buy it at as low a price as the competitive trade will provide, but they should buy it knowing it is oleomargarine, they should eat it in a restaurant knowing it is oleomargarine. They should serve it to their family knowing that it is oleomargarine. It should not be shipped in interstate trade in the form of butter.

Senator MILLIKIN. Do you mind if I ask you a question?

Senator MUNDT. Not at all.

Senator MILLIKIN. Here is one of the things that is bothering me a little bit about the Wiley bill. We have already started inquiries to find out what is involved in putting oleo plants in the separate States. I am somewhat disturbed that under the Wiley bill you will find the development of oleo plants in every State, which might wind up with no protection at all for butter. That is one of the things that has bothered me and I would like some enlightenment on it.

Senator MUNDT. I feel this way about it, Senator. If within a State the oleomargarine trust is able to establish its plant for the production of margarine, it will enable the State then to control the situation within the concept of State's rights, in which I am a firm believer. That State can then, if it so desires, establish regulations that oleomargarine has to be served in a triangular-shaped pat in a restaurant or sold in a store in a different-shaped container, or if they desire, they can have a State tax, as some States do, to discriminate between the two. They have the right to protect it.

It seems to me we have gone as far as we rightly should in the Federal Government if we prohibit the shipment of yellow margarine in interstate trade. I think we can depend upon the Government in our respective States to meet the challenge at the State level, should they decide to establish those local plants.

The CHAIRMAN. I think Senator Millikin has put his hand on a very vital point here. Of course, this bill does not repeal the Pure Food and Drug Act. It has to be branded, it has to be marked, it has to be identified, it has to show the analysis.

Senator MUNDT. Except that it adds color to that.

The CHAIRMAN. Yes, color. If you are going to adopt this type of legislation, you will ultimately put up oleomargarine plants in all the States, you will have an overexpansion of that type of industry, you will have an uneconomic condition which will add to the cost to the consumer. I don't see how it could be avoided.

Senator MUNDT. I think it would tend to elevate somewhat the price of oleomargarine, I think that is correct, if you have to make it in every State that desires it in yellow form.

The CHAIRMAN. It would be bound to. If you have an overexpansion, there you would have a price situation that would be chaotic at some time. Great overexpansion of any particular industry always brings trouble.

Senator MUNDT. I think, however, Senator, that you would find that oleomargarine plants would grow up primarily in those metropolitan areas where the major consumption of oleomargarine now takes place, so it would not be as complete as overexpansion.

The CHAIRMAN. All States, though, are developing cities. Cities grow pretty fast, you know. They have large concentrations of population. That greatly disturbs me, and it greatly disturbs me that here we are reversing a whole process. We have always invoked the Interstate Commerce clause to prevent discrimination by States, and now we are invoking the Interstate Commerce clause to discriminate between industries, which is precisely the thing that brought about discrimination in the States, by States. That always has tended to bring about State legislation to protect local industry or to protect local products. The value of our interstate commerce clause is that you had recourse to the courts, to the Congress, that would break down these State regulations that were discriminatory between the States. Now we go all over into the interstate commerce clause and are invoking that for the purpose of discriminating against one industry, if you want to put it that way, or at least protecting one industry, which is the same thing, after all. It is a reversal of the process, which seems to me would be disruptive. I think it would be better, if you want to, to outlaw a product because it is deleterious or because it is unwholesome or for any other reason. That is one thing. That is what the Pure Food and Drug Act, of course aims at. It might be made stronger. But to invoke the interstate commerce provision of the Constitution, when the whole purpose of that and the whole philosophy of that was to get rid of these State discriminations I feel is illogical.

Senator CONNALLY. May I ask a question?

Senator MUNDT. May I comment on the chairman's statement first?

Senator CONNALLY. Go ahead.

Senator MUNDT. In that, Senator, it seems to me there are two things involved. In the first place, we are doing this not to create discrimination but to prevent discrimination which is now operative against the dairy industry by virtue of the oleo trust's capacity to imitate butter in color, size, shape, and taste and consistency, in everything but nutritive value. But, secondly, we are not setting a new

pattern or a new precedent because in 1923 we passed I think it was called the Federal Anti-Fill Milk Act, an act at least which prohibited the movement in interstate commerce of vegetable oils and skimmed milk, which were combined to imitate evaporated milk. So we have a law on the statute books in which we have utilized the same commerce clause in the Constitution.

The CHAIRMAN. I know. I was here when we passed that law. It was just another iniquity added to an already iniquitous policy. Nobody liked it, and certainly the minority group in the Senate did not want it at all. So if you are going to invoke the commerce clause, the majority can do almost all kinds of things to you. They can protect any industry if that industry is a vital one in the State as against competitive products in other States.

On the question of whether it is nutritive or not, or wholesome or not, that is altogether, I think, a different problem.

Senator MUNDT. I think that is utilizing the commerce clause somewhat differently, though, in the situation between States from the way it operates, for example, in Florida where they prohibit the importation of California oranges. That is a State tariff or a State embargo which is iniquitous. But when acting in the general welfare the Congress—

The CHAIRMAN. I understand all States have resorted to intrastate regulations which are pretty bad sometimes, but at the same time it is more logical for a State to protect its industry than it is to go out on the other side of the fence and invoke what was intended to break down discrimination as the basis of a policy of, I won't say discrimination, but protective measures for the protection of some established industry.

Senator MUNDT. It seems to me if we continue on the process of each State setting up barriers and blockades to its neighbors, we are operating to destroy the Union. In the first instance we had difficulty from that from the very beginning of our Union.

The CHAIRMAN. It was necessary to get to the interstate commerce theory in order to solidify the Union.

Senator MUNDT. That is correct.

The CHAIRMAN. There is no question about that.

Senator MUNDT. Correct. Operating on that premise, we do not bar the movement in interstate trade of oleomargarine, but just in that form of oleomargarine which is made purposefully to discriminate against the dairy interests by coloration of its product to imitate butter.

The CHAIRMAN. That is very much like saying you could not prevent the movement in interstate commerce of some sort of car, but you would prevent the movement in interstate commerce of other types of cars.

Senator MUNDT. You are close to what I think is the proper analogy there. We do not prohibit the movement in interstate commerce of an automobile unless it is a stolen automobile and then we do prohibit it.

The CHAIRMAN. Yes.

Senator MUNDT. This is a sort of effort to steal the reputation of butter.

The CHAIRMAN. I think the analogy is sound, too.

Senator MUNDT. I think this is also sound, because this is something which steals the reputation of butter and it attaches it to oleomargarine for purposes of interstate trade.

Senator CONNALLY. Let me ask you very briefly, and "briefly" applies to both of us, what regulations has your State adopted to fight oleomargarine?

Senator MUNDT. It has a tax on oleomargarine; a very small tax.

Senator CONNALLY. In addition to the Federal tax?

Senator MUNDT. In addition to the Federal tax.

Senator CONNALLY. Do you think you have it high enough to kill it?

Senator MUNDT. No, sir. It is sold there with both taxes. It is more or less a tax which was put on so we can regulate and check the sale and know how much it is and so forth.

Senator CONNALLY. I know. That is what I am asking about. What the other regulations are. What other regulations do you have?

Senator MUNDT. That is all.

Senator CONNALLY. You have the tax in order to regulate it. What other regulations do you have besides taxes?

Senator MUNDT. That is all.

Senator CONNALLY. It is not a violation of the law of your State for them to eat oleomargarine?

Senator MUNDT. Not at all, not at all, and it is sold there and consumed there.

Senator LUCAS. Do you prohibit the coloring of it?

Senator MUNDT. No. The tax applies to the colored product. I am not sure, without checking it, Senator, it is possible, as many States do, that we use it in our State institutions. At least, I think we should.

Senator CONNALLY. They did that here in Congress. They passed an act here a few years ago that prohibited the Veterans' Bureau and the other Federal institutions from using it at all.

Senator MUNDT. We have repealed that.

Senator CONNALLY. They would not let the Army use it and would not let the Navy use it; would not let anybody use it that they thought would spread the use of oleomargarine.

Senator MUNDT. That is right.

Senator CONNALLY. You say you repealed all those acts.

Senator MUNDT. We repealed the one, I am sure, as far as the Veterans' Administration is concerned.

The CHAIRMAN. That was in the appropriation act. I think you are right about that. It has been discontinued or else limited and restricted.

Senator MUNDT. I think we had an act of the House repealing it.

Senator CONNALLY. We passed it. It was one of a series and one of a group of acts. The talk about destroying butter. Those acts were designed to destroy oleomargarine absolutely, if they could.

Senator MUNDT. The speeches given in support of the prohibition were to protect the health of the soldiers.

Senator CONNALLY. Oh, yes; to protect the health of the fellows who are holding office up here and voting on it.

Senator MUNDT. No; I think there are two sides to the proposition, perhaps.

Senator CONNALLY. All right, I am through.

The CHAIRMAN. Senator Millikin wished to ask a question.

Senator MILLIKIN. Senator Mundt, I hope we can evolve something that will protect the butter industry against any unfair competition. I hope we can evolve something that will protect the customer against deception. The question is how to do it.

Senator MUNDT. That is correct.

Senator MILLIKIN. That is the question as far as I am concerned. Coming back to the Wiley proposal, yesterday we had some preliminary testimony, which was not put out as being authoritative, that independent of the refining processes and the raw material, you can set up an oleomargarine plant in any State for about a quarter of a million dollars. Obviously you can ship into that plant, to the extent you do not raise the raw materials and refine them in the State, these raw materials.

Senator MUNDT. That is correct.

Senator MILLIKIN. So a very strong question arose in my mind as to whether, if you pass this all back to the States and let them make their own rules and regulations about colored margarine, you may wind up with no protection at all. I assume that the butter people have considered all that and have the answers to it, but I respectfully suggest that a well documented case on that be put in here because a lot of people would like to see the butter people protected against unfair competition and against deception of the customer who would not fee like supporting an act that would produce probably the very opposite result.

As I say, it is inconceivable to me that that has not been thought of, but somebody sometime during this hearing ought to come up with a well documented case on that.

Senator MUSPR. I think it should remain clear in the minds of the committee, Senator, that if the dairy industry could stroke an Aladdin's lamp and have the condition that it desires, it would not bring in the Wiley substitute. It would try to find some Federal way in which we could protect the consumer against the consumption of oleomargarine colored to imitate butter, but we recognize that there is a great determination on the part of a great many people to do something about oleomargarine. It is not a question of just being able to have what the dairy people want. There is unquestionably the factor that you make, that this is not a fool-proof and iron-clad protection of the dairy interests, but it does, No. 1, make it more difficult for large oleomargarine manufacturers to put their product in colored form on the consumers' table without having to build these plants within the States, and, No. 2, it does make it possible for the individual State to have the kind of conditions it desires within its State for the sale and distribution of oleomargarine. It makes it specifically and definitely a problem of States rights. If in some States like, let us say, New York or Illinois, or Ohio, where they have tremendously large city populations and probably the city population is more important than the country population and the major project is to give them some kind of spread at the cheapest conceivable price, they can facilitate that situation and can bring the oleomargarine industry in, if they want to, and let it establish itself and give it a tax-free grant of land. Out in the dairy country where we think we should concentrate on butter instead, we can set up barriers to make it more difficult, if necessary.

So it can be handled then by the States as a State program without doing the thing that Senator George fears and that I recognize is bad, having so-called State tariffs and State barriers whereby the people of South Dakota try to keep out the products of Georgia and the people of Georgia try to keep out the products of South Dakota. That is certainly inimical to the Union and should be avoided if possible. If the Federal Government can establish legitimate channels of competition in interstate trade, I think that the States will have to do the rest.

Senator JOHNSON. Senator, may I say a word? I feel certain that I can't add anything to what you have already said, but I would like to make the observation that anyone who believes in States rights ought not to have very much difficulty with the Wiley measure because that is what it is, a States rights bill. The butter industry, the dairy industry, is not like the steel industry. It is a local industry. In every small city and town you will find a creamery where they manufacture butter and where they manufacture ice cream and all the other dairy products. It is a peculiar industry in that it is so local in nature. I cannot see any reason for worrying about an industry that might want to become a national industry like the oleomargarine industry. If they want to operate in Colorado, they can set up a factory in Colorado, and operate under the laws of Colorado, just as the butter people have to do. Butter has to be manufactured under the laws of Colorado, and the health laws and the dairy laws rule and govern the operation of dairies there just as they do in every other State.

It seems to me that is not committing any violence to our form of government or to our method of doing things to require the oleo people to meet the butter industry, the dairy industry, on their home grounds.

Senator MUNDT. Mr. Chairman, that is a very important assist from one of the best shortstops in the league, and I am very grateful. That is very fine. Thank you, Senator Johnson.

I would like to point out that this problem is not new in Congress. It may have been brought to your attention before, but it was 1886 that Congress first recognized this problem and tried to do something on a Federal basis from the standpoint of oleomargarine. In signing that act the illustrious predecessor of Senator Connally, President Cleveland, made a statement that I would like to read. It is very short and I want to have it in the record.

Senator LUCAS. May I ask one question of the Senator before he reads that? You say on page 2:

The serving of colored margarine or colored margarine in violation of section 407 (b).

That is the Interstate Commerce Act, I presume, that you are talking about there. Do you understand that certain types and kinds of butter are also colored?

Senator MUNDT. Yes. That was discussed by Senator Thye, just a little earlier.

Senator LUCAS. I am sorry. I just wondered whether or not you had considered that.

Senator MUNDT. During the winter months, in the time when cattle cannot have access to general pasture, outdoor pasture, some color is added to butter.

Senator LUCAS. I just wondered if you would be willing to add the word "butter" there, the serving of colored butter and oleomargarine.

Senator MUNDT. No; because the purpose is to protect the butter industry in its popularization of yellow. That is its trade-mark. That is its identity. That has been established. All the other colors in the rainbow are available to oleomargarine, and they take yellow only because that makes it look like butter. They don't try to imitate mint jelly, which is mighty fine on toast, too, but which is green. They never make it green. They always make it yellow, for a good reason.

Senator LUCAS. But in order to have the proper sale for butter, there are times of the year when the manufacturers of butter do color the butter.

Senator MUNDT. That is because yellow is the natural color of butter.

Senator LUCAS. I understand that.

Senator MUNDT. And there are seasons of the year when to make the natural color come through they need some coloration.

Senator MILLIKIN. You don't add color to imitate some other product.

Senator MUNDT. No. It is just to keep it in conformity with its own particular color.

The CHAIRMAN. I think you will find, Senator, that you have some yellow oleomargarine, that you have even to bleach it out to keep it from being too yellow. It depends on your product. I think you will find that.

Senator MUNDT. Natural yellow oleomargarine?

The CHAIRMAN. Oh, yes. It depends on the oils and the fats that you use.

Senator JOHNSON. Cottonseed, for instance, Senator?

Senator THYE. The Senator is entirely right. There are certain oils that make it yellow.

Senator JOHNSON. Not cottonseed.

The CHAIRMAN. No; not-cottonseed. You feed cows cottonseed in order to get yellow butter.

Senator MILLIKIN. I think the chairman developed last year that there used to be certain imported oils, that are no longer used, that gave the yellow color and the chairman drew back to his early experience in a grocery store when he was a young man and pointed out that oleomargarine that he sold in those days was yellow color because of the particular type of oils that were put in it. But I think it also developed that they are not using those oils any more.

The CHAIRMAN. They have learned how not to use them.

Senator MUNDT. I imagine those particular oils gave a taste to oleomargarine which was not desirable.

The CHAIRMAN. It gave a taste, yes; but it was largely the color. Pardon me for interrupting you, Senator.

Senator LUCAS. Pardon me.

Senator MUNDT. I am very happy to have the interruptions and the discussion.

President Cleveland said in signing this act of 1886, whereby Congress first acted in the protection of the consumer and the farmer against the oleomargarine situation, and I quote:

If the existence of the commodity and the profits of its manufacture and sale depend on disposing of it to the people for something else which it deceitfully

imitates, the entire enterprise is a fraud and not an industry, and if it cannot endure the exhibition of its real character which will be effected by the inspection, supervision, and stamping which this bill directs, the sooner it is destroyed, the better in the interest of fair dealing.

You see, Mr. Chairman, the dairy people and the American public have come a long way since then.

Senator CONNALLY. That is the only thing that Cleveland ever said that you approved of.

Senator MUNDT. I thought you were going to say with which you disagreed.

Senator CONNALLY. You approve of that.

Senator MUNDT. I am not a complete student of the writings of President Cleveland, but if this is indicative of what he said generally, I heartily approve of what he had to say.

Senator CONNALLY. When you found that, you did not go any further, did you?

Senator MUNDT. I was completely satisfied with his statesmanship after having read that.

We have gone a long way since then. We are not asking for that kind of ironclad protection today. As Senator Millikin points out, this is not a complete protection to the family-sized farmer and to the dairy industry and to the housewife who gets some of her pin money from the cream checks. But it is, I think, a definite protection which will help in a great many areas, and achieves the objective which a great many people have presented with considerable persuasion to me, and that is that the poorer people should be entitled to buy oleomargarine at as cheap a price as they can; that the Federal Government is really levying a poor man's tax when it taxes oleomargarine; if we can find a different way by which we can protect the great dairy industry we should do it.

In a comparatively small State like South Dakota we have 49,954 farms selling dairy products out of a total of 68,705 farms. So that is a liberal percentage of our farmers. In fact 48,000 farmers out in our State—

Senator MILLIKIN. What is the average herd, Senator?

Senator MUNDT. These are small herds. We have but a very few specialists in dairy herds. I suppose they would run anywhere from 8 to 15 head on the average. This is money which largely accrues to the women, which they use for the little luxuries which they buy and some of the necessities for the children.

Senator JOHNSON. Cotton dresses.

Senator MUNDT. Cotton dresses which come from Georgia and citrus fruit from Florida.

Senator JOHNSON. They would want country clothes.

Senator MUNDT. You want them to eat pink Texas grapefruit, and so do I, and they need this in order to achieve that purpose.

Senator BUTLER. Senator Mundt, speaking of the number of farms and the income from the sale of butter or cream made by the people on these small farms, is it not a fact that during the depression days it was not a minor income? It was a main source of income. In fact, it was the only source of income that the farmers in much of the western area had over a period of years.

Senator MUNDT. That is not only true, Senator; it is emphatically true, but it is true out in our State that there are many, many months

of the year that the only cash crop they get on a farm in good times or bad comes from butter and eggs. It is tremendously important, especially with children in school, that there be some regular cash income which makes it worth while to milk cows which, after all is not an easy job. It is not a desirable job. It is something which is part of the farm business and procedure. It merits honest consideration.

I do not want to detain the committee any longer. I would like to say just one word in emphasis of the very persuasive testimony of Senator Thye about the family-size farm, because in South Dakota the dairy industry is the industry of the family-size farm. We have less than a thousand farms out there on which 50 percent of the effort is devoted to dairying. The dairying industry is part of the operation of the family-size farm. We are concerned, all of us, in maintaining a decent income for the family-size farmer, not only a good income but a steady income from which he has some cash resources and cash income through the year.

It has been figured, and I think accurately, that by permitting oleomargarine to be sold in direct competition, with no restriction, no restraint of trade and no tax, nothing except to let it try to seduce the housewife into buying it by making it appear to look like butter, making it taste like butter, giving it the melting consistency of butter, and everything else except the nutritive value of butter, would reduce the annual income to the American farmer by over \$600,000,000 per year. This \$600,000,000 is now going to farmers who are at the moment not getting the parity income of which Secretary Brannan talks. So we might find ourselves running into a situation where we would have to increase the Government purchases, the Government subsidy, or the Government support program, call it what you will, by over half a billion dollars if we destroy the revenue now going to the family-size farm from the butter industry.

I think it is important that we protect it. I think it is consistent with our whole American record of industry and commerce that we do protect it. The farmer has popularized yellow as the color of butter and should have the same right, I think, in protecting it that the lady who wrote *Gone With the Wind* down in Atlanta, Ga., has in protecting her rights and her royalties for that very fine literary achievement and that we give to the holders of a patent. I think that is consistent and sound. I think it is essentially sound surely that the people who buy oleomargarine should be fully aware of the fact that they are buying something which is not butter, just as when they buy a patent medicine bottle they know exactly what is in the patent medicine bottle.

Senator CONNALLY. They think they do.

Senator MUNDT. That is true. We are considering even going further in that direction, as you know, because some people like you and me, Senator, have to put their glasses on to read sometimes the fine type and they do not read it and get the wrong thing. But the idea is that we are trying to protect the person against buying something which it does purport to be.

Thank you very much.

The CHAIRMAN. Thank you very much, Senator Mundt.

Senator Hoey, I want to ask one question of you. I have a recollection that in your State you do not allow the serving of oleomargarine in restaurants and public eating places.

Senator HOEKY. No, sir; we have no prohibition like that.

The CHAIRMAN. I thought you did. I just wanted to clear it up as we went along.

Senator HOEKY. We have a great many small creameries in North Carolina. The creameries send around routes and take up the milk and produce a great deal of butter that way.

The CHAIRMAN. Congressman Murray? Congressman, come forward please, sir.

Senator MILLIKIN. Mr. Chairman, I wonder if there is any one here who can tell what is the percentage of butter consumed in homes and what is the percentage consumed in public eating places.

The CHAIRMAN. Can any witness here give that information?

Mr. TRUITT. Senator, I do not believe that information is available, but I would like to check into it and speak to you Monday on that, if I may.

The CHAIRMAN. If you find it, we would be glad to have it.

(The information referred to will be found on pp. 87 and 236.)

STATEMENT OF HON. REID F. MURRAY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Representative MURRAY. Mr. Chairman, I am over here under better conditions than those in which I came last year because then I was running quite a temperature trying to keep my own party from sinning. The situation is a little different now, and I am under orders from home, from my good wife. She asked who was chairman of the committee, and although she never had the pleasure of meeting you, she said, "You want to be careful what you say because you want to remember that Senator George is one of my favorite Senators."

The CHAIRMAN. You please give her my very best regards.

Representative Murray. So I am a little handicapped to start with.

My name is Reid F. Murray. I am from Wisconsin, the State that produces over an eighth of the milk in the United States, that has the most to lose if you aren't careful what you do on this oleo legislation. I would not have the temerity even to ask to come over here again, but I have a telegram from one of the largest milk cooperatives in the United States, which I ask unanimous consent to put in the record, in which they asked me to appear for them because they could not get here under such short notice. They have 25,000 members. There happens to be one of their members in the room at the present time. If I can finish up here I would like to have him meet the committee. He has been a member of this Pure Milk Cooperative Committee for many, many years. Mr. Leopold has been one of our agricultural dairy leaders in our State for at least a quarter of a century.

(The telegram follows:)

APRIL 8, 1949.

HON. REID MURRAY,

Member of Congress, House Office Building:

Respectfully request that you represent Pure Milk Products Cooperative at Senate hearing on oleo legislation. Informed hearing called for Saturday April 9. Impossible for us to appear on such short notice. You will recall the Pure Milk Products Cooperative has over 25,000 dairy-farmer members in Wisconsin. Our annual production is in excess of one and a half billion pounds of milk. We are largest milk marketing co-op in Nation. You are thoroughly familiar with our

position in this matter, and therefore we urge you use your judgment to foster that end.

WILLIAM O. PERDUE,
General Manager, Pure Milk Products Co-op, Fond Du Lac, Wis.

Representative MURRAY. To me this problem is much broader in scope than we generally realize. We have not only had the filled-milk law which leaves it to the States to decide what they want to eat themselves so long as the products are pure, but now we are confronted with the same thing so far as butter is concerned. The States' rights part of the Wiley bill wasn't put in by Mr. Granger or Mr. Andersen in the original bill in the House. That was put in there by the State rights people. It puts butter, then, in the same legislative situation as filled milk is. There are two other bills in the hopper before the Interstate and Foreign Commerce Committee of the House, one that prohibits interstate commerce in filled cheese, and by filled cheese I mean cheese where vegetable oils have been substituted for butterfat. Also one in regard to filled ice cream, where the butterfat is substituted by these vegetable oils. So this is just one phase of a broad picture.

I know most of these oleo people and I really think that these present oleo members are being taken for a ride. I don't think there is any doubt but that the advent of the Lever Bros. into this business is an indication of what is to come unless some protection is provided the dairy industry.

I call your attention to all this talk about yellow. Two and a half million dairy farmers should be entitled to a little protection on the color of yellow. Lever Bros. didn't seem to have any difficulty in getting protection on red for a certain kind of soap that no other soap company can make. That is Lifebuoy. I don't know that they call it a copyright or what you call it, but if Lever Bros. are entitled to it, I don't know that there is anything so sinful for two and a half million dairy farmers to ask for a copyright on the color yellow. So there would be nothing new in that field.

There is nothing new in the legislative field, because for 25 years we have had the filled-milk law.

Do we want to subscribe to a program where these synthetic or artificial or imitation products are going to be transferred without any regulation whatsoever, or are we going to leave it to the States themselves to run their own affairs?

I am sold on the States' rights idea and I don't know of any way that we are going to meet this problem. Only two States are making filled milk. One of them is Illinois and the other is Indiana.

If the people in Illinois want to eat filled milk, all well and good; that is their business, but all these imitation products still have to depend on the dairy industry. They even had to use dairy products when they tried to prove that the vegetable oil was nutritionally equal to a vegetable fat. They never ran an experiment that they didn't use two dairy products in order to prove it, either. That is the reason their experiments didn't amount to much, like the orphanage experiment at Chicago where the children ate oleo and ate butter, but the ones that ate oleo had all the milk they wanted to drink, so what difference did it make? No one has said oleo is poison or any other vegetable oil is poison. They have used all the tricks in the bag. I have never seen a man yet that can stand up before a group of fair-minded people that haven't any interest in it, who can stand up and try to defend all the contentions that oleo has made.

I feel that we are past that stage now. The broader field is as to what we are going to do. Of the 24 oleo manufacturers, 5 make more than the other 19, and if Lever Bros. follow the pattern they do in the soap business they soon will have a monopoly, because they did a pretty good job on the soap business. Are we going to go down the road to monopoly in which we are going to have the spread of this Nation controlled by one or two or three corporations, or are we going to stop, look, and listen and take our time and not go too fast down this road, because a State like Wisconsin, and that is the reason I appear here today, before the war, Senator, produced 12,000,000,000 pounds of milk. The reasons for that are because of the nature of the State, the topography of the land. During the war we went out and added to that 12,000,000,000, 3,000,000,000 pounds more of milk. So we produce 15,000,000,000 pounds out of the 119,000,000,000 produced in the United States last year. We did that at the request of our Government to increase this production.

I realize that butter was a dollar a pound a year ago in some places. I realize that you could have had it shipped in here if we had allowed it to come in, and I have put that official information from the Department of Agriculture in the record, at 62 cents laid down in New York a year ago, when we had this slight misunderstanding on this same subject. But they weren't allowed to bring it in here at 62 cents, so the price got out of line. The reason the price got out of line has never been disclosed. This gentleman who is sitting here today is selling his milk for between 30 and 60 cents a hundred less than the law says this very hour. Is it surprising that the whole dairy industry is alarmed when within a few months' time the milk has gone from \$4.50 a hundred down to \$2.60 or \$2.70 a hundred? It is \$2.40 in many places in Nebraska and South Dakota and those sections. Those sections like South Dakota, like those that the gentleman from North Carolina just mentioned here, are the people that are first affected, those small operators that separate their milk and send their milk to the creamery. They are the first ones to get caught so far as butter is concerned. My State doesn't make much butter, but they know if you can make oleomargarine legislatively equal to one dairy product, the next step is going to be the same thing applied to the cheese and the evaporated milk, and they make half the cheese and 30 percent of the evaporated milk in the United States. They know that. What has happened? In South Dakota, the last 3 years, Senator Mundt's State, the number of cows has been reduced 25 percent; in Kansas, 25 percent; in Senator Butler's State of Nebraska the number of milk cows has been reduced by 24 percent; in Oklahoma, by 22 percent.

In other words, this thing up to this time has affected the States where a large percentage of the milk goes into butter, as in North Dakota, and there, by the way, it is 28 percent, and between 75 and 85 percent of their milk goes into butter in North Dakota. Those are the people that have felt it first. The thing that alarms everyone is the fact that if that happens to the butter, what is going to happen when we get into the ersatz cheese business, and don't ever think it can't be done. I had the dairy department down here make some last year, substituting soybean oil for the butter fat and putting it with skim milk and making a common, ordinary cheddar cheese. If one weren't too much of a connoisseur of cheese he would think it was a pretty good kind of cheese, too.

The ridiculous part of the whole thing is that, sure, they can sell it cheaper. One reason they can sell it cheaper is because every pound of oil that goes into oleomargarine this last year has been subsidized by the Federal Government. I don't say the oleomargarine factories have been subsidized. I don't want to have to correct that because I didn't say that. But every pound has been subsidized in that the Government is losing as much as 20 cents a pound on every pound of oil in some of their oil programs. I will not guess what will happen next year when the Government carries out its oil-support program.

To me this is the most serious part of the whole argument: There are 10,000,000 people, at least, involved in this dairy industry. The average person hasn't any conception of the number of people directly and indirectly who live off the dairy industry, not only in my State but in many other States as well. President Truman says depressions are man-made, and I don't like to see Congress or any other man make one. We must be careful about the passage of this bill, the Ponge antidairy bill. I can sit here and look every man in the eye and say I honestly believe that a million people are going to be added to the unemployment rolls of this country if this antidairy Ponge bill is passed. I just believe that. I am not a relative of Babson's, and I have never seen the gentleman, but if we don't change our ways and think a little forward on some of these things, we are going to end up on the 1st of January with 5 to 10 million people in the United States unemployed. The jobs involved are the serious part as of the present time. I don't think this is any time to be rocking the economic boat whatsoever in agriculture or industry.

I can't justify the tax on the retailer in the store. I can't feel too badly for the oleo manufacturers paying a quarter cent tax so long as the processors of butter have to pay a quarter of a cent tax. In Wisconsin we pay \$5 per cow tax too. This is 2 cents per pound. They have to pay \$100 a year tax for a milk truck to take the milk to market. We shouldn't be shedding too many tears so far as the oleo manufacturer himself was concerned. Of if you wanted to ship a load of potatoes from Colorado to another State, who would pay the tax? The gentleman from Colorado would be paying the tax. So I can't see myself shedding too many tears for the oleo manufacturers on that quarter cent tax, although I won't try to defend the rest of the taxes. The oleo people have other protections that the dairy industry doesn't have. They have a chance to use what in my more rash moments I call embalming fluid but I shouldn't do that, I suppose. But anyway there is a preservative that they use in making oleo that the butter people cannot legally use. They also have a 7-cent duty on oleo the same as on butter. They also have a 15 cents a pound internal tax protecting oleomargarine that butter doesn't have. They also have the tax on the oil besides, 3 cents a pound on the oil in a pound of oleo. That would be 2.4 cents in addition.

Senator MILLIKIN. May I interrupt. You may be interested in knowing that the State Department told in committee recently that they will advocate the abolition of the tax on oleomargarine, the duty on oleomargarine.

Representative MURRAY. Do you mean altogether or the 15-cent internal tax?

Senator MILLIKIN. It is inconsistent with their present reciprocal trade program.

Representative MURRAY. The only countries that we would have to compete with would be Argentina and Australia because you have to have the skim milk. That is where the oleo people have to live off the dairy business. That is another thing about the oleo. The milk that goes into it, the 15 percent, is always clean. It never has a bug in it. But if you put it in a dairy product, then it gets all bad. I have noticed the arguments on that many times. I never figured how they get the bugs all out of it when they put it in the oleo. But I don't want to get into that angle of it.

Senator MILLIKIN. Do not let me divert you. That is something for the oleo people to think about.

Representative MURRAY. The oleo people are dependent upon the dairy industry because they can't make this product without the skim milk. They can get it into this country for a fraction of a cent a pound and they are rolling it in here from Canada. You can set up a plant anywhere you want to, and you don't have to use domestic oils, not a pound of it, and you don't have to use domestic skim milk. You can set up a plant and make millions of pounds of it and not have anything to do with any American cow or any American vegetable oil. The duty on the skim milk, as I say, is only a fraction of a cent a pound, and the oil can be brought in when it is used for edible purposes at 3 cents a pound.

Incidentally, I am not an expert on making oleo, but scientists tell me that the coconut oil is the nearest like butterfat of any of the vegetable oils. I don't want to spend any time on that particular issue because I don't want to qualify as an expert on oleo.

So I say to the committee, I have been around here 10 years. On the agricultural committee I have tried my hardest to control this situation. I believe in a bill that we can all agree on and take off the taxes and still protect the dairy industry and try to have a little friendliness between different agricultural groups. American agriculture is in enough trouble today when you realize that right this last year, with all the talk that we hear, we have imported more agricultural products than we exported. In other words, we do not seem to be able to give agricultural products away as fast as they dump them onto our market. So I say that we are in enough trouble if we all play ball together.

Don't shed too many tears for the oleo consumer. I know my good friend will be here to talk for the consumers. I don't want you to be misled by her. I want to tell you a little something that I want to do for you. We talk about free trade with the world. We love them all, and you know all that goes with it. If Washington is the only city where we can do something about the milk supply, I would like to bring into the city of Washington milk, grade A milk, pasteurized, homogenized milk. Mr. Brannan yesterday said people should be provided milk at 15 cents so I will settle for 15 cents. His proposal is to subsidize milk for the people. It is going to cost a billion dollars. He will let them have 15-cent milk, but I want to give Washington 15-cent milk without taking any money out of the United States Treasury. Remember, grade A, pasteurized, homogenized milk. Who is there who can complain about it except through the artificial trade barrier we may have here in Washington because we

are letting our good oleo friends use 15-percent skim milk. They probably pasteurize it. In the process of making the oleo they probably boil it. They don't know whether it is grade A milk or whether it isn't. So they can't complain too much that it is going to be too detrimental to the people. So if you are really interested in the low-income groups, let us remove some of our internal trade barriers. I think that the farmers in this country from my experiences with them and I know enough about them to know that they are not going to send any milk that they shouldn't send, and they are not going to cut any corners as a group. They can furnish this type of milk, put it right down here in Washington for 15 cents a quart. They can put it for less, but I want to start at what Mr. Brannan says, 15 cents.

In conclusion, may I state that while in the past the American oleo people have been using the low-income groups and the housewife as a front, the Lever Bros. are now using the domestic oleo manufacturers as a front. The future will prove that we are in danger of setting up just one more monopoly. The farm co-ops of the country are now here in Washington. Important congressional leaders have addressed them, castigating cartels and monopolies. But have you heard any one of them speak up and protest the vegetable-oil monopoly? Why talk so much against monopolies and then vote for and support them?

Now, Mr. Chairman, as I said, you might be interested in Mr. Leopold because most of the people in my State are first and second and third generations from other countries. I have wondered how they were able to do all the things they have done out in Wisconsin without coming down to Washington and asking somebody to do it for them. In other words, it seems to me they have been milking the cows instead of trying to milk the United States Treasury all the time. They built a lake 27 miles long, last summer, and I don't know of anybody in Washington who knows about it. Mr. Leopold came to our State in 1904. There was a group of Jewish people who settled in that community. Mr. Leopold is the only one left on the farm. The others have gone into more lucrative businesses. He has been a dairyman all these years and he is a dairyman now. He is a member of this same organization that you were gracious enough to allow me to represent. I hope that you will give him a few minutes, if you will, Senator. I would like at this point to put in the record a little clipping I took out of the Baltimore Sun that tells you how fast the livestock industry is growing in Georgia. I thought maybe the distinguished chairman would like to read it.

The CHAIRMAN. Yes. We are very glad to have it developed here. We would be very glad to have Mr. Leopold, too.

Representative MURRAY. Thank you very much.

The CHAIRMAN. We were glad to have you, sir.

(The clipping referred to follows:)

LIVESTOCK GAINS NOTED IN SOUTH

ATLANTA.—Next to mechanization of its agriculture, notably cotton, the most significant thing in the swiftly changing southern farm scene is the growing importance of the region as a livestock country.

By 1943, livestock production in this State was bringing the farmers more than cotton. Of each \$100 of gross farm income, \$36.50 came from livestock; \$27.80 from the sale of cotton and cottonseed, and \$35.70 from all other crops.

Agricultural experts see promise of increasing contribution from this industry to Georgia progress.

Feed is the limiting factor for the further expansion of the industry, the agriculturists say, pointing out that a great deal more cheap feed can be provided through expansion of the acreage devoted to improved permanent pastures.

Since the South Atlantic States have, in the past decade, learned to produce as much cotton on half the acreage as formerly, much of the land thus freed has gone into fine pasture land.

There are today more than 1,500,000 acres of improved pasture. As the result of more thought and sound judgement in regard to livestock feeding, the production of oats, wheat, rye, barley, and grain sorghums has increased over 100 percent in the last decade.

Agricultural scientists say that there is great hope in the hybrid corns adaptable to the region. Sweetpotatoes, which the region can grow easily, are now dehydrated and fed to livestock as a substitute for corn.

The CHAIRMAN. Mr. Leopold?

STATEMENT OF MAX LEOPOLD, ARPIN, WIS.

MR. LEOPOLD. My name is Max Leopold, from Arpin, Wis., in Wood County. I am glad to have the privilege to be here. I heard the testimony given by Senator Thye and the Senator from South Dakota and I am proud of the two neighbors of our State, because they really have given you the facts as they exist. But I am a farmer who has lived there over 40 years, milking cows, and Wisconsin is a State, as Reid Murray, our Congressman stated, that is made up of cows alone. With the exception of 30 miles north of the Illinois border and a few miles east of the Mississippi River and some around the lake, we can't raise corn to fatten cattle or raise hogs. We can raise wheat and corn to feed chickens. On my farm we keep usually about two dozen chickens and 32 milk cows. I have lived in Wisconsin all my life pretty nearly, although I was a foreigner, born in Rumania. I have been in the agricultural work all my life. I know the facts that we taught in Wisconsin 40 years ago was not the cottonseed meal or the soybean meal. We were always taught about the coconut cow. The reason the State of Wisconsin was so furious and tried to put exorbitant taxes on oleo is because at that time we believed that we were not fighting the American farmer as a farmer, because he was a very small part in the production of the oleo, but it was a coconut cow that we imported. In 1933 when we had a Democratic governor, Governor Smedeman, we had a State senator, Ryan Duffie, whom I think you gentlemen remember, and I happened to be chosen at that time chairman of the Governor's dairy committee. I came up here to help our dairy farmers in the State. At that time the State of Wisconsin tended to put up a bigger tax on oleo and we fought against it because at that time we realized that the American farmer was beginning to become a part of the oleo industry, that more and more soybean oil and cottonseed oil was a part of the materials from which oleo is made. For the last number of years the farmers of Wisconsin have been in favor of removing the tax if they give us a chance to sell butter as butter. Years ago before we had the White House creamery there, the condensery, we churned our butter and milked only in the summer. We never had to use color for our butter because, as Senator Thye said, it was natural. With green grass and good pasture, we produced an abundance with good color.

It is not only 50 percent of our income in Wisconsin that is from milk. In our county it is 90 percent of the income, and we always sell some of the cows that are milked out and the bull calves. We don't raise them all.

I think you gentlemen are fair. I like to see the feelings and expression of you gentlemen here today. As I say again, I am proud of our three neighbors over there working for the interests of the people.

We have 185,000 farmers in the State of Wisconsin, of whom 125,000 produce nothing but what we call surplus milk. It isn't bottle milk. I understand people understand everything is milk. People consider milk only that which goes in the bottle. Our milk goes into the creameries. Our milk goes into the condenseries, and it still is milk. As farmers who produce milk for surplus purposes, we are a little penalized. I think it is going to hurt you more, farmers who live on the farm, a great number of us. Wisconsin happens to be the unfortunate State which has the most of them that are going to be hurt by allowing the production of oleomargarine and coloring and sending it out without a tax.

I remember well, Senator, and it is a true statement, when the State of Wisconsin raised the tax on gasoline to 4 cents a gallon. Illinois had 3 cents a gallon. My wife and I in 1926, I believe, took a trip to Illinois, and we stayed in Madison, which is our capital city. We made quite a few trips. I didn't fill up my tank with gasoline there but went about 50 miles south of the Illinois border and filled up my gasoline tank and the man over there charged me the same price as in Wisconsin. It was a Standard Oil Station. I said, "Sir, I thought I would get gasoline 1 cent cheaper here than we do in Wisconsin."

He said, "My friend, I have nothing to do with it. The company has raised the price here to equalize the price they get in the State of Wisconsin."

I am telling the consumers in our cities they are fooling themselves to believe that by taking off the 10 cents a pound and leaving that stuff colored, it won't be a long time until they are paying 10 cents to the manufacturer and the farmer won't get it.

I have full confidence in you gentlemen that you will see our point of view. The farmers are absolutely dependent upon the cow for a living. As I said, out of the 185,000 in the State of Wisconsin, I am sure there are 125,000 to 140,000, that the biggest share, 75 to 80 percent, whose income comes from milk or cows that we sell. We can raise no hogs because we can't raise corn. I will say one thing, for 43 years, last year was the first year that the Lord has given us even up North in Wisconsin a chance to pick some ripe corn. But it was an exceptional year. We had a good year for corn. We had a bad year for hay. We had to buy a lot of hay.

I thought I would give you those few statements. I am satisfied that you men, who are representatives of all the States, will realize that Wisconsin is only a small State. I don't know how big it is, when I look at the capital and all those things there. My children were all born and raised there, and then others like mine who came from Sweden and Norway, Holland, and all those places. They, too, have a right and expect to have the right and protection of this Government for them and my children's children to have the same privilege as I had when I bought the wild 80 after the lumber company moved out of there. Remember, Senator, I was born a Jew, I am still a Jew, and had no precedents to follow. Not knowing how to sharpen a saw or an ax or how to set a saw, I went out and made a farm out of cut-over land. I want you to give my children and their children the same chance. I thank you very much.

The CHAIRMAN. We are very glad to have had you, and let me assure you we try to do the right thing about it.

Senator CONNALLY. What size town do you live in?

Mr. LEOPOLD. We have 220 people.

Senator CONNALLY. You live in a town?

Mr. LEOPOLD. No. On the farm. It is outside of town, not far away. Our township is not an incorporated town.

Senator CONNALLY. Then you don't live in town. You live out on a farm.

Mr. LEOPOLD. That is right, yes.

Senator CONNALLY. I congratulate you. That is fine.

The CHAIRMAN. We are very glad to have you, sir.

Mr. Smith, are you present?

STATEMENT OF HAROLD O. SMITH, JR., EXECUTIVE VICE PRESIDENT, AND R. H. ROWE, SECRETARY, UNITED STATES WHOLESALE GROCERS' ASSOCIATION, INC., WASHINGTON, D. C.

Mr. SMITH. Mr. Chairman, my name is Harold O. Smith, Jr. I am executive vice president of the United States Wholesale Grocers' Association, Inc., which is a national trade association of wholesale food and grocery distributors, with headquarters here in Washington.

I might suggest, Mr. Chairman, that the people that we represent, the independent wholesale grocers, are the principal distributive outlet for a large part of the farm products that reach the housewife. We therefore are not attempting in any way to take sides of one farm group as against the interest of other farm groups. Our real interest lies in expressing to you our views as the servants of the housewife and what we find in serving the retail grocer from whom she buys, as to what her wants apparently seem to be.

I appear as a proponent of H. R. 2023 as passed by the House, which would remove all Federal taxes on colored and uncolored oleo-margarine and as an opponent of any amendment to the House bill or any Senate bill that would forbid the interstate shipment of yellow margarine. Also, we agree that any repeal bill should require public eating places to identify servings of margarine as such.

I might suggest there that the bill, as I understand it, presented by Senator Wiley preventing interstate shipment would also apply to the wholesale grocer and the retail grocer. Our wholesale grocers frequently serve across State lines, sometimes in the way of branches across State lines but more often in the way of direct deliveries out of their warehouses to retail and institutional users across State lines.

In order to avoid duplication, we are leaving it to other proponents of outright repeal to present the merits of margarine and the benefits that would accrue from repeal to the pocketbooks of consumers and to producers of cottonseed and soybeans and other products of the farms of this country.

We desire, therefore, to make our presentation from the viewpoint of wholesale distributors. We object to the imposition of the taxes because we think it is a rank and unwarranted injustice that any wholesome food product should be subjected to discriminatory taxation. But even more serious to us as merchants are the high license fees we are required to pay, the burdensome and costly record keeping and report making required of us by Treasury regulations and the

large aggregations of penalties to which we are subject for possible violation of extensive and technical regulations.

The wholesaler is required to pay an annual occupational license fee of \$200 for uncolored margarine and \$480 for colored margarine. In addition, he must keep records and file monthly reports of both his incoming and outgoing shipments of margarine. It costs our members, whom we have queried on this subject, from \$60 to \$100 per month for clerical work incident to keeping the records and making the reports, which sums, as you can see, represent on an annual basis several times the amount of the annual license fees. If a wholesale grocer has 14 or 15 branches, that amount, \$60 to \$100 a month record and reporting costs, really applies to each of his branches.

The regulations prescribe seven points of record keeping and 11 points of report making, a total of 18 specifications. There is a fine of \$50 to \$500 or imprisonment for 30 days to 6 months for each violation of requirements as to records or reports. There are 8 additional major penalties to which the wholesaler is subject for possible violations of other regulations running from fines of \$50 to \$2,000 and imprisonment up to 2 years.

Now, since all these bills that are before you provide for repeal of taxes and hence of record keeping and report making, it would appear that our objections have been met and that we might well be satisfied with enactment of any bill that repeals taxes and the auxiliary regulations.

We are, however, unwilling to trade freedom from record keeping and report making for a ban on the interstate shipment of yellow margarine. Our reason for taking this position is that the housewife prefers buying precolored margarine in the grocery stores to undergoing the trouble and bother of coloring white margarine in her kitchen.

In this respect precolored margarine falls in that growing class of ready-prepared foods that shorten kitchen hours and, therefore, have wide consumer acceptance, for example, flour mixes, pancake and waffle mixes, biscuit dough preparations, spaghetti dinners, beef stew, gravies and in the frozen field precooked meals of various types.

We consider the consumer as the final arbiter of what foods we shall handle, their price range, nutritive value, taste, color, packaging and labeling. The retailers whom we supply observe these considerations also, and in addition, undertake to afford the shopper clean, well-arranged and attractive stores and prompt and courteous attention, all designed to please and satisfy their real boss—the American housewife.

As merchants, we have no prejudice for margarine over butter or butter over margarine or for any other food and grocery item over another. We cater to wants and wishes of the consumer as reflected to us by our retail outlets.

Some of our members handle both butter and margarine; some, only butter; some, only margarine and some, neither. In February 1948 in response to a questionnaire on margarine sent to a cross-section of our membership, we received 226 replies. Of that number only 28 then handled margarine, but 135, that is of the 226, said that they would do so if the taxes and other restrictions were removed.

Margarine, however, represents only one food and grocery item among 1,600 to 2,500 items of various brands and sizes usually carried by the full-line wholesale grocer. These items include many nonfood

lines such as soaps, cleansers, matches, woodenware, paper products, cordage, galvanized ware, household drugs and household hardware.

So you see that neither the wholesale grocer nor the retailer can devote too much time and effort to promoting the sale of margarine. They cannot neglect the many other items. Yellow margarine lessens the sales effort because it comes already colored and in attractive form; no bother, no waste. It is thus a wanted item, with fast turn-over possibilities.

In making a plea for precolored margarine, we consider that we are undertaking to be instrumental in serving the housewife in the way that she wants to be served. Her wish is our command.

In conclusion, there seems to be a growing tendency of various States, counties, and municipalities to establish burdensome and harassing trade barriers, such as limitation on truck transportation and truck loads, unloading taxes, duplicating cigarette-stamp requirements, and other impositions of various kinds. The House Small Business Committee in its report to the Eightieth Congress recommended that the Federal Trade Commission conduct a study of these trade hindrances and their effect on the general welfare.

In view of the foregoing situation, we deem it highly ill-advised that the Federal Government should lend aid to this obstacle race by endeavoring to erect a barrier at State lines to the free flow of trade in a wholesome and wanted food product.

The CHAIRMAN. Are there any questions?

Senator MILLIKIN. Mr. Chairman, how does the corner groceryman buy his butter? Does he buy it from a local creamery? I suppose in some instances in very small places he might buy it from the farmer direct, but what is the normal distribution channel for butter to the corner groceryman?

Mr. SMITH. That is a question I am not fully qualified on except that I do know in many instances it does go through regular distributive channels. Quite a few of our people do handle butter. If some of those products are going to be handled over a long haul, butter or margarine, then of course it requires refrigerated trucks to handle those things.

Senator MILLIKIN. Would you say that the bulk of the butter was purchased by the corner grocerman from local creameries, local distributing facilities?

Mr. SMITH. Mr. R. H. Rowe, the secretary of our association has been in this field since 1919 and has been very close to the subject. I would like to see if he has an answer to that if I may be permitted to do so.

Mr. ROWE. I think they would get the larger proportion of their butter not from the wholesale grocer but from the local creamery or the national creameries, dealers in butter. As Mr. Smith has pointed out, both butter and margarine requires certain cold storage and refrigerating equipment so that not too many wholesalers handle either butter or margarine.

Senator MILLIKIN. Thank you very much.

The CHAIRMAN. Miss Jean Whitehill is listed as the last witness, I believe. Mr. Robert E. McLaughlin, of AMVETS, has a two-page statement which he desires to put in the record. He will not appear in person. Please enter that in the record as having been submitted by Mr. McLaughlin.

(The statement of Mr. McLaughlin follows:)

STATEMENT OF ROBERT E. McLAUGHLIN, NATIONAL LEGISLATIVE DIRECTOR,
AMVETS

Mr. Chairman and members of the committee:

Last year AMVETS strongly supported repeal of the antimargarine taxes on all of the following grounds:

1. It is absurd that special occupational taxes should place handlers of oleomargarine in the same class, in the United States Code, with handlers of narcotics, marijuana, liquor, and firearms.

2. Oleomargarine taxes are discriminatory, and tend to distort the competitive position of two domestic industries.

3. License fees on handling of oleomargarine favor larger firms over smaller ones.

4. Dealers in oleomargarine must pay burdensome license fees. (There is also a mass of highly technical regulations and requirements which grocers must follow.)

5. When butter is not yellow, color is added. Similarly, coloring of oleomargarine should be permitted without penalty.

6. Coloring of oleomargarine in the home wastes time, effort, and part of the product itself.

7. Oleomargarine taxes raise the price of the product to the consumer, an important item when the cost of living is so high.

8. Oleomargarine taxes interfere with the most efficient utilization of our national resources.

9. Public health is safeguarded by pure food, and punitive oleomargarine taxes are not necessary for this purpose.

10. Oleomargarine taxes limit consumers' freedom of choice by penalizing the sale of artificially colored oleomargarine, and not the sale of artificially colored butter.

11. Oleomargarine is just as nutritious as butter.

The action taken last year, as stated by AMVETS spokesmen when they testified before congressional committees, was founded upon a vote of the AMVETS national executive committee.

Since that time, the rank and file of our organization have had an opportunity to make their voices heard. At our fourth national convention, at Chicago last September, the delegates from all over the country issued a unanimous mandate to continue the fight against this discriminatory form of taxation.

As a representative of AMVETS, I brand it as un-American and indefensible in a country that fights wars to prevent infringement upon the freedom of thought and private enterprise. A civilian army thinks a lot about the ideals of its country as it moves into deadly combat. And many a soldier, sailor, and marine has resolved to himself, when he read the news flashes from back home, that he was going to do something to express himself in the processes of his Government when and if he got back home. AMVETS is one of the results of such thinking. It is the organ of nearly 150,000 of such ex-servicemen and women. It represents urban and rural communities alike—North, South, East, and West—of the 48 States of the Union, and no special interests. I am proud to carry to the Congress the message of this fine organization; and I request the consideration which such recommendations deserve.

I appreciate deeply the privilege of presenting these views to the committee.

The CHAIRMAN. All right, Miss Whitehill.

Miss WHITEHILL. Mr. Chairman, off the record I think I should tell you that I am also that representative of the consumers against whom you were warned by Congressman Murray, so be very careful.

STATEMENT OF MISS JEAN WHITEHILL, MANAGING EDITOR,
CONSUMERS UNION OF THE UNITED STATES, INC., NEW YORK,
N. Y.

My name is Jean Whitehill. I am employed as managing editor by Consumers Union and appear before you as a representative of Consumers Union, a nonprofit technical organization which serves 250,000 consumers all over the United States.

In being permitted to testify before you, I am going to try to keep my arguments very simple, and to avoid as much as possible boring you with a repetition of preceding testimony. I shall only try to indicate why a consumer organization is concerned with this question and what our stand is. As we understand it, you have under consideration before you H. R. 2023 as voted by the House of Representatives. This bill, in addition to removing all Federal taxes will permit the manufacture and sale of yellow margarine in interstate commerce. It will protect consumers in public eating places against having margarine substituted for butter without their knowledge and consent. But there is considerable pressure to have this bill amended to forbid the sale of yellow margarine in interstate commerce, and it is such a proposal which we strongly oppose. We also oppose proposals such as Mr. Baldwin's bill which ostensibly permits the free sale of yellow margarine, but actually controls the coloring so as to produce an esthetically unappealing product.

To sum up, we stand for the right of the citizen-consumer to purchase any product of his choice, provided it is not harmful, and we also favor the right of American industry to engage in free and open competition, regulated, but not unfairly restricted. We endorse the right of the housewife to buy a ready-to-use margarine at every corner store. We, along with other representatives of consumers, consider anything which forces the housewife to enter into unnecessary home preparation, in order to protect a single industry, both unfair and discriminatory. We do not agree that there is anything sacrosanct about the color yellow or that it is the sole and exclusive property of the dairy industry. Through habit it has also been accepted as the usual and satisfactory color for another table spread—margarine. We defend the right of every housewife to buy it in this color and we consider irrelevant the arguments about why she does or doesn't want it white or purple, or the deep orange suggested by Mr. Baldwin. Much has been made of the comparative ease with which the housewife can color margarine—but the question is not whether it is a comparatively easy or fairly difficult problem, a slight burden, or a great nuisance. It is, very simply, Why should she have to do it at all? We throw our weight against any unnecessary restriction imposed upon an often unwilling housewife, and we maintain that any time, no matter how little is involved, demanded by the coloring process is discrimination in favor of the dairy industry, and does not help maintain better living conditions in the home. We are concerned with the defense of the consumer and not with the defense of any industry, which should stand or fall by its own performance and integrity and by the quality and price of its products. The dairy and margarine industry should face normal competition, and we protest the burdens which it is proposed that the Government impose on one industry while according special privileges to another.

Before taking up what seems to us one of the most grave disadvantages of the proposal to allow colored margarine to be sold only in intrastate commerce, I would like to discuss with you for a few moments the question of deception, which has been debated rather freely.

Since margarine now sold in yellow form must be, and is, clearly and plainly marked on carton and bar, there is no possibility that the

housewife, who buys 93 percent of all margarine, will be deceived, if she can read.

As to the 3½ percent of margarine sold for restaurant use, I am quite satisfied that the safeguards provided by H. R. 2023 are not only adequate, but that they have been proposed by legislators who are bending backward in an attempt to give complete protection against possible deceit.

The issue, as we see it, is between permitting yellow margarine in interstate commerce or limiting it to intrastate commerce. Since colored margarine is a good, wholesome food product, it should be permitted to be distributed as freely as colored butter. Only in this way is the consumer interest properly served. By limiting the distribution of colored margarine to intrastate commerce, you are removing it from the jurisdiction of the Federal Food and Drug Administration.

In protesting the withdrawal of protection afforded by the provisions of the Federal Food, Drugs, and Cosmetic Act, I want to make clear that we at Consumers Union are no Johnny-come-latelies in the field of Federal supervision of foods.

As far back as June 1936 our monthly publication, *Consumer Reports*, carried an article on the Copeland bill, destined to become the Food, Drugs, and Cosmetic Act of 1938. We have kept constantly before our readers the need for strengthening the law, opposing weakening amendments, and appropriating sufficient funds for its enforcement.

Our organization has had a long, continuing, and impelling concern about the existence, enforcement, and implementation of the Food, Drug, and Cosmetic Act. That is why we are so shocked at the proposal to remove margarine from its protection insofar as 33,000,000 consumers are concerned.

This is as good a point as any at which to remind the committee what protection the consumer is now afforded by the Food, Drug, and Cosmetic Act and the standard of identity for margarine. It is this protection that will be removed if you succumb to persuasion and report out a bill permitting the sale of colored margarine in intrastate commerce only.

First of all, a food must not contain any poisonous or deleterious substance which may render it injurious to health.

A food must not bear or contain any added poisonous or deleterious substance which is unsafe.

A food must not contain any filthy, putrid, or decomposed substance or be otherwise unfit for food.

A food must not be prepared, packed, or held under insanitary conditions under which it may become contaminated.

Damage or inferiority of a food must not be concealed.

No substitute may be added, mixed, or packed with a food to increase bulk or weight or make it appear better or of a greater value than it is.

A container must not be made, formed, or filled so as to be misleading.

If a food purports to be or is represented as a food for which a definition and standard of identity has been prescribed by the regulations, it must conform to such definition and standard.

Regulations in regard to labeling stipulate that labeling must not be false or misleading in any particular.

Food in package form must bear a label containing the name and place of business of the manufacturer, packer, or distributor and an accurate statement of the quantity of the contents, and if it is a food for which a standard of identity has been prescribed by the regulations, its label must bear the name of the food specified in the definition and standard and, insofar as may be required by such regulations, the common names of optional ingredients in such food.

If a food bears or contains any artificial flavoring, coloring or chemical preservative, it must bear labeling stating that fact. This requirement does not apply in the case of butter.

Any word, statement, or other information required by the act to appear on the label must be prominently placed thereon with such conspicuousness and in such terms as to render it likely to be read and understood by the ordinary individual.

While provisions identical with those above appear in many State acts, enforcement is often grossly inadequate, due to insufficient funds and personnel.

On June 5, 1941, a standard of identity was promulgated for margarine which, among other things, requires that the finished margarine contain not less than 80 percent of fat, and stipulates the types of fat which are allowed to be used and their relative proportions. It further states that margarine should contain either cream, milk, skim milk, or any mixture of two or more, including a combination of dried skim milk and water in which the dried skim milk is not less than 10 percent of the weight of the water. It would permit margarine to contain artificial coloring, a preservative such as sodium benzoate in regulated amounts, vitamin A—and this must be not less than 9,000 U. S. P. units per pound—diacetyl, lecithin in specified amounts, butter, and salt. The standard is explicit that when any of the foregoing ingredients are used, the label must so state and in the terms set forth in the standard. Whenever the name oleomargarine appears on the label so conspicuously as to be easily seen under ordinary conditions of purchase, the words showing the ingredients used must immediately precede or follow the word "oleomargarine."

In a decision by the United States Supreme Court in 1943 the purpose of standards of identity is set forth in these terms:

The legislative history of the act manifests the purpose of Congress to substitute for informative labeling, standards of identity for food sold under a usual or common name so as to give to consumers who purchase it under that name assurance that they will get what they may reasonably expect to receive.

It is difficult, if not impossible, to believe that legislators from States where colored margarine is manufactured, which will be the only States where it may be sold if the proposal under consideration is passed, would wish to take away from their constituents the assurance that "they will get what they may reasonably expect to receive." Since most States are notoriously lacking in enforcement machinery, consumers will receive protection far less adequate than that to which they are entitled and which they now get on foods in interstate commerce under the Federal act. When these Senators realize the full implications of what is proposed, I doubt that they will want any part of such regressive legislation.

What is the immediate situation in terms of availability of colored margarine to consumers? Under the proposed bill (H. R. 2023) colored margarine could enter free of Federal taxes and restrictions into 30 States and the District of Columbia, right this minute. These States contain better than half of our population, or 70,484,140 persons by the 1940 census figures. Now, if margarine is judged unsuitable to be available it drops immediately to 33,497,884, or less than half. These 33,000,000 persons are the inhabitants of the 11 States where margarine factories are now located and where colored margarine is now permitted by State law, and they are only about one-quarter of our population.

I will venture only briefly into the realm of speculation and the unprovable and will make the prediction that small, slap-dash factories may quickly spring up in the rest of the 30 States where colored margarine is now permitted by State law. I will go further and predict that the quality of much of the margarine produced there, freed from the restraints of Federal law, will have a good chance of being below present standards.

The more self-interested thinking is, the more clouded it tends to become. That is why one searches in vain for the logic in the thinking behind a bill which would bar the distribution of a safe, wholesome food such as yellow margarine from interstate commerce. Only as a strategist, and a rather desperate one, in an industry struggle would such procedure make any sense, but I confess my education in civics didn't adequately prepare me to accept the idea of the Government's lending its offices to that kind of special interest legislation. If the Congress proposes thus to protect one industry from a competing industry, then I should not be too surprised to find representatives of, let us say, the radio manufacturers, the book and magazine publishers or the movie producers down here asking for a law which would prohibit manufacturers of television sets to sell them in interstate commerce. Such special pleaders might find the Congress already besieged by the manufacturers of silk hosiery, if there still are any, asking for a law which would put an excise tax on nylon stockings. If I may be permitted to be personal, I can speak to this point with some feeling. My father was a manufacturer of cotton hosiery, and while I was rather young at the time, I have no recollection of his ever trying to get anyone to legislate against silk hosiery, although its manufacture, of course, put him out of business. But his experience was a lot more drastic than that which may be expected by the dairy industry, for I just do not believe the Cassandras who threaten us with its imminent demise.

In closing, may I repeat that Consumers Union supports H. R. 2023 as voted by the House of Representatives. Our main areas of concern, should that bill be amended, are: withdrawal of Food and Drug supervision of margarine and the loss to the consumer of free choice in the market as a result of the Government's favoring one industry at the expense of another.

The CHAIRMAN. Any questions, Senator Millikin?

Senator MILLIKIN. What is the distribution of your membership?

Miss WHITEHILL. We have a national distribution. Our circulation is something over 250,000. We have subscribers in every State. Our distribution is heavier along the coasts. I would say that prob-

ably the Middle Atlantic States would lead, that they would be followed very closely by the Western States, the Pacific Coast States; that the next area would be the Middle West, including probably the cities of Detroit and Chicago. But our smallest concentration would be in the South.

Senator MILLIKIN. And the greatest concentration is in the cities?

Miss WHITEHILL. Yes. Over 50 percent of our subscribers live in cities of 100,000 or more.

Senator MILLIKIN. Thank you very much.

The CHAIRMAN. Thank you very much, Miss Whitehill.

I believe there is no other witness scheduled for this morning and so the committee will recess until 10 o'clock Monday morning.

(Whereupon, at 12:15 p. m. the committee recessed until 10 a. m. Monday, April 11, 1949.)

OLEO TAX REPEAL

MONDAY, APRIL 11, 1949

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to recess, at 10 a. m., in room 312 Senate Office Building, Senator Walter F. George (chairman) presiding. Present: Senators George (chairman), Millikin (presiding), Butler, Martin, and Williams.

Also present: Mrs. Elizabeth B. Springer, acting chief clerk.

Senator MILLIKIN. The meeting will come to order. Mr. Holman? Will you make yourself comfortable, Mr. Holman. Senator George has to go to a meeting for a little while. He has read your statement, but for a little while he will not have the pleasure of hearing you.

STATEMENT OF CHARLES W. HOLMAN, SECRETARY, NATIONAL COOPERATIVE MILK PRODUCERS FEDERATION, WASHINGTON, D. C., ACCOMPANIED BY OTIE M. REED, CONSULTING ECONOMIST

Mr. HOLMAN. I am deeply sensitive of the Senator's consideration. I saw him reading the statement.

Mr. Chairman, before entering into my testimony, in which I will proceed to identify myself, I would like permission to introduce as a part of my testimony some revised and selected statistical tables which bear very closely upon the problem before the committee. Senator Millikin will recall that last year we introduced these tables. We have reduced them considerably and brought them up to date to the extent that they could be.

Senator MILLIKIN. Do you wish them put in the record, Mr. Holman?

Mr. HOLMAN. I would like to have them put in the record as a part of my testimony.

Senator MILLIKIN. They will be put in the record immediately after Mr. Holman's testimony.

Mr. HOLMAN. And a study which we have just completed of the character of the State oleomargarine laws that are in force at the present time.

Senator MILLIKIN. That also will be put in the record immediately after Mr. Holman's main testimony.

Mr. HOLMAN. A legal analysis of the proposed Gillette-Wiley amendment in the nature of a substitute to H. R. 2023 by Mr. Marion R. Garstang, counsel of our organization.

Senator MILLIKIN. That will be put in the record.

Mr. HOLMAN. And a legal brief on the constitutionality of the proposed amendment.

Senator MILLIKIN. That will be put in the record.

Mr. HOLMAN. And finally, a memorandum by way of a letter from Mr. Garstang to me commenting upon certain remarks which Senator Fulbright made in testimony of April 8 with respect to intrastate problems of the State.

Senator MILLIKIN. That will also be put in the record.

Mr. HOLMAN. Senator, my name is Charles W. Holman, and I am secretary of the National Cooperative Milk Producers Federation, with headquarters at 1731 Eye Street N. W., in this city. I would like to file at this point a list of our national directors, all of whom are farmers or their employees and a list of our present member associations.

Senator MILLIKIN. That will be put in the record at the end of your statement, also.

Mr. HOLMAN. The total now is 86. In addition there are about 600 submember organizations. That is, some of our organizations are federations of their own.

Senator MILLIKIN. Are all of these associations cooperative associations?

Mr. HOLMAN. All of them are cooperative, and all of them are farmer-owned. These owners, these farm families, according to our latest figures, number approximately 425,000, and they reside in 47 States.

Also, Senator, these organizations which the farmers own last year marketed a little over 19 percent of all the milk and separated cream that left the farms in the United States. I am here to testify in behalf of the Gillette-Wiley amendment in the nature of a substitute to H. E. 2023 as passed by the House. That amendment, I understand, was referred to this committee by the clerk for consideration.

We believe that the substitute amendment is superior to the bill which passed the House.

In the early fall of 1948 dairy groups generally, including our federation, adopted a policy of favoring the prohibition of the manufacture and sale in commerce of oleomargarine colored yellow in imitation of butter.

Since that position has been very widely advertised and to a great extent in misleading character, may I state at this point by way of interpolation that at no time have our organizations ever changed their opinion that the best method of controlling a food product such as oleomargarine, which has thrived and whose whole objective is to imitate butter as closely as possible, is the taxation method. In the fall of 1948, seeing that propaganda was able to change the thinking of the country in large degree from right to wrong, we conferred with all the various dairy groups that we could reach and came to the conclusion that the next best method would be complete prohibition in commerce of the manufacture and sale of yellow oleomargarine. We have not departed from that belief, either.

But the House Committee on Agriculture amended the original H. R. 2023 for consideration by the House, and the bill as reported for consideration by the House purported to be a prohibition of yellow oleomargarine in interstate commerce.

In adopting our earlier policy in the fall we were aware that we were relying on the newly developed concept of the interstate commerce power. With respect to the bill that is now before you, known as the Gillette-Wiley substitute, and which has been signed by 26 Senators in all, there is no doubt whatsoever as to the constitutionality of such a bill. The legal memorandum by Mr. Garstang points out, among other things, that the proposed amendment follows the Filled Milk Act of 1923 which I helped draft and which passed this Congress almost unanimously. That act has twice been to the Supreme Court in criminal cases, and has been upheld in every regard by that Court. We, therefore, believe that it is superior to the bill which passed the House.

To the extent that the Gillette-Wiley substitute amendment effectuates this policy which I have described, it more nearly would carry out the feeling of all dairy groups as to the need of control of the oleomargarine problem in lieu of the existing legislation which uses the classified tax plan as a basis of control. Both H. R. 2023 and the Gillette-Wiley amendment would repeal existing taxes on oleomargarine and on manufacturers and handlers. From that point they differ. The House bill would permit unlimited manufacture and interstate commerce in colored oleomargarine. The Gillette-Wiley amendment would prohibit interstate commerce in yellow oleomargarine.

The House bill seeks to control imitation and fraud in the sale of the product only with respect to public eating places, and to that extent would attempt to carry out a function which probably belongs to the States, at least for enforcement purposes.

The Gillette-Wiley amendment would leave unhampered the administration of the Federal Food, Drugs, and Cosmetic Act with reference to colored oleomargarine.

Senator MILLIKIN. Does your bill, Mr. Holman, put any prohibition on the interstate movement of uncolored oleomargarine?

Mr. HOLMAN. None whatsoever, except that in the provision whereby we leave unhampered the Federal Food, Drugs, and Cosmetic Act, there would be the usual control by that agency over any food product such as white oleomargarine, and in case white oleomargarine should be colored at some point in intrastate commerce, we believe that the Food and Drug Administration would have the right to follow it through to the ultimate consumer. That means that the Federal Food and Drug Administration would continue to exercise its authority as to the ingredients, the labeling, and the adulteration of oleomargarine.

We favor a ban on the shipment of yellow oleo in interstate commerce instead of the complicated H. R. 2023 because incontrovertible evidence shows that the House bill is impossible to enforce.

From the time, Senator, that this proposal came out of the committee about a year ago, we have made a sincere effort to check the extent to which it would be possible to enforce from a central authority the handling of food in so many thousands and thousands of establishments, and in that connection let me describe what the House bill would do.

The House bill would require any restaurant or eating place serving yellow oleo to display a printed card notifying patrons that oleo was

being served and to identify the individual serving or to dispense the oleo cut in triangular form.

In other words, if the product is put out yellow in a triangular form, you wouldn't even have to put it on the menu or serve it with a slip attached.

The task of enforcing such restrictions upon every restaurant and eating place in the United States is incredibly vast and complex. In letters printed in the Congressional Record of April 1, the Food and Drug Administration and the Bureau of the Budget estimated that enforcement of these provisions would require 950 additional agents and an expenditure of \$6,000,000 the first year and \$5,000,000 a year thereafter, on the basis of only one check or inspection visit per year to each public eating place in the United States.

Viewed realistically, just how much effect would one check a year have in deterring eating places from passing off yellow oleo as butter? To be worth even the paper they are written on, these provisions should require inspection at least once a month of every public eating place in the country. How much it would cost to make 12 checks a year we do not know, but presumably it would be 12 times the \$5,000,000 figure submitted by the Bureau of the Budget and the Food and Drug Administration. This would mean the employment of over 11,000 Federal agents for that purpose alone. We assume that these 950 additional agents mentioned above would be kept busy each day of the year to get around to the public eating places. Therefore, it would take 12 times that number to make a monthly check. But even if we do multiply the agents by 12 and provide 12 times the amount of money mentioned by the Bureau of the Budget, we have very little assurance that the fraudulent but highly lucrative passing off of yellow oleo as butter can be curbed.

Other witnesses to follow me will give you detailed evidence of the extent of "butterlegging" now prevalent in this country. They will tell you of the wholesale serving of yellow oleo as butter in Arkansas, Senator Fulbright's State, a State with laws essentially similar to the provisions governing restaurant service of yellow oleo as contained in the House bill. We will also present evidence of wholesale "butterlegging" in Pennsylvania. A good many enforcement authorities are continually going around in Pennsylvania, employed by the State, and a very stern control is kept over it in that State.

Senator MARTIN. May I ask a question? What department is it under in Pennsylvania?

Mr. HOLMAN. The department of agriculture at Harrisburg.

We will also present evidence of reports of arrest in Michigan. All of this evidence concerns 1949 conditions prevailing within the past few weeks.

I contend, therefore, that enactment of the House bill will superimpose upon the consumers of this country a measure that will bring about conditions exactly like those which prevailed under prohibition. Wholesale violation of the law will again bring Federal statutes and Federal authority into disrepute, just as in the twenties.

Incorporation of these provisions requiring notice in the House bill is a flat unqualified admission by oleo supporters of the existence of fraud on a vast scale. We in the dairy groups are naturally far more concerned over the danger of fraud and deception than are any of the

oleo interests, and we think the problem is greater by far than the House has conceded in its bill.

The solution as we see it is quite simple. The Congress should forbid the shipment of the yellow imitation product in interstate commerce. Each State which would protect its citizens could then enact a ban on production and sale of yellow oleo within its own borders.

Such a simple, effective reliance upon States' rights is a practicable method for dealing with the vast and fraudulent "butterlegging" that now exists.

In sharp contrast to the cumbersome and unenforceable House bill, I contend that the Gillette-Wiley substitute measure is fair, easy to understand, and enforceable.

Senator MILLIKIN. Mr. Holman, Senator Martin has a question.

Senator MARTIN. I am wondering, if you would leave it up to the States for their own policing, why the necessity of Congress passing a law forbidding that it may move from one State to another?

Mr. HOLMAN. Before you came in, Senator, I was explaining——

Senator MARTIN. I heard that.

Mr. HOLMAN. You heard that?

Senator MARTIN. Yes.

Mr. HOLMAN. We feel that with regard to the 18-odd States that have restrictions on yellow oleomargarine, and I think the enforcement authorities of those States agree with us, the control over interstate commerce aids those States in their own policing.

Senator MARTIN. Do you not have more or less conflict between the Federal and State authorities?

Mr. HOLMAN. We have not had that experience in regard to the enforcement of the Filled Milk Act of 1923, which is almost identical in principle with the Gillette-Wiley amendment.

Senator MARTIN. Personally, I am very much for States having complete control over matters like this. That does not say I am committing myself on this, but I am just asking you these questions because I like to make government just as simple as we can possibly make it. Government is getting so involved now in America that the citizens hardly know how to act even under the advice of an attorney.

Mr. HOLMAN. A agree with you very much upon that premise, Senator, but here we face a social problem as well as an economic problem. Since 1886 the Federal Government has assumed the responsibility of regulating this commodity, and we feel that it should continue in a reasonable way to carry out a form of regulation. We have always maintained that the issue was not tax, but color, and that the tax was only a method whereby the Federal Government, without injury to States' powers particularly, could reach into any community in the United States for the purpose of regulating the product. When that is thrown aside, we throw the whole situation into great catastrophe. Therefore, we feel that this Congress should not just have a mere repeal of the taxes and a pro forma regulation of restaurants, but should give at least to the public and to the dairy farmers of this country a continuation of some form or protection such as we suggest.

The Gillette-Wiley substitute does not require armies of agents, nor the provision of millions of dollars for policing. It draws upon experience under the Food and Drug Act and other laws under which

shipment of adulterated or imitation food products have been banned from interstate commerce. A most notable example is the Federal Filled Milk Act of 1923, which prohibits the shipment of filled milk in interstate commerce. I have referred to that before. This product was produced by substituting vegetable oils for the milk fat and evaporating the product. The Supreme Court in upholding this antifilled milk statute said:

When compounded and canned, whether enriched or not, they are indistinguishable by the ordinary consumer from processed natural milk. The purchaser of these compounds does not get evaporated milk. This situation has not changed since the enactment of the act. The possibility and actuality of confusion, deception and substitution was appraised by Congress. The prevention of such practices and dangers through control of shipments in interstate commerce is within the power of Congress.

This quotation is from *Carolene Products Co. v. United States* (323 U. S. 18, 65 S. Ct. 1).

The line of established Federal precedent for regulating such foods is almost exactly applicable to yellow oleo. Foods have been held to be adulterated if they bear or contain a color or other substance which makes the food appear to be something other than it is, or tends to enhance its value. Since yellow oleo is colored to resemble butter and thus to enhance its value to the point where it can be accepted as butter, it naturally qualifies as a fit subject for Federal regulation.

Basically the only enforcement task involved under the Gillette-Wiley substitute would be the policing of interstate shipments of oleo-margarine similar to the present policing of interstate shipments of adulterated or misbranded food under the Federal Food, Drug, and Cosmetic Act, or the policing of interstate shipments of filled milk under the Filled Milk Act. Neither of these acts have presented serious enforcement difficulties. Compare the relatively simple enforcement task of policing interstate shipments, under the Gillette-Wiley bill, with the impossible problem of visiting and inspecting the thousands of restaurants and eating places in every city, town, and village in the United States.

Let me emphasize also that, in addition to being easily enforced, the Gillette-Wiley substitute carefully safeguards the rights of the States to make their own regulations for dealing with oleomargarine. This measure prohibits only interstate shipment of yellow oleo. It allows any State to determine for itself whether it will permit the production and sale within its own borders of yellow oleo. At the same time the measure also protects the right of those States that wish to prohibit within their borders the manufacture and sale of yellow oleo in imitation of butter.

The Gillette-Wiley substitute also gives consumers unrestricted free choice in buying the table spread that they desire, at the same time giving them the best possible protection against deception and fraud, that is next to the other bill which I discussed earlier, Senator, the original bill introduced as the Granger-Andresen bill.

Under the Gillette-Wiley substitute consumers can buy all of the uncolored oleo they want without payment of taxes or license fees of any kind. There is no restriction upon home coloration of the product with the simple, easy and fast methods now available.

Prohibition of interstate shipment of yellow oleo contained in the Gillette-Wiley substitute is the only remaining effective protection to dairy farmers and consumers against fraudulent butterlegging.

I have asserted that the provisions of the House bill regulating restaurant service of oleo are completely unenforceable and meaningless. If this is so, then the real effect of H. R. 2023 is to wipe out all Federal regulation and restraint upon the production and sale of yellow oleomargarine. If this is permitted, what will happen to dairy farmers and to dairy farming, which is admittedly the largest and most fundamental form of animal agriculture?

If it is fair and right to prohibit or restrain oleo manufacturers from imitating butter, supporters of the oleo industry often ask, why should not all other imitation products be banned? Why not ban plastic products designed for the same use as leather, or rayon, which has competed with cotton for the same markets?

The answer of the dairy groups to such questions is very simple. Whenever and wherever such imitation products utilize a color to deceive consumers, then production and sale of such products should be closely regulated.

In the case of rayon, however, the fiber has not been passed off as cotton. Actually, it has been put to many new uses for which cotton was not suitable. It is advertised and sold as rayon, a fine product in its own right, and not as cotton. Color does not even enter the picture. Similarly with plastics; these new products are sold to the public on their merits and not as imitations of leather. Many of these plastics have characteristics completely different from and superior to leather in some respects, but inferior to it in others.

The plastics industry has developed its materials as individual products and has sought to improve these products so as to have original uses and advantages. This is not the case with oleo. The oleo industry has consistently and stoutly fought against any suggestions that oleo is in any way different from or inferior to butter. Oleo manufacturers have sought at all times the right to produce an identical imitation, not an individual product.

And let me make this point clear. If any other agricultural group comes forward and shows that a new imitation is usurping its market by fraud and deception that cannot be prevented by the labelling laws, then certainly the dairy groups will make common ground with any such farm group in its fight against unfair competition. Cotton farmers have never undertaken to prove that rayon seized their market by deception. If they had, dairy farmers would have supported them gladly and wholeheartedly in their fight to protect their market. We have helped and fought beside cotton growers in many of their other battles, as this committee well knows.

Contrary to misleading propaganda circulated by the oleo interests, butter is a product of vast importance to our dairy economy. It accounts for 16 percent of all dairy cash income. It is the outlet for 27 percent of all milk produced. The importance of dairying itself to our health and economy needs no elaboration.

If Congress yields to the pleas of the huge oleo corporations and permits the unrestricted sale of yellow oleo, I predict it will replace butter on a pound-for-pound basis. The results will be:

An immediate contraction in butter sales that will have a total effect of cutting dairy income by more than \$638,000,000 a year—a decline of 13.2 percent from 1947 levels of gross farm income from dairying.

Serious dislocations in the markets and prices of other dairy products including fluid milk, which will affect 40,000 milk processing plants and 2,500,000 dairy farm-families in every State in the Union.

The slaughter of thousands of dairy cattle with consequent disruption of livestock and meat prices and marketing.

Dissipation of our soil resources by discouraging dairy farming, the most important contributor to sound soil conservation.

A consequent depression in a critically important branch of farming which will affect retail sales and the economic life in cities, towns and hamlets in every section of America, including the South.

At the same time, we contend that surrender to the oleo corporations will not benefit southern agriculture, not even cotton farmers.

It is difficult to measure the exact economic effect of permitting the manufacture and sale of colored oleomargarine. Since this country has wisely regulated the manufacture and sale of oleomargarine, it is necessary to use the facts available in other countries without such regulations as a basis of—at least in part—making our judgments.

Data on such countries show that the potential market for oleomargarine if it is permitted to imitate butter in every respect, is very great. In Belgium before the war, oleomargarine consumption was only 15 percent smaller than butter consumption. In the Netherlands, an intensive dairy area, cheap oleomargarine outsold butter by 20 percent. In Denmark, oleomargarine consumption was 2½ times as large as butter consumption. English oleomargarine consumption ranged from 24 percent of total butter and oleomargarine consumption in 1934, to 72 percent of the total in 1944. In 1947 it constituted 59 percent of the United Kingdom's combined total butter and oleomargarine consumption.

Senator MILLIKIN. Mr. Holman, do they use the same oils over there that the oleomargarine people use in this country?

Mr. HOLMAN. Their tendency is to use more of the palm, palm kernel, and the coconut oil. They also use large quantities of whale oil. Whale oil makes a very fine oleomargarine.

Senator MILLIKIN. They use animal fat?

Mr. HOLMAN. I don't know. You see, we are the animal-fat-producing country. They may buy some. Lever Bros. may produce some down in Argentina for importation and exportation. Lever Bros. is probably the largest single manufacturer of oleomargarine in the world. They even own some 10,000,000 acres of peanut land, put in by them in west Africa only recently.

These figures indicate that if regulations as to the coloring of oleomargarine in the United States were to be removed, the increase in the consumption of this imitation product would be gigantic.

The oleomargarine industry in our country already has made vast inroads on the butter market. Wartime policies of our Government restricted the production of butter and diverted milk from butter manufacture to use in other dairy commodities. In 1932, a year of disastrously low butter prices, oleomargarine consumption was only 8.8 percent of butter consumption. In 1948 it increased to 58.8 percent.

Senator, the details over long periods of years on these prices are furnished in the appendix which accompanies my testimony.

Based on the foregoing, I predict that oleomargarine consumption might increase to 1,500,000,000 pounds, as compared to about 870,-

000,000 pounds in 1948. There are two figures on the 1948 production of oleomargarine. One is 870,000,000 and one is 960,000,000. I don't know which is the correct figure. On a pound-for-pound displacement by yellow oleo, I further predict that butter production would shrink to 900,000,000 pounds a year as against 1,500,000,000 pounds in 1948. Thus the two commodities would change positions as to volume of consumption in the United States.

Senator MILLIKIN. Mr. Holman, are there any statistics on the combined use of butter and oleomargarine per capita over a period of time?

Mr. HOLMAN. In the United States?

Senator MILLIKIN. Yes. Are we increasing our combined use of table spreads per capita?

Mr. HOLMAN. Not particularly, Senator. At the close of my manuscript I will show you a big chart, a 4-foot chart, which will answer that question for you exactly.

Senator MILLIKIN. Thank you.

Senator MARTIN. Mr. Chairman, might I ask a question there.

You say that butter would shrink to 900 million from about 1,500 million. What effect would that have on the stock industry and the cattle industry of America? Have you given any thought to that?

Mr. HOLMAN. Yes, sir; we have given that considerable thought. As I will show later in my manuscript.

Senator MARTIN. If you show that later, then you need not answer now.

Mr. HOLMAN. Yes; I will answer that for you.

Senator MARTIN. Go ahead.

Mr. HOLMAN. This is hardly a radical forecast since the boast was made on the floor of the House of Representatives recently by Representative Rivers, of South Carolina, that oleo would drive butter out of the Nation's markets.

An increase in the supply of butter, other factors remaining the same, will cause a reduction in the price of butter. According to the best information at our command, the degree of change in the price of butter is about proportional to the change in supply.

This means that the farmer faces a price reduction of from 25 percent to 40 percent for his butter and separated cream, and additional losses in price returns for other dairy products.

If unrestricted yellow oleo is permitted, butter could maintain its sales volume only by the drastic reductions in prices which I have described, and of course in time you will have the reaction to scarcity and probably this legislation would drive butter into the position of being a luxury product, which would not be to our minds in the best interests of the Nation.

These drastic declines would threaten bankruptcy to most dairy-men in the butter-producing areas. They would also strike a serious blow to the incomes of the rest of the dairy farmers.

Senator MILLIKIN. Mr. Holman, what is the price of good butter in the Washington market at the present time?

Mr. HOLMAN. I think I saw some Land O'Lakes, which is the best butter on this market, I believe, advertised last week for 71 to 73 cents a pound. That is retail.

We speak of this bankruptcy in the butter-producing areas. Those areas are largely States like the Dakotas, Colorado to some extent,

the intermountain area, but particularly the devastation will be felt in States like Kansas, Nebraska, and Iowa, where the opportunity to divert separated cream does not exist. These are not whole-milk-producing areas. These are areas where the farmer separates his cream on the farm and ships the separated cream to a local agent to be shipped on to some centralized creamery which in these days reach out 100 or 200 miles. Farmers in that area who depend largely for current income upon the sales of their butter-fat. They are the ones who will feel this devastating effect, and they will feel it. They will gradually go out of existence as dairy producers, leaving the creameries devastated so far as having anything to run through their machinery is concerned.

At this point I challenge the testimony of Senator Fulbright as a witness before this committee on the pending legislation. From a study of his testimony it is apparent that the Senator does not comprehend the complicated economics of the dairy industry. His reference to the unimportance of the butter industry in the State of Wisconsin is in error. Milk is the most volatile of all commodities. You can take it apart and put it back together. Like the Father of Waters dammed up in one place, it will break out in another.

If we have an oversupply of milk for fluid milk markets, what is to be done with the oversupply? It goes into manufactured dairy products. Butter is the last reservoir, and if it did not go into this reservoir it would be wasted. While it is true that the greater portion of the milk in Wisconsin is used in cheese and evaporated milk, this proves nothing with reference to the Senator's position. It must be realized that the price of butter is the basing point for prices of milk used in cheese, evaporated milk, fluid cream, ice cream, and dry whole milk. If prices paid for milk used in cheese, evaporated milk, and other manufactured dairy products are high in relation to prices paid producers for milk used in butter, they will leave the butter factories and turn their milk to cheese plants, evaporated milk plants and other manufacturing milk plants. Conversely, they will leave evaporated milk plants, cheese and other manufacturing plants and go to butter plants if prices paid to producers at butter plants are higher. It is the most diversionary industry of all I know of in the United States in the way of fats. If it moves from one commodity to another, you change its form and then put it back in its original form.

At this point it should be realized that all of these outlets are necessary to enable America to consume to the utmost its milk supply. This marked interchangeability of supply among manufacturing uses is so well recognized both by the industry and by the Government as to be immune from competent challenge. To illustrate, some years ago the United States Department of Agriculture issued a marketing agreement for evaporated milk. That was before the war. In that agreement, the Department based the prices manufacturers had to pay producers for milk delivered to evaporated milk plants on the price of butter and cheese, with butter having the maximum weight and cheese having a much smaller weight. As another example, during 1941 the British requested large supplies of evaporated milk from this country. The United States Department of Agriculture, in order to secure the needed supply, deliberately raised the price of evaporated milk as compared to butter. Farmers flocked from butter plants to evaporated milk plants. Utilization of this factor of interchangeability of

supply was the only favorable method by which the Department of Agriculture was able to secure the supplies needed for the British program. In the face of these facts it is foolish to argue that anything that seriously damages the butter market is unimportant to the dairy economy of the United States.

It is also fallacious to quote the declines in butter production as evidence of its declining importance. Butter production declined during the War because the Government desired milk products for war programs and deliberately discouraged the use of milk in butter production in favor of its use in fluid milk, cheese, dry whole milk, and evaporated milk. This great reduction in the volume of butter produced during the war, as a direct result of governmental intervention in the dairy industry, gave the oleo industry its opportunity to expand greatly its market in this country. And now the proponents of removing all restrictions on oleo in commerce use this war-induced decline in butter production as an indication of weakness and unimportance of butter in the dairy economy.

A drastic decline in butter prices would cause corresponding declines in the price of milk entering other manufacturing uses and would cause serious declines in prices producers receive for milk sold in fluid milk markets. No further proof is needed than to cite the actions of the Department of Agriculture in administering the Agricultural Marketing Agreement Act of 1937.

This act requires the Department to fix the minimum prices milk distributors must pay producers in fluid milk markets. Under these orders—some 30 in number—classified prices are established, that is, a given price for milk used in bottles, another for milk used in cream, and other prices for milk used in other forms, such as ice cream, evaporated milk, butter, and cheese.

In establishing such prices in milk orders, the Department of Agriculture follows the general policy of relating prices in the different classes to the price of milk entering specified manufactured dairy products, particularly butter, cheese, and evaporated milk. Class I prices for bottled milk in 17 market areas are fixed on the basis of the price paid producers for milk delivered at 18 condenseries in the Chicago area. Senator, class I milk in bottles. Nine class I prices are fixed on the basis of prices paid producers at nine other condenseries. Twenty-three class I prices are fixed on the basis of butter-dry skim milk values, and 14 are fixed on the basis of butter and cheese prices. Alternative formulas are provided in several orders—which is the reason for more formulas than orders.

Any factor which operates to cause a decline in butter prices would automatically, directly, and immediately be reflected in declining prices for fluid milk in the regulated fluid milk markets. Even this does not indicate the full scope of the impact of reduction in butter prices. The major milk markets of the United States, except those on the west coast, are under Federal price regulation. Nearly all of these markets are surrounded by many smaller markets which have price structures that are closely integrated with the primary markets.

Supplementing these Federal regulations in the pricing of milk are many State laws, as in the State of Pennsylvania, where the legislature has set up State milk boards who hold hearings and fix the prices, both the prices to producers and often to consumers in the smaller markets of the State and who collaborate with the Federal Government in

connection with cities like Pittsburgh and Philadelphia, which draw their milk from outside the State as well as inside.

Senator MARTIN. May I ask, do you favor control boards of that type in the States?

Mr. HOLMAN. I think it has proved very useful in many States. I think that most of our people favor them. There is always a point of conflict, of course, between a State milk control board and the Federal authority. Sometimes one is right and sometimes the other, and I think that it is a pretty good idea to have a little competition there.

Senator MARTIN. Should not there also be one for wheat and potatoes?

Mr. HOLMAN. I wouldn't say that you could control butter any more than you could potatoes. Butter does not lend itself to price controls. It does lend itself to stabilization operations. I don't think that potatoes lend themselves particularly to price controls.

In addition, practically all of the lower class prices in Federal milk orders are tied directly to the price of milk used in manufactured dairy products. This lower class milk accounts for a significant proportion of the total milk in the market. Its prices to producers vary directly with the price of milk used for manufacturing butter, cheese, and evaporated milk.

I would like to pause briefly here to explain that the production of milk in excess of the consumption of fluid milk in bottles is a necessity in fluid milk markets. Milk consumption shows small seasonal variation. Milk production, on the other hand, varies widely seasonally due to weather, feeding practices, time of calving, and the like. Thus, there arises the seasonal excess. The demand for milk fluctuates from day to day, and enough milk must be on hand to meet maximum daily demand. In this way, there arises the daily excess. All of the milk not distributed as such must be used in cream and manufactured dairy products, or be wasted. When used in manufactured dairy products, it must be priced at a level that will permit sale of the finished product in direct competition in the national markets for such products. Hence, the basing of lower class prices directly upon prices of the manufactured products in which such milk is used.

This is what we mean when we say "Butter is the balance wheel of dairying." Butter affords one of the simplest and most effective ways of storing these daily, weekly, and seasonal surpluses of fluid milk. Butter will maintain its flavor and quality under proper storage for as long as 2½ years. Moreover, it is easier to transport, package, and handle than any other high butterfat product.

The answer of the large oleo corporations to the inevitable drastic fall in butter prices and sales is a breezy "let 'em sell fluid milk." Such a callous dismissal of the dire plight of thousands of farmers and small dairying businessmen may be all we can expect from the offices of the great international oleo corporations in Wall Street, in La Salle Street, and in London. But, in addition to being callous, such statements are mere nonsense. They show a total disregard of the interrelation of milk prices and the interchangeability of milk markets; and of the importance of butter as an outlet.

The airy "let 'em sell fluid milk" consigns to extinction the thriving dairy industry of Iowa, Oklahoma, South Dakota, and some 17 other States. More than 73 percent of all milk sold in North Dakota goes

into butter. Over 70 percent of Iowa's milk is sold for butter. What metropolitan markets can take the fluid milk produced by Iowa or North Dakota's cows if butter markets are handed over to oleo?

Senator MARTIN. Might I ask a question there, Mr. Chairman?

How far can you profitably transport fluid milk?

Mr. HOLMAN. We are transporting it now from central Wisconsin, 200 miles north of Chicago, as far as Houston, Tex., for the fluid milk market and it arrives in very good condition in glass-lined thermostatic tank cars.

Senator MILLIKIN. Are they refrigerated?

Mr. HOLMAN. The milk is refrigerated; rather, it is cooled. It is brought down to a very low temperature without freezing it, and then put in this thermos bottle tank, and it stays at that temperature until it gets down to Houston. We have been shipping fresh cream from Minnesota as far as Tampa, Fla. I think considerable shipments of fluid milk have gone into North Carolina and South Carolina and also Florida. We know they are going into Tennessee and into Georgia.

Senator MARTIN. What I am getting at, Mr. Chairman, is whether or not it would be well to encourage people at these long distances to use fluid milk. We don't use enough fluid milk. During World War II we gave each soldier a small bottle of milk each day because of course it is such a magnificent food. What I am getting at is whether we ought to encourage the transportation, or would it be too expensive?

Mr. HOLMAN. It is pretty expensive. My own feeling, as secretary of the National Dairy Organization, is that it would be much more for the welfare and well-being of the Nation if the South had more dairy cows. They are coming in very fast. I think that is a better means of helping to get away from this erosion problem which was brought up by Senator Thye last Saturday. It costs \$1.75 to \$2 a hundred pounds of milk to transport it those long distances. If you build good dairy farms in the South, you are providing something that the South needs badly. I can say that with some degree of authority because I was born in Mississippi and grew up in Texas. I have a deep sympathy for the condition of our southern people and their need for developing a better diet than they have on the farms.

Senator MARTIN. The big market is in the northeast segment of the United States, and what I am trying to get at is that we need more milk in Philadelphia, New York, and Boston. We are not anywhere near up to the place that good medical advice feels that we should obtain.

Mr. HOLMAN. Abbott's Dairy in Philadelphia for many years has had one or two great creameries shipping to them from Wisconsin. They buy the fresh cream there and bring it into Philadelphia to supplement the supply. I agree with you we need to consume more milk. The question is at what price.

Senator MARTIN. I know. I was trying to bring that out, Mr. Chairman.

Senator MILLIKIN. Mr. Holman, can you translate into a quart of milk the cost of transporting that Wisconsin milk down into Texas?

Mr. HOLMAN. One hundred pounds of milk is 46½ quarts. Will you make the calculation, Mr. Reed? It will be about 2¼ cents a quart, I would guess.

Senator WILLIAMS. How many pounds of feed do you figure it requires to produce a quart of milk?

Mr. HOLMAN. Sir, I couldn't tell you that. We have experts here who can give you the answer.

Senator WILLIAMS. What I am getting at is that the transportation of the milk couldn't be figured separately because you would have to consider the cost of transporting the feed.

Mr. HOLMAN. I could get some data and put it in the record for you.

This is Mr. Reed, consulting economist for our organization.

Mr. REED. The transportation would be approximately 4 cents per quart.

Senator MARTIN. In my own State we have to ship in the feed for our dairy herds. We have to ship practically all of it in from the West.

Mr. HOLMAN. You ship in a great many proteins and a great deal of hay, too, do you not, and some corn.

Senator WILLIAMS, we will provide a very short memorandum for you on that if you would like to have it in the record.

Senator WILLIAMS. I think it would be helpful.

The CHAIRMAN. We will put it in the record, Mr. Holman.

(The memorandum referred to follows:)

Memorandum answering Senator William's question, "How many pounds of feed do you figure it requires to produce a pound of milk?"

Preliminary figures of the United States Department of Agriculture, Bureau of Agricultural Economics indicate that on the average in the United States the following feeds were fed milk cows per hundred pounds of milk produced:

	<i>Pounds</i>
1. Grain concentrates -----	30-32
2. Hay -----	75
3. Silage -----	50

In addition to the foregoing, cows are on pasture, a significant portion of the year in most major dairy-producing areas.

On a per-quart-of-milk basis the figures would be:

	<i>Pounds</i>
1. Grain concentrates -----	6.4-6.9
2. Hay -----	16.1
3. Silage -----	1.1

No estimates are available concerning the amount of pasture which is consumed.

Mr. HOLMAN. Oleomargarine manufacturers argue that producers of soybeans and cotton would be greatly benefited by the unregulated sale of yellow oleo. This is not true, because little or no increase is to be expected in the price of cottonseed and soybean oil, and the reductions in dairy herds would deprive these producers of a significant portion of their market for cottonseed and soybean meals.

I have stated to this committee on several occasions that the United States is in a fat deficit position in normal times. Usually, we import far more fats than we export. It was only during the war when the major copra and coconut oil producing countries, the Philippines and Netherlands East Indies, were under the control of the Japanese that we exported more than we imported. Since the war, we have again become a net importer.

Coconut, palm, and related vegetable oils from foreign sources in normal times, establish, or certainly have a vast influence in establishing, the price of domestic vegetable oils. Industrial users of fats and oils shift their raw material ingredients as price relationships warrant.

Coconut oil is very competitive with cottonseed and soybean oil. Therefore, prices for cottonseed and soybean oil in this country will be held in a close relationship to the prices of coconut oil due to their interchangeability of use. An increase in the price of cottonseed and soybean oil relative to coconut oil therefore will merely cause an increase in imports of coconut oil.

Since cottonseed and soybean oil are sold on a flat price basis without regard to use, the oil used in edible products will bring no different price than that of the same grade going into inedible uses. This is quite unlike the dairy industry, where for many years the principle of classification according to use has been recognized.

In view of these facts, it is obvious that cottonseed oil and soybean oil prices will not increase if restrictions on oleomargarine are removed. Any increase would cause an increase of imports in coconut oil and other foreign oils and fats. The net result therefore would be to increase imports of cheap foreign oils—not to increase prices to domestic vegetable oil producers.

The world fats and oils supply is improving. In the Philippines, production was retarded in 1948 by serious typhoon damage, but is again on the upgrade. Exports from the Dutch East Indies are increasing rapidly, although still considerably below prewar levels. United States production of the four major domestic edible oils—soybean, cottonseed, corn, and peanut—is expected to be about 10 to 15 percent above a year ago. The supply has improved to the extent that, a few weeks ago, the Fats and Oils Committee of the International Emergency Food Committee discontinued the allocation of world oils and fats supplies among importing nations. This amounts to official recognition on the part of the nations involved that the oils and fats shortage is at an end.

Thus, we have the peculiar state of affairs where an industry is asking the Congress, on behalf of the cottonseed and soybean producers, to pass legislation which will not benefit those producers. First, it will not result in any long-run increase in domestic vegetable oil prices as I stated above. The price of these oils is determined by the world price levels of competitive oils, the raw materials of which are produced by people with primitive living standards and therefore at very low cost.

Second, all of the cottonseed and soybean oil produced in this country is now finding outlets and has for many years been finding outlets. There is no need to increase outlets which could not be filled by production of these oils. You should note that the production of soybeans and cotton is already heavily subsidized by the Federal Government under price-support programs. Is it wise public policy to encourage a legislative program which will, in the long run, merely increase importation of cheap foreign oils while at the same time subsidizing domestic vegetable oils through price supports?

Soybean oil was not very important until Government programs to encourage soybean production during the war were initiated to offset loss of copra and coconut oil from the Philippines and the Dutch East Indies.

Further, you should note that dairy products are subject to price support. Is it wise public policy to drive down the price of butter through removal of oleomargarine regulation, which you would surely do, while in other legislation you order the support of butter prices

through price-support programs? We would then have the unusual situation of the Congress forcing the reduction of prices on the one hand, and on the other hand, demanding their maintenance through price support.

The only thing that could be done to dispose of such butter, except for small amounts for school lunch and relief programs, would be to dump it abroad or turn it into soap. This would be a most wasteful and uneconomic policy and dumping would raise another confusing conflict in national foreign trade policy.

The reduction of dairy herds, which will be a longer-run result of the removal of regulation on oleomargarine, will diminish the market for one of the most important byproducts of cottonseed and soybeans. A reduction of 2,000,000 head in the national dairy herds, which I predict will follow removal of all oleomargarine regulations, will sharply reduce the demand for, and price of, cottonseed and soybean meal.

With respect to the major cotton States, they stand to lose far more by a reduction in dairy production and prices than they could possibly gain from removal of oleomargarine regulations. In the 10 major cotton-producing States, the total farm cash income from dairy products and butter in 1946 was several times the farm value of cottonseed-oil production. The value of cottonseed meal sold to dairymen was actually greater than the value of cottonseed oil used in oleo.

At this point, Mr. Chairman, may I say that two tables to sustain this statement are not yet off our mimeograph machine and I would like the privilege of adding them to the record.

The CHAIRMAN. Yes, you may do that, Mr. Holman.
(The tables referred to follow:)

Cotton States farm cash income: Total compared with part coming from cottonseed oil used in oleomargarine and competing sources, 1946

[In thousands of dollars]

State	Total	Cotton	Cottonseed	Cottonseed oil	Cottonseed oil used in shortening	Cottonseed oil used in oleomargarine	Butter ¹	Other dairy products ²	Cottonseed meal fed to dairy cows	Lard
Alabama.....	314,462	105,128	15,717	8,163	3,671	1,631	2,117	18,945	1,726	3,226
Arkansas.....	445,922	116,968	18,712	9,719	4,371	1,942	3,340	20,686	2,055	3,275
Georgia.....	416,410	77,156	12,079	6,274	2,822	1,254	2,655	22,712	1,326	4,335
Louisiana.....	263,167	43,698	6,972	3,621	1,629	724	431	16,020	766	2,595
Mississippi.....	314,103	186,994	28,468	14,755	6,636	2,448	1,734	25,179	3,119	1,648
North Carolina.....	764,404	49,639	7,155	3,716	1,761	743	2,812	26,762	786	2,968
Oklahoma.....	52,535	28,595	5,180	2,690	1,210	538	18,189	37,175	569	5,360
South Carolina.....	320,741	73,428	10,170	5,282	2,378	1,055	1,072	11,253	1,117	2,627
Tennessee.....	413,752	51,697	7,657	3,977	1,789	795	7,107	49,958	841	5,144
Texas.....	1,427,922	192,736	34,048	17,685	7,954	3,533	11,772	91,610	3,738	7,350
Total.....	5,183,418	926,089	146,096	75,882	34,129	15,163	51,229	320,300	16,043	38,528

¹ Farm butter value plus farm value of butterfat in creamery butter production.

² Total income from dairy products, excluding dairy production payments, less calculated income from butter.

Source: Cotton, cottonseed, and total dairy and total farm income from Bureau of Agricultural Economics, USDA. Income attributable to butter, cottonseed, oil, etc., calculated by the National Cooperative Milk Producers Federation from BAE and other data.

Cotton States: Percentages of total cash farm income accounted for by cash income from cotton, cottonseed oil, and cottonseed oil used in oleomargarine in 1946

State	Cotton	Cottonseed	Cottonseed oil	Cottonseed oil used in shortening	Cottonseed oil used in oleomargarine	Butter	Other dairy products	Cottonseed meal fed to dairy cows	Lard
Alabama ..	33.4	5.0	2.6	1.2	0.5	0.7	6.0	0.5	1.0
Arkansas ..	26.2	4.2	2.2	1.0	4	.7	4.6	.5	.7
Georgia ..	18.5	2.9	1.5	.7	.3	.6	5.5	.3	1.0
Louisiana ..	16.6	2.6	1.4	.6	.3	.2	6.1	.3	1.0
Mississippi ..	59.5	9.0	4.7	2.1	.9	.6	8.0	1.0	.5
North Carolina ..	6.5	.9	.5	.2	1	4	3.5	.1	.4
Oklahoma ..	5.7	1.0	.5	.2	.1	3.6	7.4	.1	1.1
South Carolina ..	22.9	3.2	1.6	.7	.3	.3	3.5	.3	.8
Tennessee ..	12.5	1.9	1.0	.4	.2	1.7	12.1	.2	1.2
Texas ..	13.5	2.4	1.2	.6	.2	.8	6.4	.3	.5
Average	17.9	2.8	1.5	.7	.3	1.0	6.2	.3	.7

Mr. HOLMAN. The situation is much the same in the major soybean States. The value of soybean oil used for oleo in 1946 was \$16,430,000 in the major soybean producing States. The same year the sale of dairy products plus butterfat in butter in those States brought almost \$800,000,000 or more than 10 times as much as soybean oil, and the value of soybean meal fed to dairy cows was more than twice the value of soybean oil used in oleo.

The figures given above are self-explanatory. Serious damage to the dairy industry in these States due to the removal of regulations on oleomargarine manufacture and sale would be of greater magnitude in these areas than any possible benefit farm producers could derive from such legislation.

I will now summarize our views as to the effects on the economy of this Nation. If all regulations of the manufacture and sale of oleomargarine are removed yellow oleo will displace uncolored oleo, thereby removing competition between these products.

There would be a vast increase in the manufacture and sale of oleomargarine, perhaps an increase of as much as 600,000,000 pounds annually.

Yellow oleomargarine will replace that much butter on a pound-for-pound basis.

An increase of 600,000,000 pounds in oleomargarine manufacture and consumption will result in a drastic decrease in the price of butter, perhaps of from 25 to 40 percent.

This decrease in the price of butter will result in a similar decrease in the producer price of milk entering other manufacturing uses. The total reduction in the value of milk and butterfat production that would result from a 25 percent decline in butter prices from the current level would be about \$638,000,000 annually. Obviously a drop of this magnitude in annual dairy farm income would constitute a national calamity.

The decrease in the prices of butterfat for butter and to producers for milk used in manufacturing other dairy products will cause a serious decline in the prices producers receive for milk in fluid milk markets throughout the country.

Milk displaced from butter manufacture cannot be transferred to fluid milk markets at living prices to producers. At present, fluid

milk consumption is declining, and surplus problems are becoming acute, without the added pressure of oceans of milk seeking an alternative outlet to replace lost butter sales.

With milk cow numbers now the lowest since 1931, the long-run effect of the generally lowered relative butterfat price level would be to cause a reduction of about 2,000,000 cows in the national dairy herd.

The hog and beef cattle industries would be seriously affected by such a decrease in milk cow numbers. First, because of the liquidation of an important part of the dairy herd in the form of beef; second, because in the long run many dairy producers would shift from the production of milk to the production of beef and hogs.

Removal of regulations would not materially improve the cottonseed oil and soybean oil markets. Increased utilization of cottonseed and soybean oil in oleomargarine will only be accompanied by increased importations of cheap foreign vegetable oils, at no significant gain to domestic producers.

Dairy products are subject to price-support. Reduction in dairy products prices caused by the removal of restrictions on oleomargarine would merely increase the Government purchases of butter under price-support programs.

Due to reduction in dairy herds, the decline in demand of dairy farmers for cottonseed meal and soybean meal for feeding would reduce the income of cotton and soybean producers. It is probable this would more than offset any gain, very small at the best, to be derived from increased utilization of cottonseed and soybean oil in oleomargarine.

Finally, the persons who would profit by the removal of regulations on the manufacture and sale of oleomargarine boil down to about 24 large firms, one of which is a gigantic foreign corporation—Lever Bros. and Unilever, Ltd.—the largest of its kind in the world. I am advised that of these 24 concerns, five manufacture more than 60 percent of the entire product. Compare the gains to be won by these corporations with the losses of the millions of cotton, soybean, and dairy producers, and the millions dependent on the dairy business for trade, income, and jobs.

If Congress yields to the oleo plea of "Let 'em sell fluid milk," it will be fomenting a dairy depression. Already dairy farmers are hard hit by price declines and market dislocations. A new body blow aimed at the very heart of the dairy price structure is all that is needed to turn the present dairy recession into a true depression.

I might add to that that when the Geneva trade agreement is allowed to go into effect with regard to the importation of dairy products you may have the situation where, with these lowered duties ranging down to as low as 25 percent of the rates in effect in the act of 1930, you may find a situation where oleo presses down the dairy prices on the one hand and the tariff rates allow a great in-rush of dairy products on the other hand. So our farmers will have little or no method of escape from the calamity which is bound to come about when these two great economic forces are allowed to operate freely. It will be a repetition to a great extent of the competitive struggle between vegetable shortening and lard. Lard has actually been a sick industry ever since the late twenties due to the great increase in volume of the vegetable oil production.

On the other hand, the enactment of the Gillette-Wiley substitute will:

Provide protection to dairy farmers consistent with the desires of the people of the various States.

Absolutely safeguard State rights, permitting any State to regulate the sale of yellow oleo or not, as it pleases.

Provide an effective protection against fraud, for the consumer, but at the same time allow a free choice between purchase of uncolored oleo and butter as a table spread.

Provide protection for the dairy farmers against "butterlegging," which is a threat to a fundamental and vital form of agriculture returning more than eight times as much cash income a year to the Nation's farmers as oleo provides.

For the above reasons we respectfully ask this committee to report the Gillette-Wiley substitute to H. R. 2023.

Mr. Chairman, with your permission, I would like to demonstrate what I think is the truth of a statement I made earlier in the session.

Chart I (p. 77): Briefly, here is a comparison of the present national income from butter and oleomargarine. Here is the oleomargarine, and there is the butter, which shows you the problem. In the case of oleomargarine it comes to \$98,500,000. In the case of butter it comes to \$834,000,000.

Chart II (p. 78): A question was asked, I believe, by Senator Millikin, as to whether the total table spread has increased or declined over the years. First let me show you what oleomargarine has done to butter over the years. In 1938 the average per capita consumption of butter was 16.4 pounds per person. In that year it was 2.9 pounds of oleo per person. By 1943 the per capita consumption of butter had declined to 11.7 pounds, whereas oleomargarine had increased to 3.9 pounds. By 1948, butter had decreased to 10.2 pounds, oleomargarine had increased to 6.1 pounds.

Table 2, which is filed as a part of the appendix to my testimony shows that in 1924 the total per capita consumption of butter and oleomargarine was 19.9 pounds. That rose to 20.3 pounds in 1927, and then it declined down to about 19 pounds. In 1935 it got as high as 20 pounds, and then from that point on, it has steadily declined to where the total consumption today is 16.3 pounds, or considerably less than the normal consumption of table fats over the former period.

As to what accounts for that I can't say. It may be the ladies and even the men are getting a little afraid of their waistlines, but certainly the total consumption of table fats is not as great as it was. I don't believe that is made up for by the salad oils and dressings which are the third great utilization of vegetable oils.

Chart III (p. 79): I have maintained for many years before this committee, going clear back even earlier than 1930, back into the twenties, and that was without regard particularly to oleomargarine, either, that there is not enough cottonseed oil produced in this country to meet the edible demands. So when you increase your utilization of cottonseed oil in any particular commodity, you have to decrease its utilization in some other commodities. This standpipe chart shows the amount of cottonseed oil that was used in the shortening of the year 1935. I believe that was about 65 percent of all of the ingredients of shortening.

CHART I

NATIONAL COOPERATIVE MILK PRODUCERS FEDERATION

National Farm Income From **BUTTER** & Oleomargarine



From Oleomargarine

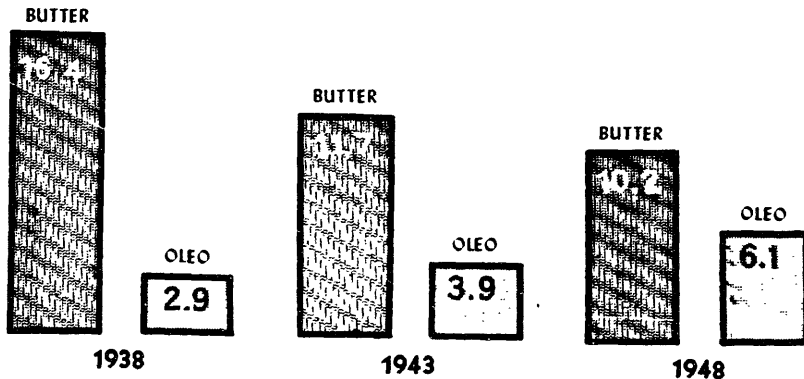
\$98.5 Million



From Butter

\$834.0 Million

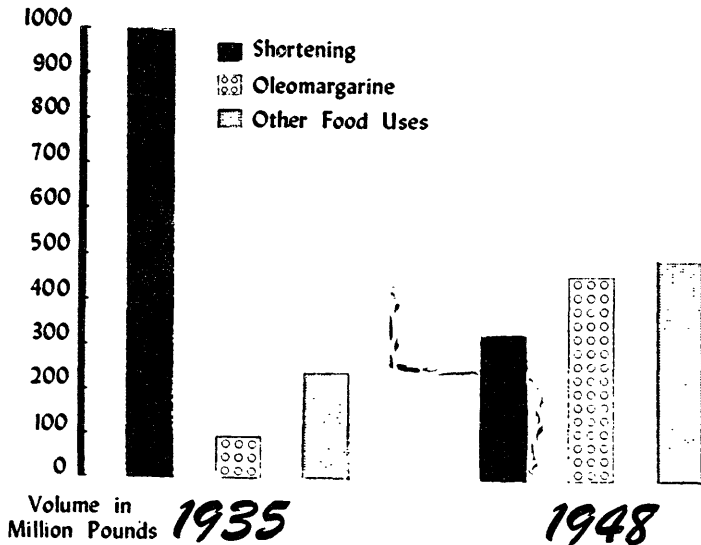
Here's How Oleo Is Making Inroads on Butter



Per Capita Consumption
(by pounds)

CHART III

Volume of Cottonseed Oil Used in the Manufacture of Shortening, Oleomargarine, and Other Food Commodities.



Senator MILLIKIN. Mr. Holman, is that in terms of pounds?

Mr. HOLMAN. Yes, sir; that is in terms of pounds. Practically 1,000,000,000 pounds of cottonseed oil was used in shortening at that time. This is in millions of pounds. This little thing that looks from here like a piece of fabric is the other food uses of cottonseed oil, and this one here shows the amount of cottonseed oil used in oleomargarine at that time. That was not quite 100,000,000 pounds, whereas the other food uses was somewhere close to 240,000,000.

In 1948 what has happened? In order to supply the oleomargarine market and this other food market, the amount that was available for shortening declined from here, nearly a billion pounds, down to approximately a little over 300,000,000 pounds. So you had only a certain amount of oleo, and whereas this was the great market, you lost utilization there in order to fill these others. There is not enough cottonseed oil to go around. Cottonseed oil is sold on what I call the blind broker system. In Mt. Pleasant, Tex., where my father managed a cottonseed oil mill we could call up Dallas or get a call from our broker asking if we could supply a tank of oil. Yes, we could. After we bargained for it, 2 days later we got our bill of lading, and before that we never knew to whom we were going to sell. Out of the same tank of oil will come the manufacture of shortening, the manufacture of oleo, the manufacture of other food uses, in many cases by the same factory.

Chart IV (p. 81): Let's see what took the place of some of this cottonseed oil that disappeared from shortening. This chart is the volume of soybean oil used in the manufacture of shortening, oleomargarine, other food commodities and nonfood uses. In the same year, 1935, this looks to me like about 50,000,000 pounds of soybean oil used in shortening. A great deal less was used in oleomargarine. About 21,000,000 pounds were used in other food commodities, and then you have about the same amount at that time used in nonfood uses. Soybean oil is a marvelous oil, and it is capable of many, many different uses. For that matter, so is cottonseed oil. In 1948 the use of soybean oil almost displaced the use of cottonseed oil in shortening. You are up here to over 700,000,000 pounds of soybean oil being used in shortening. Also it has increased up to approximately 250,000,000 pounds in oleo, and almost 300,000,000 pounds in other food uses. Then it has jumped up considerably above that in the nonfood uses.

I can't say as much about soybean oil in regard to its possibility of production as I can about cottonseed oil. I do know the dominant factor in the production of cottonseed oil is the price of lint. Also, cottonseed oil is under the regulation of the Federal Government as to how much can be produced.

So you have a problem there where you injure one great industry, the dairy industry, and you do not help cotton at all from the pricing point of view or from the point of view of an outlet. I think these charts are absolutely verifiable, that as you gain one outlet you lose another.

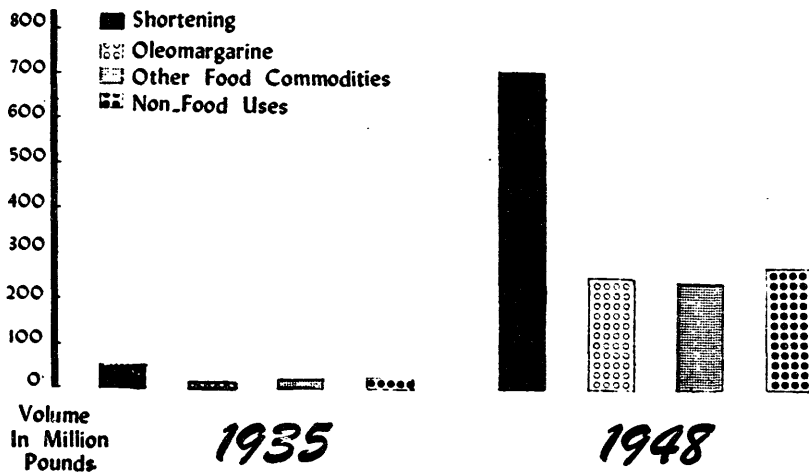
That finishes my direct statement.

The CHAIRMAN. Thank you very much, Mr. Holman.

Mr. HOLMAN. I wish to thank you, Mr. Senator. In closing I would like to introduce for the record here a telegram received from Mr. W. A. Gordon, secretary, of the National Creameries Association, whose organization was unable, because of the shortness of the time

CHART IV

Volume of Soybean Oil Used in the Manufacture of Shortening Oleomargarine, Other Food Commodities, and Non-Food Uses.



after the notice of the hearing, to get any witness here. They wish to be recorded as supporting the bill.

The CHAIRMAN. You may place that in the record.

(The telegram follows:)

CHARLES W. HOLMAN,

National Cooperative Milk Producers Federation, Washington, D. C.

Impossible for an organization of small creameries to prepare material and send representative to appear before the Senate Banking Committee on such short notice; why this unseemingly haste on the part of a committee of the greatest deliberative body in the world; has this committee subordinated justice and fair play to the wishes of a score of large companies who would sell the American dairy farmer down the river for their own selfish interests; this is too important a matter to be voted upon in haste.

W. A. Gordon,

Secretary, National Creameries Association.

(The documents accompanying Mr. Holman's statement follow:)

THE NATIONAL COOPERATIVE MILK PRODUCERS FEDERATION

DIRECTORS

W. H. Austin, Lake Cormorant, Miss.	M. R. Moomaw, Canton, Ohio.
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R. C. Mitchell, Southberry, Conn.	

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N. P. Hull, Lansing, Mich.

MEMBER ORGANIZATIONS

- Akron Milk Producers, Inc., 194 Carroll Street, Akron 4, Ohio.
 Arizona Milk Producers, 442 Heard Building, Phoenix, Ariz.
 Arrowhead Cooperative Creamery Association, 224 North Fifty-seventh Avenue, West, Duluth 7, Minn.
 Central Dairy Sales Cooperative, 315 College Avenue, Appleton, Wis.
 The Central Ohio Cooperative Milk Producers, Inc., 12 North Third Street, Columbus 15, Ohio.
 Challenge Cream and Butter Association, 929 East Second Street, Los Angeles, 12, Calif.
 Chattanooga Area Milk Producers Association, 460 Dodson Avenue, Chattanooga, Tenn.

- Cheese Producers Marketing Association, 1721 Fifth Street, Monroe, Wis.
Coastal Bend Milk Producers Association, Box 837, Corpus Christi, Tex.
Connecticut Milk Producers' Association, 990 Wetherfield Avenue, Hartford 6, Conn.
Consolidated Badger Cooperative, 116 North Main Street, Shawano, Wis.
Consolidated Dairies, Inc., Box 3025, Avondale Station, Birmingham 6, Ala.
Cooperative Pure Milk Association of Cincinnati, Plum and Central Parkway, Cincinnati 2, Ohio.
Dairy Cooperative Association, 1313 SE. Twelfth Avenue, Portland 14, Oreg.
Dairy Farmers Cooperative Association, Inc., Kenwood, Ia.
Dairy Producers, Inc., 703 713 South McDonough Street, Montgomery 5, Ala.
Dairyland Cooperative Association, Juneau, Wis.
Dairymen's Cooperative Sales Association, 451 Century Building, Pittsburgh 22, Pa.
Dairymen's League Cooperative Association, Inc., 11 West Forty-second Street, New York 18, N. Y.
Denver Milk Producers, Inc., 945 Eleventh Street, Denver 4, Colo.
Des Moines Cooperative Dairy, 1935 Des Moines Street, Des Moines 16, Iowa.
Dried Milk Products Cooperative, 419 Union National Bank Building, Eau Claire, Wis.
Enid Cooperative Creamery Association, 402 West Walnut Street, Enid, Okla.
Equity Dairies, Inc., Box 689, Lima, Ohio.
Evansville Milk Producers' Association, Inc., 413 American Building, Evansville 8, Ind.
Falls Cities Cooperative Milk Producers Association, 1051 East Main Street, Louisville 6, Ky.
Farmers' Cooperative Creamery Association, Drawer No. 2, Keosauqua, Iowa.
Georgia Milk Producers Confederation, 661 Whitehall Street, S.W., Atlanta, Ga.
Golden Guernsey Dairy Cooperative, 2206 North Thirtieth Street, Milwaukee 8, Wis.
Guilford Dairy Cooperative Association, 1700 West Lee Street, Greensboro, N. C.
Hi-Land Dairyman's Association, 700 Vine Street, Murray, Utah.
Indiana Dairy Marketing Association, 401 Broadway, Muncie, Ind.
Indianapolis Dairymen's Cooperative, Inc., 729 Lemcke Building, Indianapolis 4, Ind.
Inland Empire Dairy Association, 1803 West Third Avenue, Spokane 2, Wash.
Inter-State Milk Producers Cooperative, Inc., 401 North Broad Street, Philadelphia 8, Pa.
Knoxville Milk Producers Association, 508 Morgan Street, Knoxville 17, Tenn.
Land O'Lakes Creameries, Inc., 2201 Kennedy Street, N.E., Minneapolis 13, Minn.
Lehigh Valley Cooperative Farmers, 1026 North Seventh Street, Allentown, Pa.
McDonald Cooperative Dairy Co., 617 Lewis Street, Flint 3, Mich.
Madison Milk Producers Cooperative Association, 29 Coyne Court, Madison 5, Wis.
Manchester Dairy System, Inc., 226 Second Street, Manchester, N. H.
Maryland and Virginia Milk Producers Association, Inc., 1756 K Street, N.W., Washington 6, D. C.
Maryland Cooperative Milk Producers, Inc., 810 Fidelity Building, Baltimore 1, Md.
Miami Home Milk Producers Association, 2451 NW. Seventh Avenue, Miami, Fla.
Miami Valley Cooperative Milk Producers' Association, Inc., 136-138 West Maple Street., Dayton 2, Ohio.
Michigan Milk Producers Association, 406 Stephenson Building, Detroit 2, Mich.
Michigan Producers Dairy Co., 1315 E. Church Street, Adrian, Mich.
Mid-South Milk Producers Association, 1497 Union Avenue, Memphis 4, Tenn.
Mid-West Producers Creameries, Inc., 224 West Jefferson Street, South Bend 2, Ind.
Milk Producers Federation of Cleveland, 1012 Webster Avenue, Cleveland 15, Ohio.
Nashville Milk Producers, Inc., 901 Second Avenue, North, Nashville 3, Tenn.
Nebraska Cooperative Creameries, Inc., 2007 Izard, Omaha, Nebr.
Nebraska-Iowa Non-Stock Cooperative Milk Association, 402 North Twenty-fourth Street, Omaha, Nebr.
New Bedford Milk Producers Association, Inc., 858 Kempton Street, New Bedford, Mass.
New England Milk Producers Association, 51 Cornhill, Boston 8, Mass.

- North Carolina Milk Producers Federation, 518 Dixie Building, Greensboro, N. C.
- The Northwestern (Ohio) Cooperative Sales Association, Inc., 2221½ Detroit Avenue, Toledo 6, Ohio.
- Paducah Graded Milk Producers Association, Inc., P. O. Box 826, Paducah, Ky.
- Peoria Milk Producers, Inc., 216 East State Street, Peoria 2, Ill.
- Prairie Farms Creamery of Bloomington, 103 North Robinson Street, Bloomington, Ill.
- Producers Creamery Co., 555 West Phelps Street, Springfield, Mo.
- Pure Milk Association, 608 South Dearborn Street, Chicago 5, Ill.
- Pure Milk Producers Association of Greater Kansas City, Inc., 328 East Thirty-first Street, Kansas City 8, Mo.
- Pure Milk Products Cooperative, 18 West First Street, Fond du Lac, Wis.
- Richmond Cooperative Milk Producers Association, 516 Lyric Building, Richmond 19, Va.
- Roanoke Cooperative Milk Producers Association, Inc., 508 Mountain Trust Building, Roanoke 11, Va.
- Rochester Dairy Cooperative, Rochester, Minn.
- St. Joseph (Mo.) Milk Producers Association, Inc., 1024 South Tenth Street, St. Joseph 26, Mo.
- Sanitary Milk Producers, 1439 Chouteau Avenue, St. Louis 3, Mo.
- Shawnee County Milk Producers Association, Inc., 112 West Twentieth Street, Topeka, Kans.
- Sioux City Milk Producers Cooperative Association, Inc., 250 South Court, Sioux City 15, Iowa.
- Sioux Valley Cooperative Milk Producers Association, Sioux Falls, S. Dak.
- South Texas Producers Association, Inc., 3600 Center Street, Houston, Tex.
- The Stark County Milk Producers Association, Inc., 212 Canton Building, Canton 2, Ohio.
- Tillamook County Creamery Association, Room 107, I. O. O. F. Building, Tillamook, Oreg.
- Twin City Milk Producers Association, 2424 Territorial Road, St. Paul 4, Minn.
- Twin Ports Cooperative Dairy Association, 6128 Tower Avenue, Superior, Wis.
- United Dairywomen's Association, 635 Elliott Avenue, West, Seattle 99, Wash.
- United Farmers of New England, Inc., 84-86 Cambridge Street, Charlestown 20, Mass.
- Valley Milk Producers Association, McAllen, Tex.
- Valley of Virginia Cooperative Milk Producers Association, 41 West Washington Street, Harrisonburg, Va.
- Vigo Cooperative Milk Marketing Co., Inc., 414 Mulberry Street, Terre Haute, Ind.
- Wayne Cooperative Milk Producers, Inc., Box 989, Fort Wayne 1, Ind.
- Weber Central Dairy Association, Inc., 2569 Ogden Avenue, Ogden, Utah.
- Wells Dairies Cooperative, 2320 Wynnton Drive, Columbus, Ga.
- Wisconsin Cheese Producers Cooperative, Plymouth, Wis.

SUMMARY OF STATISTICAL MATERIAL IN ACCOMPANYING APPENDIX

Table 1. Per capita consumption of oleomargarine in the United Kingdom, 1930 to 1947, inclusive: This table shows the increase in the importance of oleomargarine consumption in the United Kingdom relative to butter consumption since 1930.

Table 2. Comparison of per capita consumption of butter and oleomargarine in the United States, 1924 to 1948, inclusive: This table shows that in recent years the per capita consumption of oleomargarine is greatly increasing in this country and is now more than one-half as large as the per capita consumption of butter.

Table 3. Dealers' buying prices, prices to producers, at condenseries, farm price of butterfat, 92-score butter prices at Chicago, cheese prices, and evaporated-milk prices, United States, by years, 1920-48; by months, 1948: These figures show the very close relationship between the prices of milk and butterfat entering the different uses to which milk is put.

Table 4. The competitive fats and oils situation in the United States: The figures in this table give a complete summary of production of animal and vegetable fats and oils in the United States, the imports and exports of the United States, and our net foreign-trade position for a period of years. The figures show clearly the fact that the United States is consistently a net importer of fats and oils in normal times.

Table 5. Imports of oil seeds and estimated oil equivalent, United States, 1937-48: Herein shown are the imports of major vegetable oils and oil seeds and indicates that, on an oil-equivalent basis, coconut oil is by far the most important.

Table 6. Imports for consumption of foreign animal and fish fats, oils and greases, and vegetable oils and fats.

Table 7. Total consumption of the principal fats in the United States, 1921-47: The figures in this table show that in recent years butter has not maintained its position, lard has remained about the same generally in total, while oleomargarine and shortening have shown an almost uninterrupted upward trend.

Table 8. Per capita consumption of the principal fats in the United States, 1912-48: Per capita consumption of oil fats, both cooking and table fats, is now considerably below prewar levels. Cooking and salad oils are maintaining their position, as is lard and shortening. Table fats (butter and oleomargarine) are markedly below prewar, but this reduction has taken place in butter, with oleomargarine showing phenomenal increases in the last few years.

Table 9. Creamery butter and oleomargarine annual United States production, 1930-48: The significant feature of this table is that it shows the marked decline in creamery butter production from the 1941 peak, with oleomargarine production more than doubling during the period since 1941. The large postwar production of colored oleomargarine compared to prewar is quite significant, particularly since a large proportion of the total oil ingredients of colored oleomargarine is coconut oil.

Table 10. Oleomargarine production, by types, in the United States, 1918-48: The figures in this table show two significant facts, these being (a) the very great proportion of total oleomargarine production accounted for by oleomargarine manufactured from vegetable type oil, and (b) the relatively larger proportion of total oleomargarine production accounted for by colored oleomargarine now as compared to prewar.

Table 11. Material used in the manufacture of oleomargarine, United States, 1928-48: The significant facts disclosed by this table are (a) the very large proportion of total ingredients accounted for by coconut oil in the prewar period, and (b) the phenomenal growth of soybean oil utilization since 1930.

Table 12. Percentage of each type of fats and oils used in the manufacture of oleomargarine in the United States, 1928-48: These figures, which are merely percentage distributions of the figures given in table 18, show increased utilization of cottonseed oil, as a percentage of total, from under 10 percent in the earlier years of the series to around 50 percent in recent years. Soybean oil as a percentage of total oil ingredients has increased from less than 1 percent of total in the earlier years of the series to around 40 percent in the last few years.

Table 13. Fats and oils used in the manufacture of compounds and vegetable cooking fats, United States, 1931-48: Cottonseed oil, long the most important oil used in compounds and vegetable cooking fats has shown a declining trend in recent years. Soybean oil has shown an increase from 10,869,000 pounds in 1931 to 707,374,000 pounds in 1948, a seventyfold increase.

Table 14. Percentage of each type of fats and oils used in the manufacture of compounds and vegetable cooking fats, United States, 1931-48: The figures in table 14 show a rather steady decline in the percentage of total oils used in the manufacture of compounds and vegetable cooking fats accounted for by cottonseed oil, and a steady increase in the utilization of soybean oil from less than 1 percent in the earlier years of the series to the position of most important component in the last few years, significantly above cottonseed oil.

Table 15. Percentage of each type of fats and oils used in the manufacture of edible products other than shortening and oleomargarine, 1935-48: These figures show that from 1935 to 1944 cottonseed oil was by far the most important ingredient of edible products other than shortening. In 1945 and 1946, however, cottonseed oil dropped to only slightly more than 10 percent of the total, while soybean oil increased in these 2 years to above 50 percent of the total.

Table 16. Primary fats and oils used in the manufacture of soap, United States, 1927-48: Prewar the most important oils and fats used in soap manufacture were coconut oil, grease, and tallow, with tallow the most important. Postwar coconut oil has not yet recovered its position.

Table 17. Percentage of each type of the primary fats and oils used in the manufacture of soap, United States, 1927-48: The percentage of total fats and oils utilization in soap accounted for by coconut oil has shown a diminishing trend for some years. Tallow continues to occupy the most important position, followed by grease.

Table 18. Prices of principal oils going into oleomargarine, 1932-48: The figures in this table show the extremely competitive position of the oils used in oleomargarine. It is significant in that it shows that the oils are so competitive that any increase in domestic oil prices relative to coconut oil prices will be accompanied by an increase in imports of coconut oil.

Table 19. Utilization of cottonseed and soybean oil, by classes of products, United States, 1931-48: These figures show a marked increase in the use of cottonseed oil in oleomargarine, declining use in shortening, and a diminished total disappearance the last few years. Soybean oil use in all products has increased very greatly. This is due to the loss of coconut-oil imports during the war, and the replacement of coconut oil by soybean oil. Now that the war is over and the coconut-oil-producing countries are increasing their production, coconut oil may be expected to become a severe competitor of both soybean and cottonseed oil.

Table 20. Percentage utilization of cottonseed and soybean oil by classes of products, United States, 1931-48: Oleomargarine and shortening account for the greater portion of the cottonseed and soybean oil in edible products.

Table 23. Soybean States cash farm income: Total compared with part coming from soybean oil used in oleomargarine and competing sources, 1946: These figures show that the soybean meal fed dairy cows returns more than the oil used in oleomargarine. Further, farmers in these States stand to be damaged more by a reduction in dairy prices than by any small gains in soybean-oil prices, due to the fact that dairying is a more important source of income.

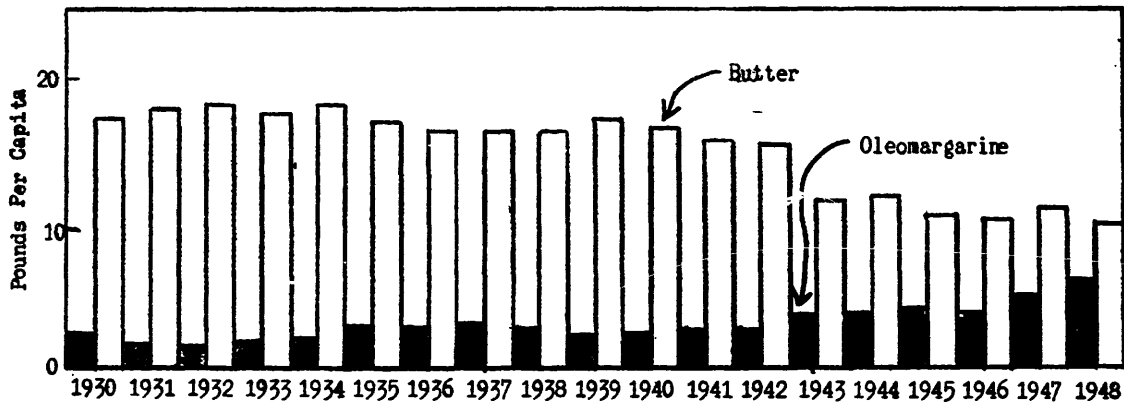
Table 24. Percentage cash income from soybeans and soybean oil used in oleomargarine and competing sources is of total cash farm income, 1946: These figures merely represent a percentage distribution of those given in table 23, and are included so as to indicate the proportions attributable to the several commodities and for comparative purposes.

Table 25. Relative price movements of butter, oleomargarine, butterfat, and fats and oils used in oleomargarine, 1925-48: The figures in this table show the price comparisons of these commodities, and indicate that oleomargarine is usually about half the price of butter.

Table 26. Retail price and farmer's share, butter and oleomargarine, 1946-48, by months and January 1949: These figures are for the purpose of showing that the farmer gets by far the larger share of the consumer's butter dollar than he does of the consumer's oleomargarine dollar. Since butter is not only higher in price than oleo, and since he gets a larger share of the retail price of butter than he does of oleo, it appears that any loss of the butter market to oleo will result in drastic decreases in not only total farm income, but also in the farmer's share of the consumer's dollar.

CHART V

Per Capita Consumption of Butter and Oleomargarine in the
United States, 1930-1948



National Cooperative Milk
Producers Federation

April, 1949

Dealers' buying prices, prices to producers at condenseries, farm price of butterfat, 92-score butter prices at Chicago, cheese prices, and evaporated-milk prices, United States (by years, 1920-48; by months, 1948; January to March 1949)

Year	Average dealer's buying price for 3 5/8 percent milk for city distributed in as milk and cream (per hundred-weight)	Average price per hundred-weight paid to producers for 3.5-percent milk delivered at condenseries	United States average farm price of butterfat (per pound)	United States average farm price of milk sold wholesale (per hundred-weight)	Butter average prices of 92-score butter at Chicago (per pound)	Cheese price per pound on the Wisconsin Cheese Exchange (American twins)	Evaporated milk average wholesale selling price per case
			<i>Cents</i>		<i>Cents</i>	<i>Cents</i>	
1920.....	\$3.53	\$3.00	55.5	\$3.22	58.2	24.9	\$5.25
1921.....	2.63	1.93	37.0	2.30	41.7	18.3	4.56
1922.....	2.30	1.70	35.9	2.11	39.2	19.3	3.69
1923.....	2.69	2.21	42.2	2.49	46.0	22.1	4.14
1924.....	2.63	1.83	40.4	2.22	41.2	18.2	3.72
1925.....	2.67	1.98	42.4	2.38	44.1	21.5	3.84
1926.....	2.74	1.97	41.6	2.38	42.8	20.1	3.90
1927.....	2.72	2.12	44.5	2.51	45.8	22.7	4.02
1928.....	2.77	2.12	46.1	2.52	46.0	22.1	3.93
1929.....	2.81	2.04	45.2	2.53	43.8	20.2	3.70
1930.....	2.68	1.67	34.5	2.21	35.3	16.4	3.34
1931.....	2.20	1.18	24.8	1.69	27.0	12.5	2.97
1932.....	1.72	.89	17.9	1.28	20.1	10.0	2.37
1933.....	1.60	.98	18.8	1.30	20.8	10.2	2.45
1934.....	1.89	1.14	22.7	1.55	24.8	11.7	2.54
1935.....	2.05	1.35	28.1	1.74	28.8	14.3	2.73
1936.....	2.13	1.50	32.2	1.93	32.0	15.3	3.05
1937.....	2.32	1.57	33.3	1.97	33.2	15.9	3.03
1938.....	2.26	1.25	26.3	1.72	27.1	12.6	2.82
1939.....	2.17	1.24	23.9	1.68	25.4	12.8	2.75
1940.....	2.21	1.38	28.0	1.82	28.7	14.3	2.87
1941.....	2.40	1.81	34.2	2.18	33.8	19.4	3.33
1942.....	2.79	2.08	39.6	2.57	39.5	21.6	3.62
1943.....	3.16	2.61	49.9	3.12	44.0	23.2	4.15
1944.....	3.24	2.66	50.3	3.21	41.5	23.2	4.15
1945.....	3.26	2.63	50.3	3.19	42.3	23.2	4.15
1946.....	3.92	3.36	64.3	3.96	61.9	34.8	4.90
1947.....	4.71	3.46	71.8	4.25	70.6	36.0	5.43
1948.....	5.17	3.90	78.6	4.86	75.2	40.7	6.22
1948							
January.....	5.09	4.16	87.7	5.09	84.1	43.2	5.83
February.....	6.10	4.07	84.9	5.00	81.7	41.5	5.99
March.....	5.09	3.95	80.3	4.81	79.0	37.9	6.00
April.....	5.07	3.96	84.6	4.69	80.5	40.1	6.08
May.....	5.03	3.99	83.6	4.63	79.6	43.2	6.41
June.....	5.04	4.04	82.7	4.67	80.9	43.6	6.61
July.....	5.16	4.21	84.4	4.86	78.8	46.8	6.71
August.....	5.29	4.21	81.1	5.00	75.3	43.8	6.56
September.....	5.32	3.98	75.6	4.98	71.8	40.6	6.26
October.....	5.30	3.55	67.8	4.91	63.3	35.6	6.26
November.....	5.27	3.34	64.3	4.83	62.7	34.8	5.94
December.....	5.25	3.33	65.7	4.81	64.8	37.0	5.95
1949:							
January.....	5.16	3.10	6.57	4.52	63.2	32.1	5.81
February.....	5.04	2.90	6.41	4.30	62.8	29.9	5.66
March.....	4.90	-----	6.34	4.08	60.3	29.1	-----

¹ Simple average.

Source: The Dairy Situation, BAE, U. S. Department of Agriculture.

Method of determining class I prices in Federal order markets, Apr. 1, 1948

(Without regard to temporary suspensions of pricing provisions)

Market	Fixed-price butter ad- justment	Formulas			
		14 Chicago concentra- tor	Other man- ufacturing plants	Butter, skim	Butter, cheese
Boston ¹				X	X
Chicago.....		X		X	X
Cincinnati.....			X	X	X
Cleveland.....		X		X	X
Clinton.....			X		X
Columbus.....		X		X	X
Dayton-Springfield.....		X		X	X
Dubuque.....			X		X
Duluth-Superior.....				X	
Fall River ¹					
Fort Wayne.....			X	X	X
Kansas City.....		X		X	
Louisville.....		X	X	X	
Lowell-Lawrence ¹					
Minneapolis-St. Paul.....		X		X	X
Nashville.....		X		X	X
New Orleans.....		X		X	X
New York.....				X	
Omaha.....				X	
Paducah.....		X	X	X	
Philadelphia.....	X				
Quad Cities.....			X		X
St. Louis.....		X		X	
Sioux City.....			X	X	
South Bend-La Porte.....		X		X	X
Suburban Chicago.....		X		X	X
Toledo.....		X	X	X	X
Topeka.....		X		X	
Tri-State.....		X		X	X
Wichita.....		X		X	
Total.....	1	17	9	23	14

¹ Based on indexes of wholesale commodity prices, department store sales and a feed-labor cost index.² Plus 5 local plants.

Source: Dairy Branch, Production and Marketing Administration, U. S. Department of Agriculture, Summaries of Fluid Milk Marketing Orders, Feb. 1, 1949.

TABLE 1.—Per capita consumption of oleomargarine in the United Kingdom, 1930 to 1947, inclusive ¹

Year	Oleomargarine consumption, per capita	Butter consumption, per capita	Total consumption, oleomargarine and butter, per capita	Oleomargarine per capita consumption as a percent of total	Butter per capita consumption as a percent of total	Oleomargarine consumption as a percent of butter consumption
	Pounds	Pounds	Pounds	Percent	Percent	Percent
1930	12.0	18.4	30.4	39.5	60.5	65.2
1931	10.5	20.7	31.2	33.6	66.3	60.0
1932	9.9	21.5	31.4	31.5	68.5	49.0
1933	9.0	23.5	32.5	27.7	72.3	38.3
1934	7.9	25.5	33.4	23.6	76.4	31.0
1935	8.4	25.2	33.6	25.0	75.0	33.3
1936	8.7	25.0	33.7	25.8	74.2	34.8
1937	8.9	24.8	33.7	26.4	73.6	35.9
1938	10.0	24.1	34.1	29.3	70.7	41.5
1939	(*)	(*)	(*)	(*)	(*)	(*)
1940	15.4	14.0	29.4	52.4	47.6	110.0
1941	17.8	10.2	28.0	63.6	36.4	174.5
1942	17.6	7.7	25.3	69.5	30.5	228.6
1943	17.6	7.7	25.3	69.8	30.2	231.2
1944	18.8	7.4	26.2	71.8	28.2	254.0
1945	19.3	8.3	27.6	69.9	30.1	232.5
1946	18.3	10.7	29.0	63.1	36.9	171.0
1947	15.7	10.9	26.6	59.0	41.0	144.0

¹ 1939-39 and 1943-47 compiled from Industry report, Fats and Oils, May 1948 p. 31, issued by the Office of Domestic Commerce, U. S. Department of Commerce. 1937-42 from data furnished by Fats and Oils Branch, U. S. Department of Agriculture.

* Not available.

TABLE 2.—Comparison of per capita consumption of butter and oleomargarine in the United States, 1924-48, inclusive

Year	Per capita consumption of butter	Per capita consumption of oleomargarine	Total per capita consumption of butter and oleomargarine	Oleomargarine consumption as a percent of total	Butter consumption as a percent of total	Oleomargarine consumption as a percent of butter consumption
	Pounds	Pounds	Pounds	Percent	Percent	Percent
1924	17.9	2.0	19.9	10.0	90.0	11.2
1925	17.9	2.0	19.9	10.0	90.0	11.2
1926	18.4	2.0	20.4	9.8	90.2	10.9
1927	18.0	2.3	20.3	11.3	88.7	12.8
1928	17.4	2.6	20.0	13.0	87.0	14.9
1929	17.3	2.9	20.2	14.3	85.7	16.8
1930	17.2	2.6	19.8	13.1	86.9	15.1
1931	18.0	1.8	19.8	9.1	90.9	10.0
1932	18.1	1.6	19.7	8.1	91.9	8.8
1933	17.8	1.9	19.7	9.6	90.4	10.7
1934	18.2	2.1	20.3	10.3	89.7	11.5
1935	17.1	3.0	20.1	14.9	85.1	17.6
1936	16.4	3.0	19.4	15.5	84.5	18.3
1937	16.4	3.1	19.5	16.0	84.0	18.9
1938	16.4	2.9	19.3	15.0	85.0	17.7
1939	17.3	2.3	19.6	11.7	88.3	13.3
1940	16.9	2.4	19.3	12.4	87.6	14.2
1941	15.9	2.7	18.6	14.5	85.5	17.0
1942	15.7	2.7	18.4	14.7	85.3	17.2
1943	11.7	3.9	15.6	25.0	75.0	33.3
1944	12.0	3.9	15.9	24.5	75.5	32.5
1945	10.8	4.0	14.8	27.0	73.0	37.0
1946	10.3	3.8	14.1	27.0	73.0	30.9
1947 ¹	11.2	5.0	16.2	30.9	69.1	44.0
1948 ¹	10.2	6.1	16.3	37.4	62.6	59.8

¹ Preliminary.

Source: BAE, USDA.

TABLE 3.—Dealers' buying prices, prices to producers at condenseries, farm prices of butterfat, 92-score butter prices at Chicago, cheese prices, and evaporated milk prices, United States, by years 1920-48, by months 1948

Year	Average dealer's buying price for 3.5 percent milk for city distribution as milk and cream, per hundred-weight	Average price per hundred-weight paid to producers for 3.5 percent milk delivered at condenseries	United States average price of butterfat, per pound	United States average farm price of milk sold wholesale, per hundred-weight	Butter average price of 92-score butter at Chicago, per pound	Cheese price per pound on the Wisconsin cheese exchange, American twins	Evaporated milk average wholesale selling price, per case
	Dollars	Dollars	Cents	Dollars	Cents	Cents	Dollars
1920	3 53	3 00	35.5	3 22	58 2	24 9	5.25
1921	2 63	1 93	37 0	2 30	41 7	18 3	4.56
1922	2 30	1 70	35.9	2 11	39.2	19 3	3.99
1923	2 09	2 21	42 2	2 49	46.0	22 1	4.14
1924	2 03	1 83	40 4	2 22	41 2	18 2	3.72
1925	2 07	1 98	42 4	2 38	44 1	21 5	3.84
1926	2 74	1 97	41 0	2 38	42 8	20 1	3.90
1927	2 72	2 12	41.5	2 51	45 8	22 7	4.02
1928	2 77	2 12	46.1	2 52	46 0	22 1	3.93
1929	2 81	2 04	45.2	2 53	43.8	20 2	3.70
1930	2 68	1 67	34 5	2 21	35 3	16 4	3.34
1931	2 20	1 19	24 8	1 09	27.0	12 5	2.97
1932	1 72	.89	17.9	1.28	20 1	10 0	2.37
1933	1.00	.98	18.8	1.30	20 8	10 2	2.45
1934	1 89	1 14	22 7	1 55	24 8	11 7	2.54
1935	2 05	1 35	28 1	1 74	28 8	14 3	2.73
1936	2 13	1 50	32 2	1 83	32 0	15 3	3.03
1937	2 32	1 57	33 3	1 97	33.2	15 9	3.06
1938	2 26	1 25	26 3	1 72	27 1	12 6	2.82
1939	2 17	1 24	23.9	1 68	25.4	12 8	2.75
1940	2 21	1 38	28 0	1 82	28 7	14 3	2.87
1941	2 40	1 81	34 2	2 18	33 8	19 4	3.23
1942	2 79	2 08	39 6	2 57	39 5	21 6	3.62
1943	3 16	2 61	49.9	3 12	44.0	23 2	4.15
1944	3 24	2 60	50 3	3 21	41.5	23 2	4.15
1945	3 28	2 63	50 3	3 19	42 3	23 2	4.15
1946	3 92	3 36	64 3	3 96	61.9	34 8	4.90
1947	4 71	3 40	71.8	4 25	70 6	36 0	5.43
1948	5 17	3 90	78 5	4 86	75.2	40 7	6.22
January	5 09	4 16	87.7	5 09	84 1	43 2	5.83
February	5 10	4 07	84.9	5 00	81.7	41.5	5.90
March	5 09	3 95	80.3	4 81	79 0	37 9	6.00
April	5 07	3 96	84 0	4 69	80 5	40 1	6.08
May	5 03	3 99	83.6	4 63	79 6	43 2	6.41
June	5 04	4 04	82.7	4 67	80.9	43 6	6.61
July	5 16	4 21	84.4	4 86	78.8	46 8	6.71
August	5 29	4 21	81.1	5 00	75.3	43.8	6.56
September	5 32	3 98	75 6	4 98	71.8	40 6	6.28
October	5 30	3 55	67.8	4 91	63.2	35 6	6.28
November	5 27	3 34	64 3	4 83	62.7	34 8	5.94
December	5.25	3.33	65.7	4.81	64.8	37.0	5.96

¹ Simple average.

Source: The Dairy Situation, January 1949, issued by the BAE, USDA.

TABLE 4.—The competitive fats and oils situation in the United States

[In millions of pounds]

Item	Average 1920-24	Average 1925-29	Average 1930-34	Average 1935-39	1940	1941	1942	1943	1944	1945	1946	1947	1948
Production:													
Vegetable oils and fats.....	2,054	2,960	2,433	2,824	3,193	3,754	3,744	4,158	3,974	3,936	3,806	4,441	4,909
Animal and fish oils and fats.....	3,398	3,422	3,458	2,933	4,106	4,305	4,642	5,145	5,588	4,281	4,068	4,787	4,537
Butter, creamery and farm.....	1,849	2,069	2,244	2,192	2,240	2,268	2,130	2,015	1,818	1,701	1,505	1,638	1,530
Total.....	7,301	8,351	8,135	7,949	9,538	10,326	10,516	11,318	11,380	9,918	9,399	10,866	10,976
Less oil content of imported raw materials.....	603	783	665	827	757	938	602	662	690	547	546	932	771
Production from domestic materials.....	6,698	7,568	7,470	7,122	8,781	9,388	9,914	10,656	10,690	9,371	8,853	9,934	10,205
Importations:													
Vegetable oils and fats.....	679	847	880	1,312	882	879	272	297	355	356	231	376	419
Animal and fish oils and fats.....	90	149	133	188	51	77	169	151	119	80	47	41	84
Oil content of raw materials.....	603	783	665	827	828	1,000	602	662	699	547	546	932	771
Total.....	1,372	1,779	1,678	2,327	1,781	1,956	1,043	1,110	1,163	983	824	-1,349	1,271
Exportations:													
Vegetable oils and fats.....	185	106	89	50	103	97	173	597	529	276	265	309	240
Animal and fish oils and fats.....	1,135	951	697	196	224	1,410	731	947	1,013	665	517	528	415
Total.....	1,320	1,057	786	246	327	1,507	904	1,544	1,542	941	782	837	655
Summary:													
Production from domestic materials.....	6,698	7,568	7,470	7,122	8,635	9,388	9,914	10,656	10,660	9,371	8,853	9,934	10,205
Net imports.....	52	722	892	2,081	1,434	1,368	139	-434	-379	42	42	512	616
Net change in stocks ¹	-33	+140	+93	63	+292	-281	-256	+134	-5	-430	-460	+27	+387
Total apparent consumption.....	6,783	8,150	8,269	9,140	9,778	10,927	10,309	10,088	10,306	9,843	9,355	10,419	10,434
Apparent consumption per capita (pounds per year).....	61.9	68.9	66.1	70.1	74.1	82.1	77.1	75.3	77.8	74.6	67.9	72.6	71.8

¹ Excluding shipments to Territories.² Does not include 81,000,000 pounds reexports.³ Minus sign denotes decrease and plus sign an increase in stocks during each year.

Source: Compiled from reports of Bureau of Census, Office of Domestic Commerce, and Bureau of Agricultural Economics.

TABLE 5.—Imports for consumption of oilseeds and estimated oil equivalent, United States 1937-48

[In Thousands of Pounds]

Raw material	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
Castor beans.....	146,808	114,073	162,611	237,789	394,450	265,613	316,403	333,736	304,379	226,295	276,907	302,511
Copra.....	537,750	513,017	430,054	615,368	569,655	142,067	237,213	189,620	236,631	789,391	1,355,321	896,487
Flaxseed.....	1,569,778	860,360	897,573	662,225	1,182,832	768,834	594,962	601,402	212,552	190,047	15,517	56,697
Sesame seed.....	11,065	6,816	12,242	14,398	8,650	9,181	3,258	7,725	542	4,891	9,479	22,606
Poppyseed.....	75,609	9,649	5,914	(1)	(1)	(1)	(1)	(1)	2,790	2,626	4,735	6,071
Hempseed.....	477	514	1,290	(1)	895	(1)	(1)	(1)	130	546	119	282
Palm nuts and kernels.....	88,291	31,867	10,118	29,731	13,895	2,125	143	59,362	82,944	55	34	4 ¹
Rapeseed.....	6,180	9,176	7,542	(1)	3,627	(1)	(1)	(1)	1,021	1,151	182	413
Soybeans.....	1,003	178	137	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Babassu nuts and kernels.....	54,792	50,827	113,837	98,273	70,708	47,822	32,778	14,939	73,476	39,463	22,233	61,929
Other oilseeds.....	2,096	1,140	18,466	14,257	44,512	12,707	14,483	4,769	15,231	13,589	17,290	13,525
Total.....	2,493,839	1,597,617	1,659,786	1,672,041	2,280,227	1,248,339	1,199,240	1,211,543	929,686	1,268,054	1,702,017	1,362,533

ESTIMATED OIL EQUIVALENT¹

Castor.....	66,064	51,333	73,175	107,005	177,502	119,526	142,381	150,177	131,971	101,933	124,563	136,130
Coconut.....	338,782	323,201	270,934	387,682	358,885	89,502	149,444	119,461	149,078	497,316	853,832	564,157
Linseed.....	533,725	292,522	303,176	225,156	402,163	261,400	302,287	304,477	72,268	64,616	5,378	20,297
Sesame.....	5,201	3,204	3,754	6,767	4,086	4,315	1,531	3,631	253	2,299	4,455	10,625
Poppyseed.....	31,000	3,936	425	(1)	(1)	(1)	(1)	(1)	1,144	1,077	1,941	2,489
Hempseed.....	114	123	310	(1)	215	(1)	(1)	(1)	29	131	29	60
Palm and palm kernel.....	39,731	14,340	4,533	13,379	6,233	956	64	26,713	37,325	25	15	19
Rapeseed.....	2,163	3,212	2,640	(1)	1,289	(1)	(1)	(1)	357	529	64	145
Soybean.....	150	27	21	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Babassu.....	34,519	32,021	71,717	61,912	44,546	30,128	30,650	9,412	46,290	24,862	14,007	39,015
Other.....	793	433	7,017	5,418	16,915	4,829	5,504	1,812	5,788	5,184	6,570	5,190
Total.....	1,052,242	724,372	743,722	807,319	1,011,814	510,656	521,861	515,683	449,505	697,852	1,010,874	773,077

¹ Included in "Other oil seeds."

² Increase from 1938 to 1939 largely comprised of perilla seed.

³ Oil content of raw materials for the product shown in order are 45, 63, 34, 47, 41, 24, 45, 35, 15, 63, and 38.

Source: Bureau of the Census, U. S. Department of Commerce, and Bureau of Agricultural Economics, USDA.

TABLE 6.—Imports for consumption of foreign and fish fats, oils and greases, and vegetable oils and fats

[In thousands of pounds]

	1920-29 average	1930-39 average	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
Animal oils, fats, and greases:														
Butter.....	13,163	5,399	11,111	1,624	1,107	1,385	3,724	20,081	3,264	1,731	3,740	7,010	3,771	228
Tallow.....	9,126	36,388	3,851	1,229	1,496	1,368	34,381	63,673	32,651	56,834	31,993	3,101	1,084	1,036
Wool grease.....	6,672	4,852	4,694	1,786	4,178	2,877	1,339	1,457	2	46	1,290	1,439	139	280
Oleic acid.....	46	460	229								606	13	220	40
Stearic acid.....	1,464	3,826	1,465	788	1,278	561	820		19,752	24,700	6,351	139	108	261
Other.....	6,842	7,688	19,017	4,696	3,835	2,270	1	23,920						
Total.....	40,313	58,613	40,367	10,123	11,914	8,461	40,265	109,131	55,669	82,311	43,890	11,702	5,322	1,855
Fish and marine oils:														
Whale oil.....	26,643	29,966	54,771	22,072	20,289	22,258	7,630	16,039	55,066	133	465	9,069	14,920	39,110
Fish oil (cod).....	13,610	18,276	22,156	22,934	18,215	3,503	9,644	4,429	4,429	4,407	4,370	3,277	4,421	3,168
Fish-liver oil.....	10,070	30,746	44,370	39,215	50,027	15,858	19,106	4,776	13,534	12,716	13,260	21,443	11,402	16,278
Other.....	19,060	1,247	1,252	531	960	718	4,040	13,865	85,199	68,870	19,530	5,921	4,298	23,644
Total.....	79,383	90,235	122,549	84,752	87,491	42,437	30,420	37,800	158,228	86,126	37,625	31,550	35,041	81,200
Vegetable oils and fats:														
Cottonseed, crude and refined.....	1,684	59,546	194,031	77,500	29,451	12,031	25,396	8,372	12,196	10,052	33,272		977	3,577
Linseed.....	33,466	1,833	402	123	49	11	90	27,842	66,631	66,539	79,044	94,405	117,326	3,959
Peanut.....	12,559	21,698	57,969	15,653	3,779	3,119	4,839	440	9			86	101	66
Boybean.....	27,022	7,934	29,752	4,253	4,126	4,849	759						71	265
Coconut.....	296,345	326,391	337,376	363,941	336,796	370,683	405,333	43,244	42,966	51,751	33,971	2,363	23,589	109,096
Olive:														
Edible.....	70,672	67,256	43,343	71,098	62,866	50,060	10,120	6,968	3,288	301	9,049	12,660	11,230	36,101
Inedible.....	12,288	11,480	4,870	5,444	11,304	5,136	867	871	334	125	108	103	248	260
Sulfured.....	26,846	34,608	22,101	22,358	28,180	24,480	4,027							9,414
Palm kernel.....	30,802	31,360	139,356	2,569	2,236			425					2,381	14,041
Palm.....	121,378	261,104	411,112	271,325	286,416	225,037	308,134	77,866	59,555	71,460	66,141	37,850	63,212	63,328
Tung.....	62,138	118,627	174,885	107,456	78,718	97,049	43,800	8,269	68	1,771	339	36,207	121,564	133,282
Vegetable tallow and wax.....	13,104	16,869	28,605	16,887	28,944	26,416	2,139	15,572	18,308	17,651	15,349	29,977	112	(1)
Rapeseed.....	15,236	21,062	4,854	5,980	8,972	12,919	17,456	13,579	2,466	16,211	13,342	3,094	5,874	3,871
Perilla.....	4,626	40,322	43,591	31,821	51,284	11,347	6,574	1,041	393		14		167	1,440
Seasame.....	6,022	6,414					81							
Sunflower seed (edible and inedible).....		13,923	479	76	194	3,255	56,853	54,779	94,883	83,317	499	4	1	1
Other.....	7,576	42,114	129,996	71,047	64,553	29,787	46,380	2,608	24,499	19,125	6,816	35,206	29,417	36,823
Total.....	780,794	1,095,831	1,629,752	1,106,181	995,871	872,944	879,252	263,968	285,492	339,869	340,782	253,340	376,163	415,423

1 Included in other.

2 Includes such oils as babassu, castor, hempseed, poppy seed, corn, oiticica, and tea seed (corn most important).

Source: Animal and vegetable fats and oils, Bureau of the Census, U. S. Department of Commerce, and Bureau of Agricultural Economics, U. S. Department of Agriculture.

TABLE 7.—Total consumption of the principal fats in the United States, 1921-47
 (In millions of pounds)

Year	Butter ¹	Oleomar- garine	Lard as such	Vegetable shortening ²	Total
1921	1,757	215	1,172	763	3,907
1922	1,834	184	1,463	742	4,223
1923	1,995	226	1,603	738	4,562
1924	2,053	230	1,623	807	4,713
1925	2,086	231	1,418	1,127	4,862
1926	2,174	239	1,432	1,123	4,968
1927	2,160	274	1,506	1,161	5,101
1928	2,113	313	1,588	1,130	5,144
1929	2,117	351	1,549	1,208	5,225
1930	2,135	322	1,556	1,208	5,221
1931	2,244	229	1,687	1,168	5,328
1932	2,275	200	1,799	949	5,223
1933	2,248	242	1,794	941	5,185
1934	2,312	262	1,637	1,202	5,413
1935	2,195	378	1,221	1,534	5,328
1936	2,114	390	1,442	1,580	5,526
1937	2,120	397	1,358	1,580	5,455
1938	2,148	385	1,438	1,495	5,466
1939	2,270	301	1,522	1,395	5,488
1940	2,244	345	1,901	1,185	5,780
1941	2,185	363	1,840	1,101	5,529
1942	2,216	363	1,744	1,300	5,623
1943	2,276	304	1,738	1,374	5,692
1944	1,778	501	1,723	1,349	5,351
1945	1,856	538	1,645	1,430	5,469
1946	1,632	538	1,649	1,423	5,242
1947 ³	1,636	516	1,843	1,345	5,340
Percentage distribution:					
1921-25	43.8	4.9	29.7	21.7	100.0
1926-30	41.7	5.9	29.7	22.7	100.0
1931-35	42.6	5.0	30.5	21.9	100.0
1936-40	39.3	6.9	28.1	25.7	100.0
1941-45	35.8	8.2	23.0	33.0	100.0
1946	29.5	10.5	22.9	37.1	100.0
1947	30.8	12.9	33.8	22.5	100.0

¹ Includes firm and creamy butter.

² In addition to pure vegetable shortening this item also includes cooking fat compounds containing animal fats.

³ Preliminary.

Source: Bureau of Agricultural Economics.

TABLE 8.—Per capita consumption of the principal fats in the United States, 1912-48

(Pounds per capita)

Year	Butter	Oleomargarine	Total tablefats	Lard	Shortening	Cooking and salad oil, etc.	Total cooking fats	Grand total
1912.....	16.6	1.5	18.1	11.3	8.4	1.0	20.7	38.8
1913.....	16.5	1.5	18.0	10.8	9.6	1.8	22.2	40.2
1914.....	17.0	1.4	18.4	10.7	10.8	3.7	25.2	43.6
1915.....	17.2	1.4	18.6	11.6	10.1	2.9	24.6	43.2
1916.....	17.3	1.8	19.1	11.7	9.6	1.8	23.1	42.2
1917.....	15.8	2.7	18.5	10.1	10.9	.7	21.7	40.2
1918.....	15.8	3.3	19.1	11.9	10.5	3.7	26.1	43.3
1919.....	15.3	3.3	18.6	10.7	11.7	2.3	24.7	43.3
1920.....	14.8	3.4	18.2	12.0	6.7	2.7	21.4	39.6
1921.....	16.2	2.0	18.2	10.8	7.0	3.6	21.4	39.6
1922.....	17.0	1.7	18.7	13.2	6.7	1.7	23.6	43.3
1923.....	17.8	2.0	19.8	14.3	6.6	4.8	25.7	45.5
1924.....	17.9	2.0	19.9	14.2	7.1	3.8	25.1	45.0
1925.....	17.9	2.0	19.9	12.2	9.7	4.8	26.7	46.6
1926.....	18.4	2.0	20.4	12.2	9.6	5.1	26.9	47.3
1927.....	18.0	2.3	20.3	12.7	9.7	4.1	26.5	46.8
1928.....	17.4	2.6	20.0	13.2	9.4	4.6	27.2	47.2
1929.....	17.3	2.9	20.2	12.7	9.9	5.4	28.0	48.2
1930.....	17.2	2.6	19.8	12.6	9.8	5.8	28.2	48.0
1931.....	18.0	1.8	19.8	13.5	9.3	4.8	27.6	47.4
1932.....	18.1	1.6	19.7	14.3	7.5	4.5	26.3	46.0
1933.....	17.8	1.9	19.7	13.9	7.5	5.2	26.6	46.3
1934.....	18.2	2.1	20.3	12.9	9.4	5.2	27.5	47.0
1935.....	17.1	3.0	20.1	9.5	12.0	5.4	26.9	47.0
1936.....	16.4	3.0	19.4	11.2	12.3	5.7	29.2	48.6
1937.....	16.4	3.1	19.5	10.5	12.3	6.3	29.1	48.6
1938.....	16.4	2.9	19.3	11.0	11.5	6.8	29.3	48.6
1939.....	17.3	2.3	19.6	12.6	10.6	7.2	30.4	50.0
1940.....	16.9	2.4	19.3	14.3	8.9	7.5	30.7	50.0
1941.....	15.9	2.7	18.6	13.7	10.4	8.2	32.3	50.9
1942.....	15.7	2.7	18.4	13.1	8.0	7.6	29.6	48.0
1943.....	11.7	3.9	15.6	13.1	9.8	6.3	29.2	44.8
1944.....	12.0	3.9	15.9	12.6	9.2	6.6	28.4	44.3
1945.....	10.8	4.0	14.8	11.5	10.0	6.0	27.5	42.3
1946.....	10.3	3.8	14.0	11.8	10.1	6.3	28.2	42.3
1947 ¹	11.2	5.0	16.1	12.6	9.3	6.0	28.8	45.0
1948 ¹	10.2	6.1	16.3	12.7	9.5	6.9	29.1	45.4

¹ Preliminary.

Source: Bureau of Agricultural Economics.

TABLE 9.—Creamery butter and oleomargarine annual United States production, 1930-48

(In thousands of pounds)

Year	Creamery butter ¹	All oleomargarine	Colored oleomargarine	Year	Creamery butter ¹	All oleomargarine	Colored oleomargarine
1930.....	1,597,747	325,690	13,441	1940.....	1,836,826	320,402	2,451
1931.....	1,667,482	229,927	5,596	1941.....	1,872,183	367,587	4,774
1932.....	1,694,132	203,232	3,421	1942.....	1,764,054	425,749	64,488
1933.....	1,762,688	245,472	2,598	1943.....	1,673,788	614,144	116,543
1934.....	1,694,708	264,406	2,816	1944.....	1,488,502	588,214	107,606
1935.....	1,632,380	381,631	2,840	1945.....	1,363,717	613,279	98,852
1936.....	1,629,407	393,292	2,660	1946.....	1,171,339	572,520	58,063
1937.....	1,623,971	397,381	1,709	1947.....	1,329,678	745,940	59,057
1938.....	1,788,172	355,233	1,532	1948.....	¹ 1,214,396	¹ 608,712	¹ 96,367
1939.....	1,781,737	300,856	1,445				

¹ Includes whey butter.² Preliminary.

Source: Bureau of Agricultural Economics, U. S. Department of Agriculture.

TABLE 10.—Oleomargarine production by types, in the United States

Calendar year	Uncolored			Colored			Total uncolored and colored	Percent colored	Total uncolored and colored as reported by the Bureau of Internal Revenue
	Vegetable oil type ¹	Combined animal and vegetable type ²	Total	Vegetable oil type	Combined animal and vegetable type ²	Total			
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds		1,000 pounds
1918.....	89,133	258,004	347,137	118	7,136	7,254	354,391	2.1	350,607
1919.....	132,906	218,150	351,056	9,703	10,469	20,262	371,318	5.5	368,799
1920.....	189,829	163,391	353,220	5,338	8,928	14,266	367,486	3.9	369,484
1921.....	99,265	104,586	203,851	2,026	5,990	8,016	211,867	3.8	215,082
1922.....	74,127	104,587	178,714	1,384	4,977	6,361	185,076	3.4	184,752
1923.....	93,971	121,721	215,692	2,808	7,078	9,886	225,578	4.4	227,580
1924.....	97,871	120,053	217,924	3,005	7,847	10,852	228,776	4.7	231,829
1925.....	108,490	109,683	218,173	4,215	8,243	12,458	230,611	5.4	233,951
1926.....	116,215	108,870	225,085	4,934	8,575	13,509	238,594	5.7	242,560
1927.....	148,576	109,471	258,047	5,047	9,508	14,555	272,602	5.3	277,498
1928.....	190,788	101,732	292,520	5,525	9,899	15,414	307,934	5.0	316,662
1929.....	215,460	109,502	324,962	6,172	11,066	17,263	342,250	5.0	356,248
1930.....	211,030	87,017	298,147	4,749	8,859	13,608	311,755	4.4	325,660
1931.....	162,931	52,876	215,807	2,150	3,066	6,146	221,953	2.8	229,927
1932.....	155,674	38,604	194,278	971	2,467	3,438	197,716	1.7	203,232
1933.....	199,008	40,719	239,727	703	1,801	2,504	242,231	1.0	245,472
1934.....	207,468	52,511	259,979	792	2,129	2,921	262,900	1.1	264,408
1935.....	329,764	46,087	375,851	936	1,890	2,826	378,677	.7	381,631
1936.....	340,137	48,090	388,227	1,252	1,419	2,671	390,898	.7	393,292
1937.....	349,477	40,320	389,797	955	748	1,703	391,500	.4	397,381
1938.....	340,300	38,267	378,567	1,026	500	1,526	380,093	.4	385,233
1939.....	265,901	34,492	300,393	1,045	392	1,437	301,830	.5	300,856
1940.....	277,375	40,881	318,256	1,942	474	2,416	320,672	.8	320,402
1941.....	309,771	50,691	360,432	3,725	1,052	4,777	365,209	1.3	367,577
1942.....	305,650	53,759	359,409	61,215	2,653	63,868	423,277	15.1	425,749
1943.....	447,883	45,765	493,648	108,526	7,957	116,483	610,131	19.1	614,144
1944.....	446,312	33,875	480,187	92,925	10,654	103,579	583,766	17.7	588,214
1945.....	490,881	24,438	515,319	89,124	9,540	98,664	613,983	16.1	613,279
1946.....	498,419	16,321	514,740	56,379	1,533	57,912	572,652	10.1	572,520
1947.....	661,411	20,919	682,330	55,725	654	56,379	738,709	7.6	745,940
1948.....	764,577	18,349	782,926	90,943	727	91,670	874,596	10.5	908,712

¹ This also includes nut types.

² This is also reported to have included small quantities of oleomargarine made exclusively from animal oil from 1918 through 1925.

³ This total represents the sum of the quantities shown for each type and is the total as reported by the Production and Marketing Administration of the U. S. Department of Agriculture. The total reported by the Bureau of Internal Revenue is considered to be more accurate, but it is not broken down by types.

⁴ Preliminary.

Source: Bureau of Agricultural Economics, U. S. Department of Agriculture.

TABLE 11.—Materials used in the manufacture of oleomargarine, United States, by calendar years 1928-48

[In thousands of pounds]

Ingredient	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
Corn oil.....	21	.....	159	51	54	341	4	32	1,233	1,796
Cottonseed oil.....	26,931	30,173	27,448	16,028	15,098	17,997	54,778	99,504	108,106	173,617
Peanut oil.....	6,329	6,307	5,787	4,586	2,511	2,635	2,744	4,369	4,140	2,880
Soybean oil.....	.....	11	2,255	622	3	7	24	1,740	14,261	31,791
Other vegetable ¹	28	28	37	37	.....	.....	.....	.....	.....	.....
Total domestic vegetable.....	33,309	36,519	35,686	21,336	17,666	20,980	57,551	105,685	127,745	210,084
Babassu oil.....	.....	.....	.....	.....	.....	.....	.....	1,838	16,114	14,607
Coconut oil.....	159,852	185,507	177,990	133,118	123,219	150,096	123,678	174,315	150,465	73,806
Palm oil.....	1,169	1,523	861	2,428	261	544	66	3	1,400	1,063
Other vegetable ²	91	1	55	253	.....	.....	.....	602	2,915	7,947
Total foreign vegetable.....	161,112	187,031	178,906	135,799	123,480	150,640	123,744	176,758	170,894	97,423
Lard neutral.....	25,722	22,628	14,905	9,665	9,415	8,959	7,486	3,005	2,199	1,748
Oleo oil.....	44,795	48,226	38,916	18,786	12,453	15,095	21,872	18,227	18,330	12,278
Oleo stearin.....	5,658	6,134	6,024	4,894	3,684	3,120	3,478	2,612	3,550	3,375
Oleo stock.....	1,440	1,168	1,275	814	470	829	1,454	2,390	1,930	1,318
Other animal ³	2,627	3,018	1,693	331	39	7	11	1	.....	.....
Total animal.....	80,242	81,174	62,813	34,490	26,061	28,010	34,301	26,335	26,009	18,719
Total all fats and oils.....	274,663	304,724	277,405	191,615	167,207	199,630	215,596	308,678	324,648	326,226
Milk (mostly skim).....	93,493	98,840	90,201	61,519	49,044	58,417	61,903	83,307	76,386	72,846
Vitamin concentrate.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Salt and other "conditioning" ingredients ⁴	26,604	29,320	27,640	17,549	12,991	14,806	16,619	22,520	21,386	19,073
Total miscellaneous.....	120,097	128,160	117,841	79,068	62,035	73,223	78,522	105,827	97,772	91,919
Grand total.....	394,760	432,884	395,246	270,683	229,242	272,853	294,118	414,505	422,420	418,145

Ingredient	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
Corn oil.....	566	489	421	627	1,690	5,827	11,480	9,174	6,589	6,651	1,345
Cottonseed oil.....	142,858	98,656	115,946	149,930	166,444	252,109	215,008	253,997	222,814	322,552	452,691
Peanut oil.....	3,593	2,445	1,730	2,210	920	4,554	12,295	10,215	13,794	17,509	11,399
Soybean oil.....	39,885	70,822	87,103	75,634	133,346	198,020	211,105	206,642	200,681	227,594	252,727
Other vegetable ¹	27	12	13	12	259	4,562	1,644	138	67	130	18
Total domestic vegetable.....	186,929	72,424	205,213	228,413	302,659	465,062	451,532	480,166	443,945	574,427	718,050
Babassu oil.....	11,547	13,942	6,150	946	332	-----	-----	-----	-----	-----	-----
Coconut oil.....	89,530	38,519	21,780	29,786	3,491	-----	-----	-----	14,508	21,214	5,471
Palm oil.....	-----	1	4	4,991	1,375	-----	-----	-----	-----	-----	-----
Other vegetable ²	4,815	473	-----	1,061	816	-----	1	6	-----	-----	-----
Total foreign vegetable.....	105,882	52,935	27,934	36,784	6,014	-----	1	6	14,508	21,214	5,471
Lard neutral.....	1,464	1,355	5,100	8,300	8,133	10,694	9,360	5,786	2,058	3,145	3,498
Oleo oil.....	13,411	11,866	14,332	18,415	22,495	17,236	11,638	8,641	2,545	3,297	4,305
Oleo stearine.....	3,282	3,067	3,386	3,058	2,919	3,448	3,079	2,510	2,086	3,701	3,012
Oleo stock.....	1,532	1,042	1,260	1,919	3,940	2,819	2,092	1,304	336	649	364
Other animal ³	-----	69	164	296	391	915	220	24	18	896	807
Total animal.....	19,689	17,399	24,242	31,968	37,878	35,112	26,939	18,465	7,042	11,619	11,986
Total all fats and oils.....	312,500	242,758	257,389	297,185	346,551	500,194	478,492	498,637	465,485	607,260	735,507
Milk (mostly skim).....	73,169	58,655	60,961	67,323	74,875	104,389	101,642	105,002	96,046	116,242	152,502
Vitamin concentrate.....	17	14	13	45	88	121	109	120	103	120	138
Salt and other "conditioning" ingredients ⁴	18,218	13,841	13,773	13,898	15,312	21,758	21,674	21,930	20,496	25,893	31,758
Total miscellaneous.....	91,404	72,510	74,747	81,266	90,275	126,268	123,425	127,052	116,645	142,255	184,396
Grand total.....	403,904	315,298	332,136	378,451	436,826	626,462	601,917	625,689	582,140	749,515	919,905

¹ Includes mustard oil, vegetable stearine, soybean stearine, linseed oil, cottonseed stearine, cottonseed flakes, soya flakes, and soya stearine flakes.

² Includes rape oil, rice oil, sesame oil, palm kernel oil, sunflower oil, ouricuri, palm stearine, and palm flakes.

³ Includes beef fat, tallow, whale oil, lard flakes—monostearine.

⁴ Including derivative of glycerin, lecithin, benzoate of soda, color, ostarine, and miscellaneous.

Source: Bureau of Agricultural Economics, U. S. Department of Agriculture.

TABLE 12.—Percentage of each type of fats and oils used in manufacture of oleomargarine, United States, 1928-48

Ingredient	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
Corn oil.....	(1)		0.1	(1)	(1)	0.2	(1)	(1)	0.4	0.6	0.2
Cottonseed oil.....	9.8	9.9	9.9	8.4	9.0	9.0	25.4	32.2	33.3	53.2	45.7
Peanut oil.....	2.3	2.1	2.1	2.4	1.5	1.3	1.3	1.4	1.3	.9	1.1
Soybean oil.....	(1)	(1)	.8	.3	(1)	(1)	(1)	.6	4.4	9.8	12.8
Other vegetable ²											
Total, domestic vegetable.....	12.1	12.0	12.9	11.1	10.5	10.5	28.7	34.2	39.4	64.5	69.8
Babassu oil.....								.6	5.0	4.5	3.7
Coconut oil.....	58.2	60.9	64.2	69.5	73.7	75.2	57.4	56.5	46.4	22.6	28.6
Palm oil.....	.4	.5	.3	1.3	.2	.3	(1)	(1)	.4	.3	
Other vegetable ³	(1)	(1)	(1)					.1	.7	2.4	1.5
Total, foreign vegetable.....	58.6	61.4	64.5	70.9	73.9	75.5	57.4	57.2	52.6	29.8	33.8
Lard neutral.....	9.4	7.4	5.4	5.0	5.6	4.5	3.5	1.0	.7	.5	.5
Oleo oil.....	16.3	15.8	14.0	9.8	7.5	7.5	10.1	5.9	5.6	3.8	4.3
Oleo stearine.....	2.1	2.0	2.2	2.6	2.2	1.6	1.6	.9	1.1	1.0	1.1
Oleo stock.....	.5	.4	.4	.4	.3	.4	.7	.8	.6	.4	.5
Other animal ⁴	1.0	1.0	.6	.2	(1)	(1)	(1)	(1)			
Total, animal.....	29.3	26.6	22.6	18.0	15.6	14.0	15.9	8.6	8.0	5.7	6.4
Total, all fats and oils.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Ingredient	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
Corn oil.....	0.2	0.2	0.2	0.5	1.2	2.4	1.8	1.4	1.1	.2
Cottonseed oil.....	40.6	45.0	50.5	48.0	50.4	44.9	50.9	47.9	53.1	61.5
Peanut oil.....	1.0	.7	.8	.3	.9	2.6	2.1	3.0	2.9	1.5
Soybean oil.....	29.2	33.8	25.5	38.5	39.6	44.1	41.4	43.1	37.5	34.4
Other vegetable ¹		(¹)	(¹)	.1	1.0	.3	(¹)	(¹)	(¹)	(¹)
Total domestic vegetable.....	71.0	79.7	77.0	87.5	93.1	94.4	96.2	95.4	94.6	97.6
Babassu oil.....	5.7	3.4	.3	.1					.5	
Coconut oil.....	15.9	8.5	10.0	1.0				3.1	3.5	.8
Palm oil.....	(¹)	(¹)	1.7	.4						
Other vegetable ².....	.2		.3	.2		(¹)	(¹)			
Total foreign vegetable.....	21.8	10.9	12.3	1.7		(¹)	(¹)	3.1	3.5	.8
Lard neutral.....	.6	10.0	12.8	2.3	2.1	2.0	1.2	.4	.5	.5
Oleo oil.....	4.9	5.6	6.2	6.5	3.4	2.5	1.8	.5	.6	.6
Oleo stearine.....	1.3	1.3	1.0	.8	.7	.6	.5	.4	.6	.4
Oleo stock.....	.4	.5	.7	1.1	.6	.4	.3	.1	.1	(¹)
Other animal ⁴		(¹)	(¹)	.1	.1	.1	(¹)	(¹)	.1	.1
Total animal.....	7.2	9.4	10.7	10.8	6.9	6.6	3.8	1.5	1.9	1.6
Total all fats and oils.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

¹ Less than 0.5 percent.

² Includes linseed, oil cottonseed stearine, soybean stearine, vegetable stearine, cottonseed flakes, soya flakes, soya stearine flakes, and mustard oil.

³ Includes palm flakes, palm stearine and rice oil, rape oil, sesame oil, palm kernel oil, sunflower oil, and ouricuri.

⁴ Includes beef fat, tallow, lard flakes, butter, monostearine, and whale oil.

TABLE 13.—Fats and oils used in the manufacture of shortening, United States, 1931-48

[In thousands of pounds]

	1931	1932	1933	1934	1935	1936	1937	1938	1939
Corn oil.....	6,616	3,067	1,128	1,895	2,815	1,430	1,611	399	1,453
Cottonseed oil.....	928,489	834,367	852,843	1,058,733	991,798	918,866	1,162,596	1,051,347	904,950
Peanut oil.....	5,960	3,502	3,330	8,837	90,900	88,470	58,141	52,402	51,713
Soybean oil.....	10,869	4,889	489	2,735	52,452	113,897	90,798	137,133	201,599
Other vegetable ¹					57		1,522	6	
Total domestic vegetable².....	951,934	845,825	857,790	1,072,200	1,138,022	1,121,663	1,314,668	1,241,287	1,150,715
Babassu oil.....						5,368	127	650	506
Coconut oil.....	34,132	8,332	7,117	9,045	44,034	38,427	12,531	26,199	20,659
Palm oil.....	24,836	22,126	21,116	16,717	117,377	168,908	123,677	115,033	113,078
Other vegetable ³	52,224	8,754	9,840	7,369	75,157	80,168	35,389	7,041	1,914
Total foreign vegetable.....	121,192	39,212	38,073	33,131	236,568	292,771	171,724	149,223	136,157
Fish oils and marine mammal oils.....	19,384	13,705	9,272	11,079	28,098	40,278	21,350	16,577	20,333
Lard neutral and rendered pork fat.....	8,860	5,636	3,171	2,635	2,252	4,503	915	2,825	7,398
Oleo oil.....	10,094	1,134	294	764	126	1,839	242	291	470
Animal stearine.....	27,220	17,357	17,105	21,517	27,026	36,358	29,664	32,845	25,574
Tallow, other animal.....	69,548	46,708	46,437	73,416	120,284	116,908	66,278	74,261	86,671
Total animal oils.....	135,016	83,540	76,279	109,411	177,886	199,886	118,449	126,789	110,446
Total fats and oils.....	1,208,142	968,577	972,142	1,214,742	1,552,476	1,614,320	1,604,811	1,517,299	1,406,318

	1940	1941	1942	1943	1944	1945	1946	1947	1948
Corn oil.....	746	62	4,093	6,356	5,393	2,446	3,341	2,625	3,655
Cottonseed oil.....	823,359	888,733	693,564	572,208	489,880	486,791	501,588	299,869	324,572
Peanut oil.....	22,516	81,905	37,817	50,886	61,249	51,016	42,302	64,512	55,924
Soybean oil.....	212,317	215,967	335,555	568,405	620,257	683,011	743,527	705,280	707,374
Other vegetable ¹				7,084	300				
Total domestic vegetable².....	1,058,938	1,186,667	1,071,029	1,204,939	1,177,079	1,223,264	1,290,758	1,072,286	1,091,525
Babassu oil.....	381		50	1			2,933	721	
Coconut oil.....	17,576	22,069	4,961	3	69	231	17,799	86,522	48,293
Palm oil.....	33,224	86,486	29,303	852					2,917
Other vegetable ³	1,202	323	25,393	4,901	5,562	19,051	4,968	1,168	4,258
Total foreign vegetable.....	52,383	108,878	59,707	5,757	5,631	19,282	25,680	88,411	55,468
Fish oils.....	10,902	6,165	5,750	12,584	2,764	3,433	1,158		
Lard neutral and rendered pork fat.....	16,786	50,787	61,632	36,407	38,729	23,142	30,387	100,635	113,847
Oleo oil.....	880	1,282	663	2,660	2,691	2,728	1,391	1,478	645
Animal stearine.....	16,940	23,103	33,701	29,726	22,393	24,349	13,155	18,949	14,530
Tallow, other animal.....	39,595	41,227	55,777	78,552	59,752	78,835	43,809	44,493	29,244
Total animal oils.....	85,103	122,564	154,523	159,929	126,329	132,487	79,000	165,555	158,256
Total fats and oils.....	1,196,424	1,418,109	1,255,259	1,370,625	1,309,039	1,375,033	1,396,338	1,326,252	1,305,249

¹ Linseed oil.

² Mostly domestic, but includes some imported cottonseed, soybean, peanut, and corn oil in most years.

³ Includes sesame, rape, palm kernel, perilla, sunflower, olive oil, and miscellaneous vegetable oils. A small percentage of other oils may be domestic.

⁴ Includes murmuru-kernel oil and tucum-kernel oil.

Sources: U. S. Department of Agriculture and Bureau of the Census, U. S. Department of Commerce,

TABLE 14.—Percentage of each type of fats and oils used in the manufacture of shortening, United States 1931-48

	1931	1932	1933	1934	1935	1936	1937	1938	1939
Corn oil.....	0.6	0.3	0.1	0.2	0.2	0.1	0.1	(?)	0.1
Cottonseed oil.....	78.9	88.1	87.7	87.2	83.8	66.9	72.4	69.3	64.4
Peanut oil.....	.5	.4	.3	.7	5.9	5.5	3.6	3.5	3.7
Soybean oil.....	.9	.5	.1	.2	3.4	7.0	6.7	9.0	14.3
Other vegetable ¹					(?)		.1	(?)	
Total domestic vegetable ²	78.8	87.3	88.2	88.3	73.3	69.5	81.9	81.8	82.5
Babassu oil.....						.3	(?)	.1	(?)
Coconut oil.....	2.8	.8	.7	.7	2.8	2.4	.8	1.7	1.5
Palm oil.....	2.9	2.4	2.2	1.4	7.6	10.4	7.7	7.6	8.0
Other vegetable ⁴	4.3	.9	1.0	.6	4.8	5.0	2.2	.4	.1
Total foreign vegetable.....	10.0	4.1	3.9	2.7	15.2	18.1	10.7	9.8	9.7
Fish and marine mammal oils.....	1.6	1.4	1.0	.9	1.8	2.5	1.3	1.1	1.5
Lard, neutral and rendered pork fat.....	.7	.6	.3	.2	.2	.3	.1	.2	.5
Oleo oil.....	.8	.1	(?)	.1	(?)	.1	(?)	(?)	(?)
Animal stearine.....	2.3	1.8	1.8	1.8	1.7	2.3	1.9	2.2	1.8
Tallow and other animal.....	5.8	4.7	4.8	6.0	7.8	7.2	4.1	4.9	4.0
Total animal oil.....	11.2	8.6	7.9	9.0	11.5	12.4	7.4	8.4	7.8
Total fats and oils.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

	1940	1941	1942	1943	1944	1945	1946	1947	1948
Corn oil.....	0.1	(?)	0.3	0.5	0.4	0.2	0.2	0.2	0.2
Cottonseed oil.....	68.8	62.7	54.0	41.7	37.4	35.4	35.9	22.6	24.9
Peanut oil.....	1.9	5.8	2.9	3.7	4.7	3.7	3.0	4.9	4.3
Soybean oil.....	17.7	15.3	26.1	41.5	47.4	49.7	53.3	53.2	54.2
Other vegetable ¹.....				.5	(?)				
Total domestic vegetable ²	88.5	83.7	83.3	87.9	89.9	89.0	92.4	80.9	83.6
Babassu oil.....	(?)		(?)	(?)			.2	.1	
Coconut oil.....	1.5	1.6	.4	(?)	(?)	(?)	1.3	6.5	3.7
Palm oil.....	2.8	6.1	2.3	.1					.2
Other vegetable ³.....	.1	(?)	2.0	.3	.4	1.4	.4	.1	.3
Total foreign vegetable.....	4.4	7.7	4.7	.4	.4	1.4	1.9	6.7	4.3
Fish and marine mammal oils.....	.9	.4	.4	.9	.2	.2	.1		
Lard, neutral and rendered pork.....	1.4	3.6	4.8	2.7	3.0	1.7	1.5	7.6	8.7
Oleo oil.....	.1	.1	.1	.2	.2	.2	.1	.1	(?)
Animal stearine.....	1.4	1.6	2.4	2.2	1.7	1.8	.9	1.4	1.1
Tallow and other animal.....	3.3	2.9	4.3	5.7	4.6	5.7	3.1	3.3	2.3
Total animal oil.....	7.1	8.6	12.0	11.7	9.7	9.6	5.7	12.4	12.1
Total fats and oils.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Computed from table 13.

¹ Linseed oil.

² Relative small amount.

³ Mostly domestic but includes some imported cottonseed, soybean, peanut, and corn oil in most years.

⁴ Includes sesame, rape, palm kernel, perilla, sunflower olive oil, and miscellaneous vegetable oils. A small percentage of other oils may be domestic.

⁵ Includes murmuru-kernel oil and tucum-kernel oil.

TABLE 15.—Percentage of each type of fats and oils used in manufacture of edible products other than shortening and oleomargarine, 1935-48

Ingredient	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
Corn oil.....	11.2	14.0	15.4	15.1	15.4	14.8	11.8	20.2	12.4	10.6	5.5	5.5	3.0	8.2
Cottonseed oil.....	43.3	42.1	54.4	52.6	54.8	54.8	58.2	51.6	64.8	51.0	14.1	11.5	8.5	5.8
Peanut oil.....	1.1	.7	.5	.5	2.0	2.0	2.4	2.1	2.2	3.2	11.4	20.2	4.1	2.1
Soybean oil.....	3.6	6.0	3.7	3.0	7.6	8.2	8.9	10.8	14.2	28.9	54.5	51.4	47.4	20.9
Other vegetable.....														
Total domestic vegetable.....	56.7	69.8	74.0	71.2	79.6	72.9	62.4	94.7	97.6	95.7	85.5	78.7	65.0	48.0
Babassu oil.....		.9	2.7	2.4	2.0	1.2	1.2	.8	(1)		.2	.3		
Coconut oil.....	27.2	16.5	12.0	16.3	10.3	11.4	10.1	5.1	.1	(2)	.2	4.2	14.5	
Olive oil.....	.7	1.1	.8	.8	.9	1.0	.4	.2	.2	.1	.6	.2	.2	.4
Palm oil.....	.1	.1	.2	.1	.3	.6	.2	(2)						
Palm kernel.....	4.7	3.4	5.1	3.5	1.2	1.0	1.3	.3	(2)		(2)			
Rapeseed.....	.1	.2												
Sesame.....	4.6	4.6	.8	.4	.3	.2	.1	(2)	.1				(2)	(2)
Sunflower.....	.3	.3												
Other vegetable.....	.8	1.4	1.4	1.7	2.2	1.1	.7	2.2	2.4	1.4	2.8	3.5	5.5	11.5
Total foreign vegetable.....	38.5	28.4	23.0	25.2	17.2	16.5	14.1	8.6	.8	1.6	4.7	6.2	22.2	11.9
Lard, neutral and rendered pork fat.....	1.2	.1	1.4	1.5	1.5	1.4	1.7	4.2	.4	.7	4.0	5.3	4.1	3.0
Oleo oil.....	(2)	.1	(2)	(2)	(2)	(2)	(2)	.2	.2	(2)	.7	.6	.6	.6
Animal stearine.....	1.2	1.2	1.2	1.3	.7	1.2	.9	1.1	.3		.5	.3	.6	.4
Tallow.....	.4	.4	.4	.8	.6	1.0	.9	1.2	.5	1.3	4.6	6.6	7.2	5.8
Other animal.....													.1	
Total animal.....	2.5	1.8	3.0	3.6	3.0	3.6	3.5	6.7	1.4	2.7	9.9	13.1	12.9	10.1
Total all fats and oils.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1 Less than 0.05 percent.

2 Includes castor oil.

Source: Animal and Vegetable Fats and Oil, Bureau of the Census, U. S. Department of Commerce.

TABLE 16.—Primary fats and oils used in the manufacture of soap, United States, 1927-48

[In thousands of pounds]

Ingredient	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
Corn oil.....	5,000	5,000	5,000	4,000	4,104	2,532	3,638	6,266	2,826	2,245	2,392
Cottonseed oil.....	7,500	20,000	12,000	7,500	1,970	3,563	6,967	2,732	1,857	1,715	5,414
Peanut oil.....	2,000	3,000	1,700	1,507	244	290	529	147	754	1,734	630
Boybean oil.....	2,500	2,500	6,400	5,000	3,516	5,571	4,235	1,354	2,549	5,023	10,274
Other vegetable ¹	5,688	7,262	12,127	6,042	4,744	1,496	980	1,022	1,196	1,622	1,350
Total domestic.....	22,688	37,762	37,227	24,042	14,678	13,472	16,349	11,493	9,154	12,044	23,259
Babassu oil.....											
Coconut oil.....	334,765	335,417	334,205	303,271	340,503	333,327	322,264	341,124	229,711	8,293	14,305
Olive oil, edible, inedible and foots.....	48,190	48,080	53,629	49,842	41,030	32,941	33,940	32,415	33,230	307,353	252,241
Palm oil.....	112,460	142,363	192,331	191,956	172,228	168,009	187,962	154,704	177,311	167,652	174,886
Palm kernel oil.....	31,248	50,578	72,920	29,431	28,035	3,565	6,273	16,516	27,173	26,453	141,358
Other vegetable ²	20,000	20,000	24,835	15,000	11,249	10,427	10,967	12,259	14,687	15,541	111,514
Total foreign vegetable.....	546,663	596,418	677,920	589,500	593,105	588,369	564,401	557,018	402,112	492,458	555,178
Fish and whale oil ³	135,549	142,220	134,107	113,629	127,666	98,035	97,063	98,544	138,419	180,647	188,009
Grease.....	242,712	261,454	245,516	243,944	129,403	143,724	124,743	142,732	98,066	98,714	94,247
Lard and rendered pork fat.....											
Oleo oil.....					446	380	112	24	1	9	7
Oleo stearine.....					33	374	362	482	33	5	1
Tallow, edible and inedible.....	484,029	440,943	434,755	442,610	525,206	551,215	511,213	662,966	664,033	680,246	613
Other animal ⁴	47,000	30,680	59,112	42,415	33	27	20	62	33	41	26
Total animal.....	909,290	895,277	864,490	642,798	782,238	793,575	733,513	905,904	901,394	920,036	897,319
Total, all fats and oils.....	1,478,641	1,539,457	1,579,637	1,456,340	1,380,221	1,375,416	1,311,263	1,474,415	1,312,689	1,394,538	1,475,578

See footnotes at end of table, p. 108.

TABLE 16.—Primary fats and oils used in the manufacture of soap, United States, 1927-48—Continued

[In thousands of pounds]

Ingredient	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
Corn oil.....	2,514	4,441	3,638	4,948	4,102	631	887	721	290	446	185
Cottonseed oil.....	2,883	1,061	2,971	3,010	2,863	901	586	1,606	522	920	720
Peanut oil.....	545	805	387	567	485	256	564	846	7,347	374	271
Soybean oil.....	10,897	11,177	17,612	24,737	31,510	15,428	3,258	4,219	3,545	5,375	2,794
Other vegetable ¹	1,455	1,780	1,489	2,228	4,019	1,697	2,253	915	576	278	339
Total domestic vegetable.....	18,294	19,284	26,097	35,570	42,979	19,203	7,548	8,296	12,280	7,264	4,308
Babassu oil.....	8,299	37,623	41,221	29,782	19,105	25,814	13,096	32,476	35,824	14,581	19,413
Coconut oil.....	342,982	288,972	396,857	484,134	140,487	142,346	131,558	59,333	184,906	511,313	417,194
Olive oil and foots and inedible and edible.....	16,343	20,561	16,715	10,698	5,215	5,497	3,039	2,005	902	798	2,493
Palm oil.....	91,642	102,146	84,934	129,871	55,885	32,621	19,675	84,580	7,417	1,081	958
Palm kernel oil.....	29,498	3,637	197	1,113	1,028	1,840	1,938	39,987	18,889	.....	.....
Other vegetable ²	16,198	8,327	3,363	3,447	4,275	1,624	20,126	3,737	1,021	9,781	12,637
Total foreign vegetable.....	504,952	561,236	543,287	658,976	225,975	209,742	189,342	182,028	248,919	537,514	451,983
Fish and whale oil ³	145,954	166,483	107,911	76,312	72,401	44,972	50,900	114,346	39,714	62,550	35,476
Grease.....	96,356	120,856	256,886	310,497	338,974	463,811	524,156	412,105	328,409	417,289	471,166
Lard and rendered pork fat.....	1	50	645	89	96	74,039	176,266	82,070	744	6,973	3,716
Oleo oil.....	119	67	127	189	205	2,100	3,243	3,685	3,082	40	.....
Oleo stearine.....	240	278	849	70	483	275	211	.....	.....	.....	.....
Tallow, edible and inedible.....	702,569	785,459	787,113	1,082,129	1,189,557	900,938	1,049,528	984,401	878,863	1,115,998	982,208
Other animal ⁴	20	11	19	35	19	68	9	7	41	22	2
Total animal oils.....	945,299	1,073,304	1,153,250	1,449,311	1,601,735	1,486,263	1,804,323	1,596,614	1,280,913	1,581,842	1,482,397
Total fats and oils.....	1,468,535	1,653,704	1,722,634	2,143,857	1,870,689	1,715,208	2,001,213	1,787,048	1,522,121	2,126,747	1,948,909

¹ Includes linseed oil and vegetable tallow.² Includes castor oil, sesame oil, rape oil, tung oil, and sunflower oil.³ Includes whale, herring, sardine, menhaden, and other fish oils.⁴ Includes red oil, neat's-foot oil, and miscellaneous soap stock.

Source: Bureau of Agricultural Economics, U. S. Department of Agriculture, and Bureau of the Census, U. S. Department of Commerce.

TABLE 17.—Percentage of each type of the primary fats and oils used in the manufacture of soap, United States, 1927-48

	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
Corn.....	0.3	0.3	0.3	0.3	0.3	0.2	0.3	0.4	0.2	0.2	0.1
Cottonseed oil.....	.5	1.3	.8	.5	.1	.3	.5	.2	.1	.1	.6
Peanut oil.....	.1	.2	.1	.1	(1)	(1)	(1)	(1)	.1	.1	.1
Soybean oil.....	.1	.2	.4	.3	.3	.4	.3	.1	.2	.4	.7
Other vegetable ^a.....	.4	.5	.8	.4	.4	.1	.1	.1	.1	.1	.1
Total domestic vegetable.....	1.5	2.5	2.4	1.6	1.1	1.0	1.2	.8	.7	.9	1.6
Babassu oil.....										.7	1.0
Coconut oil.....	22.6	21.9	21.1	20.8	24.4	25.7	24.6	23.2	17.5	22.1	17.1
Olive oil, edible, inedible, and foots.....	3.3	3.2	3.4	3.4	2.9	2.4	2.6	2.2	2.5	1.8	1.3
Palm oil.....	7.6	9.3	12.2	13.2	12.4	12.2	14.4	10.5	4.7	5.6	9.6
Palm kernel oil.....	2.1	3.3	4.6	2.0	2.0	.3	.5	1.1	2.8	1.9	7.5
Other vegetable ^b	1.4	1.3	1.6	1.1	.8	.7	.8	.8	1.1	1.1	1.1
Total foreign vegetable.....	37.0	39.0	42.9	40.5	42.6	41.3	42.8	37.8	30.6	33.2	37.6
Fish and whale oil ^c	9.2	9.3	8.5	7.8	9.2	7.1	7.4	6.7	10.6	11.5	12.8
Grease.....	16.4	17.1	15.5	16.8	9.3	10.5	9.5	9.7	7.5	7.1	6.4
Lard and rendered pork fat.....								(1)	(1)	(1)	(1)
Olco.....					(1)	(1)	(1)	(1)	(1)	(1)	(1)
Oleostearine.....					(1)	(1)	(1)	(1)	(1)	(1)	(1)
Tallow, edible and inedible.....	32.7	28.8	27.5	30.4	37.8	40.1	39.1	45.0	50.6	47.3	41.6
Other animal ^d	3.2	3.3	3.2	2.9	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Total animal.....	61.5	58.5	54.7	57.9	56.3	57.7	56.0	61.4	68.7	65.9	60.8
Total fats and oils.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

See footnotes at end of table, p. 110.

TABLE 17.—Percentage of each type of the primary fats and oils used in the manufacture of soap, United States, 1927-48—Continued

	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
Corn.....	0.2	0.3	0.2	0.2	0.2	(1)	(1)	(1)	(1)	(1)	(1)
Cottonseed oil.....	.2	.1	.2	.1	.2	0.1	(1)	0.1	(1)	(1)	(1)
Peanut oil.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.5	(1)	(1)
Soybean oil.....	.7	.7	1.0	1.2	1.7	.9	0.2	.3	.2	0.3	0.2
Other vegetable ¹.....	.1	.1	.1	.1	.2	.1	.1	.1	.1	(1)	(1)
Total domestic vegetable.....	1.2	1.2	1.5	1.6	2.3	1.1	.3	.5	.8	.3	.2
Babassu oil.....	.6	2.3	2.4	1.4	1.0	1.5	.6	1.8	2.4	.7	1.0
Coconut oil.....	23.4	23.5	23.1	22.6	7.5	8.3	6.6	3.4	12.1	24.0	21.4
Olive oil, edible, inedible and foots.....	1.1	1.2	1.0	.5	.3	.3	.2	.1	.1	(1)	.1
Palm oil.....	6.2	6.2	4.9	6.0	3.0	1.9	1.0	1.4	.5	.1	.1
Palm kernel oil.....	2.0	.2	(1)	.1	.1	.1	.1	1.7	1.2	-----	-----
Other vegetable ¹	1.1	.5	.2	.2	.2	.1	1.0	.2	.1	.5	.6
Total foreign vegetable.....	34.4	33.9	31.6	30.8	12.1	12.2	9.5	8.6	16.4	25.3	23.2
Fish and whale oil ⁴	10.0	10.1	6.3	3.6	3.9	2.6	2.5	6.5	2.6	2.0	1.8
Grease.....	6.6	7.3	14.9	14.5	18.1	27.1	26.2	23.5	22.3	19.6	24.2
Lard and rendered pork fat.....	(1)	(1)	(1)	(1)	(1)	4.3	8.8	4.7	(1)	.3	.2
Oleo oil.....	(1)	(1)	(1)	(1)	(1)	.2	.2	.2	.2	-----	-----
Oleostearine.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-----	-----	-----	-----
Tallow, edible and inedible.....	47.8	47.5	45.7	49.5	63.6	52.5	52.5	56.0	57.7	82.5	50.4
Other animal ⁵	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Total animal.....	64.4	64.9	67.0	67.6	85.6	86.7	90.2	90.9	82.8	74.4	76.6
Total fats and oils.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

¹ Less than 0.05 percent.² Includes linseed oil and vegetable tallow.³ Includes castor, sesame, rape, perilla, tung, and sunflower oil.⁴ Includes whale, herring, sardine, and menhaden and other fish oils.⁵ Includes red oil, neats foot oil, and miscellaneous soap stock.

Source: Bureau of Agricultural Economics, U. S. Department of Agriculture.

TABLE 18.—Prices of principal oils going into oleomargarine, 1932-48

[In cents per pound]

Oil or fat	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
Cottonseed, prime summer yellow, tank cars, New York.....	3.8	4.5	6.5	10.4	9.8	9.2	7.9	6.6	6.2	10.5	13.9	14.0	14.2	14.3	17.8	27.7	26.6
Coconut, refined, drums, New York ¹	5.1	4.8	4.7	10.0	10.4	11.5	8.3	8.6	7.8	11.9	12.85	12.85	12.85	12.85	² 12.88	25.5	32.9
Soybean, edible, drums, l. c. l., New York ¹	4.9	7.4	8.2	10.6	9.8	10.9	8.4	7.4	7.2	11.7	14.9	14.9	15.1	15.4	19.0	29.1	28.3
Peanut, refined, edible (white), drums, New York.....	10.0	9.6	9.7	13.3	12.5	12.1	10.2	9.4	8.8	³ 12.8	16.9	16.5	16.4	16.5	² 19.2	33.4	33.5
Babassu, tanks, New York.....							6.4	6.4	6.0	11.1	11.1	11.1	11.1	11.1	11.5	³ 19.1	26.7
Linseed oil, raw, tanks, Minneapolis.....	5.7	8.5	9.0	8.8	9.5	10.3	8.7	8.8	9.0	9.7	12.3	14.4	14.3	14.3	18.4	33.65	27.73
Oleo oil, extra, Chicago, tierces.....	5.63	5.90	7.57	12.17	10.39	12.42	8.76	8.02	7.05	9.70	12.92	13.04	13.04	13.04	18.30	25.74	26.56
Neutral lard, Chicago.....	6.4	6.9	9.5	16.1	12.9	13.7	10.7	8.8	7.7	10.8	14.1	15.6	15.3	15.6	21.1	26.4	26.44

¹ Includes 3-cent processing tax, quoted as manila edible, tanks, New York, prior to 1938.² Quoted as refined before 1939, barrels before 1933.³ Less than 12-month average.

Source: Bureau of Agricultural Economics, U. S. Department of Agriculture.

TABLE 19.—Utilization of cottonseed and soybean oil, by classes of products, United States, 1931-48

[In millions of pounds]

Year	Cottonseed-oil utilization ¹						Soybean oil utilization ²					
	Food uses				Nonfood uses ⁴	Total disappearance	Food uses				Nonfood uses	Total domestic disappearance
	Oleomargarine	Shortening	Other ³	Total			Oleomargarine	Shortening	Other ³	Total		
1931	16.0	928.5	258.7	1,203.2	111.8	1,315.1	0.6	10.9	7.3	18.8	16.4	35.1
1932	15.1	834.4	255.8	1,105.3	134.4	1,239.6	(⁵)	4.9	14.2	19.0	20.2	39.2
1933	18.0	852.8	302.2	1,173.0	122.4	1,295.5	(⁵)	.5	9.1	9.6	22.0	31.6
1934	54.8	1,058.7	344.0	1,457.6	108.6	1,566.1	(⁵)	2.7	10.3	13.0	17.6	30.7
1935	99.5	991.8	239.7	1,331.0	109.9	1,440.9		1.7	52.4	21.4	75.6	27.6
1936	108.1	918.9	215.2	1,242.2	97.5	1,339.7		14.8	113.9	59.3	187.4	34.8
1937	173.6	1,162.6	285.9	1,622.2	124.0	1,746.1		31.8	90.8	20.0	142.6	40.4
1938	142.8	1,051.3	316.6	1,510.8	147.6	1,658.4		39.9	137.1	79.2	256.2	49.1
1939	98.7	905.0	326.2	1,329.8	84.1	1,413.9		70.8	201.6	117.3	389.7	65.0
1940	115.9	823.4	361.0	1,300.3	77.3	1,377.6		87.1	212.3	107.5	406.9	92.2
1941	149.9	888.7	434.0	1,472.6	93.3	1,565.9		75.6	215.9	140.1	431.7	124.1
1942	166.4	693.6	439.7	1,299.7	101.2	1,400.9		133.3	335.6	129.5	598.4	112.6
1943	252.1	572.2	393.9	1,218.2	96.0	1,314.1		198.0	568.4	205.3	971.7	162.3
1944	215.0	489.9	353.3	1,058.2	79.4	1,137.6		211.1	620.3	274.8	1,106.2	123.4
1945	254.0	486.8	373.2	1,113.9	115.9	1,229.9		206.6	683.0	242.7	1,132.4	132.7
1946	222.8	501.6	365.9	1,090.3	94.2	1,184.5		200.7	743.5	292.7	1,236.9	172.3
1947	322.6	294.9	405.9	1,028.3	82.5	1,110.8		227.6	705.2	345.5	1,178.3	270.1
1948	452.7	324.6	490.1	1,267.4	100.6	1,368.0		252.7	707.4	239.8	1,199.9	270.5

¹ Compiled from The Fats and Oils Situation issued Feb. 11, 1949, by the Bureau of Agricultural Economics, U. S. Department of Agriculture.

² The Fats and Oils Situation, November-December 1947, Bureau of Agricultural Economics, U. S. Department of Agriculture, and reports of the Commissioner of Internal Revenue.

³ Mainly cooking and salad oils, and direct use in bakeries, restaurants, and institutions.

⁴ Includes paint and varnish, printing inks, miscellaneous nonfood, and loss including oil in foods.

⁵ Mainly utilization in salad and cooking oils, mayonnaise, and direct use in hotels, bakeries, and restaurants.

⁶ Less than 100,000 pounds.

TABLE 20.—Percentage distribution of utilization of cottonseed and soybean oil by classes of products, United States, 1931–48

Year	Cottonseed-oil utilization						Soybean-oil utilization					
	Food uses				Nonfood uses	Total disappearance	Food uses				Nonfood uses	Total domestic disappearance
	Oleomargarine	Shortening	Other	Total			Oleomargarine	Shortening	Other	Total		
1931.....	1.2	70.6	19.7	91.5	8.5	100.0	1.8	30.9	20.7	53.4	46.6	100.0
1932.....	1.2	67.3	20.6	89.1	10.8	100.0	(1)	12.4	36.1	48.5	51.5	100.0
1933.....	1.4	65.9	23.3	90.6	7.4	100.0	(1)	1.6	28.9	30.5	69.5	100.0
1934.....	3.5	67.6	22.0	93.1	6.9	100.0	.1	8.9	33.5	42.5	57.5	100.0
1935.....	6.9	68.9	16.6	92.4	7.6	100.0	1.7	50.9	20.7	73.3	26.7	100.0
1936.....	8.1	68.5	16.1	92.7	7.3	100.0	6.4	51.2	26.7	84.3	15.7	100.0
1937.....	9.9	66.6	16.4	92.9	7.1	100.0	17.3	49.6	11.0	77.9	22.1	100.0
1938.....	8.6	63.4	19.1	91.1	8.9	100.0	13.1	44.9	25.9	83.9	16.1	100.0
1939.....	7.0	64.0	23.1	94.1	5.9	100.0	15.6	44.3	25.8	85.7	14.3	100.0
1940.....	8.4	59.8	26.2	94.4	5.6	100.0	17.5	42.5	21.5	81.5	18.5	100.0
1941.....	9.6	56.7	27.7	94.0	6.0	100.0	13.6	38.9	25.2	77.7	22.3	100.0
1942.....	11.9	49.5	31.4	92.8	7.2	100.0	18.8	47.2	18.2	84.2	15.8	100.0
1943.....	19.2	43.5	30.0	92.7	7.3	100.0	17.5	50.1	18.1	85.7	14.3	100.0
1944.....	18.9	43.0	31.1	93.0	7.0	100.0	17.2	50.4	22.4	90.0	10.0	100.0
1945.....	20.7	39.6	30.3	90.6	9.4	100.0	16.3	54.0	19.2	89.5	10.5	100.0
1946.....	18.8	42.4	30.9	92.1	7.9	100.0	14.2	52.8	20.8	87.8	12.2	100.0
1947.....	29.0	27.0	36.6	92.6	7.4	100.0	15.7	48.7	17.0	81.4	18.6	100.0
1948.....	33.1	23.7	35.8	92.6	7.4	100.0	17.2	48.1	16.3	81.6	18.4	100.0

¹ Less than 0.05 percent.

Source: Computed from table 19.

TABLE 23.—*Soybean States farm cash income: Total compared with part coming from soybean oil used in oleomargarine and competing sources, 1946*

(In thousands of dollars)

State	Total	Soybeans	Soybean oil	Soybean oil used in shortening	Soybean oil used in oleomargarine	Butter ¹	Other dairy products ²	Soybean meal fed to dairy cows	Lard
Ohio.....	885,861	36,905	15,124	7,009	1,828	25,700	161,884	5,263	27,331
Indiana.....	899,656	56,897	23,316	10,424	2,719	18,118	109,598	5,714	37,858
Illinois.....	1,481,189	183,243	75,093	28,675	7,479	30,889	144,837	18,353	52,912
Iowa.....	1,796,271	82,182	33,678	13,319	3,474	111,648	46,414	9,889	99,034
Missouri.....	893,246	34,290	14,052	3,568	930	30,695	90,011	2,707	27,267
Total.....	5,926,223	393,517	161,263	62,995	16,430	217,050	552,744	41,916	244,392

¹ Cash income from farm butter sold plus butterfat in creamery butter times price received by farmers per pound of butterfat for cream sold at wholesale.

² Cash income from all dairy products less income from butter.

Source: Soybeans, total dairy and total farm income from Bureau of Agricultural Economics, U. S. Department of Agriculture. Income attributable to butter, soybean oil, etc., calculated by the National Cooperative Milk Producers Federation from Bureau of Agricultural Economics and other data.

TABLE 24.—*Soybean States: Percentage cash income from soybeans and soybean oil used in oleomargarine and competing sources is of total cash farm income in 1946*

State	Soybeans	Soybean oil	Soybean oil used in shortening	Soybean oil used in oleomargarine	Butter	Other dairy products	Soybean meal fed to dairy cows	Lard
Illinois.....	12.4	5.1	1.9	0.5	2.1	9.8	1.2	3.6
Indiana.....	6.5	2.7	1.2	.3	2.1	12.6	.7	4.4
Iowa.....	4.6	1.9	.7	.2	6.2	2.6	.6	5.5
Missouri.....	3.8	1.6	.4	.1	3.4	10.1	.3	3.1
Ohio.....	4.2	1.7	.8	.2	2.9	18.3	.6	3.1
Total.....	6.6	12.8	1.1	.3	3.7	9.3	.7	4.1

NOTE.—Computed from table 23.

TABLE 25.—*Relative price movements of butter, oleomargarine, butterfat, and fats and oils used in oleomargarine, 1925-48*

Year	Butter, 92-score (Chicago)	Oleomargarine vegetable (Chicago)	Price received by farmers for butterfat ¹	Average price of fats and oils used in oleomargarine	Percent of oleomargarine price to butter price	Percent of fats and oils price to price of oleomargarine
	Cents per pound	Cents per pound	Cents per pound	Cents per pound		
1925.....	44.1	22.5	42.4	12.2	51.0	54.2
1926.....	42.8	21.3	41.6	13.2	49.8	62.0
1927.....	45.8	21.2	44.5	9.3	46.3	43.9
1928.....	46.0	21.0	46.1	11.4	45.7	54.3
1929.....	43.8	20.5	45.2	10.2	46.8	49.8
1930.....	35.3	19.0	34.5	9.1	53.8	47.9
1931.....	27.0	14.0	24.8	6.6	51.9	47.1
1932.....	20.1	11.2	17.9	5.4	55.7	48.2
1933.....	20.8	10.5	18.8	5.2	50.5	49.5
1934.....	24.8	9.8	22.7	6.6	39.5	67.3
1935.....	28.8	15.1	28.1	10.3	52.4	68.2
1936.....	32.0	15.1	32.2	10.1	47.2	66.9
1937.....	33.2	15.8	33.3	10.1	47.6	63.9
1938.....	27.1	15.5	26.3	8.1	57.2	52.8
1939.....	25.4	14.7	23.9	7.3	57.9	49.7
1940.....	28.7	14.8	28.0	6.8	51.6	45.9
1941.....	33.8	15.8	34.2	10.9	46.7	69.0
1942.....	39.5	19.0	39.6	14.2	48.1	74.7

¹ Weighted average.

TABLE 25.—Relative price movements of butter, oleomargarine, butterfat, and fats and oils used in oleomargarine, 1925-48—Continued

Year	Butter, 92-score (Chicago)	Oleomargarine vegetable (Chicago)	Price received by farmers for butterfat ¹	Average price of fats and oils used in oleomargarine	Percent of oleomargarine price to butter price	Percent of fats and oils price to price of oleomargarine
	Cents per pound	Cents per pound	Cents per pound	Cents per pound		
1943.....	44.0	19.0	49.9	14.3	43.2	75.3
1944.....	41.5	19.0	50.3	14.6	45.8	76.8
1945.....	42.3	19.0	50.3	14.8	44.9	77.9
1946.....	61.9	23.0	64.3	18.2	37.2	73.1
1947.....	70.8	30.9	71.8	25.2	32.3	76.4
1948.....	76.2	37.1	78.6	27.2	49.3	73.3

¹ Weighted average.² Prices of butter shown reflect actual wholesale trading and include the wholesale mark-up permitted under OPA, MPR as amended.

TABLE 26.—Retail price and farmers' share; butter and oleomargarine, 1946-48, by months and January 1949

Month	Butter			Oleomargarine		
	Retail price (cents per pound)	Farmers' share		Retail price (cents per pound)	Farmers' share	
		Cents per pound	Percent		Cents per pound	Percent
1946—January.....	53.6	41.7	78	24.3	8.33	34
February.....	53.6	41.8	78	24.3	8.32	34
March.....	53.8	42.6	79	24.1	8.28	34
April.....	54.0	42.8	78	24.1	8.23	34
May.....	52.6	42.1	80	24.3	8.22	34
June.....	57.5	42.9	75	24.1	8.18	34
July.....	76.5	57.8	76	25.2	8.29	33
August.....	73.0	57.9	79	30.4	9.27	30
September.....	70.8	61.6	77	26.5	9.34	35
October.....	93.2	73.3	79	27.2	10.22	38
November.....	85.3	69.0	81	42.5	11.35	27
December.....	89.4	71.0	79	42.5	11.65	27
Average.....	68.6	53.6	78	28.3	8.86	31
1947—January.....	77.7	61.0	79	42.3	10.87	26
February.....	74.2	55.7	75	41.9	10.91	26
March.....	80.6	60.1	75	43.9	10.72	24
April.....	71.6	56.2	78	45.7	11.00	24
May.....	67.7	51.7	76	41.3	11.31	27
June.....	69.0	51.6	75	40.3	12.15	30
July.....	74.8	55.6	74	39.9	12.04	30
August.....	79.3	59.8	75	39.9	12.79	32
September.....	88.8	68.4	77	38.1	12.67	35
October.....	78.5	61.0	78	38.1	13.40	35
November.....	85.2	63.8	75	39.1	13.99	36
December.....	92.1	71.5	78	41.7	14.09	35
Average.....	78.2	59.7	76	40.8	13.21	32
1948—January.....	91.2	71.4	76	42.0	14.95	36
February.....	87.3	69.1	79	41.5	14.48	35
March.....	83.4	65.5	79	40.8	14.20	35
April.....	91.4	68.8	75	40.8	14.31	35
May.....	90.9	68.0	75	42.4	14.39	34
June.....	89.4	67.3	75	44.1	14.71	33
July.....	88.7	68.6	77	43.7	14.68	34
August.....	86.4	66.1	77	42.9	13.66	32
September.....	82.6	61.8	75	41.9	12.55	30
October.....	75.5	55.8	74	40.2	11.61	29
November.....	73.2	53.1	73	38.9	11.63	30
December.....	74.1	54.1	73	38.0	11.50	30
Average.....	84.5	64.1	76	41.4	13.56	33
1949—January.....	73.5	54.0	73	36.3	11.38	31

Source: Compiled from Marketing and Transportation Situation, Bureau of Agriculture Economics, U. S. Department of Agriculture.

State oleomargarine laws

State	Color prohibition		Notice required in public eating places	Excise taxes (cents per pound)	Annual license fee				Labeling regulations	Advertising restrictions	Oleo factories
	State-wide	Institutional			Manufacturer	Wholesaler	Retailer	Public eating-place proprietor			
Alabama.....	X ¹								X	X	1
Arizona.....									X	X	
Arkansas.....			Individual dish labeled.						X	X	
California.....	X	X	Signs, letters 4 inches high.		\$1.00	\$50	\$5.00	\$2	X	X	3
Colorado.....			Sign, letters 2 inches high.	10	25	25			X	X	
Connecticut.....	X	X	Sign (2 by 4 inches).		100	50	4.00	3	X	X	
Delaware.....	X								X	X	
Florida.....	X ⁴		Placards, letters 3 by 2 inches.	10					X	X	
Georgia.....				10					X	X	
Idaho.....	X	X	Signs.	(^c)		25	5.00		X	X	5
Illinois.....	X								X	X	9
Indiana.....			Notice on menu and signs on at least 2 sides of room.						X	X	1
Iowa.....	X	X	Menu, 8-point type; placards on at least 2 sides of room.	5					X	X	
Kansas.....		X	do.	10					X	X	4
Kentucky.....									X	X	
Louisiana.....				12					X	X	
Maine.....	X ⁹		Placard, letters 3 by 2 inches.	10					X	X	
Maryland.....	X ¹⁰		Menu, 8-point type; placards on each side of room.						X	X	1
Massachusetts.....			Signs or printed notices on menus, 24-point type.				50		X	X	
Michigan.....	X	X ¹¹	Placards with letters 3 by 2 inches.						X	X	3
Minnesota.....	X	X	Menu, 8-point type; placards posted on each side of room.	10	1.00	1.00	1.00		X	X	
Mississippi.....									X	X	
Missouri.....	X ¹³								X	X	3
Montana.....	X	X	Placards plainly legible from all parts of room.						X	X	
Nebraska.....		X ¹¹	Signs plainly visible from all parts of room.		100.00	25.00	1.00		X	X	3
Nevada.....									X	X	
New Hampshire.....	X	X ¹¹	Guest must be notified he is not getting butter.						X	X	5
New Jersey.....									X	X	
New Mexico.....									X	X	
New York.....	X	X	Notice on menu and signs with letters 2 inches in length.						X	X	
North Carolina.....	(¹⁰)		Placard in conspicuous place.	10		75.00			X	X	
North Dakota.....		X	Notice on menu and signs with letters 1-inch high by 1/4 inch wide.	10	10	5	2		X	X	
Ohio.....	X		Card, 10- by 14-inch letters; 12-line pic.						X	X	4
Oklahoma.....									X	X	

Oregon.....	X		Notice on menu and printed notice posted in room, letters 2 inches in size. Placard or menu card.							X	
Pennsylvania.....	X	X			2	2	2	2	M	X	
Rhode Island.....											
South Carolina.....											
South Dakota.....	X		Card (10 by 14 inches) opposite each table, letters 1 by 1/2 inch.	¹ 10 ¹⁰ 10					M	X	1
Tennessee.....			Notice on menus; signs as required by commissioner.	¹⁷ 10					M		2
Texas.....				² 10					M		7
Utah.....			Each guest must be notified that butter is not being furnished.	(?)					M		
Vermont.....	X		Signs with letters 3 inches high in conspicuous place.			25	(15)		M	X	
Virginia.....			Signs with letters 1 inch square in conspicuous places.								
Washington.....	X									X	
West Virginia.....											
Wisconsin.....	X	X	{Guests must be notified butter is not being furnished.	¹⁰ 15	1,000	500	25	{ ²⁵ 25 ²⁵ 5 }	X	X	
Wyoming.....	X		Cards (10 by 14 inches) opposite each table (letters 1 by 1/2 inches).	²⁰ 10					M	X	

¹ Attorney General (1944 Quarterly Report of Attorney General, April-June, p. 23), opinion holds that Alabama Code does not prevent sale of colored oleo because colored oleo is not imitation butter.

² Upon margarine containing any fat or oil other than the following: Oleo oil, oleo stock, oleo stearine, neutral lard, milk fat, cottonseed oil, peanut oil, corn oil or soybean oil.

³ Except certain penal institutions.

⁴ Supreme Court of State held where oleo was sold under the original natural color of the oil used as a base (even though the oil had bleached out during the refining process and annatto had to be added to restore color) it was not within the statute prohibiting the sale of any spurious preparation purporting to be butter. (Supreme Court of Florida, Dec. 3, 1944. *Mayo v. Wynn & Lovett Grocery Co.* 155 Fla. 318, 19 So. 2d, 867.)

⁵ Same as (2) above with beef and sheep fat added to the exemption.

⁶ Upon margarine containing any fat or oil other than the following: Oleo from cattle, oleo stock from cattle, oleo stearine from cattle, neutral lard from hogs, peanut oil, pecan oil, corn oil, cottonseed oil, soybean oil, or milk fat.

⁷ 5 white, 10 yellow.

⁸ Same as (6) above except that pecan oil is not listed.

⁹ Attorney General opinion letter dated June 1, 1943, states that yellow oleo may be sold in State if marking and labeling requirements are complied with.

¹⁰ Yellow oleo is being sold in State on advice from State Health Department that oleo is not a butter substitute.

¹¹ Except penal institutions.

¹² Upon margarine containing less than 65 percent animal fats and oils and containing any fats or oils other than animal fats or oils, milk fat, peanut oil, cottonseed oil, or corn oil.

¹³ Attorney General opinion letter dated June 28, 1943, states that it is lawful to sell yellow oleo in State when the containers or cartons thereof have printed thereon the word "oleomargarine."

¹⁴ Serving prohibited.

¹⁵ Wholesaler or distributor.

¹⁶ Person consuming butter substitute from outside of State must pay tax and a license fee of \$1.

¹⁷ Same as note 6 above except that beef fat is added to exemptions and pecan oil omitted.

¹⁸ \$2 to \$100, depending on amount sold.

¹⁹ Persons who buy from out-of-State retailers must pay 6 cents per pound and are required to pay an annual license fee of \$1.

²⁰ Proprietors of hotels and restaurants.

²¹ Proprietors of boarding houses (having 3 or more boarders), bakeries, and confectionary stores.

²² Margarine containing 20 percent or more of animal fats or oils is exempt. Repealed, effective Apr. 1, 1949.

ANALYSIS OF THE PROPOSED GILLETTE-WILEY AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H. R. 2023 BY MARION R. GARSTANG, COUNSEL, NATIONAL COOPERATIVE MILK PRODUCERS FEDERATION, APRIL 7, 1949

The proposed Gillette-Wiley amendment to H. R. 2023 in the nature of a substitute introduced in the Senate April 4, 1949, and referred to the Finance Committee would accomplish the following purposes:

1. It would repeal the taxes imposed on oleomargarine under the Internal Revenue Code, including (a) the ¼ cent per pound tax on oleomargarine not colored yellow, (b) the 10 cents per pound tax on yellow oleomargarine, and (c) the 15 cents per pound tax on all oleomargarine imported from foreign countries (26 U. S. C., secs. 2301, 2306).

2. It would repeal the special occupational taxes or license fees imposed under the Internal Revenue Code on manufacturers, wholesalers, and retailers of oleomargarine, including (a) the special tax of \$600 per year on manufacturers of oleomargarine, whether yellow or otherwise; (b) the special tax of \$480 per year on wholesalers of yellow oleomargarine and of \$200 per year on wholesalers of oleomargarine who do not sell yellow oleomargarine; and (c) the special tax of \$48 per year on retailers selling yellow oleomargarine and of \$6 per year on retailers of oleomargarine who do not sell it yellow (26 U. S. C., sec. 3200).

3. It would repeal the present requirements in the Internal Revenue Code relating to the keeping of books and to the making of returns by manufacturers and wholesalers of oleomargarine (26 U. S. C., secs. 2302, 2303).

4. It would repeal the present provisions of the Internal Revenue Code relating to the packaging and labeling of oleomargarine (26 U. S. C., secs. 2302, 2304). Under the proposed amendment, oleomargarine other than that colored yellow would be labeled and packaged in accordance with the Federal Food, Drug, and Cosmetic Act. Yellow oleomargarine, which might otherwise require more positive identification, would be excluded from interstate commerce.

5. It would repeal incidental sections of the Internal Revenue Code relating to the collection of the above taxes and providing penalties for violations (26 U. S. C. Secs. 2300, 2305, 2307, 2308, 2309, 2310, 2311, 2313, 3201).

6. The proposed amendment would provide a revised and simplified definition for oleomargarine and yellow oleomargarine without changing in any material respect the substance of the present definitions.

7. The shipment of yellow oleomargarine in interstate commerce would be prohibited. This is the only restriction that would be imposed on yellow oleomargarine under the proposed amendment. Oleomargarine not colored yellow would be relieved of all Federal control other than that imposed under the Federal Food, Drug, and Cosmetic Act. The retention of Federal control over interstate shipments of yellow oleomargarine is justified on the ground that oleomargarine so colored resembles butter so closely that it lends itself readily to substitution for or confusion with butter and in many cases cannot be distinguished from butter by the ordinary consumer or purchaser. The prohibition against the shipment of yellow oleomargarine in interstate commerce would extend to the manufacture or preparation of yellow oleomargarine for shipment in interstate commerce and also to the receiving or otherwise handling of yellow oleomargarine after it had been shipped in interstate commerce as yellow oleomargarine.

8. The rights of the several States to determine for themselves what prohibitions or restrictions, if any, should be applied to yellow oleomargarine manufactured or colored within the same State in which it is to be consumed would be carefully preserved by the proposed amendment.

9. The proposed amendment would not disturb in any way the scope of the Federal Food, Drug, and Cosmetic Act.

10. The Administrator of the Federal Security Agency would administer and enforce the provisions of the proposed amendment in the same manner in which the Federal Food, Drug, and Cosmetic Act is enforced. The penalties set up in the proposed amendment are the same as those prescribed by the Federal Food, Drug, and Cosmetic Act.

LEGAL BRIEF ON THE CONSTITUTIONALITY OF THE PROPOSED GILLETTE-WILEY AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H. R. 2023 BY MARION R. GARSTANG, COUNSEL, NATIONAL COOPERATIVE MILK PRODUCERS FEDERATION

The proposed Gillette-Wiley amendment to H. R. 2023, in the nature of a substitute, was introduced in the Senate April 4, 1949, and referred to the Finance Committee. It would repeal the taxes and special occupational taxes imposed

under the Internal Revenue Code on oleomargarine, and on the manufacturers, wholesalers, and retailers thereof, and would substitute in lieu of the present legislation a prohibition against the shipment of yellow oleomargarine in interstate commerce.

Oleomargarine has been regulated for many years by the Federal Government under the taxing power (art. 1, sec. 8, of the Constitution; 26 U. S. C., secs. 2300-2311, 2313, 3200, 3201). In order to permit the complete removal of the taxes and special occupational taxes which have heretofore formed the base for such Federal regulation (26 U. S. C., secs. 2301, 3200), the proposed amendment would shift the base for such control to the interstate commerce clause.

The proposed amendment would prohibit the manufacture, transportation, handling, possession, sale, use, or serving of yellow oleomargarine in interstate commerce, or after shipment in interstate commerce as yellow oleomargarine, or in connection with the production of yellow oleomargarine for shipment in interstate commerce. It leaves to the several States the right to regulate or prohibit in whatever manner they see fit yellow oleomargarine manufactured or colored within the same State in which it is to be consumed. The prohibition against interstate shipments of yellow oleomargarine would be enforced by the Administrator of the Federal Security Agency in the same manner as the Federal Food, Drug, and Cosmetic Act is enforced.

The power of Congress to regulate interstate commerce is derived from article 1, section 8, of the Constitution. The statement of the power is simple and without limitation or qualification. It reads as follows:

"The Congress shall have Power - To regulate Commerce with foreign Nations, and among the several States, and with the Indian tribes; -"

The power of Congress to regulate interstate commerce is complete, may be exercised to its fullest extent, and acknowledges no limitations other than are prescribed in the Constitution (*Wickard v. Filburn*, 317 U. S. 111, 63 S. Ct. 82; *Currin v. Wallace*, 306 U. S. 1, 59 S. Ct. 379, 83 L. Ed. 441; *United States v. Carolene Products Co.*, 304 U. S. 144, 58 S. Ct. 778).

"The power of Congress over interstate commerce is plenary and complete in itself, may be exercised to its utmost extent, and acknowledges no limitations, other than are prescribed in the Constitution." (*Gibbons v. Ogden*, 9 Wheat. 1, 196, 6 L. Ed. 23. *United States v. Wrightwood Dairy Company*, 315 U. S. 110, 62 S. Ct. 523, 86 L. Ed. 726.)

"The power of Congress to regulate interstate commerce is plenary and extends to all such commerce be it great or small." (*National Labor Relations Board v. Fairblatt*, 309 U. S. 601, 59 S. Ct. 668, 671.)

"The power of Congress over the instrumentalities of interstate commerce is plenary; it may be used to defeat what are deemed to be immoral practices; and the fact that the means used may have the quality of police regulations is not consequential" (*Cleveland v. United States*, 329 U. S. 14, 67 S. Ct. 13.)

The proposed amendment is patterned after the Federal Filled Milk Act (21 U. S. C., secs. 61-64) which prohibits the shipment of filled milk in interstate commerce. Filled milk is an imitation dairy product in which vegetable oils have been substituted for the butterfat and resembles evaporated milk. Oleomargarine is likewise an imitation dairy product in which vegetable oils are used in place of butterfat to produce an article which so closely resembles butter that it lends itself readily to substitution for or confusion with butter and in many cases cannot be distinguished from butter by the ordinary consumer.

The United States Supreme Court has twice sustained the constitutionality of the Filled Milk Act, both cases involving criminal proceedings against the Carolene Products Co. for violating the act.

In the first of these cases, decided in 1938, the Court said:

"First. The power to regulate commerce is the power 'to prescribe the rule by which commerce is to be governed' (*Gibbons v. Ogden*, 9 Wheat. 1, 196, 6 L. Ed. 23), and extends to the prohibition of shipments in such commerce" (cases cited). "The prohibition of the shipment of filled milk in interstate commerce is a permissible regulation of commerce, subject only to the restrictions of the fifth amendment.

"Second. The prohibition of shipment of appellee's product in interstate commerce does not infringe the fifth amendment" (*United States v. Carolene Products Co.*, 304 U. S. 144, 58 S. Ct. 778).

In the second case, decided in 1944, the Court pointed out that filled-milk compounds lend themselves readily to substitution for or confusion with milk products and that they are artificial or manufactured foods which are cheaper to produce than similar whole milk products.

"When compounded and canned, whether enriched or not, they are indistinguishable by the ordinary consumer from processed natural milk. The purchaser of these compounds does not get evaporated milk. This situation has not changed since the enactment of the act. The possibility and actuality of confusion, deception, and substitution was appraised by Congress. The prevention of such practices or dangers through control of shipments in interstate commerce is within the power of Congress (cases cited). The manner by which Congress carries out this power, subject to constitutional objections which are considered hereafter in part Third of this opinion, is within legislative discretion, even though the method chosen is prohibition of manufacture, sale, or shipment."

"* * * under the first point of this opinion, we have determined that the avoidance of confusion furnished a reason for the enactment of the Filled Milk Act" (*Carolens Products Co. v. United States*, 323 U. S. 18, 65 S. Ct. 1).

In view of the foregoing decisions and many others upholding the power of Congress to regulate matters which operate to burden or hinder interstate commerce, there is no room for reasonable doubt as to the constitutionality of the proposed amendment.

APRIL 11, 1949.

Mr. CHARLES W. HOLMAN,
Secretary, National Cooperative Milk Producers Federation,
Washington 8, D. C.

DEAR MR. HOLMAN: In Senator Fulbright's statement before the Senate Finance Committee April 8, 1949, there appears an interesting discussion of the adverse effects resulting from attempts by individual States to regulate interstate commerce. The discussion is used in connection with an argument against a proposed amendment to H. R. 2023, in the nature of a substitute, introduced April 4, 1949, by 26 Senators.

The proposed amendment does not involve in any way the regulations of interstate commerce by the individual States but is limited entirely to the regulation of such commerce by the Federal Government.

The power to regulate interstate commerce is vested by the Constitution in the Congress and is denied to the States. The Federal Food, Drug, and Cosmetic Act, the Agricultural Adjustment Act, the Filled Milk Act, and the National Labor Relations Act are examples of the exercise of the interstate-commerce power by Congress.

The argument made in the statement is not directed against such laws nor against the exercise of the interstate-commerce power by Congress but is directed against the exercise of such power by the individual States.

Because of inherent differences between these two propositions, it follows that points and cases directed against the attempted exercise of the power by the several States, to which it has been denied, would not support an argument against the exercise of the power by the Federal Government, to which it has been expressly granted. The argument therefore does not appear to be in point insofar as it is applied to the proposed amendment, which as stated above deals only with the exercise of such power by the Federal Government.

Yours truly,

MARION R. GARSTANG,
Counsel, the National Cooperative Milk Producers Federation.

THE CHAIRMAN. Are the witnesses listed here in the order in which you wish them to come?

Mr. HOLMAN. Yes, sir.

The CHAIRMAN. Mr. Russell Fifer?

STATEMENT OF RUSSELL FIFER, CHICAGO, ILL., EXECUTIVE SECRETARY, AMERICAN BUTTER INSTITUTE, ALSO REPRESENTING THE NATIONAL CREAMERIES ASSOCIATION

The CHAIRMAN: You are the executive secretary of the American Butter Institute?

Mr. FIFER. That is correct, sir.

The CHAIRMAN. You also are representing the National Creameries Association?

Mr. FIFER. That is correct.

The CHAIRMAN. Your home, Mr. Fifer, is where? Chicago?

Mr. FIFER. My home is Chicago, Ill.

The CHAIRMAN. You may be seated. How long is your statement?

Mr. FIFER. I would presume close to 30 minutes, sir.

The CHAIRMAN. I think we may finish it by the time we must recess.

Mr. FIFER. My name is Russell Fifer. I am executive secretary of the American Butter Institute, 110 North Franklin Street, Chicago, Ill., a national trade association of butter manufacturers. The institute represents approximately 550 butter manufacturing plants in 42 States, who supply a daily market to over 1,000,000 cream-producing farmers.

The American Butter Institute respectfully requests the committee to report the amendment to H. R. 2023, a bipartisan substitute bill supported and sponsored by Gillette-Wiley and 24 other Senators, as completely fair to the consumers, the retailers, and wholesalers and to the processors, both oleomargarine and butter. My authority to support this legislation is embodied in a resolution adopted at the fortieth annual meeting of the American Butter Institute on November 4, 1948. As the committee understands, the Gillette-Wiley substitute would ban the interstate shipment of yellow oleomargarine, discontinue all taxes and license fees and permit States and Territories to police the manufacture and sale of oleomargarine within their own borders.

Senator MILLIKIN. Mr. Chairman, may I ask a question?

The CHAIRMAN. Yes.

Senator MILLIKIN. Do you know whether under the Wiley-Gillette bill bulk shipment of uncolored oleo would be permitted in interstate commerce?

Mr. FIFER. It is my understanding, sir, that the shipment of uncolored oleomargarine would be permitted in interstate commerce.

Senator MILLIKIN. In bulk?

Mr. FIFER. In bulk, yes, sir; in any form, as I understand it.

As the chairman previously indicated, I was authorized to speak for the National Creamery Association. I have at this time a wire which with your permission I will read in the record. Addressed to myself, received this morning:

This is your authority to speak for this association, its nearly 1,000 creameries, and the 300,000 dairy farmers whom they represent in your appearance before the Senate Finance Committee hearing on the attempt of 28 large oleomargarine manufacturers to secure legislation designed to permit them to sell their product in the guise of butter.

NATIONAL CREAMERIES ASSOCIATION,
W. A. GORDON, *Secretary*.

Also with the permission of the chairman, I would like to state that a great many State industry organizations from all parts of the country have supported this legislation prohibiting the sale of yellow oleomargarine in the guise of butter. I don't want to place in the record the entire list of the States, but I do have a resolution from the State of Georgia, the chairman's State, and if there is no objection I would like to read it into the record. It is very brief.

The CHAIRMAN. Yes; you may read it.

Mr. FIFER. Yes, sir.

Whereas there is now pending in the Congress of the United States a bill to repeal the tax on colored oleomargarine; and

Whereas the dairy industry believes that this tax could be removed under certain conditions without imposing a penalty on either the dairy industry or the manufacturers of oleomargarine: Therefore be it

Resolved, by the Georgia Dairy Association in session assembled at Atlanta, Ga., January 21, 1949, That the Congress of the United States do pass the necessary legislation repealing the tax on colored oleomargarine; and

That the Congress further provide in said Act that manufacturers of oleomargarine be prohibited by law from using any color in imitation of the color so long associated with the yellow color in butter.

L. T. WELLS, *Chairman.*

W. P. WHITE.

M. C. COOPER.

Adopted January 21, 1949.

JAMES E. JACKSON, *Secretary.*

For the information of the Senator from Colorado, the State organization in that State passed a similar resolution at their meeting in January.

For the information of the committee, following questions at the opening day of the hearing regarding the cost of installing an oleomargarine plant, we were able to find out through trade sources the cost of complete installation, exclusive of oil-refining facilities. I have here a number of copies of the break-down of costs which I submit to the committee for your information. I may just call attention to one or two of the factors.

The CHAIRMAN. These are all the same?

Mr. FIFER. These are all the same; yes, sir.

This complete oleo plant would be geared to produce 40,000 pounds daily on a single shift. In the cost break-down we do not include the cost of building, indicating that it is quite likely and it is a customary practice to lease or rent the facilities, as many are doing today. The entire cost of line producing 40,000 pounds daily comes to a total of \$75,625. Of the total cost two items are particularly large. You will notice the \$20,000 item for the two-tube Votator pump and milk cooler, manufactured by the Girdler Corp. of Louisville, Ky. I may add that that piece of equipment is in all the oleo operations, and I am informed that this company is the only company that manufacturers that particular piece of equipment. The other expensive item is the machine to take care of the printing and wrapping and cartoning of the product. That machine, as you note, costs \$34,000. There is a statement at the bottom in parenthesis which indicates that on this 40,000-pound daily production, and at a profit per pound of taxes which is indicated by some of the annual reports of oleo manufacturing companies it would take relatively a short time to pay off the investment on that plant.

(The document referred to follows:)

COSTS OF OLEO PLANT INSTALLATION

Included are the costs for every single item of equipment needed to install a complete margarine manufacturing plant geared to produce 40,000 pounds daily on a single shift. Space in which to operate such equipment including proper railroad siding could be had at practically any cold-storage house in the United States for a rental of between \$300 and \$400 monthly. As a matter of fact some companies operate precisely that way right now. Witness: Kraft at their Jersey City operation.

Margarine equipment—1 Votator line

3 60,000-pound oil tanks 13 by 13 by 8.....	\$3, 000
2-inch oil-unloading pump.....	250
Sediment screen, flexible steam and oil connections.....	100
3 2-inch oil delivery pumps.....	750
225-gallon stainless steel milk-dissolving tank.....	500
½-horsepower, D-2 mixer.....	250
1½-inch Viking pump to pasteurizers.....	275
500-pound platform scale for milk powder.....	75
3 300-gallon pasteurizer tanks.....	5, 850
500-pound platform scale for salt.....	75
1½-inch Viking pump to milk weigh tank.....	275
2 300-gallon stainless steel emulsion tanks.....	1, 000
2 ½-horsepower, D-2 mixers.....	500
500-pound milk weigh tank.....	100
500-pound dial scale for same.....	450
1½-inch Viking pump to Votator holding tank.....	275
3-tube Votator, pump and milk cooler (manufactured by the Girdler Corp., Louisville, Ky.).....	20, 000
1-inch remelt pump.....	200
Blender.....	1, 200
2 ¼-pound printers, wrappers, and cartoners (this takes care of a plant equipped to turn out yellow oleo in ¼-pound prints; it can be done a lot cheaper in 1-pound prints).....	34, 000
200-gallon emulsifier-mix tank.....	1, 000
Miscellaneous: Label gummer, belt electroconveyor, milk washing sink, culture cabinet, exact weight scale, etc.....	1, 500
Freight, installation, pipes, connections, etc.....	4, 000
Grand and complete total.....	75, 625

(On a 40,000-pound daily production, and at 3 cents per pound profit (net after taxes), which is what their profit is, it would take only 62 days to pay off completely a \$75,000 investment.)

Senator MILLIKIN. May I ask another question in that connection?

The reason I asked you whether you could ship uncolored oleo in interstate commerce in bulk was that it occurred to me that you have a very simple apparatus at destination for coloring the uncolored oleo if it fitted the State law, if that were permissible under the State law. Have you any observation on that?

Mr. FIFER. I am told it could be done with success. Of course, you would require on the list of equipment as I have presented here, the printing and cartoning machine. That is a large item. That is as far as my information goes. You will probably have before the committee other witnesses who will be able to testify in more detail on that.

Going back to the statement, the butter industry does not object to fair and honest competition, but it vigorously resents unfair competition from a spurious imitation product which is not justified by the spirit of American free enterprise. I beseech the committee to call upon representatives of oleomargarine manufacturers during these hearings—if they tell the truth they will admit their intentions to make and sell oleomargarine in a form that exactly imitates butter and thus might eventually displace natural creamery butter.

Under the moral philosophy by which we live, the American people have always endeavored to prevent the economically strong from trampling upon the economically weak; to prevent the rich from using their power to hurt the poor; to prevent the practice of deceits in order to acquire an economic advantage; and to maintain our free enterprise on a sound, healthy, and fair basis. When these points

are carefully considered in the butter-oleomargarine issue, the conclusion cannot be avoided that butter's side has on it the sanction of moral right, fairness, and justice.

Congress has always granted certain protective rights to companies and individuals in the form of patents, trade-marks, and copyrights. In a document prepared by the Library of Congress, it is reported that Lever Bros. were engaged in a big 'awsuit involving Lifebuoy soap, and that after about 10 years of legal battles, the courts ruled that Lever Bros. and Lever Bros. alone, was entitled to make a cake of health soap, colored red. Lever Bros. was successful in having the courts sustain their right to make and sell the only red health soap on the market.—Lever Bros. is probably the world's largest oleomargarine manufacturer. I understand their production of the world's oleomargarine runs up to over 40 percent at the present time. This company which is so jealous of its own exclusive right to the red coloration of health soap nevertheless seeks to usurp the historic yellow color of butter for an imitation product.

I also call your attention to the fact that the Yellow Cab companies have the sole and exclusive right to use the color yellow on their cabs. This view has been supported by dozens of court decisions in the United States. The Circuit Court of Appeals for the Sixth District, found that artificially colored poppy seeds were made to resemble the more valuable Dutch blue and Turkish gray seeds. A decree of condemnation was entered in support of Food and Drug's contention because such color concealed the price inferiority and made the seeds appear to be better or of greater value.

Yellow oleomargarine lends itself readily to fraudulent substitution and misrepresentation and its manufacture and sale should be completely banned throughout the United States. Therefore, a law to merely bar interstate shipment of yellow oleo is fair, indeed, and respects the right of the States or Territories to police the manufacture and sale within their respective borders. The Gillette-Wiley substitute gives full recognition to States' rights and will aid enforcement in the individual States where the manufacture and sale of yellow oleo is banned.

There has been no final action in any State legislature in 1949 which permits the consumers of that State to purchase yellow oleomargarine where it was formerly banned. Tennessee oleomargarine laws were repealed but these applied only to taxes. Tennessee consumers could formerly purchase yellow oleomargarine and they still do so. The ban in Michigan was repealed, but petitions are being filed in that State which will make the repeal inoperative until a general referendum is held in November 1950. In Ohio the senate has voted to repeal the ban on yellow oleomargarine, but local dairy farmers believe that the house of representatives may defeat this bill when it comes to vote in a few days. Many States have reduced or repealed oleomargarine taxes or license fees but this is in line with the dairy-industry policy as announced in October 1948. Legislatures in South Dakota, Nebraska, and Kansas have passed joint resolutions supporting the intent of the Gillette-Wiley substitute. At the present time the following 19 States prohibit the sale of yellow oleomargarine:

California, Connecticut, Delaware, Idaho, Illinois, Iowa, Michigan, Minnesota, Montana, New Hampshire, New York, Ohio, Oregon,

Pennsylvania, South Dakota, Vermont, Washington, Wisconsin, and Wyoming.

The CHAIRMAN. Would you mind my asking a question. Is the manufacture of white oleomargarine prohibited in any State?

Mr. FIFER. To my knowledge; no. Some States have taxes on white oleomargarine, but I don't believe any State prohibits the sale or manufacture of white oleomargarine.

The CHAIRMAN. Is Mr. Holman in the room still? Can any one give us that information, whether there is any State that prohibits manufacture, that not merely taxes or regulates but prohibits the manufacture of white oleo?

Mr. TRUITT. I am not sure I have the question, but no State prohibits the manufacture or sale of white margarine.

The CHAIRMAN. No State?

Mr. TRUITT. No State.

The CHAIRMAN. All right.

Mr. FIFER. The committee recognizes, of course, that there are many of these States large in population. The 19 States where the sale of yellow oleo is now banned represents slightly over 52 percent of the total population of the United States, as of July 1948. There are five other States where the sale is permitted by the order of some State official, elective or appointive. I refer to the States of Alabama, Florida, Maine, Maryland, and Missouri. In those States the sale of yellow oleo is permitted by act of some attorney general or some person inside the State making a ruling. If you add population of those States to the previous figure because these States all have laws preventing the sale of yellow oleo—they have merely been interpreted by some State official—if you add the 19 States to the 5 States, the population of those 24 States would total over 60 percent of the United States population at the present time.

If the Gillette-Wiley substitute is adopted in the Eighty-first Congress, other States will certainly be encouraged to adopt similar consumer-protective legislation.

The butter industry does not object to and does not fear competition with oleomargarine sold in its natural color, which is white or almost white when manufactured from domestic oils. The dairy industry would not object if oleo manufacturers further enhanced this "natural" color by bleaching processes.

For the committee's information—these are samples you have seen before—but just as a matter of record, we have the refined, unbleached cottonseed oil in this color [indicating], which is yellow. You take the same oil and process it to put it in a form that can be spread, the hardening process itself, without the actual bleaching process, it bleaches the oil out to this shade. In no respect is that a yellow product. You have here the refined unbleached oils of soybeans, and we grant they are yellow. But putting those in a form in which they can be spread, by the process of hydrogenation and without bleaching, the soybean oil becomes a sort of greenish hue. In no respect is that a yellow fat in the final product.

The best chance the consumer has of maintaining a supply of this cheap spread rests with Congress. Preventing oleomargarine from usurping butter's natural yellow color is the way to do it, as I will later demonstrate.

The demand of the oleo manufacturers that they be allowed to use artificial coloring without restrictions has no justified basis unless they wish to resort to outright deception in their drive for still bigger volume and still higher profits. It is impossible to make naturally yellow oleomargarine from cottonseed and soybean oils, according to the Armour Research Foundation. These oils constitute the major ingredients of domestic oleomargarine at present.

The economic effects resulting from an outright legalization of yellow oleomargarine have been emphasized by a preceding witness. My remarks will be directed mainly to the prevalence of fraud existing today in three individual States.

The moral philosophy of the average American finds nothing wrong with imitating something, provided the imitation does not result in deceit and does not jeopardize the general welfare, thus disrupting the livelihood of large numbers of our citizens. To prevent that happening, Congress and the State legislatures have an obligation and a duty to pass laws prohibiting such deception.

In the case of oleomargarine, deceit is practiced against butter every time yellow oleomargarine is served and someone at the table says, "Pass the butter." Whenever this deceitful act is performed, butter is unjustly deprived of its rightful market and the livelihoods of all people who contribute to the production of butter are unfairly jeopardized.

The available evidence indicates that if Congress removes all regulations on the sale of yellow oleo, the Nation is in for an unprecedented rise in fraud. The volume of fraud in the States is truly alarming at the present time. The State of Arkansas has on its statute books a law similar to the bill that passed the House. It provides that each individual serving of oleomargarine in a public eating place must be identified. In Arkansas the identification must be clearly marked on the plate. Yellow oleo may be sold in that State.

Since this is the type of regulation which the oleo interests say is entirely adequate to prevent fraud, the dairy industry decided to see how the Arkansas statute is operating and ascertain scientifically whether or not it prevents fraud. Accordingly, an impartial fact-finding agency was retained to visit restaurants in Arkansas just last month and find out if oleo was being fraudulently served as butter.

The firm's investigators visited 100 Arkansas restaurants scattered throughout the State. I have here a detailed statement which reports that in not a single one of the restaurants visited was there a sign of any kind, or any printed notices, indicating that oleo was served. Yet, a laboratory test of the samples collected by these investigators shows that in 66 out of the 100 restaurants, the spread was oleo. The investigators specifically asked for butter.

Senator MILLIKIN. May I ask this? There was no sign or printed notice. Was there anything on the plate or the patty that contained the butter?

Mr. FIFER. I could verify that by checking this detailed report. My understanding is that there was no notice of any type on any plate or in any way showing that oleo was being served for butter.

Senator MILLIKIN. Will you check that?

Mr. FIFER. I will check that and give you the answer. I am quite certain that that is correct, sir.

If the chairman wishes, we have the full report. If there is any question about its verification, it can be inserted in the record, or if you would like to have it for confirmation, it is available.

The CHAIRMAN. How long it it? Is it very long?

Mr. FIFER. It is not so very long. It indicates each restaurant by number. It gives the information Senator Millikin asks for.

The CHAIRMAN. Does it give the name of the restaurant or the number?

Mr. FIFER. Just the number only.

The CHAIRMAN. There could not be any complaint.

Mr. FIFER. That is right, sir.

The CHAIRMAN. I see no objection to its going in the record.

Mr. FIFER. Thank you, sir.

(The information referred to follows:)

FACT FINDERS ASSOCIATES, INC.,
New York 17, N. Y., March 3, 1949.

Mr. RUSSELL FIFER,
Executive Secretary, American Butter Institute.

Mr. CHARLES W. HOLMAN,
Secretary, National Cooperative Milk Producers' Federation.

Mr. W. A. GORDON,
Secretary, National Creameries Association.

DEAR SIR: In the interest of speed this letter and the attached data sheets are supplied in place of a more formalized report of our activities in the study described below. A more formalized report will be sent you on request should your needs require it.

In compliance with your request, transmitted to us through your public relations counsel, we have conducted a study to determine the nature of substances being served in 100 restaurants chosen at random in 9 cities in the State of Arkansas. This letter will serve as transmittal accompanying findings, and is a certification that our activities were exactly as letter described; that the activities of our employees in the field were exactly as described and certified by these investigators; and that this data represents a true and accurate transcription of our findings.

METHOD OF OPERATION

In conference with client, nine cities in the State of Arkansas were chosen for testing purposes. In each of these cities our investigators visited restaurants chosen by them at random, ordered coffee and some bread product with which is normally served butter or some butter substitute. These investigators requested an extra pat of spread whenever two were not provided by the restaurant, since two pats are required for laboratory test to determine nature of substance being served as spread. These investigators did nothing to suggest that they were other than regular customers, until these foods were served to them. Once having received this food, the investigator placed the two pats of spread served by the restaurant in a coded glassine container which was then sealed. The specimen number carried on the container was then transcribed to a field form upon which the investigator recorded the name and address of the restaurant, and whether there were any indications on counters or walls, in the menu, or on the spread plates to indicate that the product served as spread was butter, oleo-margarine, or any other product in this specific spread classification. Specimens were then kept in a refrigerated container until work was completed, at which time they were sent by airmail in this refrigerated container to the offices of Chicago Dairy & Food Laboratories, 6930 North Clark Street, Chicago 26, Ill., who were retained to conduct a Reichert-Meissl test upon these specimens and report to us by specimen number their findings.

We have received from the Chicago Dairy & Food Laboratories a series of letters signed by Dr. V. C. Stebnitz, director, giving these findings. These letters are retained in our files and available to the inspection of any interested

parties authorized by client. The summation of the findings of these letters is as follows:

City	Number given to specimens and restaurants	Number of restaurants checked	Specimens not containing butterfat	Specimens containing butterfat
Fort Smith.....	1 to 15.....	15	9	6
Texarkana.....	16 to 30.....	15	7	8
Little Rock.....	31 to 50.....	20	15	5
Eldorado.....	51 to 60.....	10	8	2
West Memphis.....	61 to 70.....	10	3	7
Trumann.....	71 to 75.....	5	4	1
Monticello.....	76 to 80.....	5	4	1
Camden.....	81 to 90.....	10	10	0
Fayetteville.....	91 to 100.....	10	6	4
Total.....		100	66	34

In total, therefore, of 100 restaurants chosen at random in nine cities in the State of Arkansas, 66 or 66 percent are serving as a spread a product which, by result of Reichert-Meissl number test, is identified as containing no butterfat. Attached are detail sheets indicating those instances in which signs were posted concerning type of spread product served in the restaurant, and also giving the exact Reichert-Meissl number attributed to each specimen in findings supplied to us by the Chicago Dairy & Food Laboratories.

I trust this information will prove sufficient for your needs.

Cordially yours,

FACT FINDERS ASSOCIATES, INC.
WILLIAM J. O'BRIEN, Executive Vice President.

Trumann, Ark.

Restaurant No. (specimen No.)	Was there any sign or notice that butter is served—						Was there any sign or notice that oleomargarine is served—						Report of Chicago Dairy & Food Laboratories, Reichert-Meissl No.	Finding of laboratory tests
	On walls or counters?		In menu?		On butter plates?		On walls or counters?		In menu?		On butter plates?			
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No		
71.....		X		X		X		X		X		X	0.12	Fat in sample not butterfat.
72.....		X		X		X		X		X		X	.12	Do.
73.....		X		X		X		X		X		X	.18	Do.
74.....		X		X		X		X		X		X	30.28	Do.
75.....		X		X		X		X		X		X	.11	Do.

Of five restaurants checked four, or 80 percent, served as a spread a product identified as containing no butterfat by Reichert-Meissl number.

Monticello, Ark.

Restaurant No. (specimen No.)	Was there any sign or notice that butter is served—						Was there any sign or notice that oleomargarine is served—						Report of Chicago Dairy & Food Laboratories, Reichert-Meissl No.	Finding of laboratory tests
	On walls or counters?		In menu?		On butter plates?		On walls or counters?		In menu?		On butter plates?			
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No		
76.....		X		X		X		X		X		X	0.12	Fat in sample not butterfat.
77.....		X		(1)		X		X		(1)		X	.12	Do.
78.....		X		(1)		X		X		(1)		X	29.94	Do.
79.....		X		X		X		X		X		X	.10	Do.
80.....		X		X		X		X		X		X	.21	Do.

(1) No menu.

Summation.—Of 5 restaurants checked 4 or 80 percent served as a spread a product identified as containing no butterfat by Reichert-Meissel number.

Camden, Ark.

Restaurant No. (specimen No.)	Was there any sign or notice that butter is served—						Was there any sign or notice that oleomargarine is served—						Report of Chicago Dairy & Food Laboratories, Reichert-Meissel No.	Finding of laboratory tests
	On walls or counters?		In menu?		On butter plates?		On walls or counters?		In menu?		On butter plates?			
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No		
81.....		X		X		X		X		X		X	0.45	Fat in sample not butterfat.
82.....		X		X		X		X		X		X	.28	Do.
83.....		X		X		X		X		X		X	.26	Do.
84.....		X		X		X		X		X		X	.40	Do.
85.....		X		X		X		X		X		X	.18	Do.
86.....		X		X		X		X		X		X	.39	Do.
87.....		X		X		X		X		X		X	.26	Do.
88.....		X		X		X		X		X		X	.27	Do.
89.....		X		X		X		X		X		X	.20	Do.
90.....		X		X		X		X		X		X	.11	Do.

Of the 10 restaurants checked, 10 or 100 percent of specimens of spread served are established to contain no butter fat by Reichert-Meissel number.

Fayetteville, Ark.

Restaurant No. (specimen No.)	Was there any sign or notice that butter is served—						Was there any sign or notice that oleomargarine is served—						Report of Chicago Dairy & Food Laboratories, Reichert-Meissel No.	Finding of laboratory tests
	On walls or counters?		In menu?		On butter plates?		On walls or counters?		In menu?		On butter plates?			
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No		
91.....		X		X		X		X		X		X	29.95	Fat in sample not butterfat. Do. Do. Do. Do. Do. Do. Do.
92.....		X		X		X		X		X		X	30.13	
93.....		X		X		X		X		X		X	.21	
94.....		X		X		X		X		X		X	.11	
95.....		X		X		X		X		X		X	.34	
96.....		X		X		X		X		X		X	32.35	
97.....		X		X		X		X		X		X	.22	
98.....		X		X		X		X		X		X	.54	
99.....		X		X		X		X		X		X	31.00	
100.....		X		X		X		X		X		X	.45	

Summation.—Of the 10 restaurants checked, 6 or 60 percent served a product having the physical appearance of butter or oleomargarine containing fat which laboratory tests showed to be not butterfat. Of these 6 restaurants, 1 indicated by a sign or notice on the walls or counters that oleomargarine was served.

Fort Smith, Arkansas—15 restaurants

Restaurant No. (specimen No.)	Was there any sign or notice that butter is served—						Was there any sign or notice that oleomargarine is served—						Report of Chicago Dairy & Food Laboratories, Reichert-Melsl No.	Finding of laboratory tests
	On walls or counters?		In menu?		On butter plates?		On walls or counters?		In menu?		On butter plates?			
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No		
1.....		X		X		X		X		X		X	30.25	Fat in sample not butterfat.
2.....		X		X		X		X		X		X	27.42	
3.....		X		X		X		X		X		X	0.59	
4.....		X		X		X		X		X		X	0.67	Do.
5.....		X		X		X		X		X		X	2.14	Do.
6.....		X		X		X		X		X		X	1.42	Do.
7.....		X		X		X		X		X		X	31.61	
8.....		X		X		X		X		X		X	29.37	
9 ¹		X		X		X		X		X		X	1.70	Do.
10 ¹		X		X		X		X		X		X	0.76	Do.
11 ²		X		X		X		X		X		X	1.81	Do.
12.....		X	X			X		X		X		X	30.62	
13.....		X	X			X		X		X		X	32.66	
14.....		X	X			X		X		X		X	0.79	Do.
15.....		X	X		X	X		X		X		X	2.18	Do.

¹ No. 9 and 10 are colored restaurants.

² No. 11—Negroes use rear entrance.

Summation.—Of a total of 15 restaurants serving a product having the physical appearance of butter or oleomargarine, 9 or 60 percent served a product containing fat which laboratory tests showed to be not butterfat; 1 of these 9 indicated in its menus that butter is served; 3 of the same 9 were colored restaurants or also served colored people. None of the 15 restaurants indicated by way of any printed words that oleomargarine was served.

Texarkana, Ark.—15 restaurants

Restaurant No. (specimen No.)	Was there any sign or notice that butter is served—						Was there any sign or notice that oleomargarine is served—						Report of Chicago Dairy & Food Laboratories, Reichert-Melsl No.	Finding of laboratory tests
	On walls or counters?		In menu?		On butter plates?		On walls or counters?		In menu?		On butter plates?			
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No		
16.....		X		X		X		X		X		X	0.24	Fat in sample not butterfat.
17 ¹		X		X		X		X		X		X	30.57	
18.....		X		X		X		X		X		X	.63	Do.
19.....		X	X			X		X		X		X	.51	Do.
20.....		X		X		X		X		X		X	1.23	Do.
21.....		X	X			X		X		X		X	.24	Do.
22.....		X	X			X		X		X		X	.23	Do.
23.....		X		X		X		X		X		X	27.74	
24.....		X		X		X		X		X		X	.12	Do.
25.....		X	X			X		X		X		X	29.99	
26.....		X		X		X		X		X		X	28.93	
27.....		X		X		X		X		X		X	29.41	
28.....		X		X		X		X		X		X	29.14	
29 ¹		X		X		X		X		X		X	29.02	
30.....		X		X		X		X		X		X	28.65	

¹ Nos. 17 and 29 are colored restaurants serving neither butter nor oleomargarine.

Summation.—Of a total of 15 restaurants checked, 7 or 46.7 percent served a product having the appearance of butter or oleomargarine containing fat which laboratory tests showed to be not butterfat. Two of the 15 restaurants catered to Negroes. These two served neither butter or oleomargarine. None of the 15 restaurants indicated by way of any printed word that oleomargarine was served.

Little Rock, Ark.

Restaur- ant No. (speci- men No.)	Was there any sign or notice that butter is served -						Was there any sign or notice that oleomargarine is served -						Report of Chicago Dairy & Food Labora- tories, Reichert- Meissl No.	Finding of laboratory tests
	On walls or counters?		In menu?		On butter plates?		On walls or counters?		In menu?		On butter plates?			
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No		
31.....		X		X		X		X		X		X	0.23	Fat in sample not butterfat.
32.....		X		X		X		X		X		X	.16	Do.
33.....		X	X		X		X		X		X		.15	Do.
34.....		X		X		X		X		X		X	30.20	Do.
35.....		X		X		X		X		X		X	.06	Do.
36.....		X		X		X		X		X		X	28.85	Do.
37.....		X		X		X		X		X		X	.43	Do.
38.....		X		X		X		X		X		X	.11	Do.
39.....		X		X		X		X		X		X	27.63	Do.
40.....		X		X		X		X		X		X	.34	Do.
41.....		X		X		X		X		X		X	28.67	Do.
42.....		X		X		X		X		X		X	.11	Do.
43.....		X		X		X		X		X		X	.11	Do.
44.....		X		X		X		X		X		X	.16	Do.
45.....		X		X		X		X		X		X	.29	Do.
46.....		X		X		X		X		X		X	.23	Do.
47.....		X		X		X		X		X		X	.06	Do.
48.....		X		X		X		X		X		X	30.75	Do.
49.....		X	X		X		X		X		X		.34	Do.
50.....		X		X		X		X		X		X		

Of 20 restaurants checked 15, or 75 percent served as a spread a product identified as containing no butterfat by Reichert-Meissl number.

Eldorado, Ark.

Restaur- ant No. (speci- men No.)	Was there any sign or notice that butter is served -						Was there any sign or notice that oleomargarine is served -						Report of Chicago Dairy & Food Labora- tories, Reichert- Meissl No.	Finding of laboratory tests
	On walls or counters?		In menu?		On butter plates?		On walls or counters?		In menu?		On butter plates?			
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No		
51.....		X		X		X		X		X		X	0.06	Fat in sample not butterfat.
52.....		X		X		X		X		X		X	.28	Do.
53.....		X		X		X		X		X		X	.27	Do.
54.....		X		X		X		X		X		X	.24	Do.
55.....		X		X		X		X		X		X	.39	Do.
56.....		X		X		X		X		X		X	.28	Do.
57.....	X		X		X		X		X		X		.38	Do.
58.....		X		X		X		X		X		X	26.98	Do.
59.....		X		X		X		X		X		X	30.49	Do.
60.....		X		X		X		X		X		X	.29	Do.

¹ 59 and 60 are colored restaurants.

Of 10 restaurants checked 8 or 80 percent served as a spread a product identified as containing no butter fat by Reichert-Meissl number.

West Memphis, Ark.

Restaurant No. (spect- men No.)	Was there any sign or notice that butter is served—						Was there any sign or notice that oleomargarine is served—						Report of Chicago Dairy & Food Labora- tories, Reichert- Meissl No.	Finding of laboratory tests
	On walls or counters?		In menu?		On butter plates?		On walls or counters?		In menu?		On butter plates?			
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No		
61.....		X		X		X		X		X		X	27.77	Fat in sample not butterfat.
62.....		X		X		X		X		X		X	.60	
63.....		X		X		X		X		X		X	29.08	Do.
64 ¹		X		X		X		X		X		X	.91	
65.....		X		X		X		X		X		X	29.88	Do.
66.....		X		X		X		X		X		X	28.38	
67 ¹		X		X		X		X		X		X	2.85	Do.
68.....		X		X		X		X		X		X	31.12	
69 ¹		X		X		X		X		X		X	28.70	Do.
70.....		X		X		X		X		X		X	29.98	

¹ 67, 68, 69 are colored restaurants.

¹ 64 and 67 stated they were out of butter and served oleomargarine.

Of 10 restaurants checked 3, or 30 percent, served as spread a product identified as containing no butterfat by Reichert-Meissl number.

Mr. FIFER. This is flagrant fraud in complete and total disregard of the law's requirements.

Senator MILLIKIN. How long has the law been in effect?

Mr. FIFER. It has been in effect for many years. It has been in effect for 10 years, perhaps 15, maybe longer.

Yet this wholesale violation of the law occurred only last month. If this regulation, touted by the oleo interests as being adequate to prevent fraud has failed so miserably in Arkansas, what reason is there for thinking it would work throughout the Nation?

Actually, the available facts indicate that fraud is increasing. Last year the dairy industry reported a survey, that has never been refuted in any respect, which showed that one out of three restaurants in a selected list of large cities was deceptively serving oleo for butter. The 1949 Arkansas data indicate a far higher proportion, double as much fraud.

The Pennsylvania Department of Agriculture has reported the existence of widespread fraud in that State. Miles Horst, secretary of agriculture of the State declared to the House Agriculture Committee on March 3, 1949, that 153 of 500 eating establishments recently checked by his department were violating the law. These firms were either serving oleo without license, or mixing oleo with butter, or coloring the product illegally, and some failed to post signs that oleo was being served and used.

In his statement, Mr. Horst argued that if coloring of oleomargarine were legalized by Congress, the problem of protecting the consuming public from fraud and deception would, without doubt, reach major proportions and extend beyond the power to control. This is a statement from an official charged with the actual prevention of fraudulent passing off of oleo as butter. It represents fact and experience, not theory.

The public press also has reported the existence of such fraud in Michigan. On January 25, 1949, the proprietor of a restaurant in

Coldwater, Mich., The Hi-Speed Grill, was arrested for serving oleo as butter. Another similar violation and arrest was reported in Bronson, Mich., Bronson Hotel Cafe, on March 11, 1949. Those cases were reported in the Daily Press, so the names are given in this document.

Let me emphasize the fact that all of the evidence reported on fraud in Pennsylvania, Arkansas, and Michigan occurred within the past few weeks. The dairy industry did not have time to conduct comprehensive investigations into enforcement methods or the extent of the fraud in all of the 48 States. Certainly, the examples cited prove that the great incentive to fraud that exists when yellow oleo is permitted is already responsible for consumer deception on a scale rarely if ever equaled before in our history.

The reasons for the increase are not hard to find. The propaganda and illustrated advertisements issued by oleo interests have certainly suggested deception. Moreover, those States which last spring and summer legalized the sale of yellow oleo extended an open invitation to the butterleggers to start gouging the public by serving oleo as butter.

Will the public think it's fun to be fooled when the cost of deception is double or more the product's true worth? Remember that fraud can exist at other levels of distribution if the final distinguishing feature between oleo and butter is removed.

The question has been raised in the House that the frauds reported merely reflect a lack of enforcement. We feel that any such contention is disposed of by letters from the Budget Bureau and the Food and Drug Administration, which state that a simple check once a year of each eating place in the country would require 960 agents, \$6,000,000 the first year, and \$5,000,000 each year thereafter. Clearly it would not be possible to fully enforce the regulations contained in the House bill.

But also, please note that the law in Pennsylvania is being enforced. The fraud found there occurred despite publicized reports of the activities of the Pennsylvania enforcement agents. A completely legal yellow oleo makes it simple, convenient, inviting and even almost respectable to perpetrate such frauds.

Oleomargarine has been glorified as the "poor man's spread." It is a fact that oleomargarine is generally sold at exorbitant prices when consideration is given to the cost of ingredients. I predict that oleomargarine, in its cheapest, uncolored form, would disappear from the market if Congress permits artificial yellow coloring of the product, and that the price of the imitation product will not go down by the amount of the tax since it would no longer have to compete with itself in uncolored form. Data recently assembled from all parts of the United States on the price spread between uncolored and yellow oleo is startling, but this will be only a taste of future events if adequate controls are not retained.

Government spokesmen have reportedly insisted that the spread between grocery prices and farm prices must be narrowed. The percentage of the consumers' dollar for oleo returned to the farmer was a mere 31 percent in January 1949, as compared with 73 percent of the consumers' dollar for butter received by the dairy farmer. The price of farm ingredients used in a pound of oleo during January 1949 amounted to only 11.38 cents per pound while the gross farm value

of ingredients in a pound of butter in the same period was 54 cents. These percentages and figures are representative of the historical ratio as indicated on the attached graphs. The committee will please note that oleo is consistently priced in relation to butter. Oleo seems to be one of the few foods whose price is not directly related to the cost of its principal ingredients. Consumers are charged all that the traffic will bear.

The committee will please note that at the close of my prepared statement we have two graphs indicating the relative prices and costs of butter and oleo. You will note, please, that the cost of butter follows very closely the line of the cost of ingredients. During the war period you will notice that the cost of butter dipped below the cost of ingredients which will indicate why butter production dropped off markedly during that period. You will also note that the spread between the cost of ingredients of oleo and the price of the finished product, wholesale value, is quite wide, indicating that a small share of the consumers' oleo dollar goes back to the farmer. The farmers' share is also indicated on the second chart. You will see butter is consistently in the seventies, even up as high as 80 percent—consumer butter dollar going back to the dairy farmer—whereas the returns from the consumers' oleo dollar going back to the farmer producing the raw ingredients, the farm ingredients, is usually in the 30 range, sometimes down as low as 21 or 22 percent.

(The graphs referred to appear on pp. 135 and 136.)

In spite of the fact that 90 percent of the oleomargarine sold in 1948 was uncolored and thus exerted pressure to hold down the price of yellow oleo, we have discovered a price spread between the two products as high as 30 cents in the past year.

Attached to this statement is a reprint of a full-page newspaper advertisement appearing in El Paso, Tex., last September 1948 which revealed a price range of 30 cents between uncolored and yellow oleo. The Federal tax on the product is only 10 cents per pound. Allowing for the difference in brands and granting a small additional fraction for licenses and extra packaging cost, there remains almost 20 cents unaccounted for. It is obvious that the consumer was being cheated by the exorbitant price spread.

A careful survey has been conducted in various cities where yellow oleomargarine can be sold to determine the range in prices at the retail grocery. Receipted sales slips and cartons have been received to verify the purchases. Collecting this data from nine cities in as many States, the summary indicates that the difference in prices between the artificially colored and uncolored oleo in January 1949 was 21.8 cents per pound, or considerably over the actual Federal tax and license fees. The following is a table showing the cities where purchases were made and the actual costs of the two products.

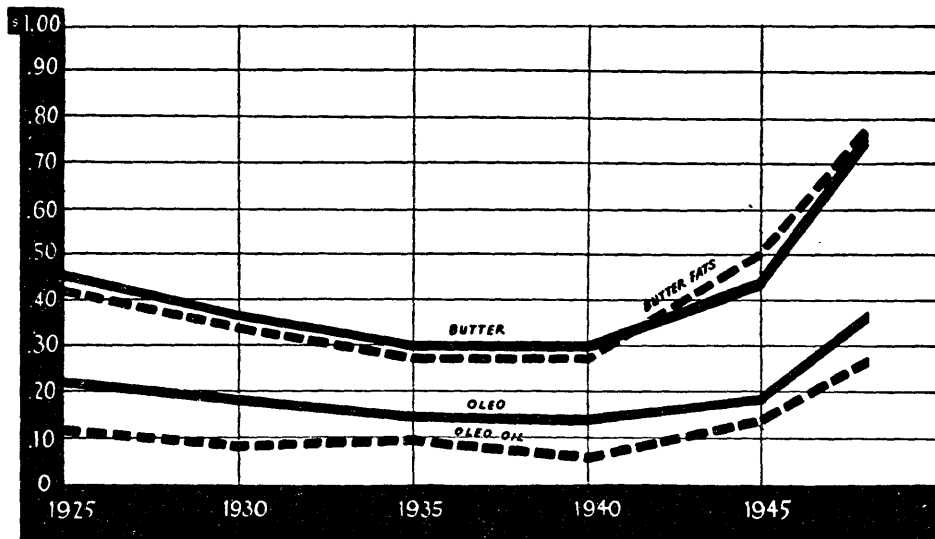
In Atlanta, Ga., the range was 23 cents. In Harrisonburg, Va., the range was 22 cents between the uncolored and the colored oleos. In Phoenix, Ariz., it was only 12 cents. In Louisville, Ky., 27 cents. In Enid, Okla., 22 cents. In Denver, Colo., 32 cents between the price of uncolored and colored oleo.

Senator MILLIKIN. Thirty-two cents?

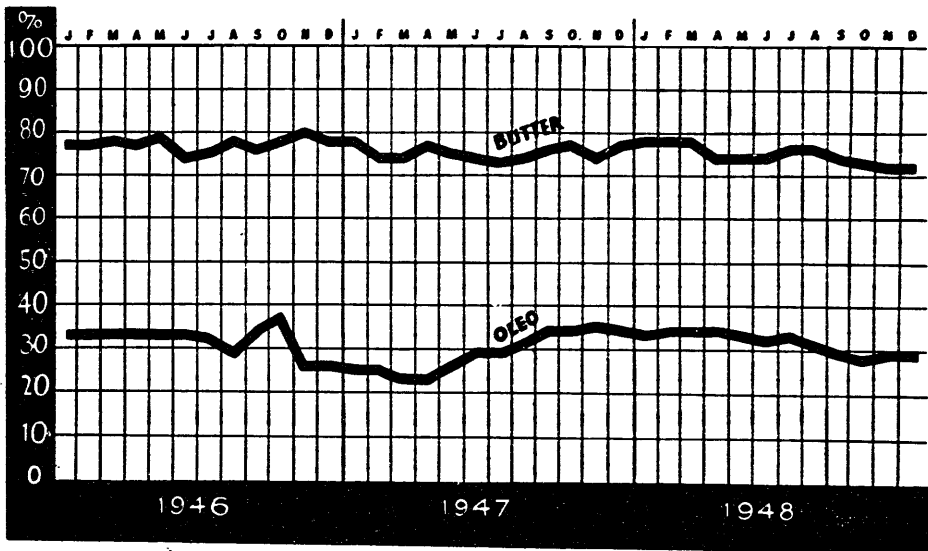
Mr. FIFER. Yes, sir. This was in January 1949. West Memphis, Ark., 28 cents. Muncie, Ind., 14 cents, and Olive Branch, Miss., 16 cents.

RELATIVE PRICES AND COSTS

Butter & Oleo



The Farmer's Share OF BUTTER & OLEOMARGARINE



All these States listed, permit the sale of yellow oleo and we had receipted sales slips proving the figures that are in this table.

Senator MILLIKIN. Were these selected cities where there was advance knowledge of that disparity in price or where they picked at random or how did you pick those cities?

Mr. FIFER. They were merely picked at random. There were industry people in those areas who went to the stores and purchased the product and sent the cartons in, along with the receipted sales slip to prove the purchase.

Senator MILLIKIN. Would you say that generally speaking the disparity between the two is substantially wider than the amount of the tax?

Mr. FIFER. Yes, sir; it is generally so.

The CHAIRMAN. They have quite a great deal of trouble reporting. They have to make reports, which is an expensive operation. I imagine it would be somewhat wider than the tax.

Mr. FIFER. And most of these purchases I might add indicate were made in the so-called chain stores. They were not the delicatessen, ordinary type of store. I verified that point myself.

Senator MILLIKIN. I wish you would tell me, if you are at liberty, what the store was in Denver.

Mr. FIFER. I will check that. I wouldn't know it off-hand. I will certainly do that. I can give you the exact name of the store and the address and the date.

(The information requested was supplied personally to Senator Millikin.)

(The table referred to follows:)

Oleo price survey—price spread between colored and uncolored oleomargarine in various cities, January 1949

City and State	Price spread		Difference between uncolored and colored oleo
	Uncolored	Colored	
Atlanta, Ga.....	\$0.27	\$0.50	\$0.23
Harrisonburg, Va.....	.27	.49	.22
Phoenix, Ariz.....	.27	.49	.22
Louisville, Ky.....	.25	.52	.27
Enid, Okla.....	.27	.49	.22
Denver, Colo.....	.19	.51	.32
West Memphis, Ark.....	.27	.55	.28
Muncie, Ind.....	.39	.53	.14
Olive Branch, Miss.....	.34	.50	.16

NOTE.—Average difference between uncolored and colored oleo, 21.8 cents per pound.

Mr. FIFER. Before leaving the price relationship, I would like to make a brief statement concerning the present butter situation. The present price of butter is actually cheap in terms of worker purchasing power. Compared with 1920, the price of butter was 55 percent cheaper in December 1948, when one considers the average wage-hour rate as reported by the Bureau of Labor Standards. Butter is a good buy at today's prices and actual sales indicate that the consumer prefers the real thing to imitations or substitutes. Production and sales of butter are 20 to 25 percent ahead of 1948. Production for this year appears likely to remain on this level for the remaining

months. Oleomargarine sales are considerably under last year. Thus, the consumer votes for butter when no element of unfair competition is involved.

The oleo interests have been calling the attention of the press and the general public to the fact that butter manufacturers use artificial coloring and they demand to be permitted the same privilege. This tactic is often used to conceal a skeleton. It has properly been called a yellow herring. The purposes in using color in butter and oleo are directly contrary to each other. In less than half of the States where butter is manufactured there is occasion to add artificial coloring and then only in the wintertime when the cows are fed dry forage. Even in those months butter is definitely yellow, although slightly paler than the summer product. Since more than half of our butter is produced during the flush period, only a small proportion of the total butter manufactured receives added coloring material, probably less than 20 percent, and some of that only to a minor degree.

It is important to remember, moreover, that when coloring is added to butter it is for the purposes of uniformity and not for the purpose of making it look like something else.

The addition of artificial color to butter does not enhance its price as in oleo. The color of butter is not a reliable index of its vitamin A content. Therefore it cannot be said that color is used to make consumers believe it has a higher vitamin content than is the case. If butter had always been white, the oleo manufacturers would be outraged if they had to color their product yellow.

The CHAIRMAN. You will have to suspend because we have to go to the Senate. The committee will have to recess and we will resume your testimony at 2:30. I think we can get back. If we cannot, the clerk will have to advise you that we will not be able to return. It does depend somewhat on what is taken up in the Senate.

(Whereupon, at 12 noon, the committee recessed until 2:30 p. m. the same day.)

AFTERNOON SESSION

(Whereupon, at 2:50 p. m. the committee reconvened pursuant to the taking of the noon recess.)

The CHAIRMAN. We will have to proceed because I do not know whether any other members of the committee can get over or not. They are excused, but some of them are directly interested in the piece of legislation that is on the floor.

You may proceed.

STATEMENT OF RUSSELL FIFER, CHICAGO, ILL., EXECUTIVE SECRETARY, AMERICAN BUTTER INSTITUTE, ALSO REPRESENTING THE NATIONAL CREAMERIES ASSOCIATION—Resumed

Mr. FIFER. I was on page 8, and I was interpolating a few remarks when we were interrupted.

But even if yellow was not the natural color of butter, and it had always been colored yellow, the principle would be the same. By long usage and custom, yellow has become so associated with butter that the user of a competitive article wants to secure an unfair advantage. There are laws today against the unfair passing off of one commodity for another. Such an act is considered in law to be fraud-

ulent. It is considered against good morals and trade honesty to imitate the name or the appearance of any manufactured product so as to induce the purchaser to buy the new article thinking he is buying the one he has always used. This is so even if the new article is just as good or even better.

I have reference, Mr. Chairman, to the hearings before the Food and Drug Administration in November 1940 called for the purpose of writing a standard of identity for oleomargarine. It was stated at that time by a spokesman for the oleomargarine industry that there was no colored oleomargarine being sold commercially anywhere in the United States. That was in 1940.

Butter is always yellow, and always has been yellow. Reference to ancient history and to scriptures in the Bible reveal that point.

The oleo interests claim that the consumer wants her oleomargarine yellow. The so-called consumer demand is purely an invention of the oleo propaganda machine.

With all due respect to the ladies who appear at the various hearings, the committee should not forget that during the Eightieth Congress, according to the New York Times, signatures on consumer petitions asking for the repeal of the oleo taxes were bought for a pound of oleo apiece. A disinterested commercial survey in 1948 indicated that 6 out of 10 homemakers do not care whether or not they can buy yellow oleomargarine. Through advertisements in color and the distribution of various leaflets, the consumers have been told that they want and should demand yellow oleomargarine. Little do they suspect and nothing are they told of the price they would have to pay for yellow oleo should the white product disappear from the market.

For 50 years oleomargarine manufacturers have been providing yellow coloring with every package they sell. Their motive, then, is obvious—to imitate butter so closely that deception will and can take place. Oleomargarine has been made to imitate butter so closely that color is the only distinguishing feature by which the average consumer can tell them apart.

The Globe-Gazette, a newspaper in Mason City, Iowa, states in a recent editorial:

You are more naive than we hope you are if you believe that all is altruism, sweetness, and light on the oleo side of the oleo versus butter fight now approaching its decisive phase. The attempt has been made, and too successfully, to give the appearance that all the selfish and sordid motives are to be found in the dairy interests, that the oleo proponents are thinking only of the dear consumer. Because we are on the mailing list for the promotional material for both sides of this controversy, we are prepared to say that if there is any difference in the commercial motivation, it's greater in the makers of margarine than in the makers of butter.

It's our judgment that at least nine-tenths of the agitation for first removing oleo taxes and then permitting it to be sold without identification emanates from those with oleo to sell, not from those on the buying side. From the start this newspaper has been opposed to any punitive tax on margarine designed to discourage its use by those who out of necessity or preference wish to buy it. But coupled with this is a firm insistence that oleo can be sold for what it is—not for butter. Anybody buying oleo, either in package form or in a public eating place, should know that it's oleo he's buying and eating. It's on this issue that the future battle between the dairy interests and the oleo makers is going to be waged. Even in advance of the repeal of special taxes, the oleo propaganda is being pointed toward that goal.

But in addition to the paid petitions and the mimeographed post cards there is an even more important factor accounting for the illusion

of a vast army of consumers pleading for yellow oleo. Throughout the past decade, the manufacturers of oleo have been spending millions of dollars on national magazine, newspaper, and radio advertising. In each of the last 2 years the standard trade sources such as Tide Magazine report that oleo manufacturers have expended \$6,000,000 annually on advertising.

The same sources that report the \$6,000,000 annual total for oleo tell us that the total amount of advertising expenditures for butter has averaged considerably less than \$500,000 a year. In other words, dairy farmers and butter producers have worked under a 12-to-1 handicap.

The power of advertising is by now well-known and admitted. The effect of this advertising in generating the demand for yellow oleo cannot easily be overestimated. But this committee or the Congress should not accept the demand thus generated as a mandate to strike a body blow at the dairy industry.

Butter manufacturers believe that the Nation's press is independent and that editors of metropolitan papers are not influenced in their support of the oleo interests by the existence of this 12-to-1 margin in advertising outlays. However, this belief is apparently not shared by the oleo interests themselves. I have here a collection of letters from advertising agencies to oleo manufacturers in the form of a photostated reproduction, in which the editorials were enclosed to the oleo manufacturers and stating, "Here's how the editors are coming through in support." This photostatic copy shows duplicates of letters to oleo manufacturers from five newspapers—two in Denver; one in Asheville, N. C.; one in Tampa, Fla.; and the Washington Post. It is available for your examination, if you so desire.

The CHAIRMAN. You may file it with the reporter, if you care to.

Mr. FIFER. It may be filed; yes, sir.

The CHAIRMAN. It will not become part of the record necessarily, but it will be available to the members of the committee.

(The document referred to is on file with the committee.)

Mr. FIFER. I would also like to quote a telegram that the advertising agency of Benton & Bowles sent to Kansas editors urging prompt editorializing in support of their oleo client. The telegram is to the Kansas, attention editor, Concordia, Kans. The telegram follows:

Communicating with you on behalf of our client who would be seriously affected if House bill 423, now in your State Senate, would be passed. This bill would prohibit in Kansas the manufacture and sale of yellow margarine which is now permitted in approximately 30 States. Passage of this bill would definitely be a step backward when whole tendency throughout country is to remove discriminatory taxes and restrictions upon margarine, a most wholesome and needed food. Would appreciate your editorializing and doing what you can to prevent enactment of this most unjust legislation. Action on bill in Senate will probably come up soon so that anything you may do needs prompt attention. Such efforts on your part would be in the best interests of the people of your State.

Thanks.

CLARENCE B. GOSHORN, *President*.
BENTON & BOWLES, INC.

The butter industry has gone through a complete evolution in the past century. Churns have been improved and it is quite certain that soon butter will be made by a continuous process. Equipment for handling cream and making butter is constructed of stainless steel and other modern metals. The general quality of butter has been

constantly improving over the years, as attested by statements of top spokesmen of the regulatory agencies.

The butter industry has been progressive in creating attractive and protective packages. The aluminum foil is one of the more recent wrappers for butter. Butter retains its fresh clean flavor for reasonable periods under refrigeration. It contains no chemical preservative. We know that oleo manufacturers plan to copy all of these progressive changes and developments, which the butter industry has pioneered—except for refrigeration—just as they hope to take over the natural color of butter.

Mr. Chairman, I would like to demonstrate a number of oleo cartons. You will please note from the various cartons before me that they are all yellow in color. In fact, you will find them even more yellow than most of the butter cartons today. Please notice the packages are also the same size and shape as butter cartons. We have here an oleo carton of square type, and a butter carton of the same size and shape. This oleo carton is similar to the so-called western package which is used for butter in most of the areas from the Missouri River on West—in California and the Western States.

Many packages bear illustrations of pastures and farms to suggest the wholesome country freshness of butter. "Oleomargarine" is printed on each package in large, readable type, but cartons may be switched and the wrapper can be changed without much difficulty. The price incentive to do so is tempting to the unscrupulous. There is no label on oleo when it is served on the table. The consumer is entitled to get what she pays for and must be protected against fraudulent practices.

Mr. Chairman, I have here two cartons. The two cartons contained a pound of oleo and a pound of butter in quarters. In a matter of a few minutes' time, in fact a few seconds' time, we have switched the wrappers, so when I pull out any of these two together, we are taking out one quarter pound of oleo and one quarter pound of butter. These you see are wrapped in butter wrappers. The wrappers were switched easily in a matter of seconds. The revenue from such illegal practice would amount to many dollars per hour. As you can see, the two quarter-pound prints—butter and oleo—are identical in color, shape, and size.

In closing, let me remind the committee that the oleo industry has never sought to develop a new product. They have at all times worked solely to produce an exact imitation of butter in every respect.

The oleo interests have not developed a product having a distinctive flavor. They wanted only the exact flavor of butter.

The oleo manufacturers have not sought to develop a new and more appetizing color for their product. They have insisted on using the exact identical color of butter.

The oleo industry has not tried to develop new methods of packaging or serving, nor a new body or consistency for their product. No; at all times their goal has been to produce not a new product but solely an exact imitation in every respect and characteristic that can most easily be palmed off as butter.

Let me also dispose of three of the favorite arguments the oleo interests try to employ.

We still hear talk from oleo supporters in the field about oleo taxes being discriminatory and un-American. The taxes ceased to be an

issue last October, but they are still being trotted out, even in the most recent Gallup poll on the subject.

Secondly, we hear a lot of talk about freedom of enterprise. Look over the rate of growth of the oleo industry in the past 10 years and tell us how the oleo industry has been restrained. Also, when you compare the plight of 3,500 small creameries in competition with the 24 gigantic corporations making oleo, it is fairly easy to see just where free enterprise needs to be fostered. The talk of free enterprise and freedom from restraints is pure economic nonsense, as anyone can tell in a moment by looking at data on oleo production or oleo profits.

Finally, let me dispose of the bunk about freedom of choice. The Gillette-Wiley substitute will make uncolored oleo available in a great many more stores. Any consumer can choose freely between the use of oleo and butter without any restraint, tax, or levy of any kind under the Gillette-Wiley substitute. The law only requires in those States which wish to protect their consumers from fraud that coloration of the product be carried out in the home and not in the factory. This bill avoids placing the seal of congressional and Federal approval upon yellow oleo and the resulting deception of the millions of consumers who prefer butter. There can be no real freedom of choice unless ordinary consumers can easily distinguish between the unpackaged or naked products at a glance.

I hope the committee will report passage of the Gillette-Wiley substitute bill. Thank you.

The CHAIRMAN. Thank you very much, Mr. Fifer. Have you any questions, Senator Butler?

Senator BUTLER. No.

The CHAIRMAN. Thank you very much.

The next witness is Mr. Glen M. Householder.

**STATEMENT OF GLEN M. HOUSEHOLDER, BRATTLEBORO, VT.,
DIRECTOR, EXTENSION SERVICE, THE HOLSTEIN-FRIESIAN
ASSOCIATION OF AMERICA, REPRESENTING THE PUREBRED
DAIRY CATTLE ASSOCIATION**

Mr. HOUSEHOLDER. Mr. Chairman and members of the committee, My name is Glen M. Householder. My home is at Brattleboro, Vt. I am the director of the extension service for the Holstein-Friesian Association of America, but I am appearing before your committee in behalf of the Purebred Dairy Cattle Association of America. I am appearing to represent 272,500 independent dairy farmers, and my testimony will reflect their considered evaluation of the oleomargarine legislation now before you. The Purebred Dairy Cattle Association of America, which has headquarters at Beloit, Wis., comprises in its membership the five major dairy breed registry associations of America, which are the Ayrshire Breeders' Association, American Guernsey Cattle Club, Brown Swiss Cattle Breeders' Association of America, American Jersey Cattle Club, and the Holstein-Friesian Association of America.

The major purpose of this all-breed association activity is to improve the producing ability of the dairy cattle of this country. More milk, at lower cost of production, is the ideal that has motivated our 227,500 breeders of registered dairy cattle. Their contribution

has been second to none in advancing the American standard of living and nutrition. Now, when the possibility of making even a greater contribution to the common good looms bright and positive, a profit-loaded big-business group of manufacturers demands legislation of privileges which amount to the surrender by dairy farmers of 25 percent of the market available to the dairymen's most basic product.

A year ago when I was here it was reported there were 28 oleomargarine manufacturers and today, I am told, it has been consolidated into 24. I am advised that of these 24 companies 5 manufacture between 60 and 65 percent of all the oleo made. You can draw your own conclusions to the element of monopoly.

It is the belief of breeders of purebred dairy cattle in this country that the only just means of bringing to a close the prolonged butter-oleomargarine trade war, and to set up free and honest competition between the two products, would be the enactment of a law prohibiting the manufacture and sale of oleomargarine colored yellow in imitation of butter. Consequently, we advocate the Gillette-Wiley substitute amendment because it is fair to the consuming public, and in a limited way, protects the great dairy industry.

Gentlemen, our breeders feel that in resolving this issue, yours is a profoundly grave responsibility. You must decide here whether a synthetic conglomerate imitation of one of nature's historic foods shall be permitted to masquerade itself into a monopoly—a vast, closely controlled ruthless monopoly—which would completely and effectively dry up the very taproots of our delicately balanced farm economy.

Upon your decision actually depends the physical and economic welfare of not only 2,500,000 dairy farmers, but also that of every single living American and of the generations to come. This is an irrefutable fact, since all of us rely largely upon the dairy farmers of this Nation for at least two practically indispensable basic foods, namely, milk and meat. And it is inevitable that we shall see the slaughter of millions more of our dairy cows if Congress deprives America's dairymen of the only equitable outlet they have for 25 percent of their milk production.

This is indisputable, when you reflect that butter has always been the balance staff of the dairying industry. It is, in fact, the only product which can absorb the fresh spring flow of milk. The gentlemen of this committee must surely know that nature has so endowed the dairy cow that during a brief period in the spring our dairy herds are able to provide approximately one-third of this Nation's milk supply. Butter has always been the storage place of this flush grass seasonable production. In that compact form it is preserved until it is required during the low-milk-production months of November, December, and January, and no other standard dairy product stores so much milk in a small package as does a pound of butter.

But if you permit a giant embryonic oleomargarine monopoly to snatch away this life line, dairymen could no longer afford to maintain the herds required to produce the milk this Nation demands in the winter. The natural effect of this, as I have indicated, would be immediate liquidation of millions more of our cows, with bankruptcy to a legion of dairy farmers and simultaneous sharp rise in the prices of all dairy products, which then would be in acutely short supply. This would certainly precipitate a full-fledged farm depression. I

think you have heard from back home that we are already experiencing a good sized agricultural recession. You would not only be directly jeopardizing 25 percent of the dairy farmers' income derived from butter, you would also be affecting this pricing and the production of every other commodity produced from whole milk, including fluid milk itself.

And you must bear in mind, too, that since 1944 we have lost more than 2,840,000 of our milk-cow population—over 890,000 of these in 1948. And those losses have coincided with the increase in sales of oleomargarine, even though sale of yellow colored oleomargarine is not restricted nationally.

While America's national dairy herd has never averaged over 200 pounds of butterfat per cow annually, the registered dairy herd of this country has maintained a per-cow production ranging from two to two and one quarter times the national average in butterfat. Since 1939, the breeders of purebred dairy seed stock have been able to increase their service to the small dairy units until in 1948, 1,750,000 dairy cows—members of 224,000 herds—were artificially bred in 45 States to registered dairy bulls. It is unbelievable to the breeders of registered dairy cattle that their Government would now desire to blight this progress by jeopardizing the availability of milk and its byproducts through legalizing an unfair and destructive competition by imitation butter.

Through all time the demand for improved breeding stock by dairymen has been in direct ratio to the price received for milk. Production-bred dairy bulls consigned to bologna and breeding cows sent to slaughter for lack of an expanded market for that product, contribute nothing further to the improvement of the national herds' efficiency. Limiting the dissemination of this superior seed-stock dooms the caliber of our future national dairy herds.

You must consider that in the cow's miraculous cycle of efficiency, dairy animals normally produce 40 percent of this country's beef and 60 percent of the veal. Kill off millions of these dairy animals, and you will instantaneously inflate the prices of beef and veal to the bursting point. And you will then jeopardize the well being of millions of men, women and children who no longer would find beef, veal, or milk available to them on a year around basis.

In connection with our loss of dairy cows, I should like to quote an excerpt from a Government statement on animal husbandry. This statement appeared in "Grass," which is the title of the United States Department of Agriculture Year Book of Agriculture, for 1948.

The gain in per capita consumption of livestock products from 1909 to 1946, about equals the 20-percent rise in consumption of all foods. Livestock products made up about two-fifths of the total of poundage of foods consumed, but their importance is even greater in terms of nutrients. In recent years, they have furnished one-third of the calories in the average American's diet, two-thirds of the proteins, four-fifths of the calcium, one-fifth of the iron, two-fifths of the thiamine and niacin, and two-thirds of the riboflavin.

Among the livestock items, dairy products have increased the most in per capita consumption.

Then, to quote another governmental opinion from none other than the Secretary of Agriculture, Mr. Brannan, in the January 1949 issue of the Country Gentleman:

Sometimes we have the good fortune to be in a position where the things we want to do are the things we ought to do. That's about the way it is with agri-

culture. The major change we ought to make in our agricultural production pattern is to increase livestock numbers and the acreage of soil-conserving grasses and legumes to supply them. That would be good for the land, good for consumers, and good for farmers.

In fact, the economic stability of large part of American agriculture, before another decade ends, may depend upon a big enough increase in livestock numbers to eat what otherwise may be surplus grain, and enough dollars in the pockets of city consumers, to buy the resulting increase of meat and dairy products. At the same time, increased emphasis on soil conservation will be necessary in order to make sure that production will be adequate in the more distant future.

Thus, it is true that an oleo-controlled table-spread market would spell death to the butter market. But death to the butter market, to our cow population increase, and to the dairy industry, are only three of the manifestly dangerous eventualities inherent in this literally deep-rooted issue that you are considering. The very soil of this Nation is inextricably fused with dairy farming. It is conceded by all practical agronomists that sound productive soil is dependent upon sound productive dairy cattle in sufficient numbers.

Here are several pertinent excerpts from an article in the April 1949 issue of *Country Gentleman*. The article was written by one of America's leading authorities on food and farm problems. I might say he is a very practical dairy operator. He is also an editorial consultant to the *Country Gentleman*. He writes and I quote:

I shall begin by laying down the common-sense premise that a population soon to number 150,000,000 human stomachs can't take chances on tomorrow's meals. I suggest that we accept this principle as a basic test of all future farm and food legislation.

I'll even go a step further. Does the proposed program hold out hope of more Americans eating better? If it doesn't it's not in the national interest and should not be written into law. I repeat that 150,000,000 people can't take chances on tomorrow's meals.

Surely no one can quarrel with this start. But there is a lot of farm and food legislation due to come before the Eighty-first Congress which will not square with this ideal.

It is going to take statesmanship, clear thinking, and stout courage on the part of the administration and Congress to stand up against these drives by the representatives of special interests and the subtle foes of private enterprise.

A second premise is that a nation with a growing population and the task of selling its philosophy of free enterprise to the rest of the world cannot afford to eat at the expense of its soil. Mere soil conservation is not enough for America. We must actually increase the productivity of our land. If we don't do this, there is no chance over the long pull of maintaining even our present dietary standards, much less of improving them. Fortunately, thousands upon thousands of farmers know how to do this job and are doing it.

Summarizing, I offer two guiding principles for everybody's farm and food program:

1. It must provide an ever-increasing American population with an ample supply of the foods we like best and which are best for us—the "refrigerator" foods.

2. These foods must be produced by the kind of farming which will build up soil productivity as well as conserve it.

As a security measure we also must so farm and eat that we maintain at all times a substantial food reserve against war or natural disaster.

Only by the wise management of our food-producing livestock can we develop such a program. Under our system of farming, even soil fertility depends to a great degree on our animal population.

I am convinced that there is only one way for us to stock pile any substantial amount of food—on the hoof. No better storage bin has ever been devised than the flexible hide of a steer or a dairy heifer. It is storage which also can be eaten if necessary. As we expand the numbers and weight of our livestock, we achieve everything the ever-normal granary ever tried to accomplish, including support of grain prices.

As a third step, in putting a long-time farm-and-food program into effect we must cancel out, gradually but thoroughly, all those activities of Government which work against an expanding livestock industry with all the benefits it can bring to our standard of living.

It is at this point that our present conception of price supports must be brought into focus. It is at this point, too, that our ways of supporting soil conservation and soil building must come under critical study.

The above are complicated activities. Some of them are sired by socialism. Others are the children of pressure groups. All these devices must be kept under continuing review and constantly challenged to see if they are in accord with a long-time program of soil building, an expanding livestock population and better meals for more Americans.

Consumers can be sold on the idea of paying fair prices for the foods they like best and which are best for them. Dairymen, poultrymen, and livestock feeders under such circumstances will be willing to pay fair prices for grain. Remember that right now they provide four-fifths of the grain market. And, finally, the whole Nation will be safer because it is preserving its soil fertility and maintaining as it goes along a food reserve, the best which possibly can be devised, against war or natural disaster.

That is the end of the quotations, but in connection with the last excerpt I should like to point out that since the dawn of history every major war has been won by armies and civilian population which possessed the most adequate food resources. Victorious America has never come to grips with a power backed by the agricultural resources possessed by Russia. The purebred dairy cattle breeders of America therefore urge each member of this committee to ponder soberly this statement: Is this the opportune time to enact legislation destined to stymie progress in a segment of America's agriculture which is admittedly producing nature's most nearly perfect nutriment for mankind?

You are sitting in judgment of the very kernel of our basic agricultural economy. You must decide whether survival or destruction is to be the fate of America's largest industry. You must determine whether or not this country's 2,500,000 dairy farmers and their families, and the consuming public, and the very soil of this great Nation, are all to be sacrificed on the monopolistic altar of Lever Bros. and their ilk.

In connection with Lever Bros., I would like to make a further statement. As you know, Lever Bros. is a subsidiary of the enormous international company, Unilever of England. Very little is known about this foreign company on this side of the world. In order to fill in some of the blank spaces which were so apparent in the story about Unilever which appeared in Fortune Magazine late in 1948, the National Cooperative Milk Producers Federation of Washington asked the special services department of International News Service in London to cable some facts on this dominating corporate giant. Here are some of the excerpts from cables just received from the International News Service special reports. I believe you will agree that these facts prove our contention that Lever Bros. will be one of the principal beneficiaries of the legislation to remove all controls on oleomargarine. I quote from these extracts of reports from the International News Service special service report:

Unilever plants situated 43 different countries. There are also plantations covering over 100,000 acres, and United Africa Group has 15 ocean-going vessels and two large river fleets. Before war Unilver used in its own factories over 1,750,000 tons of oils and fats annually. Lever Bros.' president, Charles Luckman, recently announced the purchase of John Jelke Co., Chicago, manufacturers of Good Luck margarine, which presently employs only 500, while sales are limited mainly to Midwest. Luckman, however, announced Jelke Co. will

be expanded to the entire 48 States, saying, "We plan to build new plants on both east and west coasts. Work this project already begun."

Then from another special service report:

Unilever purchased substantial interest in West Indies Oil Industry, Ltd., and plans to participate in local industrialization. Sixteen South African plants begun to manufacture margarine July 1947. Unilever London states company plans to expand as fast as possible in Africa. Unilever today represents biggest single factor in world supply of fats and oils purchasing and processing over 2,000,000 of the total 5,800,000 tons fats and oils sold in world commerce. Company manufactures more soap and margarine than any other. Also manufactures about 75 percent margarine eaten outside Russia, and 40 percent of world total consumption oleo.

I will file this cable with the committee and the Cooperative Milk Producers Federation would like to reanalyze these reports, which came in too late for study. We ask the privilege of filing a more complete report on Lever Bros. with the committee.

The CHAIRMAN. You may do so.

Mr. HOUSEHOLDER. Thank you.

(The following was later submitted for the record:)

Pursuant to the permission given by the chairman upon completion of my testimony, I wish to file the additional material concerning Lever Bros. and Unilever, Ltd., obtained for us by International News Service.

The first subject covered in the additional information deals with synthetic proteins. The INS report states that Lever Bros. are undoubtedly interested in the development of synthetic proteins. The INS report further says: "Company spokesmen refused even to discuss the subject, but Ministry of Health official guessed off the record that Unilever was working on production of artificial milk made with vegetable fats and vegetable proteins."

INS reported that more exact and definite information was impossible to obtain because Lever Bros. "stalled off" all inquiries on such synthetic development.

The other interesting item in the subsequent report from INS concerns Lever Bros.' purchase of the John Jelke Co., a leading American producer of oleo-margarine. Lever Bros. spokesmen in London were quoted by INS as being most enthusiastic about the purchase of Jelke's, which company they expect to grow into "the biggest margarine company in the world."

This statement is most enlightening indeed in view of the letters from the officials of Lever Bros.' American unit, introduced in the hearings before the House, which made a great point of the small size and relative insignificance of Jelke's as a margarine maker.

The CHAIRMAN. Are there any questions, Senator Butler?

Senator BUTLER. I believe not.

The CHAIRMAN. Dr. J. D. Sanders? You may have a seat, Dr. Sanders. You are counsel for the National Grange?

STATEMENT OF DR. J. T. SANDERS, LEGISLATIVE COUNSEL, THE NATIONAL GRANGE, WASHINGTON, D. C.

Dr. SANDERS. Mr. Chairman and members of the committee, I am the legislative counsel of the National Grange. I appear before your committee today in behalf of the National Grange.

The National Grange has a membership of between eight and nine hundred thousand. A great majority of our members are from areas where dairying is the most important source of cash income and living value. Obviously the welfare of many of these members is directly involved in the controversy before this committee. A broader and less self-interest consideration, however, prompts our opposition to oleo-margarine parading as butter. We know the dairy enterprise

is of outstanding importance to high national standards of living, health, and to maintenance of productivity of our soils; and, therefore, to the future well-being of our whole Nation. This is the major basis of our opposition to oleo-promotion legislation.

All over the world and throughout centuries of history high standards of living and farming have been closely and permanently tied up with the dairy cow. No other farm or livestock enterprise even approaches closely the superior position of the dairy herd as a soil-productivity maintenance enterprise. City people and especially organized labor are almost entirely failing to realize this extremely important consideration of the dairy enterprise in their current support of oleo interests and in their opposition to dairying. We believe that if all taxes and all means of preventing imitation and deception in the sale of oleo as butter is repealed, and if this does serious and permanent injury to the dairy enterprise, city people, the laboring man, and the Nation in general, will most certainly suffer indirectly as much or more from the consequent depletion of a productive agriculture as will farmers.

No portion of the membership of the National Grange is now or ever has been in any way opposed to oleo, as natural oleo flying under its own inherent qualities as a food. But a large majority of our membership is now and always has been opposed to oleo manufacturers making an uninterrupted fight, since oleomargarine's appearance in the food world over 75 years ago, to have it masquerade in synthetic and unnatural color, odor, and taste as near like butter as technical skill and human ingenuity makes this possible. In short, it is this imitation, deception, and parading under false colors that Grange dairy farmers are in bitter opposition to.

Possibly no single question, except the general price-support problem, has been studied and discussed more in the National Grange than this question. Resolutions on the subject have been passed annually for several decades.

The National Grange passed a special resolution in November 1947, setting up a special study committee to present to its membership—both the pros and cons of the oleo-butter dispute. The 1948 session had this exhaustive report to guide them in their efforts to come to an equitable understanding and decision on this issue. After many hours of study and discussion, our last November session passed the following resolution:

Resolved, That we favor the removal of all taxes on oleomargarine if and when effective means are taken to prevent its sale in imitation of butter.

At the most recent session of the executive committee of the National Grange, careful consideration was given to the interpretation of this resolution and it was decided to take a direct poll of our voting delegates in order to obtain their exact position on its interpretation. Accordingly we mailed to each delegate the following ballot.

You will notice those ballots simply provided for, one, the removal of the taxes on oleomargarine and prohibiting the sale of the yellow oleomargarine in interstate commerce. That is, it had to go through the channels of trade as white and had no taxes on it. Plan two was removing all taxes and permitting the sale of yellow oleomargarine with safeguards designed to prevent deception on the part of the

purchaser. We have a voting membership of 72. Sixty-nine voted in this ballot. Forty-six voted in favor of removing taxes, but requiring that oleomargarine go uncolored through the channels of trade. Exactly one-third of those voting voted in favor of permitting it to move through the channels of trade yellow.

In the one-third of the States where delegates voted favorable to sale of yellow oleomargarine cash receipts from dairy products constituted last year 8.8 percent of total cash sales of all farm products; and in States voting against sales of yellow oleo cash receipts from the dairy enterprises were 11.2 percent of all cash receipts from the farm.

It will thus be seen that in the States that voted white oleomargarine, the dairy interests were heaviest. Whereas in those States that voted for the sale of yellow margarine, the dairy sales were about two-thirds as much, or slightly over two-thirds as much relatively as in those States that voted against yellow oleomargarine.

In closing, we would like to list a few additional facts why our membership is opposed to the inevitable deception that we believe will follow the removal of taxes on oleo that have, up to the present, been a means of deception-prevention enforcement. The dairy enterprise with the exception of a relatively few highly commercial dairies is a family farm enterprise and the Grange is the outstanding family organization in American agriculture. Likewise the farmer gets 78 cents of the retail butter dollar, whereas he gets only 31 cents of the oleo dollar.

The family farm in America is the only important segment of our economy that operates with full output during depressions and prosperity alike. The very nature of the farm makes full output inevitable; whereas the nature of nonfarm business is the opposite in depression periods. It inevitably greatly reduces its employment and output. We as a farm organization realize labor is not to blame for this and greatly sympathize with labor's unemployment. But imagine what would have occurred in 1933 to labor and even to our democratic way of life had farmers reduced food by a half as industry reduced its output, and if more than half of our people had been reduced to starvation levels. Yet the American dairy farmer supplied this country and the laboring man almost the same amount of dairy products in 1933 in the depths of the depression that he did in 1929. It comes with poor grace to see labor organizations opposing dairy interests in this fight in the light of this service by farmers.

We feel certain that practically no value from reduced taxes on oleo will accrue to either the farmer or the consumer. We believe that oleo manufacturing is so concentrated that the manufacturers can and will absorb all the net gain from a removal of the taxes. This is indicated by the fact that oleo prices declined only 3 percent during 1948 although basic oil prices slumped very much. At the same time butter fat prices dropped 25 percent. This, we believe, indicates that the manufacturers have such close control that they can and will set prices of oleo at the closest salable level in relation to butter prices. Yellow oleo can and will sell at a very much closer price to butter prices than white oleo. In reality we believe that white oleo is the only means of getting oleo to consumers at a much lower price than butter, and that consumers will not benefit by significantly lower oleo prices if it is sold yellow.

The CHAIRMAN. Are there any questions, Senator Butler?

Senator BUTLER. Dr. Sanders, owing to the situation in the Senate, it is impossible for all of us to be here all the time, and I have not been here as much as I would like to have been. It may be that someone has developed the number of people connected directly or indirectly with the production of butter, and also a like statement for those who are connected with the production of oleo.

If that hasn't been done, I wonder if you could supply it for the record.

Dr. SANDERS. Yes, sir, Senator Butler, we could supply that. The previous witness, I think, testified that 2½ million farmers were connected with the production of dairy products. He classified them as dairy farmers. That gives you a pretty good idea of the enormous number of farmers that are connected with the production of dairy products. I am quite sure we could supply the figure. The figure you would like to see in the record is the total number of people engaged in producing dairy products, plus manufacturing them for food?

(Further information will be found on p. 157.)

Senator BUTLER. The whole industry.

Dr. SANDERS. Yes.

Senator BUTLER. Likewise, there are people who produce some of the ingredients of oleo. You might include those in the list.

Dr. SANDERS. And the number of farmers that would be classified as producing the oils that enter into oleo and the number of people engaged in the manufacture of oleo.

Senator BUTLER. The importance of an industry to our country depends largely on the condition of the times, I think, perhaps. Have you developed the importance of the dairy industry to all of our population during times of depression? We see it in communities very definitely, but have you painted that picture of that?

Dr. SANDERS. It is quite true that the dairy industry is a great stabilizer of agricultural production in that the dairy enterprise absorbs a great deal of the feed that is produced in this country, and it is an important source of meat and various forms of dairy products as well. It is one of the most important, if not the most important, enterprise in agriculture.

Senator BUTLER. That is expressed quite thoroughly by some of the butter proponents. Perhaps the oleo people might try to paint the importance of the oleo industry in a similar way. It would be interesting to all of us on the committee and in the Congress, I am sure, to see those figures.

Dr. SANDERS. Senator Butler, you will see that our membership itself is divided about 2 to 1 on this question, and it is a very important question. I do want to emphasize that the dairy enterprise is preeminently a stabilizing enterprise and a soil-building enterprise which is vital to us at the present stage of our national life.

The CHAIRMAN. Thank you very much, Mr. Sanders.

Dr. SANDERS. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Melvin H. Brightman? Mr. Brightman, you are secretary to the dairy industry committee?

**STATEMENT OF M. H. BRIGHTMAN, EXECUTIVE SECRETARY,
DAIRY INDUSTRY COMMITTEE, WASHINGTON, D. C.**

Mr. BRIGHTMAN. Yes, sir. In my testimony I think I will answer the question that Senator Butler asked.

My name is M. H. Brightman. I am executive secretary of the Dairy Industry Committee with offices in the Barr Building, Washington, D. C.

The Dairy Industry Committee is representing at this hearing the six national dairy products associations as follows: Milk Industry Foundation, American Butter Institute, National Cheese Institute, American Dry Milk Institute, Evaporated Milk Association, International Association of Ice Cream Manufacturers.

It will be seen that we represent not only the various segments of the dairy industry, but we are speaking for a major segment of all business organizations both large and small engaged in the milk industry whose interest is as vital as that of the farmers who produce the milk and the consumers who utilize the products of this great industry.

The dairy industry is one industry. To be sure, there are several segments of this industry based on specific major products, but whatever affects one segment, sooner or later affects all segments. In the final analysis, milk may be divided into fat and solids-not-fat. These may be utilized or recombined in various proportions, but the end product is still a dairy product. The dairy cow, being the most efficient utilizer of grass, forage, ensilage, and other unpalatable vegetation, by converting these to protein, makes it possible to market these crops in the form of milk which in turn may be converted into various dairy products to meet the nutritional needs of our people. The milk thus produced reaches the primary market either as fluid milk or farm separated cream.

Generally speaking, the production of fluid milk, being bulky and highly perishable, is close to urban centers. Health regulations and shipping costs tend to localize the fluid milk branch of the industry. Other products, such as butter, cheese, evaporated milk, dry milk, et cetera, can be processed, stored, and shipped long distances. They are more concentrated and less perishable. For many years, the great production of these manufactured dairy products has been in the Midwest, extending from Michigan, Wisconsin, and Minnesota south to Oklahoma, Tennessee, and Kentucky, and even in Texas.

The production of milk is very seasonal and differs somewhat in various regions. The greatest production is during May and June and the period of shortest production November through January. In some areas the May and June production is more than double that of November and December. As a rule, the November and December production is barely sufficient to cover the sales requirements for fluid milk in the urban areas. But during the spring, production is more than large enough to take care of the fluid-milk requirements and necessitates the manufacture of considerable quantities of other dairy products. For years butter has been a principal product to utilize this excess production particularly during

the heavy spring producing periods. The large production of butter, cheese, evaporated milk, and other products produced during this spring period is readily stored and thus makes possible more even consumption of these products throughout the year. The demand for various dairy products remains quite steady throughout the year, requiring that many products must be manufactured during the "flush" season in order to be available during the period of short supply.

If discouragement is given to the butter industry by any legislative action to authorize the production, sale, and interstate distribution of a product colored to resemble butter, there is little inducement for dairy farmers, particularly in the areas where the principal market outlet is for farm-separated cream, to carry on dairying. Butter has been referred to, and rightly so, as the economic stabilizer of the dairy industry. Any act that would discourage this stabilization will work to the detriment of our entire dairy industry and our total economy.

It has been estimated that there are about 1½ million people who devote their full time to the production, manufacture, and distribution of milk and dairy products.

It has been estimated at more than that, but I am taking a safe estimate. There are approximately 10,000,000 people who derive their livelihood from this endeavor. I am speaking now of such people as the veterinarians and pharmaceutical houses that furnish serums and vaccines to maintain herd health; the building suppliers and construction men; the fabricators of milk cans, the various types of dairy machinery, bottles, boxes, and the like. I am referring to those producers of raw materials from lumber through most of the metals; and to those engaged in transportation by rail, truck, and ship.

In 1947 our dairy farmers produced a little over 119,000,000,000 pounds of milk, which gave a farm income for dairy products and the sale of dairy cattle for beef and veal of more than \$6,000,000,000. The retail sales of these dairy products, together with the beef and veal, totaled about \$10,000,000,000, or about 28 percent of the retail sales total of all farm-produced foods.

In 1948 we produced about 116,000,000,000 pounds of milk. We had about 2 percent fewer milk cows and heifers on our farms as of January 1, 1949, than on January 1, 1948. We had fewer cows and heifers January 1st this year than any year since 1933. Let us look at the decreases in cow population since 1945 in the States producing most of our butter. These are only taking the largest States that have over 400,000 cows. In North Dakota, 72.6 percent of the milk goes into butter. They have had a decrease in population of cows since 1945 of 28.4 percent.

South Dakota, percent of milk into butter, 68.2, with a decline of 25.3.

Iowa, 65.3 going into butter, with population of cows decreasing 16.9 percent.

Nebraska, 58.5 percent of the milk going into butter. Decrease in cow population in 3 years, 24.7 percent.

The rest of the table is self-explanatory, showing that in those areas where most of the butter is produced we have had a consistent decline in cow population with no immediate check in sight.

(The table referred to follows:)

Butter-producing States with more than 400,000 cow population

	Percent of milk into butter	Percent decline in cow population since 1945		Percent of milk into butter	Percent decline in cow population since 1945
North Dakota.....	72.6	28.4	Minnesota.....	39.5	14.3
South Dakota.....	68.2	28.3	Colorado.....	33.1	14.3
Iowa.....	65.3	16.9	Oklahoma.....	32.3	22.8
Nebraska.....	58.5	24.7	Missouri.....	18.8	12.6
Kansas.....	41.7	22.9	Arkansas.....	15.1	17.0

Mr. BRIGHTMAN. Since prewar, our human population has increased about 11 percent, but our cow population has decreased about 3 percent. If any further obstacles are placed in the path of our dairymen, we may expect still greater decreases in milk production.

The proposed legislation to permit the manufacture and interstate sale of oleomargarine colored so as to resemble butter is a direct threat to a product which has always enjoyed the highest integrity, as well as to the entire industry, and to all our American farmers. Such action will establish a precedent to open doors to substitution for other dairy products. Who will suffer most from such action? The consumer in the long run. It might be a very stiff price if we find ourselves with a scarcity of health-giving foods which are the nutritional mainstay of our very young and aged.

Since preparing this, I had a letter which was handed to me yesterday afternoon which I believe might be of interest, if I may read it; and, if you see fit, it may be placed in the record. This is from a Dr. John E. Robbins, of Wilmington, Del., to Congressman Granger.

As I understand it, this was a letter sent of the individual's own free will seeking information. With your permission, may that be incorporated in the record?

The CHAIRMAN. Yes; it may be put in the record.

MY DEAR REPRESENTATIVE GRANGER: Since precolored yellow oleomargarine cannot be distinguished from butter by test of color, taste, feel, and odor, how is the physician to instruct his allergic patients?

It is simple for the patient to avoid milk and milk products if he is allergic to them. Yet it is difficult for the allergic patient to avoid cottonseed oil and peanut oil if the precolored oleomargarine is able to represent butter legally.

Senator Tydings has given the impression that oleomargarine is "the poor man's butter." However it may cause the rich and poor to suffer allergic gastric disturbances, hives, asthma, and eczema. Skin tests for foods, unlike tests for inhalants, are apt to give false reactions, so that they are considered 40 percent accurate. Thus, a basic diet must first be prescribed and other foods added. If oleomargarine is permitted legally to represent butter, the allergic patient is being confused and is apt to consider his case hopeless.

In drawing this to your attention, I sincerely hope that you will protect the welfare of the people, and aid the medical men of this country to prevent a dangerous mixture, as precolored oleomargarine, to deceive not only the consumer but also to confuse the physician in his attempt to make a strong and healthy America.

Sincerely,

JOHN E. ROBBINS, M. D.

Mr. BRIGHTMAN. What effect will this have on soil conservation? Dr. H. H. Bennett, Chief of the United States Soil Conservation Service, has stated, "Few, if any, other kinds of farming respond more

promptly and satisfactorily, to soil and water conservation, cropping, and pasture-management measures than does dairy farming."

According to the 1945 census, less than 10 percent of the cropland in the United States was in sod crops. The Conservation Service has stated that a proper conservation program calls for about 30 percent of the land being used for hay or pasture. The dairy cow can use efficiently the crops from these pasture lands. A dairy farmer can sell \$1,000 worth of dairy production from his farm and still have as good or a better farm than before. A farmer selling \$1,000 of row crops from his farm has sold part of his farm.

The newer knowledge of grassland farm management, as advocated by the United States Department of Agriculture and the various State colleges, is revolutionizing dairy farming. Do you want to hinder or stop this progress? I believe not. The various agricultural experiment stations can provide ample evidence of the part the dairy cow is playing in our national soil-conservation program.

I would like to cite further from Dr. Bennett regarding the economic-social aspect of community betterment through soil-conservation-inspired dairy development in the Sylvania community of Lonoke County, Ark. He states that soil-conservation farming came to this community in 1930. At that time cotton was the main crop. Today dairying is the major enterprise on 100 farms in the community, and dairying is now a \$1,000,000 industry here. A recent study of an average group of 10 families in this community shows that their farms are now paying 6 to 10 times more taxes than 10 years ago. The dairymen in Sylvania are marketing \$3,500 worth of milk a day. A significant part is that 9 of 26 children in these same families have become partners with their parents in dairy farming, 11 have married and gone into dairying themselves, and 3 are still living at home and going to school. Only 3 of the 26 have left the community.

A similar study of 10 families in a nearby community that depended largely on cotton for their income and were not working on a conservation program showed very different results. Only 8 of 33 children in these families had married and settled in the community, and only 2 were still at home and going to school, but 23 had left the community to make a living elsewhere. And there were no father-and-son partnerships.

Recently, I traveled through several of the Southeastern States and had the privilege of talking with many dairy farmers. I received impressions which do not show up in any statistical tables. I had farmers tell me that, since they expanded their farm operations to make dairying a major part of their farm enterprise, they have been more prosperous, have had many more of the good things of life than they ever deemed possible prior to their change in farming. Many of these farmers told me that this was not entirely due to the receipts from the dairy products, but the fact that they could utilize the various grasses and legumes that would readily grow in their area and enable them to maintain a more prosperous farm than when they depended upon the row crops that had previously been the mainstay of their farm operations. In other words, they could produce the various dairy products from clover, alfalfa, lespedeza, and various grasses and improve their farms at the same time.

Many areas in the South that have been dependent on the so-called Dairy States for much of their milk and many of their products are

now beginning to produce these products at home. What encouragement can we give to these people if we say to them, "Don't bother to produce butterfat; use vegetable fats and oils"? We haven't yet produced the cow that will give skimmed milk, and some use must be made of the butterfat that the cow can so efficiently produce. Every student of agriculture has advocated a greater degree of livestock farming, particularly dairying, to improve farming conditions throughout the South.

I believe it is rather significant that, of the 10 States where the rural level-of-living index is over 125—United States average equals 100—7 derive the principal source of their farm income from dairying, and the 5 States with the highest rural level of living are Dairy States. All of the principal dairy-producing States have a level-of-living index of well over 100. This level of living is measured by the degree of education, adequacy of housing, and the possession of such things as automobiles and radios.

It is estimated that there will be 15,000,000 more people in the United States in 1950 than there were in 1940. These people undoubtedly will be looking forward to obtaining adequate amounts of milk, particularly for their babies and old folks—butter, cheese, ice cream, and the other essential dairy foods. Our cow population is slipping. Unless every encouragement is given to maintaining a profitable dairy industry, everybody will suffer.

Dr. E. V. McCollum, world-renowned nutritionist of Johns Hopkins University, has said:

Who are the peoples of the earth who have used the dairy cow as the foster mother of the race? They are the people of northern Europe and North America. They are the tallest of stature, the longest-lived, have the lowest infant mortality, the greatest resistance to disease, and they are the only people on earth who have ever made any material progress in literature, science, and politics.

A strong, efficient, and healthy dairy industry means a strong and virile America, economically and physically.

The Dairy Industry Committee urges the enactment of the legislation contained in the Senate amendment in the nature of a substitute for H. R. 2023.

I thank you for this opportunity.

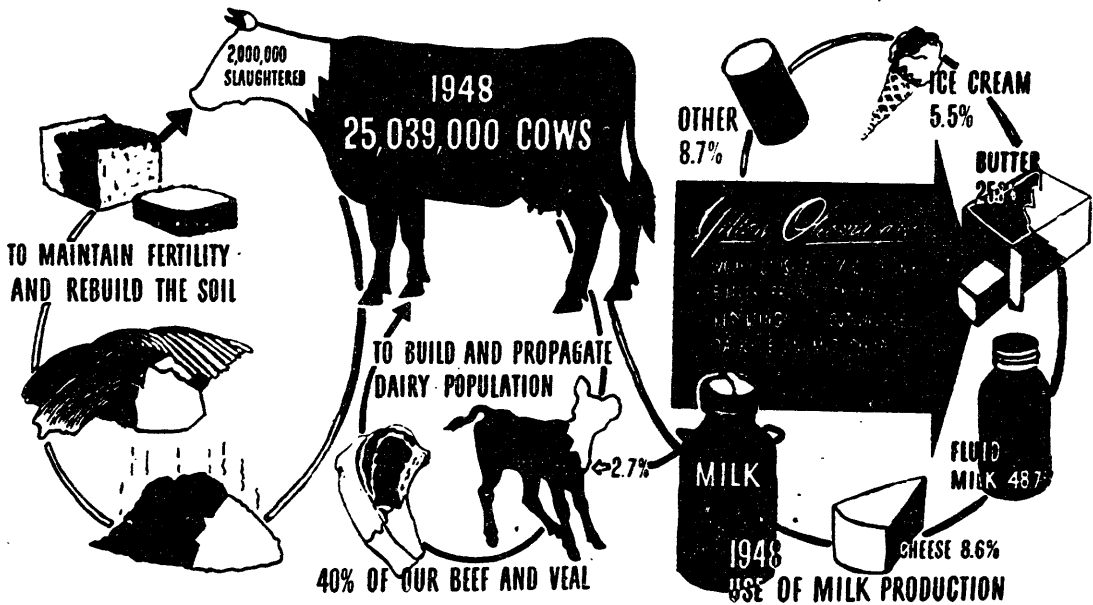
We have one chart, if I may take a few moments to explain it. This is a reproduction of the same chart.

(The chart referred to appears on p. 156.)

Mr. BRIGHTMAN. You notice in the dairy industry we have three very distinct cycles which make up the most efficient and economic cycle we find in any type of farming. In 1948 we had approximately 25,000,000 cows. These cows produced manure which was placed back in the soil which in turn produced more crops. We also have another cycle that comes from this same cow. She is able to produce calves. Forty percent of our beef and veal come from these calves. Also those calves are used to propagate and rebuild the dairy population as it is necessary from year to year.

Among the various products that we have, we have milk, cheese, fluid milk, ice cream, and numerous other products. It has been pointed out previously in the testimony that we would anticipate that we might have as much or possibly more; but, as an approximate estimate, a drop of about 40 percent in the butter production and a resulting 75 percent cut in the dairy economic cycle. What does that

NATURE'S MOST EFFICIENT ECONOMIC CYCLE



mean? There is no outlet during the spring months to utilize the additional fat that is available to take up the surplus, which calls for the slaughtering of approximately 2,000,000 calves. That means less manure, less product from the soil, less dairy product. It means less beef, less veal, and higher prices. It means less of all the various dairy products that go to make this up.

I thank you, sir.

The CHAIRMAN. Any questions?

Senator BUTLER. No; I believe not, but I could suggest to Mr. Brightman that a long statement could be made on the subject of grass. I remember some years ago I read an article which appeared in some farm journal on the subject of grass, and the essence of it was: Where grass grows, civilization prospers, and where grass withers, civilization withers. I think that speaks a whole sermon.

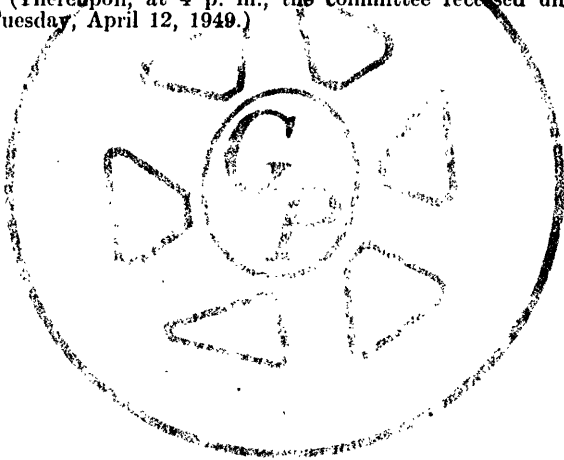
Mr. BRIGHTMAN. I just received a figure in regard to that question. The 1939 census, which is the last available, shows that there were 179,000 employees in oleo plants. Of course, that will be revised somewhat when the new census comes out.

The CHAIRMAN. Thank you very much, Mr. Brightman.

Is there any other witness who is scheduled to be heard today?

If there are no other witnesses to appear today, the committee will recess until 10 o'clock tomorrow morning.

(Thereupon, at 4 p. m., the committee recessed until 10 a. m. Tuesday, April 12, 1949.)



OLEO TAX REPEAL

TUESDAY, APRIL 12, 1949

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to recess, at 10 a. m., in room 312 Senate Office Building, Senator Walter F. George, chairman, presiding. Present: Senator George (chairman), Lucas, Hoey, Millikin, Butler, and Williams.

Also present: Senator Fulbright, and Mrs. Elizabeth B. Springer, acting chief clerk.

The CHAIRMAN. The meeting will come to order.

I have here a one-page brief that the National Education Association asked me to put into the record. It is not very specific on any particular bill, but I was asked to place it in the record.

(The brief referred to is as follows:)

STATEMENT OF MARY TITUS, LEGISLATIVE-FEDERAL RELATIONS DIVISION OF THE NATIONAL EDUCATION ASSOCIATION

I represent the National Education Association, which has a present membership of over 400,000 teachers and school administrators. Its business is transacted through a representative assembly, boards, committees, and commissions.

Since the beginning of World War II living costs in the United States have increased more rapidly than teacher income. In some States today the real buying power of teachers is below the 1940 level. A larger proportion of the teachers in our public schools today are forced to subsist on a near-poverty level.

The present tax program imposed upon oelomargarine is unsound.

This tax should be adjusted downward, if not entirely removed. The National Education Association believes that the tax should be eliminated and recommends that the committee take action to that end.

The CHAIRMAN. I also have here a telegram that is accompanied by the request that it go into the record in lieu of a personal appearance. It is a telegram from E. J. Martin, executive secretary, National Food Distributors Association, 110 North Franklin Street, Chicago, Ill. He is in favor of the bill as it passed the House. That may be entered in the record.

(The telegram referred to is as follows:)

APRIL 11, 1949.

Senator WALTER F. GEORGE,
Chairman of Senate Finance Committee,
Senate Office Building, Washington, D. C.

Our association represents 2,755 independent wagon distributors throughout the United States employing approximately 30,000 people.

Our members are wholesalers contacting retail dealers by store-door delivery through truck salesmen. Are practically all small business operators.

Margarine is a very important product handled by our members and they have been hampered in the distribution of this product by the discriminatory and burdensome license fees and regulations imposed by the Federal Government.

However, they are now greatly disturbed by reports that an attempt will be made in the United States Senate to ban the shipment in interstate commerce of yellow margarine. If this was successful it would ruin many of our members now handling margarine because almost all of them cross State lines in the distribution of products now handled. In many instances our members' businesses are located in a corner of a State or on a State line and span out in several directions.

We urgently ask that you do everything possible to defeat any effort to prohibit the interstate shipment of yellow margarine and instead to exert your efforts to see to it that the Senate approves the margarine bill as enacted by the House so as to remove all these burdensome restrictions on our distributors.

We ask this telegram be made part of the record of the hearing.

(Signed) E. J. MARTIN,

*Executive Secretary, National Food Distributors Association,
Chicago 8, Ill.*

The CHAIRMAN. Mr. Wingate, will you leave a seat, please, sir?

Senator MILLIKIN. Mr. Chairman, I have a couple of communications in my office. If agreeable, I will hand them to Mrs. Springer for entry in the record.

(The matter referred to will be found on p. 295.)

The CHAIRMAN. Very well. There are some others that she has, also.

Mr. Wingate, you may proceed in your own way. I see you have a written statement.

This witness is Mr. H. L. Wingate, president of the Georgia Farm Bureau Federation, a citizen of Pelham, Ga.

We are glad to have you, Mr. Wingate. I must leave, perhaps before you finish your statement. Senator Hoey will take over, here, and run through the witnesses.

STATEMENT OF H. L. WINGATE, PRESIDENT, GEORGIA FARM BUREAU FEDERATION, PELHAM, GA.

Mr. WINGATE. My statement is very short, though, you will notice, Senator.

The CHAIRMAN. You may proceed.

Mr. WINGATE. Thank you Mr. Chairman and gentlemen of the committee. My name is H. L. Wingate. I am president of the Georgia Farm Bureau Federation, which numbers more than 75,000 Georgia farmers in its membership. I live in Pelham, Ga., and make my living farming there.

I appreciate very much the privilege of testifying before this committee today, and digressing for a moment, I wish to say that I am proud to be a constituent of the chairman of this committee, Senator Walter F. George. In Georgia, we regard him as a statesman and a man worthy to be ranked with the great men of the Senate, past and present.

Senator MILLIKIN. Mr. Chairman, I think that that tribute goes beyond Georgia and covers the United States.

Mr. WINGATE. We think so too, Senator. We are with you a hundred percent on that.

I am appearing here to urge committee approval of H. R. 2023, which contains the language of the Poage substitute and which would repeal the Federal taxes and license fees on all margarine. I also request the committee not to approve a proposed substitute for H. R. 2023, which I shall call the Wiley bill for purposes of identification

and which would confine the manufacture and sale of yellow margarine to intrastate commerce.

So extensive have been the hearings and discussions on margarine during the past few years that I do not intend to try to argue the matter in detail here today. It is my position that margarine is a perfectly good and nutritious food and that all discriminatory legislation against it should be removed. This includes discrimination because of color, or for any other reason.

As I see it, margarine has just as much right to use artificial yellow coloring to make the product more appealing to consumer tastes as butter, or any other food product. Butter freely uses coloring to make the product more appetizing, but it would deny that privilege to a competitive product. Butter's claim that yellow is its trade-mark cannot be defended from the standpoint of law or of logic. Cotton is naturally white, but white as such does not belong to cotton. All fibers can be purchased white, and this is as it should be.

The facts of the situation as I see it, are that the butter people in 1886 were successful in securing enactment of a law which discriminated against margarine. Although the law has been maintained and strengthened, the realization has grown among the people of the country that legislation against margarine is unfair, serves no useful purpose, and should be repealed.

Cotton has serious competition from every side, particularly from rayon, but we are fighting for our markets on a competitive basis, striving at all times to improve our product and to increase the volume of sales pressure behind it. It has never occurred to us to ask for a prohibition against rayon.

This is not a sectional fight, as some have maintained. Yet, it is obvious that the antimargarine laws have adversely affected the South's cotton farmers and are adversely affecting them today. Despite punitive legislation, the use of cottonseed oil in margarine has increased until today it is the single largest outlet for the product, amounting in 1948 to approximately 453,000,000 pounds of cottonseed oil.

The quantity of soybean oil going into margarine also is very great and these producers also are hard hit by the discriminatory margarine laws.

The antimargarine laws also injure the producers of peanuts, for peanut oil is used in margarine as well as in many other products.

We are faced with alarming surpluses of fats and oils and consequent low prices unless some way is found to expand the uses for them.

The removal of the antimargarine laws would, as we see it, expand these uses.

It is the American way for products to sell on their merits, without restricting one to benefit another. We ask, therefore, for committee approval of H. R. 2023, as it passed the House.

Thank you, Mr. Chairman.

The CHAIRMAN. Are there any questions?

Thank you very much, Mr. Wingate. I am glad you appeared.

Mr. WINGATE. Thank you, Senator.

The CHAIRMAN. Senator Hoey, will you take over?

Senator MILLIKIN. Mr. Wingate, I would like to ask one question.

Mr. WINGATE. All right, sir.

Senator MILLIKIN. Can you give us, just briefly, some information as to how rapidly your dairy herds are expanding in Georgia?

Mr. WINGATE. Well, I couldn't. But I can say this, Senator: They are expanding pretty rapidly in Georgia.

Georgia, as you know, is a deficit producing section, and they are expanding pretty rapidly.

Senator MILLIKIN. You have no statistics?

Mr. WINGATE. No, sir, I don't have any at my fingertips. Thank you, gentlemen.

Senator HOEY (presiding). Mr. C. P. Key of the South Carolina State Grange will be the next witness.

Mr. Key, will you give your full name and identification to the reporter?

STATEMENT OF COREY P. KEY, MASTER, SOUTH CAROLINA STATE GRANGE, LODGE, S. C.

Mr. KEY. I am Corey P. Key, master of the South Carolina State Grange.

Senator HOEY. You may have a seat, Mr. Key.

Mr. KEY. Mr. Chairman, and members of the committee, I am Corey P. Key, Lodge, S. C. I own and operate a farm producing cotton, peanuts, livestock, and timber. I am also master of the South Carolina State Grange, for which I receive no salary.

The South Carolina State Grange dissents from the views expressed by the National Grange before this committee. The resolution adopted at Portland, Maine, last November, the last meeting of this organization, reads as follows:

We favor the removal of all taxes on oleomargarine, if and when effective means are taken to prevent its sale in imitation of butter.

I might say here, Mr. Chairman, in connection with that resolution, that I had the privilege of helping write it, and I distinctly think I know what it means, and I think at that time every member of the delegee body understood what it meant. However, later the officials of the National Grange decided to make a poll of all the voting delegates, and they sent out a mail balloting asking two questions, I believe it was. One was "Do you support the idea that the restrictions on white margarine should be lifted?" and the next was "Do you support the idea of removal of all taxes and the permitting of the sale of yellow-colored margarine when safeguards are designed to prevent deception on the part of the purchaser?"

In the same day's mail that that ballot arrived to me from the National Grange, there came from the National Dairy Association a huge envelope containing all of the information as to what would happen to all of the dairy herds of this Nation and what would happen to the dairy industry as a whole should yellow margarine be permitted to be sold.

I am not saying that there is any tie-in between the two ballots, but I don't think cases of that kind happen very often, when two organizations mail out things and they hit in the same mail and the same hour of mail. I am rather inclined to think that that had some effect on the vote as the National Grange gave it to you when they said that lifting

restrictions on white and printing yellow was the vote by two to one of the National Grange. For that reason, we dissent from that.

At least, the so-called dairy compromise resolution, which would free white margarine and prohibit yellow, was not acceptable to the delegates of the National Grange then, and I am sure would not be now. The South Carolina State Grange considers the present bill before this committee, as it passed the House, an effective means of preventing misrepresentation, and therefore supports it for the following reasons.

South Carolina has no restriction on oleomargarine, colored or uncolored. Federal restrictions are a direct penalty on our people. Cotton is South Carolina's major cash crop, although the livestock industry and dairying are of increasing importance to our people.

Within my State, like all Southern States, are thousands of people far removed from supermarkets. It is necessary for most of these people who own no automobiles to purchase the family supplies at a nearby crossroads store. Very few of these crossroad stores can afford to buy licenses to permit legal handling of oleomargarine. As of January 1, 1949, there were an estimated 7,700 retail grocery outlets in South Carolina; yet only 551 had licenses to sell yellow margarine, and only 3,495 white margarine. In fact, in my home town only one store is licensed to sell both white and yellow margarine.

Consequently, the present laws deprive a very large segment of our people of a staple food. They cannot afford butter, so buy their fat back and use the fryings on bread, corn bread, and biscuits.

It is not a case of butter versus oleomargarine in the above instance, but a complete depriving of both with a forced shift to fryings. Science long ago established these fryings devoid of vitamin A, a vitamin in which low-income groups are already deficient.

Under the present law we are discriminated against in several ways. A plant converts South Carolina cottonseed oil into margarine, and resells it to South Carolina housewives, but to buy their oil in the form of margarine yellow in color, they pay a tribute to the Government of 10 cents a pound, or more, because the Federal license fees must be reflected in the sale price of the margarine.

If the Federal Food and Drug Administration is considered capable of administering the Food, Drug, and Cosmetic Act insofar as all other foods are concerned, why, under the same token, is yellow margarine beyond adequate policing? Under the so-called Wiley bill, yellow margarine would be confined to intrastate commerce, taking jurisdiction away from the Federal Government. We would oppose such a bill.

The housewife deserves the privilege of purchasing margarine colored yellow without paying the Federal Government 10 cents a pound. To force her to mix in her own yellow color is inexcusable.

We ask no favors for oleomargarine except that it be given an equal opportunity in the market basket when properly packaged, labeled, and identified as oleomargarine. Let the housewife select the spread of her choice—margarine or butter.

The South Carolina Grange earnestly requests approval of this committee of H. R. 2023 as it passed the House of Representatives.

Senator MILLIKIN. Mr. Chairman.

Senator HOEY. Senator Millikin.

Senator MILLIKIN. What are your principal agricultural crops in South Carolina?

Mr. KEY. The major agricultural income crop is cotton, sir; with livestock ranking second.

Senator MILLIKIN. Then what other crops?

Mr. KEY. We have a variety of truck crops; watermelons, cucumbers, potatoes, both white and sweet potatoes.

Senator MILLIKIN. Rice?

Mr. KEY. We have very little rice.

Senator MILLIKIN. You used to be a great producer of rice.

Mr. KEY. Yes, sir.

Senator MILLIKIN. And tobacco?

Mr. KEY. Yes; tobacco is one of the principal crops.

Senator MILLIKIN. Are you increasing your dairy crops in South Carolina very rapidly?

Mr. KEY. Very rapidly. We are another one of the deficient areas, sir.

Senator MILLIKIN. Are you coming into a more diversified farming there?

Mr. KEY. Very much so; distinctly.

Senator MILLIKIN. Have you any statistics with you on the growth of your dairy farming?

Mr. KEY. I don't have them with me; no, sir.

Senator MILLIKIN. Thank you.

Mr. KEY. Thank you, gentlemen.

Senator HOEY. The next witness is Mr. John E. Slaughter, of the Girdler Corp.

STATEMENT OF JOHN E. SLAUGHTER, VICE PRESIDENT, THE GIRDLER CORP., LOUISVILLE, KY.

Mr. SLAUGHTER. Mr. Chairman and gentlemen of the committee, my name is John E. Slaughter of Louisville, Ky. On Friday of last week, Mr. Paul T. Truitt, president of the National Association of Margarine Manufacturers, phoned me and told me the Senate Finance Committee desired certain information with regard to the cost of erecting a margarine plant. He asked if I could give this committee such information. I have prepared a short statement on this point and, with your permission, I would like to read it, after which I would be glad to answer any questions.

I am vice president of the Girdler Corp., of Louisville, Ky. Our company is engaged in manufacturing machinery and in engineering and designing plants in the food, chemical, and petroleum industries. We manufacture special machinery for the ice cream, shortening, lard, and margarine industries, among others. Possibly the two most significant contributions our company has made to the food industry are the development of a continuous ice cream freezer and a continuous process for the manufacturing of margarine.

The costs of margarine plants, quite naturally, vary with the size, productive capacity, whether or not refining facilities are available, and similar factors. Without considering the cost of an oil refinery, which is a very expensive installation, let us look at the cost of a plant which is within sound economic limits. Such a plant, small though it may be, would have a productive capacity of between 32,000 and

40,000 pounds of margarine per 8-hour day, or between 8,000,000 and 10,000,000 pounds per year.

Senator MILLIKIN. Mr. Chairman, may I ask a question, please?

Senator HOEY. Senator Millikin.

Senator MILLIKIN. Is that perhaps the smallest economic unit?

Mr. SLAUGHTER. In my judgment it is, sir.

Senator MILLIKIN. Thank you.

Mr. SLAUGHTER. To check the figures on our own engineering department after receiving Mr. Truitt's call on Friday, I called one of our customers who has recently erected a margarine plant in Louisiana. His plant is the size I have described above. He advised me that his costs of equipment and installation will total \$160,000.

In addition, the building, land, side track, and office for the installation will cost \$115,000. Thus, the total equipment and plant cost is \$275,000.

After I dictated this statement yesterday afternoon, I called another customer of ours, who is building a margarine plant in Arkansas, and he advised me that a plant of this same size and involving essentially the same apparatus, materials, and equipment, was costing him, including building, \$365,000.

There are two plants being built in Arkansas. Another plant, I think, was referred to last week by Senator Fulbright. The other plant involved complete refining facilities. The total in that case, since we happen to be involved in the engineering, is a million and a half dollars. But, of course, there are many other stages and processes involved in a refinery.

Senator MILLIKIN. For the same output as the plant here?

Mr. SLAUGHTER. The margarine plant is only a part of the total, sir. But the refining of oils is in a sense a misnomer, because there are several processes in addition to refining: the decolorizing, the hydrogenating, the deodorizing.

Senator MILLIKIN. What I am getting at is this: As to this refining part of the whole project, does all of the product of the refining go through this final plant that you are talking about?

Mr. SLAUGHTER. No.

Senator MILLIKIN. Or do they make oils in addition for other purposes?

Mr. SLAUGHTER. They plan and propose to make shortening, too.

Senator MILLIKIN. I see.

Mr. SLAUGHTER. Our engineering department estimates for the costs of equipment in such a plant are in line with the figures he gave me—I am referring to our customer in Louisiana, who, incidentally, would give me permission to identify him—ranging from \$125,000 to \$165,000, depending upon the type of packaging equipment required.

Our construction department estimates that the costs of the smallest building required to house such a plant will be between \$100,000 and \$130,000, depending upon the area involved; and the differences in those costs are largely matters of construction labor.

We estimate, therefore, that the total equipment and building costs for this type of plant will range between \$225,000 and \$295,000, which, as I have indicated before, are in line with the Louisiana figures given me.

Keep in mind that the costs I have given you do not include oil-refining facilities.

I have here a detailed list of the machinery and equipment required for the installation described. And I will be very happy to show you gentlemen copies of that, although I would appreciate very much if it is not included in the record, because it contains a great deal of Girdler Corp. engineering know-how, which we prize rather highly.

Senator MILLIKIN. Mr. Chairman, may I ask a question, please?

Senator HOEY. Certainly, Senator.

Senator MILLIKIN. Can you tell us briefly what is your process? You get the refined oil. What happens in the oleomargarine plant from then on?

Mr. SLAUGHTER. Well, sir, you have the two essential ingredients in margarine, refined vegetable oils—of course, there are some animal fats used in certain areas—and cultured skim milk. The law requires 80 percent minimum fat content, and that oil goes through several stages of processing. There is the refining, the bleaching, which is a decolorizing process, the hydrogenation, which is the hardening of oils to a given melting point and iodine value, and the deodorization. The deodorization process is a steam stripping operation which reduces the free fatty acid content of the oils and eliminates the odoriferous materials. At that point you have a margarine oil.

A margarine plant divorced from a refinery, or even though it were adjacent to a refinery, would have oil storage tanks.

Then the other main ingredient is cultured skim milk, which represents 16 percent of the total ingredients. The salt content is 3 percent, and then there are certain permissible additives under the margarine standard, such as lecithin, which is an emulsifying agent; vitamin concentrates, primarily vitamin A; emulsifying agents, and I believe benzoate of soda is permissible as a preservative. You then have a milk department in every margarine plant. You have milk-receiving facilities and a pasteurization plant. The milk is first cultured. It is inoculated with bacterial starters. It is then pasteurized. Then the milk and oil go into emulsion tanks, or churns, where an emulsion or partial emulsion is made.

The next stage is the crystallizing phase, where it is continuously crystallized by mechanical refrigeration. Every margarine plant must have a refrigeration plant with it. They need a boiler plant to provide steam for pasteurization and other water uses.

Then it goes continuously from the crystallizing stage into a tempering section, where the heat of crystallization is liberated and the product sets up. Then it is pumped through a print-forming machine, to shape it into 1-pound prints, or quarter-pound prints, whichever are made, and then into automatic wrapping machinery, cartoning machinery, and case sealing. Then it goes on to storage. Every margarine plant must have a low-temperature storage room. Those facilities are kept at around 40 degrees, and the product may stay there a half hour, 24 hours, or it can go immediately onto the refrigerated trucks. Margarine is distributed under refrigeration. The trucks are refrigerated, and in most stores it is held under refrigeration.

That is about the pattern, sir.

Senator MILLIKIN. Thank you.

Senator LUCAS. Could I ask a question?

Senator HOEY. Senator Lucas.

Senator LUCAS. Is there any substitute for skim milk?

Mr. SLAUGHTER. I think powered milk can be used, sir, but I believe most of the margarine manufacturers use cultured skim milk.

I might say that while our primary business is the selling of machinery for the purposes referred to, we feel it a part of our service to our customers and prospective customers to give them what knowledge we have of competitive conditions in the business which our client is considering. For example, we take into consideration the location of a contemplated margarine plant, access to raw material supplies, and the unique distribution problems of this industry. The margarine industry is a highly competitive, not to say marginal, industry. We study, consequently, the prospective effects of various types of proposed legislation upon the margarine industry, and, in this connection, we have made a study of the possible effects of the measures pending before your committee.

As we see it, the Wiley bill to ban the shipment in interstate commerce of yellow margarine would disrupt to a large extent the distribution of margarine in this country.

Our reason for that conclusion is that some States today which have several margarine plants would have fewer plants under the Wiley bill. Other States, which have no plant today, would have built within their borders plants for the manufacture of yellow margarine.

Let me give you an example of a State in the group which, as we see it, would have fewer plants. I have Texas in mind. Today, there are eight margarine plants in Texas. Texas has slightly more than 7,000,000 persons and there would be under the Wiley bill, too many plants in Texas to serve that State alone. Accordingly, several of these plants will have to go out of business. When the readjustment is over, we might have one or two plants in Texas, and these might have a near monopoly of the business in the State, for, I assume that the customers in Texas would buy yellow margarine in preference to white.

If the Wiley bill becomes law, the consumer will lose some of her freedom of choice. First of all, she would not have available yellow margarine made outside the State and shipped into it. Secondly, she would not have available all the product now made within the State. Consequently, free competition would be hampered to the detriment of the consumer and to the benefit, as we see it, of no one.

Let us now take a State with a population under 1,000,000 persons and a State today which has no margarine plant, but which permits the sale of yellow margarine. There are several such States: Maine, Nevada, and New Mexico, among others. Such States, or the District of Columbia, could not economically support a margarine plant operating under sound technological and sanitary conditions. However, we feel sure that such a State would have some kind of a margarine plant which probably would produce margarine of an inferior quality, because of the cost factors of effective quality and sanitary control. The consumers in sparsely populated States, which now have the choice of 20 or more brands of quality product, sold in a highly competitive market, would be restricted to one or two brands of a product.

That concludes my prepared statement, but I would be very happy to answer any questions any of you gentlemen may have.

Senator MILLIKIN. Mr. Chairman, there was testimony yesterday that the Wiley-Gillette substitute does not put any limitation on the shipment in bulk of uncolored margarine.

What kind of a set-up, Mr. Slaughter, would be required to color that after it got to its destination? The simple mixing?

Mr. SLAUGHTER. Senator, that would require considerable study, but in my judgment it would require almost a duplication of facilities. True, a housewife can take a 1-pound print of margarine and, by rather exhausting efforts, get the color in. But that would not apply in a large mass.

Oil technologists would tell you that the reheating of a product, of a fatty oil product, is quite deleterious to its stability. In other words, it is desirable to reprocess just as little material as possible. In my judgment, you would have to have facilities for remelting the bulk goods, which would probably be shipped in drums. Then you would have to recrystallize. You would have the same packaging facilities that the white margarine plant in another State would have, the automatic printing, wrapping, and cartoning machinery, which incidentally is a relatively expensive part of a total margarine plant. The packaging machinery, if they are making two-size prints, say quarter-pound and one-pound, would represent from 12 to 25 percent of the total cost of a margarine plant if it is automatic machinery.

Senator MILLIKIN. It is not quite clear to me why you could not have a cold-mixing process, just like the housewife has a cold-mixing process.

Mr. SLAUGHTER. To keep margarine, you would have to ship under refrigeration, from one State to another.

Senator MILLIKIN. Yes.

Mr. SLAUGHTER. And I think our engineers or any engineers familiar with the industry could design some sort of cumbersome mixing equipment. But you would have to break it down. If you broke it down, if you got it in a sufficiently soft consistency to color, you would change the crystalline structure. Then I think you would have to have the same crystallizing machinery in the other plant.

Senator MILLIKIN. The housewife can do that mixing because, I assume, she is consuming it promptly.

Mr. SLAUGHTER. That is right.

Senator MILLIKIN. Whereas, if you were repackaging it, and having to restore it, and go through all of those subsequent commercial operations, is that what would lead to more complicated processes?

Mr. SLAUGHTER. Yes. When I can't avoid it, I occasionally get into our own kitchen; and I have seen my wife, before she could get colored margarine in Kentucky, coloring it and then putting it in a glass jar and then using it for cooking as she needed it. But it wasn't shaped. It wouldn't be in a salable shape at that time. That is all right for the individual user.

I am quite certain that you would have to have duplicate packaging and wrapping facilities in both plants; and I am very definitely under the impression that you would have almost a duplication of facilities. It would increase the cost to the consumer, in other words.

Senator LUCAS. You would have to have a uniform product.

Mr. SLAUGHTER. You would have to have a uniform product; yes. And that is one characteristic of margarine as it is made today.

Senator MILLIKIN. Thank you very much.

Senator LUCAS. May I ask one question?

Senator HOEY. Senator Lucas?

Senator LUCAS. With respect to these seven margarine plants in Texas, do I understand you to say that they make yellow margarine?

Mr. SLAUGHTER. Yes, sir. They do. It is permissible under the Texas law.

Now, bear in mind, too, Senator, that those seven plants in Texas are not just serving Texas, because the margarine business is national distribution and regional.

Senator LUCAS. That is my next question. Where do they ship outside the State?

Mr. SLAUGHTER. I know of a good many plants that ship from Texas to California, and I would say that some of the plants there ship all over the country. There is one company that I have in mind, Mr. Tucker's Foods, in Sherman, Tex., that I believe may have national distribution.

Senator LUCAS. Is there anything in any of the State laws that prohibits that yellow margarine from coming in?

Mr. SLAUGHTER. Oh, some States prohibit it; yes, sir.

Senator LUCAS. What about your Federal law? Is that permissible under the pure food and drug regulations?

Mr. SLAUGHTER. Oh, yes. There is no Federal prohibition. There is an imposition of the 10-cent tax on yellow margarine.

Senator LUCAS. Some States have not only the tax; they also have a prohibition on coloring.

Mr. SLAUGHTER. Yes, sir, they do. Let me see. I have a list here, I think. Here, for example, your own State of Illinois does not permit the sale of yellow margarine. You can manufacture it and ship it into other States that don't have the prohibition.

Ohio has four plants, and they don't permit the sale of yellow margarine. In fact, I believe—and this is only an impression—that Ohio has a prohibition against the manufacture.

Senator LUCAS. You mean we make it in Illinois, but we will not let our consumers use it?

Mr. SLAUGHTER. You won't let your own consumers use it; no, sir.

Senator LUCAS. I did not know that.

If the States of the Union, then, all the States of the Union, had no prohibition against the receiving of yellow margarine, and the tax was eliminated, there would be no problem then with respect to color?

Mr. SLAUGHTER. I believe that is right, sir.

Senator LUCAS. Let me ask you this: When you ship this yellow margarine from Texas to California—

Mr. SLAUGHTER. Wait a minute, please. I am wrong there. They are currently shipping white margarine, but California does not permit the sale of yellow margarine.

Senator LUCAS. Give me one State.

Mr. SLAUGHTER. Texas can ship to Oklahoma, or Louisiana, or Kentucky, for that matter.

Senator LUCAS. When the yellow margarine is shipped from Texas to Missouri, it is permissible under both State laws?

Mr. SLAUGHTER. That is right, sir.

Senator LUCAS. Is there any law in Missouri which impels the seller of the product in Missouri to notify the customers that it is margarine that they are eating rather than butter?

Mr. SLAUGHTER. Well, the package is clearly identified.

Senator LUCAS. I am talking about after it gets out of the package and gets into the restaurant or the hotel.

Mr. SLAUGHTER. As far as I know, there is no such law in Missouri; no, sir. So I think the provision in the bill which passed in the House the week before last takes care of that, because it requires identification.

Senator LUCAS. I know it requires identification. We are requiring identification. But I am just now trying to contrast that and find out whether or not under this given set of circumstances there is any identification.

Mr. SLAUGHTER. No, sir; there is not.

Senator LUCAS. You tell me that there is not. If we pass this law as it is, and your statement is correct, then those in Missouri who have been selling the yellow margarine shipped from Texas would be compelled to identify it from there on.

Mr. SLAUGHTER. That is right, sir.

Senator LUCAS. If there is any question about that, I wish you would check that and put it in the record. It just occurred to me as I was sitting here.

Mr. SLAUGHTER. I could defer, on that, to Mr. Truitt, who could answer that question, I am sure. But I think I am right, sir.

Senator BUTLER. Mr. Chairman?

Senator HOEY. Senator Butler.

Senator BUTLER. Mr. Slaughter, as I came in, you were speaking of the number of manufacturing plants that there are in the State of Texas.

Mr. SLAUGHTER. Yes, sir.

Senator BUTLER. Have you made any study as to the valuation, perhaps, of the total number of oleomargarine plants and the creamery plants in the State of Texas and other States?

Mr. SLAUGHTER. No sir; I have not.

Senator BUTLER. It would be rather interesting if you could make that comparison.

Mr. SLAUGHTER. It would. I have not made that, though.

Senator LUCAS. May I make one further observation, Mr. Chairman?

It does seem to me that if your statement of facts is correct, again referring to Texas and Missouri, those two great States, there ought to be some prohibition in this bill which would permit Missouri to continue to operate as she is at the present time, as far as the identification of margarine is concerned. In other words, if the State laws of Missouri do not compel the user of margarine in the hotel or restaurant to identify it, I doubt the advisability of the Federal Government stepping in and saying that you should do it.

Mr. SLAUGHTER. Well, that is a matter of opinion. I think I would approve identification. I would have no quarrel with that.

Senator LUCAS. I am not having any quarrel with it, either. But I am just wondering whether or not we should tell Missouri that, under those circumstances. We are not doing it now.

Mr. SLAUGHTER. But that would be done under the bill as it passed the House. And I agree with that.

Senator LUCAS. That is right. And when they are not compelled to identify it now, I raise the question whether or not they should be compelled to.

Senator MILLIKIN. Mr. Chairman?

Senator HOEY. Senator Millikin.

Senator MILLIKIN. Is this not correct: That with the Gillette-Wiley substitute, or without it, so far as the interstate shipment of oleomargarine is concerned, you are subject to whatever the State law may be, so far as selling the colored product is concerned.

Mr. SLAUGHTER. That is right.

Senator HOEY. Any further questions?

Thank you, Mr. Slaughter.

We will put in the record a statement from Mr. Lewis G. Hines, national legislative representative of the American Federation of Labor, which he wished to make with reference to this subject.

(The statement of Mr. Hines follows:)

STATEMENT OF LEWIS G. HINES, NATIONAL LEGISLATIVE REPRESENTATIVE,
AMERICAN FEDERATION OF LABOR

In accordance with the action taken by the American Federation of Labor regarding the repeal of taxes on colored oleomargarine, I desire to call the committee's attention to the fact that the 1944 convention of the American Federation of Labor held at New Orleans, La., adopted unanimously a report of the executive council, dealing with this subject as follows:

"Hearings were held upon S. 1744 and H. R. 2400, both proposing the repeal of the 10-cent-per-pound tax on colored margarine. A representative of the American Federation of Labor appeared before the Senate Committee on Agriculture and the House Committee on Agriculture and Forestry and presented its attitude, which was in favor of the bill.

"Margarine is a wholesome, nutritious, inexpensive table fat manufactured from agricultural commodities and, as such, is necessary to low-income groups who cannot afford to purchase butter. The 10-cent-per-pound tax on margarine results in an unnecessary, unjustifiable price increase which is inflicted upon the low-paid masses, and the executive council recommends that efforts to eliminate this objectional tax be continued."

Again in 1948, at the convention held at Cincinnati, Ohio, the following report of the executive council was adopted unanimously:

"Since the first application of the tax on oleomargarine, the American Federation of Labor has opposed it because it takes the place of butter in many households where the income is low. During the present period of extremely high prices, this product has been in use by families in higher-income groups. H. R. 2245 repealing this tax was forced out of the House on April 28, 1948. Hearings were held in the Senate, where we again testified, and the bill was reported favorably to the Senate on June 1, 1948. However, in the closing days of the session, the dairy interests with their powerful lobbying, aided by the jam of legislation in the closing hours of the session, prevented its passage by the Senate. Up until the last hours of the Congress we were very optimistic in regard to the repeal of this tax and, in failing to do so, we were greatly disappointed. However, we shall continue our opposition to this obnoxious tax.

"Under the caption 'Oleomargarine' the executive council reports its efforts to have the oleomargarine tax repealed. We have opposed taxing oleomargarine because such tax imposes hardship to low-income groups. We see no reason for changing our attitude on this question and recommend the council's continued opposition to same."

I think the action of the American Federation of Labor delegates in convention, representing the entire membership, clearly indicates the position that the American Federation of Labor desires to take on H. R. 2023.

Senator HOEY. The next witness is Merritt Nash.

Mr. Nash, will you give you full name and identify yourself to the reporter?

STATEMENT OF MERRITT M. NASH, DAIRY FARMER, FALL CITY, WASH.

Mr. NASH. I am Merritt Nash, dairy farmer, from Fall City, Wash., and I have a statement here for the record, but with the permission of you gentlemen, I would just like to talk with you rather than to read a cumbersome statement. I would like to talk with you in just the way I would talk with you if you came out to my dairy farm, if you saw me milking and saw my good herd of cows.

I am a cow milker, have been one all my life out in the Pacific Northwest, and I never have been here and had the opportunity to speak with Senators of my United States Government. I don't want to be looking down here at a sheet of paper while I am doing it.

I make my entire living from milking cows, and I have all my life, and my father has before me, and I have a son that proposes to continue making his living milking cows.

Senator HOEY. How many cows do you have in your herd?

Mr. NASH. I have had as high as 150 milking head. My herd is down below that number now, but I have milked for years 150 head of fine, pure-bred Jerseys, and if you will permit me to say so, I have made some world records, my brother and I, and we have good Jerseys.

Senator MILLIKIN. Where is Fall City?

Mr. NASH. Fall City is 25 miles from Seattle, toward the Cascades. It is in the great dairying section of the Pacific Northwest, and it is a great place to live.

Senator LUCAS. Is Seattle your market?

Mr. NASH. Seattle is our market, yes. We are in the Seattle milk shed.

You know, yesterday morning I milked my cows, and I got on the plane, and I was here last night, and am talking with you gentlemen this morning. That is a wonderful thing. It is particularly impressive to me, because I seldom get off the farm.

When I stop to think of how we have been able to overcome these great difficulties in transportation and communication, and so forth, it impresses me that it isn't any great problem that we have facing us to overcome the difficulty of marketing in fair and free competition another American product, colored margarine.

I was impressed as I rode on that plane with the story of little Kathy out in San Francisco, and how the people in this country around there and all over the country went into that situation with such wholehearted enthusiasm and cooperation, and spent their valuable time and efforts and money to protect the life of a little child. And that is wonderful cooperation, and it is a wonderful spirit, and that is the reason why we all would be glad to die for this country and this Government that we have. And I think, I know, that I as a dairyman do not need any of the protection, the co-called protection, that we have had for the past 60 years through restrictive legislation and taxation and color restrictions and things of that nature.

Senator LUCAS. Have you ever run for Congress?

Mr. NASH. I have never done it. I have never done anything but milk cows.

Senator LUCAS. You had better run for public office.

Mr. NASH. Well, thank you, Senator. I appreciate that very much. And what I say to you gentlemen today is with great respect and sincerity.

I don't look like I need any help, do I? I admit that I succumbed to this virus that got out as far as the Pacific Northwest - I don't know how that virus lived out there in that great climate that we have - and I have a blister and cold sore to show for it, but I feel that I need no protection as far as being able to conduct my business in fair, free democratic competition with any other product on the face of the earth, because I have such unbounded faith and confidence in my dairy industry, which I think is the greatest in the country. I have such unbounded faith and confidence in the thing that I produce, good, fine fluid milk, that I believe that in a fair and free competitive society I will get along 100 percent. And I don't want to impose on anybody any restrictions.

We dairy people say - and I say "we," because I am a dairy person, and I don't want to ever dissociate myself from the dairy people-- we say we have a God-given right to the color yellow. That is a big statement. When you go out and say that you have a right to a color in the spectrum, you are making quite a statement.

But you know, we are a little hesitant, I notice, in following that up, and shouldering the responsibility of making 30,000,000 housewives in this country perform the needless and unnecessary and burdensome task of getting in that kitchen and getting out a bowl and mixing up all that margarine. We don't want to assume that responsibility.

Senator LUCAS. Have you ever seen them do that?

Mr. NASH. I have seen them do it.

Senator LUCAS. In your home?

Mr. NASH. In my home. And I am a dairyman.

May I tell you another story? It is Senator Lucas, isn't it?

Senator LUCAS. What is left of me.

Mr. NASH. You seem to be doing very well.

We have lots of good neighbors. There is a lady that has lots of children. They are like little stairs, and they run from 1 to 10 years of age. We have two children, which has been quite a burden for us, but she has eight. She has to perform all of the labor in connection with those eight children, and her husband works in Seattle and commutes 25 miles back and forth and is not home to help her very much. So we have a few extra clothes, after the children have outgrown them, and my wife Helen says, "Suppose we take them down there." I won't name the lady, if that is all right. I will just say "Mrs. Jones."

So she says, "Suppose we take them down and give them to Mrs. Jones." I said, "When I go down, I have a couple of pounds of butter here, and I would like to give them to Mrs. Jones as a token of my industry and the good product that we produce."

We went down there. But Mrs. Jones is a proud woman, and you have to be careful, but giving away clothes that your children have outgrown is all right. I put these two pounds of butter on the table when we were done and ready to walk out, and I said, "Here is something that we grow up there on the farm."

She looked at it, and she looked at me, and she said to me, "Mr. Nash, you people are good neighbors of ours, and I appreciate this. But there is something I wish you would tell me. Why is it that you dairy people require me, in my busy day--over a course of a year to take a lot of hours of my busy time--to mold and to color this margarine into a form that my family likes? Now, we eat butter on Sunday. It is sort of a Sunday treat to us, and a pound of butter

doesn't last us any more than 1 day. The rest of our week we have to watch our budget and spend our dollars in the way which returns the greatest to us in the way of a standard of living and health, and so on and so forth. And will you tell me why it is you people require me to do that work?"

Well, say, what could I tell her? I looked at the floor, and I looked at her, and I said, "Mrs. Jones, I can't tell you. I am sorry, but I can't tell you."

And by jove, that is a hard position to put anybody in, too. It is hard to explain why we have to do that. I don't look like I need any help, and Mrs. Jones knows I don't need any help. You see? And I can't explain away that sort of thing, and it is a mighty hard thing, I would think, for any dairyman to be able to explain why it is that we make these impositions on people. My ancestors came out there, my grandfather and grandmother, to the Pacific Northwest. They died just a few years ago, and we are living on those same farms now. And I still have enough of the pride and enough of the drive that was theirs; enough that I don't want to have to rely upon this crutch, this restrictive legislation, these unwarranted taxes, these color restrictions, that we are imposing against a competitor, a legitimate competitor who is producing and distributing an American farm product. I don't need that crutch. As a matter of fact, I believe sincerely that it is proving to be, it has proved to be, a detriment to my industry. That is why I am here today, more than anything else. Because I believe it will be far better in the long run, if we take this plaster cast, if you want to call it that, off our legs, and let ourselves get healthy and strong in the promotion of the most vital dairy product that we have, fluid milk.

Butter is a byproduct with us. If I had to produce butter for a living, I wouldn't be here today. I would be broke. Because I can't produce butter at the cost of production and sell it, you know, on the market today, and meet the costs of production, even. I just can't do it.

Senator MILLIKIN. Mr. Chairman?

Senator HOEY. Senator Millikin.

Senator MILLIKIN. Do you produce butter?

Mr. NASH. I produce it all the time.

Senator MILLIKIN. Do you produce it for sale?

Mr. NASH. No, I produce fluid milk, which goes into the grade A milk, and I think you will find, Senator Millikin, that practically all real 100 percent dairymen are producing not for the butter market but for the fluid-milk market, you see. It is only when we have surpluses that it goes into bitter and the byproducts. And these surpluses, I maintain, would not be necessary if we devoted these energies that we are treating in such a niggardly fashion, fighting the margarine people, to promoting the sale, to merchandising in a good, forward-looking energetic business fashion, our good fluid milk, and put the butter fat that we produce into that bottle, into the product in which we have our most favorable market, a product which cannot be duplicated, and which is certainly the greatest beverage known to humankind. If we would promote the sale of that product with the same fervor with which we fight in a negative fashion, you see, to protect one of our byproducts, I think we would not have the surplus

problem that we have, and we would not have the worry that we have regarding butter.

In other words, I would like to see the dairy industry take a positive approach to this matter, instead of a negative approach. Let's not fight the other fellow, but let's promote that part of our industry which is profitable to us.

Senator MILLIKIN. Mr. Chairman, may I ask the witness a question, please?

Senator HOEY. Senator Millikin.

Senator MILLIKIN. There has been a lot of testimony here in part confirming what you are saying, Mr. Nash, that there is a group of dairymen who are in a position to dispose of all of their fluid milk, where you have a large city to absorb it. But there also has been testimony that in other parts of the country there is a surplus of fluid milk within the natural distributing territory. In other words, the large consuming centers will not absorb it. It will be too expensive to ship it to those centers.

What are your observations on that?

Mr. NASH. My observation and feeling is this: Those people have a great spread and a great product, and they can promote the sale of that without having to demote the sale of something else.

Those people for the most part, it has been my observation, are not 100 percent dairymen, but are doing that on the side; and they have some hogs and some corn and some other things. They are not 100 percent reliant upon the income from that butterfat that goes into butter. And it is my observation that if we were able to increase our fluid-milk market enough, we could encourage even some of those people to go into the production of grade A milk in order that we would have a sufficient supply the year around to accommodate the milk consumption that we could work up. Because we are only consuming 50 percent of the fluid milk now that we should consume to have a healthful standard in this country.

Senator MILLIKIN. Your point, then, is that as to those particular areas, the answer is to increase the consumption of fluid milk within the natural distributing radius of that particular kind of an area. Is that correct?

Mr. NASH. That is correct, Senator. That is what I believe is the best solution to the problem.

Of course, there are always going to be surpluses here and there, and there is always going to be butter, I hope. Because certainly butter is a wonderful product, and certainly there is a real need for it in this country, and those of us who are able to afford it, and those of us who want that extra flavor that we think comes from butter are going to be able to obtain it. There is always going to be a market for it, and we can use a great deal of it. As a matter of fact, our present policy of restricting the other fellow has not increased our sales of butter, but our sales of butter have actually been going down.

Senator LUCAS. It has increased the sale of margarine.

Mr. NASH. Yes, it has increased the sale of margarine, Senator.

Senator LUCAS. In other words, this is the situation as it seems to me. I have margarine and dairy people, both, in my State, as you well know.

Mr. NASH. Yes.

Senator LUCAS. But it seems to me that the fight that has been made here over a period of 30 years, and especially during the last 2 or 3 years, has centered the attention of the entire Nation on margarine. I think it has been the greatest advertisement for margarine that I know of, this fight that has been made. Everybody is talking about oleomargarine.

Mr. NASH. Isn't that the truth?

Senator LUCAS. People never heard of oleomargarine before until this highly controversial question was raised here in Congress during the last few years. And every time we would have these long hearings, we would get more advertising for margarine.

I told my dairy people in Illinois that very thing, that in my opinion they ought to stop fighting margarine and get behind some sort of a program, here, upon which they could agree. I know as a result of the statistics that have come to my attention that what we have done here has given to the margarine product a Nation-wide advertisement that it could not have gotten otherwise, and I think definitely it has been a detriment to the dairyman who produces butter.

Mr. NASH. I certainly think that is a very astute statement. There is no question about it. If we had been able to promote in a constructive manner the sale of our butter in the way that we have promoted the sale of margarine through our fighting, our senseless fighting, we really would have done something for ourselves. Instead, to the contrary, we have created a very poor public relation. And the butter people actually are in a very bad public position right now. Thousands of housewives are looking at us with a little anger in their eyes. And I don't like that. Because we have a great industry, and we shouldn't do as you have just said we have been doing. And certainly we have been doing just that.

Senator HOEY. Are there any further questions?

Senator BUTLER. Mr. Nash, I may display my ignorance of the industry, but I was wondering if there is a synthetic substitute for milk and cream, like there is for butter. That appears to be all right; you seem to think the oleo is a good substitute for butter. Is there such a substitute for milk?

Mr. NASH. As yet there has been nothing that has got on the market in any sort of commercial fashion whatever to substitute for milk.

Senator BUTLER. If there was such a thing as filled milk, or some other kind of milk that had all the appearance and the taste, would you advise that there should be no protection whatsoever, then, for the regular milk producer, like yourself?

Mr. NASH. Senator, that is a very good question, and I am ready to answer it, because I have thought about it.

I will say this: I will never stand in the road of progress, not if it puts me out of business. You know, my grandfather, among other things, manufactured carriages, buggies, horse buggies. And when my father bought a Ford, back in 1909, my grandfather disowned him and cut him off with a dollar in his will. "Because," he said, "this is going to be the ruination of this country. It is putting me out of business, and it is putting 25 people who work for me out of business."

But do you think, over the long pull, it was a bad thing to have the automobile industry come in? Every time there is an economic change or a phase of development in this country, it means that a certain segment of our society will be damaged or hurt while we are

making that transformation. If we were, Senator, ever able to produce a synthetic product that had all of the wonderful qualities of fluid milk and could promote the health of our Nation in the way that fluid milk and butter can, I would be among the first to say, "Mister, if you can produce it with less effort and less cost than I can produce milk, tomorrow I will sell every cow I have got and get into your business or some other one."

Senator BUTLER. Is there not some such article produced now?

Mr. NASH. There is one in a pilot stage, I understand. I cannot give you any details about it. But I say this: Let it come, if it is progress. I will never stand in the road of progress.

Senator HOEY. Do you have other questions?

Thank you very much, Mr. Nash.

Mr. NASH. Thank you, sir. It has been a real privilege.

(The prepared statement of Mr. Nash is as follows:)

STATEMENT OF MERRITT M. NASH OF FALL CITY, WASH.

I am a dairy farmer. My entire income for the support of my family comes from the production of a herd of dairy cows. My father before me was a dairyman and farmer, and my son after me plans to follow the dairy business. My remarks here today are the result of my firm conviction of what is best, over the long run, for the great dairy industry.

For 60 long years the dairy industry has fought against the encroachment of margarine, colored or otherwise. Most of its promotional, political, and fighting energies have been spent along this line. Very little has been done, on the other hand, to energetically promote the sale of our basic product: fluid milk. We have been fighting a defensive battle for one of the byproducts of the dairy industry: butter. This has not helped us by increasing the consumption of butter. We are selling less butter each year under these unwise policies.

History shows that progress is not made by such negative methods of doing business as throwing restrictive legislation and taxation blocks in the path of a competitor's product. To use the advantage of sheer numbers and political power to restrict a competitor is not my idea of the way to do business in a free and competitive democratic society. History is repeating itself in our instance. The overwhelming consensus of public opinion is forcing the dairy industry to abandon the old procedure of restrictive legislation through taxation, and the aroused public is not feeling kindly toward us for our long delay.

At a time when dairy industry needs more than ever before the good will of the American public, we find ourselves in a state of very poor public relations. Only an industry as great as ours could have so long survived such an extended era of poor business policy.

I am not thinking so much today of what a few of my fellow dairymen will think of me. Today our course should first consider what the country will think of us 25 years from now for what we do at this time.

The great Pacific Northwest is my home. Barely a hundred years ago our grandparents first plodded their hazardous way to the farms on which we now live. Enough of the proud spirit of my parents and grandparents has carried over to me that I rebel, and I have for years, at the thought of employing legislative force to restrict a legitimate competitor who is merchandising another farm product in the same free and democratic country. I have unbounded faith and confidence in my chosen field of work, the dairy industry, and I know its products to be of such quality and desirability and sheer necessity for the welfare of all humankind that I look with disdain, and regard as being of little faith, those in my field who would employ such negative tactics against a competitor.

Anything, whatever its color, will forever be but a substitute or imitation of pure butter. There is always room for different grades and forms and qualities of any product. There is a very real need in millions of homes for a more reasonably priced spread. It is desirable and proper that every strata of our society should be permitted a choice of the spread that they use, a choice free from the restrictions imposed by any competing industry.

With proper attention to the quality and unequalled flavor of natural butter, while using proper techniques of merchandising it, the dairy industry will, under any circumstance of fair competition, enjoy greater and greater usage of its product.

Innumerable examples of this fact can be found in all the fields of merchandisable goods.

Why, then, should we continue to hamper our industry, devote our energies in a niggardly fashion, and arouse precious public opinion against us in these growing hours of need by pursuing our past and present policies of restriction? Too many of us have grown to depend upon these restrictive measures. They have falsely become to be regarded as something that will not only protect us but take care of our growth. Like a crutch, or a plaster cast on a broken arm, these measures have weakened us through long usage until we feel we are completely dependent upon them. The health and future progress of our dairy industry depends upon our throwing off these heedless and restrictive measures and going about our business of promoting the dairy industry in a vigorous and less negative fashion.

Our Nation has waxed strong and great on the policy of free competition. Certainly there are no products in all the world that stand a better chance in a field of free competition than those of the dairy industry, providing we employ the opportunities available to all of exploiting our unequalled products.

True, it is always necessary to guard against the improper business practices of those unscrupulous operators that crop up in any field of endeavor. We must commit our existing Government agencies, such as the Federal Food and Drug Administration, to the task of exercising eternal vigilance over the production and distribution of all the brands of margarine, or butter. Our Government agencies must be properly financed to continue the practice of guarding our precious heritage of free and fair competition. Properly controlled, there is nothing to fear as regards improper labeling and sale of margarine anywhere. The laws of supply and demand, under normal competition, will always tend to control the price of any product, including colored margarine. If it doesn't, there is nothing to prevent the dairy industry from going into the business of manufacturing and distributing margarine, a procedure which I recommend.

On the other hand, it is when we have chaotic conditions, varying from one State to another, such as is the case now, that we have troubles. These "bootleg" circumstances permit unscrupulous operators to exact unwarranted prices at certain times in certain places. This is only a greater argument for completely wiping the slate clean of all restrictions regarding taxes and color.

I am convinced, from talking with hundreds of my fellow dairymen, that the time is ripe for repeal, nay, overripe. Who is fighting repeal? If the people who actually milk the cows were aroused on this point you would be fairly swamped with millions of letters and telegrams. But great numbers of us are ashamed of our position. We feel, beyond that, that we have been hampering our progress and the proper promotion of our more profitable and basic items, particularly fluid milk in the bottle, by devoting so much time to this problem before us today. We want to be rid of this matter. We must start a program of merchandising our great product, fluid milk, and employing every possible ounce of our butterfat in this channel where it stands unequalled and unchallenged as the greatest of all beverages. We want our dairy publications, politicians, creamery managers, dairy association managers and dealers in butter, who always stand to make a set margin of profit or hold a job on the strength of butter sales (while the dairy farmer seldom is able even to meet the costs of production from his proceeds of selling butterfat to be used solely for manufacturing into butter) to earn their keep by doing a real merchandising job on fluid milk, where lies the greatest future for our dairy industry.

The dairy industry is claiming a God-given right to the color yellow. But, we are by various means trying to avoid the unpleasant responsibility for requiring 30,000,000 housewives all over America to roll up their sleeves and perform the needless extra task of coloring their margarine? The housewife is not forgetting this. It seems obvious to me that we are pursuing a policy that will certainly backfire against us.

I am convinced that the repeal of all restrictions on margarine is a jolt that is necessary to wake the dairy industry to the necessity of merchandising our fluid milk and increasing consumption, from its present 50 percent of necessity level, to the point where the vast majority of all the butterfat we produce will be needed to fill our milk bottles. In this direction lies a great future for a great industry. This is constructive business procedure. Let's get at it.

Senator HOEY. Mrs. Kathryn H. Stone will be the next witness. Will you identify yourself, please, for the record, Mrs. Stone?

**STATEMENT OF MRS. KATHRYN H. STONE, FIRST VICE PRESIDENT,
LEAGUE OF WOMEN VOTERS OF THE UNITED STATES,
WASHINGTON, D. C.**

Mrs. STONE. I am Mrs. Kathryn H. Stone, vice president of the League of Women Voters of the United States.

For a number of years the League of Women Voters has been urging favorable action on legislation repealing the Federal taxes and fees on the manufacture, distribution, and sale of margarine. We were heartened by the favorable vote which this issue received in this committee last year. We hope that during the life of the present Congress we shall see a bill such as H. R. 2023 passed by both Houses.

In our opinion, the present law is unjust and discriminatory. The imposition of Federal taxes and fees increases the cost of margarine to the consumer and, perhaps even more important, involves paper work and risk of penalties which discourage its handling by wholesalers and retailers. Thus a wholesome and nutritious food is made unnecessarily difficult to buy, affecting particularly seriously the low-income families who are most in need of a more adequate diet.

We in the League of Women Voters have no quarrel with the dairy industry. And I might say that I am a native of Iowa and have been around farms a good deal of my life. Many of our members live in dairy communities, and some of them are farmers. Nevertheless, it is contrary to our concept of a vigorous competitive economy to have one industry protected from a substitute product through Federal taxation. We believe this situation is unique in the American economy. Those who want to buy butter and can afford it should be able to do so; those who would like to buy margarine, either colored or white, should likewise be permitted to do so without arbitrary interference from the Federal Government.

Margarine sold in stores is required by Federal and State food and drug laws to be clearly labeled; the housewife knows what she is buying. Under H. R. 2023, even the 3 percent of margarine which is sold for serving in public eating places must be clearly identified. By requiring that the patrons be notified by sign or on the menu that margarine is being served, and that each individual serving of margarine be identified, the bill gives every possible protection to the consumer. We can see no justification for the contention that this legislation is intended to enable margarine to be sold as butter.

Let me assure the members of this committee that the members of the League of Women Voters have given heart-felt support to this legislation. Moreover, as one of the groups active in behalf of tax-free margarine, we have had many unsolicited expressions of good will from outside the league. There is no question in our minds but that there is very great support throughout the country for the removal of these unjustifiable taxes and fees, and we urge your favorable consideration of this bill.

Senator HOEY. Any questions, Senator?

Senator MILLIKIN. No.

Senator HOEY. Thank you very much.

Mrs. STONE. Thank you.

Senator HOEY. The next witness is Mrs. O. S. Gibbs.

You may proceed, Mrs. Gibbs.

**STATEMENT OF MRS. O. S. GIBBS, CHAIRMAN, CONSUMERS'
ADVISORY COMMITTEE OF MEMPHIS, TENN.**

Mrs. GIBBS. I am Mrs. O. S. Gibbs from Memphis, Tenn. Because my accent does not ring true, may I explain that I brought it with me 16 years ago from Switzerland. I am now a citizen of this country, truly devoted to its principles of democracy, and deeply respectful for its form of government.

I am chairman of the Consumers' Advisory Committee of Memphis. This is a nonpolitical, nonpartisan, and noncommercial organization of volunteer workers who work for the interests and the protection of the consumers.

I am also State chairman of consumer relations for the Tennessee Federation of Women's Clubs. The two organizations represent a large number of women's clubs in all parts of Tennessee, and several State branches of national organizations. All of them have repeatedly gone on record during the last years asking for repeal of all unfair and antiquated margarine legislation. The women's clubs, the two organizations, were largely responsible recently for the repeal of the Tennessee State legislation on margarine, or rather against margarine, including the 10-cent State tax per pound on yellow margarine. Now the women in Tennessee can buy yellow margarine, subject, of course, to the 10-cent tax under Federal legislation, which remains a thorn in their flesh.

Many States besides Tennessee have repealed their margarine laws: Michigan this year; Maine, Massachusetts, New Jersey, Maryland, and Missouri last year, and there are prospects for similar action in several more States.

This proves the insistent and steadily increasing public demand throughout the Nation for repeal of these unfair and antiquated laws. Volumes of testimony to this effect have been presented before Congress, this year and last year and many years before. The reasons why consumers and housewives across the Nation feel entitled to get untaxed and unrestricted white and yellow margarine have been so conclusively established that they need no further substantiation. Just as well established in the public's mind, however, is the fact that Federal antimargarine laws have been kept on the books until now it is clear that they are not for the protection of the consumers, who are entirely satisfied with the protection provided by the Federal Pure Food and Drug Administration and the Federal Trade Commission, but for the protection of the butter producers from unwanted competition.

Today the margarine issue is no longer a fight between butter producers and the margarine industry. It is a fight of the consumers for the right to buy a sound, wholesome American product in the most attractive form and at the most economical price possible.

The Poage bill, as it was recently approved by the House of Representatives, does justice to the demands of the consumers. It repeals all Federal taxes and license fees, both on white and colored margarine. The Wiley bill, which would prohibit the interstate shipment of yellow margarine, is unfair to the consumers, and continues to give the butter interests an unjustified competitive advantage. It is against the American tradition of free enterprise, which is indispensable to the economic freedom of democracy.

Thirty States and the District of Columbia permit at present the sale of yellow margarine. About half of these States and the District of Columbia have no margarine plants. If the ban on interstate shipment is enacted, consumers here and in the States without plants can no longer buy yellow margarine; in other words, they would be worse off than they are now, when they can buy it at the additional expense of 10 cents for Federal tax.

If you have ever colored a pound of margarine—and I hope you have—you will readily admit that you, too, would rather spend the 10 cents of tax than do the messy job.

To my knowledge not a single other popular food product except perhaps "filled milk" is harnessed with such a ban. So why create a dangerous precedent with margarine? Wouldn't there be as much justification to ban artificially colored butter from interstate shipment? It might also be demanded that artificially colored butter be so labeled. The old argument—whether or not and why the butter industry should have a monopoly on the yellow color—is still unanswered. A previous witness stated that the butter people have the right to the color yellow. They do, but they have not the only right. I would like to go a step further and ask whether the dairy people have a monopoly on the word "butter"? Webster's Dictionary defines butter as "* * * any substance resembling butter in consistency."

We have peanut butter, apple butter, cocoa butter. Why don't we call margarine "vegetable butter" and ask that the dairy product be called "creamery butter" or "dairy butter"?

Another disadvantage of the ban from interstate shipment would be that the Government would lose the power to enforce quality standards for yellow margarine. Furthermore, with competition eliminated in States with only one margarine plant, the price would probably go up before long. Another possibility, of course, is that large plants would ship white margarine to be colored and packed in the States where it is to be sold, which, as another witness stated, would demand expensive reorganization and needless overhead, for which, of course, the consumer would finally foot the bill.

The fight for repeal of margarine legislation has been fought and lost many times in the past. But today the women are more than ever determined to fight for complete victory. Inflation is partly responsible for their current revolution. The struggle with the high cost of living sharpened the interest in margarine, with the result that today the majority of the consumers are not only familiar with the many merits of the product, but also with its legislative shackles and the reasons for them.

We have heard and studied every argument that the opposition uses to fight repeal, and we have yet to find one that convinces us and that should convince you that it is fair to single out one old established product against the competition of a newer invention of our progressive age. Why is rayon cloth not penalized with a tax or a ban from interstate shipment because it is printed with the same colors as cotton cloth? Or why can we buy tax-free nylon hose which compete very efficiently with rayons and silk hose? Perhaps television might be taxed because it threatens radio, and so on.

Consumers' organizations such as ours are comparatively young. They have neither the financial nor the political power of long-established business combines like the butter producers. Consumers

depend entirely on the fairness and the justice of the Government. Fifty million housewives are asking for tax-free yellow margarine. Defeat will be much more significant to them than the continuation of the coloring chore or the needless expense of a 10-cent tax. It will mean that a small group of politically wise business people can defeat them, and that their pleas to the Government are falling on deaf ears.

But women do not give up easily. If margarine is not freed now from all Federal taxations and restrictions, including the proposed interstate ban on yellow margarine, Congress will inevitably face the same situation again next year. You will have to go on spending valuable time at the taxpayers' expense on this needless legal battle, listening to the same stale arguments on an issue which is so translucent that the dullest housewife in the Nation could settle it with a cooking spoon.

Never before have so many Americans from all walks of life watched the outcome of a single legislative issue with such intense interest. Millions will be disappointed if margarine legislation continues to favor the interests of a small group to the obvious disadvantage of an overwhelming majority of the people. In our troubled times, the people need to have the utmost confidence in the wisdom and the fairness of their Government. Is a piece of biased margarine-legislation worth jeopardizing even a fraction of it?

In conclusion, I express my sincere hope and the hope of millions of consumers that this committee will recommend repeal of all taxations and restrictions on both white and yellow margarine, and will refuse to approve a ban from interstate shipment which would continue to discriminate in favor of the butter industry.

Senator HOEY. Any questions?

Thank you very much.

Mrs. GIBBS. Thank you.

Senator HOEY. The next witness is Mr. Strayer of the American Soybean Association.

Will you give your full name and identification to the report, Mr. Strayer?

STATEMENT OF GEORGE M. STRAYER, SECRETARY, AMERICAN SOYBEAN ASSOCIATION

Mr. STRAYER. Mr. Chairman, my name is George M. Strayer. I come from Hudson, Iowa, where I am a farmer, a seed producer, and I serve as Secretary of the American Soybean Association, which is the nation-wide organization of growers, producers, of soybeans.

As a farmer, I feel I know some of the problems of the dairyman, for I have been a dairyman, I grew up on a farm, and I milked cows twice a day for years and years. On that farm today we maintain a herd of about 20 cows. We sell our butterfat for butter purposes. So I feel I know what the problems of the dairyman who is producing for butter purposes are.

A year ago, it was my privilege to appear before this committee, at the time H. R. 2245 was under consideration. At that time I told you that the expansion of the soybean acreage and the expansion of the soybean industry since Pearl Harbor constitutes one of the outstanding achievements in the whole history of man's efforts to feed himself. Without cost to the Government, through private

enterprise and the good old American way, our midwestern farmers made this Nation for the first time in recent history self-sufficient in edible fats and oils. At the same time, soybeans made possible the extra protein feed which was so vitally essential to our wartime and our postwar food programs.

The American Soybean Association, which is the growers' organization, favors and asks only the right to exist in a free domestic economy. In 1941, and annually since that date, it has gone on record as favoring the repeal of all Federal and State taxes and restrictions which burden the manufacture, distribution, or sale of colored margarine, provided that margarine is made from domestically produced fats and oils, the product of the American farms.

Our way of life is based upon the supplying to the consumers of the products which they want in the form in which they want them. This practice has contributed to our economic progress. Our achievement of a relatively high standard of living is due to that.

Approximately 82 percent of our population is urban, lives in the towns and cities, and approximately 18 percent is rural, and lives on the farms. That 18 percent, or any segment thereof, cannot for any length of time dictate. It must please the consumers, and it should do so.

The American housewife and her family want yellow tablespread, butter or margarine, as they prefer. Our eating habits and food desires are deep-seated. We like yellow spread on white bread. We are pleased with a spread artificially colored, and a bread made from flour artificially bleached.

From the richest to the poorest, we Americans want in our foods color or lack of color, natural or artificial, as best suits our eye and taste. We believe the will of the people will prevail, over a period of time, in this matter.

It is the belief of the American Soybean Association that yellow margarine made from domestically produced fats and oils should be allowed to sell for what it is, on the basis of its true value, without Federal or State taxes or discrimination. We believe that butter has a right to a free market, and that soybean oil in the form of margarine has a similar right. We consider the present discrimination unfair. We believe that the immediate removal of Federal taxes and color restrictions on margarine will benefit not only the producer of soybeans, cottonseed, peanuts and corn, but also the producer of dairy products, including butterfat.

A population increase in the United States the past 9 years, an increase equal to the total population of Canada, has created a tremendous drain on our food resources. Experts expect this population increase to continue with a total increase of 18 to 20 millions from 1939 to 1950. The oncoming generation of Americans is "nutrition conscious," creating a definite demand for larger quantities of meat and animal products. Continued production of large quantities of efficient low-cost vegetable protein meal is essential to the adequate supply of meat, milk and eggs necessary to the proper feeding of our increased population.

Currently the annual per capita consumption of table spread is 15 or 16 pounds, of which butter supplies approximately two-thirds and margarine one-third. We believe this per capita annual consumption can be increased not only to the prewar rate of over 20 pounds per

person but eventually to somewhat the nutritional standards recommended by the United States Department of Agriculture of 30 to 35 pounds per person.

Many soybean growers also produce cream for butter. We believe that yellow butter and yellow margarine are complementary and both necessary and that the market for clean quality butter and clean nutritious margarine can be expanded constructively and fairly without confusion or misrepresentation and without tax on color.

Margarine is the second largest user of soybean oil in America today. Only vegetable shortening uses more. About 20 percent or one-fifth of our soybean oil goes into margarine, but that one-fifth wields great influence on the price received for the entire production because it is a high-value usage and tends to raise with it the price structure of the entire industry.

From every bushel of soybeans the processor makes two commodities. One is soybean oil, of which he extracts from 8 to 10 pounds per bushel. The other is soybean-oil meal, of which he obtains about 45 pounds per bushel. The prices which the processor obtains for the oil and the meal determine the price which he can pay for soybeans. When the processor must take a lower price for his soybean oil he must either raise the price of meal or lower the price which he can pay for soybeans. He has no alternative.

A high value for soybean oil, such as margarine, enables the dairy farmer to buy soybean meal at a lower price and still maintain adequate supplies. Without that higher price for the oil the production of soybeans would go down and the meal would not be available for livestock feeding. We must make a choice. If the range country of the West wants protein, if the poultry producer of the Northwest wants protein, if the swine producer of Illinois or Iowa wants protein, then we must provide high-value uses for a major portion of the soybean oil. If we do not, then we will not have the protein. High-value usage means food usage. Margarine is the logical field for expansion, for the per capita consumption of table spreads in the United States is at an all-time low, and the mere return to former consumption levels would require millions of pounds of soybean oil. Butter is not available according to table fat needs. Margarine is the alternative.

Only 14 percent of the income of the dairy industry of the United States comes from the sale of butter.

Neither butter nor margarine nor any other commodity has a monopoly on yellow color. The same artificial coloring is used in butter as is used in yellow margarine. Soybean oil in its natural state is a golden yellow color, just as June butter is a natural yellow. Standardization of butter necessitates the use of artificial coloring the major portion of the year. Standardization of the color of margarine would require a similar coloring agent. One product has the same right to that coloring agent as the other.

The producers of butter and margarine have a joint problem. The per capita consumption of table spreads in the United States in 1935 was 20.1 pounds. In 1945 and again in 1946 it fell below 15 pounds per person. Correct nutritional standards specify a minimum of 35 pounds per person, or over twice the 1946 rate of consumption. Butter production, on a per capita basis sank from 18.2 pounds in 1934 to 10 pounds in 1948. The consumption of table spreads in America should be increased, and that is our joint problem.

The American Soybean Association recommends to this committee immediate action on H. R. 2023 to make available to the consumers of the United States yellow margarine on a tax-free and fair competition basis. We strenuously object to the Gillette-Wiley amendment which has been proposed. It would be unworkable, unenforceable, and extremely unjust.

Gentlemen, in our estimation, H. R. 2023 is the best of the many bills for margarine relief that the Congress has considered. It provides adequate and positive identification for margarine in public eating places. It does not repeal or impair any of the present protective margarine legislation. It gives the dairy industry more protection of butter as butter than any previously existing law has afforded, and much more than the Gillette-Wiley amendment. The passage of H. R. 2023, as it stands, is long overdue.

We urge, therefore, that it receive your immediate attention and recommendation to the floor.

Mr. Gregory, Mr. Wing, and Mr. Calland, who will follow me, will further reiterate the long-held position of the American Soybean Association in this respect.

In closing, let me say that we do suggest that the consumer has the right to buy yellow margarine on a tax-free and discrimination-free basis. We do not ask for special privilege. We do not ask for restrictions on other commodities. We do not suggest substitution nor curtailment of the production and distribution of other commodities. We ask that you report, and the Senate pass, the bill H. R. 2023 without delay.

Senator Hoex. Any questions?

Thank you.

Some question was raised the other day about the law in North Carolina, and I asked the attorney general to give me a statement. I wish to place in the record a telegram from the attorney general, in which he says:

Sale of oleomargarine permitted in restaurants, etc., if properly identified. Annual tax on wholesalers and distributors \$25 as provided by new act.

HARRY McMULLAN, *Attorney General.*

That act was just passed by the legislature now in session.

The next witness is Mr. C. M. Gregory.

Have a seat, sir, and give you full name and identification.

STATEMENT OF C. M. GREGORY, DIKE, IOWA, MANAGER, FARMERS COOPERATIVE CO., APPEARING AT REQUEST OF AMERICAN SOYBEAN ASSOCIATION

Mr. GREGORY. My name is Clifford M. Gregory. I live at Dike, Iowa, where I am manager of the Farmers Cooperative Co. The company which I manage buys and sells grains and farm produce, and also operates a small expeller type soybean processing plant. I am here at the request of the American Soybean Association.

At the outset of the war, it appeared that there were insufficient soybean processing facilities in the State of Iowa to handle the beans which were produced in that State. At the same time it was impossible for farmers to obtain sufficient amounts of soybean-oil meal for livestock production purposes. Our small soybean-processing plant was installed to handle the beans produced in our territory and

return the soybean meal to the farms without paying transportation both ways on it.

I also represent today seven other small cooperative soybean-processing plants scattered throughout the soybean-production areas of the State of Iowa. All these plants were built at about the same time, and for the purpose expressed above.

At this time, Mr. Chairman, I would like to submit as a part of the record, a wire received from the chairman of our group at home relative to the support of this program.

Senator HOEY. The telegram will be included in the record.

(The telegram is as follows:)

C. M. GREGORY
Care of Hotel Washington.

Cooperative processors urge you use all influence to obtain repeal of margarine restrictions. Please speak for us.

FARMERS COOPERATIVE ASSOCIATION.

Mr. GREGORY. As a processor of soybeans, my company produces two commodities. One is soybean oil, of which we extract from 8 to 10 pounds per bushel of soybeans. The other is soybean-oil meal, of which we produce about 50 pounds for each bushel of soybeans processed. The price which we as processors of soybeans obtain for the oil and the meal determine the price which we can pay to the farmer for his soybeans. When we must take a lower price for soybean oil we must either raise the price of soybean meal or lower the price which we pay to the farmer for soybeans. There is no alternative.

We consider as somewhere near normal a situation when the value of the soybean oil equals the value of the soybean meal. Today, the value of soybean meal is greater by approximately 50 percent than that of soybean oil.

Mr. Chairman, I might add that that evaluation there is based on a bushelage yield of the bean itself; not on a per pound basis.

Over a period of years we have not produced a sufficient quantity of edible oil in the United States to fill our own needs. During the war years the production of soybeans was doubled and redoubled in order that we might be self-sufficient in fats and oils. Today margarine is the second largest user of soybean oil in America. Only vegetable shortening uses more. About 20 percent or one-fifth of our soybean oil goes into margarine. However, that one-fifth wields great influence on the price received for the entire production, because it is a high-value usage and tends to raise with it the price structure of the entire fats-and-oils industry.

I am in an industry which was greatly expanded during the war years. Millions of dollars have been put into soybean-processing facilities. It is my contention that we cannot at this time afford to place the United States in the position of depending on other parts of the world for our fats and oils. The soybean processors have facilities for handling the crop, and it is important that we have beans to process. Unless we can have satisfactory value uses for the end products of those beans we will find the production shrinking under us.

Approximately 40 percent of the protein feed of our Nation is derived from soybeans. About 60 percent of the protein derived from the crushing of oilseeds originates from soybeans. In order to supply the protein needed for our livestock economy we must grow large

quantities of soybeans. The oil resulting therefrom must be marketed to the consumer in a manner pleasing and agreeable to them if farmers are to obtain a fair price for their crops.

As a processor of soybeans located in Iowa, as a manager of cooperative elevator owned and operated by a group of farmers in Grundy County, Iowa, I feel that we have a right to market our soybean oil in a wholesome nutritious form without taxation and without color restrictions. Neither butter nor margarine nor any other commodity has a monopoly on yellow color. The same artificial coloring is used in butter that is used in yellow margarine. Soybean oil in its natural state is a golden yellow color just as June butter is a natural yellow. Standardization of butter necessitates the use of artificial coloring the major portion of the year. Standardization of the color of margarine would require a similar coloring agent. One product has the same right to that coloring agent as the other. Neither can justify taxation nor restrictions of the other as a means of market monopoly.

As manager of a grain elevator located in the dairy section of Iowa, it appears to me that the producers of butter and margarine have a joint problem. The consumption of table spreads in America should be increased. It cannot be increased by butter alone when the production of butter in my section of Iowa, the largest butter producing State in the Nation, is declining each year.

We must recognize that the agriculture and the industry of our Nation are changing. We must recognize that the consumers of America are not going to take one portion of their table spread colored yellow and be forced to take the other portion of that table spread colored white.

We suggest that the consumer has a right to buy and the soybean producer has a right to sell margarine made from soybean oil on a yellow basis without the extraction of the 10-cent tax by government, and without governmental ban on the color of a commodity which is naturally yellow.

In asking that this committee take favorable action toward the repeal of the present taxes and restrictions on the sale of yellow margarine, we are not asking for special privilege; we do not ask for restrictions on other commodities; we do not suggest substitution nor curtailment of the production of other commodities.

Gentlemen, the implication of the present Federal 10-cent a pound penalty tax on yellow margarine is astonishing when analyzed.

If all the margarine now made of soybean oil were colored yellow to meet the consumer's preference, the Federal tax thus imposed would amount to 25 or 30 million dollars a year. This would be the equivalent of \$2.50 or \$3 an acre for each acre of soybeans grown in the United States, or \$12.50 to \$15 per acre for that portion of the crop of oil production which goes into margarine.

This intolerable situation will not be cured by the repeal of the tax if that repeal carries with it the absolute prohibition against yellow margarine in interstate commerce. The soybean industry is too important to our agricultural economy to tolerate such an artificial barrier between it and the desires of one of its important consumers, the housewife, who wants a yellow table spread.

Thank you, Mr. Chairman.

Senator HOEY. Thank you very much.

The committee will take a recess until 2 o'clock. Senator George hopes to return at that time, and hear the balance of the witnesses scheduled for today.

(Whereupon, the committee recessed to reconvene at 2 p. m. of the same day.)

AFTERNOON SESSION

(The committee resumed at 2 p. m., at the expiration of the recess.)

The CHAIRMAN. The hour for the reconvening of the committee having arrived, we find it necessary to proceed. There may be other Senators on the committee that will come in later. The Senate being in session, of course, it interferes with the committee hearings.

Our first witness this afternoon is Mrs. Sarah Eigan.

STATEMENT OF MRS. SARAH EIGAN, LEGISLATIVE PROGRAM CHAIRMAN OF THE ARLINGTON, VA., BRANCH, ON BEHALF OF THE AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, ARLINGTON, VA.

The CHAIRMAN. I understand that it is agreeable with Mr. Wing that you be heard at this time?

Mrs. EIGAN. Yes.

I have a statement here, Mr. Chairman, on behalf of the American Association of University Women, which I would like to read.

The CHAIRMAN. You may proceed.

Mrs. EIGAN. The American Association of University Women, like many other organizations, has been appearing before congressional committees for the last 2 years to urge support of legislation removing discriminatory taxes and other limitations on the sale of oleomargarine.

Opposition to these discriminations has been carried by our members to the State legislatures in Wisconsin, Kansas, Illinois, and other States. In Wisconsin, one of the country's largest dairy States, the AAUW State division has opposed discriminatory taxes on oleomargarine continuously since 1942, and in 1948 and 1949 passed a resolution stating its opposition at the national level.

This association, representing many consumers, is weary of hearing the arguments of two special interests pitted against each other in Congress, in the press and over the radio. The issue is not whether such legislation as that being considered by this committee will wipe out the dairy industry, or whether failure to pass the legislation will wipe out the margarine industry. The issue is whether the consumer should be deprived of his right to buy a nutritious product at a reasonable price because of unjust legislative protection granted the dairy interests at the State and National level. The consumer is being used by both sides in arguments both for and against this legislation.

The American Association of University Women urges this committee to recognize its responsibility to the individual citizen, the consumer, and end the protection of the long-established butter industry against competitors at the expense of the consumer. The expenditure of time and money on this issue to date is a disgrace, especially in the light of other critical issues needing immediate attention.

The CHAIRMAN. Thank you very much. Is your home in Wisconsin?

Mrs. EIGAN. I am originally from Illinois, but I represent the Arlington branch of the American Association of University Women.

The CHAIRMAN. I see. Thank you very, very much.

Mrs. EIGAN. Thank you. And I wish to thank Mr. Wing, also.

The CHAIRMAN. Our next witness is Mr. David G. Wing. Will you identify yourself to the reporter?

**STATEMENT OF DAVID G. WING, PRESIDENT AND DIRECTOR,
AMERICAN SOYBEAN ASSOCIATION, MECHANICSBURG, OHIO**

Mr. WING. My name is David G. Wing, of Mechanicsburg, Ohio. I am a farmer, born and reared on an Ohio farm. I have been both past president and a director of the American Soybean Association. I operate one farm of 310 acres myself and another of 1,300 acres in cooperation with a partner on the shares.

I think that I am a good farmer with a fair degree of intelligence. These farms are not show places but I am always glad to show them to any of my friends who come around.

On three previous occasions I have testified on margarine bills in Washington and I just finished a hearing before the Ohio Legislature where a similar bill is pending. My experience dates back to the depression of the thirties when we had a domestic fats and oils conference here in Washington and were all working together to try and stop the importation of tropical oils which had created a surplus in the United States of several billion pounds. You all remember what this surplus, along with low-buying power by our American public, did to fat and oil prices.

Coconut oil at 2½ cents per pound was in surplus, thus forcing soybean oil down to 2.9 cents, cottonseed oil to 4½ cents, lard to 3 cents, and butterfat to 17 cents. Then the war came on and all these prices of domestic fats raised up to a point where we farmers could see daylight again. But remember, imported coconut and palm oils were shut off completely by our enemies.

Now lets go back to my Ohio farms. We raise corn, soybeans, wheat, and alfalfa. In one field of alfalfa our dairy cows graze, in the next field soybeans are grown, a profitable crop in the Darby plains of central Ohio. Just over the fence are our spotted hogs. Of course, the corn is fed to the hogs and dairy cows and the wheat is sold at the elevator.

All these crops compete with each other for the consumer's market, and yet both the hogs and cows need the alfalfa, soybeans, and corn. Without thinking, you say that I would not need to grow the soybeans, but how would I get any milk production without soybean oil meal? In the days gone by hogs were fed straight corn or alfalfa, and they made a fair gain until hog supplement was developed and we found out that we could not get along profitably without soybean meal, which is the main ingredient of dairy and hog supplement.

Soybeans have another byproduct besides soybean meal, that is, soybean oil. Hogs also have another byproduct besides pork chops and ham; that is, lard. Ever since the day of vegetable shortening lard has been in surplus and most of the time has sold below the price of hogs. Last week hogs on foot brought me \$20.25 per hundred-weight in Columbus, Ohio, and yet lard is around 10 cents per pound. This has been going on for over 20 years and yet the hog raisers have

never asked that vegetable shortening be colored green or that a tax be placed on it to protect lard.

I have a big stake in this Jersey herd of ours and yet I do not worry in the least that the soybean oil which we raise just over the fence from the cows and the hogs will ever put either one out of business, and I hope to live to prove to some of my friends in Ohio and Washington that we will not kill 2,000,000 dairy cows if margarine is colored and made tax free.

I have thought about this proposition for years and I can figure no way to build my fences high enough to tax my soybeans against my dairy cows or my hogs. Since soybeans have 17 to 20 percent oil content we get around 10 pounds of oil from a bushel of beans. At 10 cents per pound this oil is worth \$1 per bushel but at 20 cents per pound it is worth \$2 per bushel. The same illustration could be used in dozens of other farm products which are competitive but there is no time for them.

It is easy to see that the higher the price of oil the cheaper soybean oil meal can be sold to the dairy farmer, thus reducing his feed cost. As I have said, lard is now in surplus and I wager to say that its low price has just as much or more to do with the price of butterfat as margarine has since any fat or oil in surplus will tend to depress the market.

In closing, let me say that the dairy cow needs soybean meal and the food industry needs soybean oil. Is there any more logic in taxing soybean oil which goes into margarine than there would be to tax soybean meal which my dairy cows make into milk and butter? Is there any more reason why margarine made from yellow soybean oil should be banned in interstate shipment than for butter artificially colored to be banned? When both are wholesome food products from American farms?

I thank you.

The CHAIRMAN. Thank you very much, Mr. Wing, we appreciate your appearance here before the committee.

The CHAIRMAN. Our next witness this afternoon is Mr. J. W. Calland. Will you identify yourself for the record, please?

**STATEMENT OF J. W. CALLAND, MANAGING DIRECTOR,
NATIONAL SOYBEAN CROP IMPROVEMENT COUNCIL,
DECATUR, IND.**

Mr. CALLAND. Mr. Chairman, and members of the Finance Committee, my name is J. W. Calland. My home is Decatur, Ind. I am an agronomist, a member of the American Society of Agronomists, and of the Soil Science Society of America. I am here at the request of the American Soybean Association of which I am a member. Because of the charges that have been made that the soybean crop is ruining our agriculture and destroying our soil I have been asked to present to this committee the effect of the soybean on the soil and its relationship to erosion.

For the past 12 years—first as agronomist for the Central Soya and Central Sugar Cos. of Decatur, Ind., and now as agronomist and managing director of the National Soybean Crop Improvement Council—I have been engaged in agronomic research concerning the pro-

duction problems of the soybean crop. For 8 years, beginning in 1936, we grew annually some 1,200 to 1,500 acres each of soybeans and sugar beets on our company-owned experimental and demonstration farms located in Indiana and Ohio.

Purdue Agricultural Experiment Station collaborated with us from the beginning in our research work on both of these crops, and I have the honor at the present time of being a member of the board of trustees of Purdue University. I have served as chairman of the agronomy section of the American Society of Sugar Beet Technologists, which has its headquarters at Salt Lake City.

During the past few years I have attempted to determine the available and pertinent agronomic facts about the soybean crop and its effect on Corn Belt farming. To do this, I have had the help and cooperation of the county agents and some 8,700 soybean growers in 50 selected soybean counties. Also, I have had the helpful assistance of the agronomy staffs, soil conservationists, and others who are working with the soybean crop at the various State agricultural experiment stations.

A booklet entitled "Soybean Farming" and a poster entitled "What Crops Remove From the Soil" has been placed in your hands. In this booklet we have attempted to summarize the results of research work done on the soybean crop by the agricultural colleges and experiment stations of Ohio, Indiana, Illinois, Iowa, and Missouri.

The statements in this booklet have helped to answer the questions of soybean growers and others about this new crop—its relation to soil productivity, to other crops in the rotation, to soil conservation, and the place soybeans should occupy in their farming scheme. The information given in these booklets is not made up of my opinions. I have attempted to relate the results of soybean crop research that has been carried on by the State experiment stations.

Moreover, the staff members at each station not only approved the material to be included, but also assisted in the preparation of these statements.

Crop authorities classify crops generally into "soil improving" and "soil depleting" crops, according to their over-all effect on soil productivity. The clovers and alfalfa, deep-rooted legumes, and sod crops are the principal "soil improving" crops when properly handled. The nonlegume crops such as corn, wheat, oats, and other small grains are the main "soil depleting" crops of the Corn Belt.

First, I wish to refer to the table on page 10 and the chart on page 11 of the report entitled "Soybean Farming." This material is reproduced on this poster entitled "What Crops Remove From Your Soil." This shows that an average crop of soybeans removes less plant food from the soil than these other typical farm crops. Here we see that soybeans add some nitrogen to the soil, and from the standpoint of removing mineral nutrients they rank about average among the common farm crops.

Ohio agronomists in their table of Soil Productivity Factors for Crops place the soybean as about neutral or mildly soil depleting. They rank soybeans as one-half as soil depleting as wheat and oats and only one-fourth as soil depleting as corn.

Fortunately, only the soybean seed is removed from the land. The plant nutrients contained in the soybean stems, leaves, and roots are returned to the soil. Thus, the soybean grower can add to the

field some of the nitrogen gathered from the air, and as much as possible of the mineral matter taken from the soil.

Soybeans improve soil tilth and biological activity. The soybean is one of the annual crops with outstanding ability to loosen and mellow the soil and improve its granular structure. This is especially beneficial on heavy clay or silty clay loam soils. By improving the soil structure better aeration is promoted and this creates a favorable environment for the roots of growing plants. The improved aeration and the increase in available nitrogen in the soil also have a stimulating effect on the number of micro-organisms which assist in the decay of plant tissues. Soybeans leave heavy compact soils in much better physical condition than do corn and small grains.

Experiments in many States have shown that soybeans, under a progressive system of soil management, have a beneficial effect on the crops that follow. Indiana tests at Purdue, covering 19 years, show that yields of corn, oats, and wheat were all higher following soybeans than after any other crop except clover. Also, that on heavy soils the addition of soybeans to a rotation of corn, wheat, and clover stepped up the yields of all the crops in the rotation, and gave greater dollar return for each year of the rotation.

Comparisons of corn yields following corn and the following soybeans have been made for several years at Iowa. Results show corn yields 8.3 bushels and 9.5 bushels more following soybeans than where corn follows corn on the Webster and Clarion corn soils of Iowa. Likewise, oats yields were increased about 25 percent in Iowa when this crop followed soybeans compared to following corn.

Ohio experiment station tests over a period of 14 years showed that yields of wheat following soybeans averaged 3.4 bushels more than wheat following oats. Soybeans added to a rotation of corn, oats, sweet clover on the heavy Ohio soils such as Paulding clay definitely raised the yield of both the corn and oats.

The beneficial effects of soybeans on the yields of other crops in the rotation have been reported by many other States and by farmers throughout the Corn Belt. This increased yield of following crops should very definitely be credited to soybeans when the net return from competing crops is figured.

Experimental results from Corn Belt experiment stations show that the soybean crop properly handled is definitely more effective in preventing water run-off and soil losses than are the regular cultivated row crops such as corn.

There are wide differences between crops in their influence on erosion losses. Cultivated row crops are the least effective in preventing soil losses, small grain crops are intermediate, and sod crops are most effective. Soybeans are classified as a cultivated row crop when planted in rows, or as a close-grown crop like the small grains if drilled solid. Even on the fairly level lands of the Corn Belt about 50 percent of the soybeans are planted solid.

A number of soybean States have recently been conducting tests where the run-off and soil losses from soybeans and from other crops have been carefully measured. After several years of checking it is quite evident that soybeans even when planted in 40-inch rows will permit less erosion than corn under the same conditions, and when planted solid will permit less than half as much as corn and other row crops. The tilth-improving action of the soybean crop makes the

soil loose and granular and increases the water intake, thus reducing the amount of water available for transporting soil particles off the field.

I would like to refer you to table 1 on page 13 of the Soybean Farming booklet for an example of these erosion tests. Unpublished data covering similar experiments still in progress at Purdue and Illinois experiment stations, in cooperation with the Soil Conservation Service, have given less run-off and soil loss from soybeans than from corn for each year of the tests.

(The table referred to appears on p. 194.)

Fortunately, soybeans can be readily drilled solid on land subject to erosion, also on the contour on steeper slopes and thus permit far less erosion than row crops like corn, which must be grown in wide rows. The harvested soybean field is an excellent seedbed for a winter cover crop such as winter wheat, oats or rye, which should follow on all fields subject to serious erosion.

Therefore, in conclusion I wish to point out to this committee that in the light of the research work done by the various Corn Belt experiment stations the soybean crop is not hard on the soil when compared to our other regular farm crops. Also, that contrary to the claims that have been made that the soybean crop is responsible for much of our soil erosion, actually this crop by enabling the soil to absorb more of the rainfall and permitting less run-off, by solid drilling, contour planting, and a following cover crop, lends itself quite well to erosion control, which after all is largely a problem of soil management.

Correct soil management must be considered in the production of any crop grown on our soils. Most of the millions of acres of eroded land in America got that way before we started to grow soybeans. Good farming practices, proper rotation, and improved soil management will permit us to conserve our soil resources and still continue to grow such crops as corn, wheat, oats, and soybeans which are so vital to our agriculture.

The CHAIRMAN. Thank you very much for your statement.

Mr. CALLAND. There is a page of references that I think is attached to the copy of my statement that you have. If not, here is the experiment station report.

(The material referred to follows:)

REFERENCES

- Iowa State College of Agriculture: Soil Fertility Factors Affecting Soybean Yield, Soybean Digest Reprint, April 1944.
- Ohio State University Extension Bulletin 207: Farming With Soybeans.
- Illinois University Bulletin 456: Soybeans—Their Effect on Soil Productivity.
- Iowa State College of Agriculture, F. S. 63: Do Soybeans Hurt the Soil?
- Purdue University Extension Bulletin 231: Soybeans in Indiana.
- Missouri Agricultural Experiment Station: Progress Report, Missouri Soil Conservation Experiment Farm, McCredie, Mo.
- University of Missouri Bulletin 469: Soybeans and Soil Conservation.
- Ohio Agricultural Experiment Station: Soybeans Preceding Meadow, Soybean Digest, January 1947.
- Purdue Agricultural Experiment Station: Soybeans and Clover Failures, Better Crops with Plant Food—now being printed.

The CHAIRMAN. You have not carried on any experiments in the southeast in the softer soils; have you?

Mr. CALLAND. No; and there have been none that I know of and I visited all of the agricultural experiment stations in the Southeast

TABLE 1

The Effect of Contouring on Soil Loss and Run-off from Corn and Soybeans. Marshall Silt Loam, Page County, Iowa, Soil Conservation Experiment Farm, Jan. 1—Dec. 31, 1944.

<i>Crop and Tillage Method</i>	SOIL LOSSES TONS PER ACRE		RUN-OFF PERCENT	
	Up & Down Hill	Con- toured	Up & Down Hill	Con- toured
Corn *listed in 40" rows	51.5 tons	10.2 tons	11.2 %	5.6 %
Soybeans listed in 40" rows	16.6 tons	5.9 tons	7.9 %	3.6 %
Soybeans surface planted in 40" rows	18.8 tons	12.7 tons	8.3 %	5.2 %
Soybeans drilled solid in 7" rows	6.8 tons	5.9 tons	5.1 %	3.6 %

Total precipitation January 1—December 31, 1944—39.24 inches

*Listing is planting in the bottom of a furrow made by a special implement

last fall. There have been no actual tests comparing the run-off from soybeans as compared to the other farm crops.

The CHAIRMAN. I know of none, but my observation has been from some experience in growing soybeans that the soybean is not nearly as soil depleting as most of our row crops in the Southeast.

Mr. CALLAND. That is exactly the story the experiment stations tell.

The CHAIRMAN. There our corn is usually planted in wider rows, as we call them, and of course cotton farming is definitely depleting and peanut farming is depleting because the removal of the vine with the nuts from the land, and especially in late July and August, when the sun is very hot it leaves the land exposed and the bleaching process sets in.

Mr. CALLAND. The spreading of straw, soybean straw, on the field, some work at Iowa shows that the soil will absorb three times as much moisture with the covering of loose soybean straw.

The CHAIRMAN. I have been using combine gathering and I am using a combine now. Formerly we baled the peanut hay but it is not a good hay, although it is usable. I am using the combine now in gathering the peanuts and putting the peanut vines back on the land which gives you some protection and gives you a chance to absorb the full rains.

Thank you very much for your appearance, sir.

Mr. CALLAND. Thank you, gentlemen.

The CHAIRMAN. Our next witness is Mr. Tyre Taylor of the National Association of Retail Grocers.

I am sorry we do not have the full committee here but the Senators do read the records. You may proceed.

STATEMENT OF TYRE TAYLOR, GENERAL COUNSEL, NATIONAL ASSOCIATION OF RETAIL GROCERS, WASHINGTON, D. C.

Mr. TAYLOR. My name is Tyre Taylor, my address 1112 Dupont Circle Building, Washington, D. C. I appear before you on behalf of the National Association of Retail Grocers, 360 North Michigan Avenue, Chicago, Ill. For over half a century this association has represented the independent retail food merchants of the United States. Its 63,000 individual members are distributed throughout the country and in 1948 their total volume of business was more than \$8,000,000,000, which, percentagewise, is over half of all independent retail food sales. Each of these members belongs to his State and local association, which organization, in turn, some 500 of them in all, are affiliated with the National Association of Retail Grocers.

Our position on the subject matter of this hearing is the same it has always been.

We feel that all Federal taxes on margarine should be removed.

We do not object to any reasonable and proper safeguards which this committee and the Congress may deem necessary to prevent fraud.

We think the pending bill, H. R. 2023, taken in conjunction with existing Federal and State pure food laws, would effectively accomplish both of these objectives.

We therefore strongly support the Poage bill and hope it may be speedily approved by this committee, passed by the Senate, signed by the President, and become law.

There are about half a million retail grocers in the country. Their position just outlined has their active, interested, and virtually unanimous support. I say this support is virtually unanimous because in all the years our National and State conventions have been passing resolutions petitioning the Congress to repeal these taxes, I have never heard of a dissenting vote.

Commenting briefly on the matter of the taxes, we feel and have long urged and now reiterate that they should be eliminated for four reasons:

One. They impose an unjust and unnecessary burden on consumers.

Two. They unfairly penalize independent retail food distributors.

Three. Removal of these taxes will not endanger public health or morals.

Four. Such taxes are a serious and detrimental contradiction of our competitive enterprise system.

Apparently this position has now gained practically universal acceptance. In any event, the House passed the Poage bill on April 1 by a majority of 3 to 1. And perhaps an even more significant indication of the change in thinking on this subject is the fact that, of all the bills introduced this year by both proponents and opponents of the emancipation of margarine, not one provides for the retention of these taxes. All agree that they are indefensible and must go and for this progress, laborious as it has been, the food retailers of the country are indeed grateful.

But now a new issue has arisen, though how much life remains in it after the beating it has taken in recent weeks remains to be seen. I refer to the astounding proposal that colored margarine be entirely prohibited from moving in interstate commerce.

Of course this is nothing but the same old plea for special privilege. In arguing against the discriminatory taxes on margarine, we have maintained that they are a serious and detrimental contradiction of our competitive-enterprise system. The same might be said of this proposal. Its aim, frankly avowed by certain of its distinguished proponents, is to place colored margarine behind an impenetrable iron curtain of federally imposed interstate trade barriers.

Now it goes without saying that the retailers have nothing against butter. They want to sell, and will continue to sell, all of it they can. And if the margarine manufacturers should propose that you legislate a similar discrimination against butter, the retailers would stand shoulder-to-shoulder with the dairy industry in opposing it.

But, gentlemen, this sort of thing is the very antithesis of the economic system under which this Nation has grown and prospered. Under our system of free enterprise any person has the right to make and sell any product which is not harmful. The exercise of this right, free from discriminatory governmental interference, is the foundation of our political and economic liberties. To deny a man the right to make or sell a product for which there is a public demand and social need, unless he submits to discriminatory regulation or taxation, is a wrong which no law in this country can justly impose. And when, as in the case of antimargarine laws, such discrimination is made to

protect the market for a competing product, the evil which results is magnified.

But there is no need to labor the obvious. I conclude with the appeal that you not only report H. R. 2023 favorably, but that you do this promptly.

This is an old, old controversy. Everything has been said on both sides, and long ago, that could be said. The issue is clear. The facts are generally understood. The wishes of an overwhelming majority of the people are known. And all this was as true a year ago as it is today. Yet, the whole legislative process was frustrated and repeal failed because of the last-minute log-jam attendant upon the adjournment of Congress. We hope that will not happen again this year and we are confident it will not if the pending Poage bill is promptly reported out by this committee.

I thank you.

The CHAIRMAN. Thank you, sir.

The CHAIRMAN. Next we have Mrs. Margaret Manger. Will you identify yourself for the record?

STATEMENT OF MRS. MARGARET MANGER, LEGISLATIVE CHAIRMAN, AMERICAN HOME ECONOMICS ASSOCIATION, WASHINGTON, D. C.

Mrs. MANGER. I am Mrs. Margaret Manger, a homemaker, and legislative chairman for the American Home Economics Association which has a membership of 19,500 home economists in the 48 States and District of Columbia. I am pleased to present to you and your committee the attitude of the American Home Economics Association in support of H. R. 2023 repealing the taxes on margarine, as passed by the House.

A majority of our members are professionally engaged in the many fields of home economics, such as foods, nutrition, dietetics, family economics, textiles, clothing design and construction, cafeteria management, teaching in colleges and secondary schools, 4-H Club and home demonstration work and as food consultants for radio, magazines, and newspapers. All fields of home economics are closely allied with family economics and home life. Home economists work to improve the nutrition and living conditions of American families. They assist families in buying intelligently and utilizing wisely the resources of our country.

The American Home Economics Association also has a large group of members who are practicing their professions in careers as full-time homemakers. They share the many consumer interests of almost 40,000,000 women, who are the Nation's largest buyers. Collectively, the consumers of this country spend billions of dollars for essential family needs, and when they can buy intelligently they help to shape our markets for better products.

As nutritionists, we recognize the fact that a certain amount of fat or oil is required daily for an adequate diet. With the present high cost of living we feel that if fats could be produced for good wholesome table spreads at various price levels, the low- and middle-income groups would have more choice in their purchases. This would aid them in supplying a balanced diet for the family. As home

economists we appreciate the fine qualities of butter, but butter production alone does not supply adequate amounts of fat for table use, baking, and so forth. With modern technological improvements being made in the food industries, we look forward to greater production of the many edible fats now being used on the American table. In the revised dietary allowances for 1948, the recommendation is made that fat be included in the diet to the extent of at least 20 to 25 percent of the total calories.

Although we are constantly working toward finding adequate diets for all income levels, those having low incomes are our specific problem. Many of them do not get an adequate supply of fats in their diet at the present time. One of the reasons is, of course, economic: Not all families can afford butter, their food dollar must also buy the milk and other protective foods so essential to health. In order that all families may receive the best values possible from their resources and that the standard of living of the lower-income groups, in particular, be raised, they must have choice of foods in order to buy advantageously. We believe that discriminatory taxes, such as those imposed on margarine by the Government, create additional hardships for these many families.

For many years we have conducted surveys in consumer activities and find that an increasingly large number of today's homemakers are alert and intelligent buyers. In their shopping habits they have become nutrition-conscious because they realize that this science will show them how to achieve better health for their families on their particular budget.

Our association feels that every possible encouragement should be given better dissemination of information and more intelligent buying of foodstuffs. The basic seven nutrients is the American homemaker's guide in purchasing. Our studies indicate an increased interest in the quality of the product, in labels that give specific information about what the ingredients of the product are, and in a price within our purchasing power.

Any obstacles retard rather than accelerate the realization of individual choice by the consumer.

You too have been aware of the consumer attitudes through hearings such as these, through personal letters to the members of the committee and to the individual Congressmen and through public expression in newspaper and editorial comment. We believe that you will welcome this opportunity to carry out the expressed wishes of the consumer.

As a group, therefore, we not only favor the repeal of the tax on margarine, we also urge that this savings be passed on to the consumer, so that fats, which are so necessary in the diet, would be made available to more of those families who are otherwise unable to obtain them.

This is in line with the policies of the American Home Economics Association which works to raise the standards of living of American families; assisting and advising them on getting the most for their dollar spent.

We were extremely pleased to learn that the House so favorably supported H. R. 2023, as amended, and we urge that this committee take speedy action and report this bill to the Senate.

Thank you.

The CHAIRMAN. Thank you very much, Mrs. Manger.

Do you have any questions, Senator Butler?

Senator BUTLER. I got the point, I think, from your statement that you favor very much the removal of the tax on the sale of oleo-margarine articles for the benefit of the people who operate on limited budgets?

Mrs. MANGER. Yes, sir.

Senator BUTLER. I can appreciate that statement very well, and I think we all agree with you. But, is it not the same logic that should be applied and require the sale of oleomargarine to be made in its native color? Why spoil its advantage by adding the color and then increasing the price of oleo by as much as you could possibly lower it? In other words, colored margarine sells at a price pretty close to butter?

Mrs. MANGER. That is right.

Senator BUTLER. White margarine will sell considerably under the price of butter?

Mrs. MANGER. If the taxes were removed on all, the price of colored or white could be similar, could they not?

Senator BUTLER. Well, it could be, perhaps, but it probably would not be because the colored margarine would probably sell at about the same price as butter.

Mrs. MANGER. We hope that the taxes can be repealed so that the price of colored or white, whichever the consumer wants to have, can be within the price range of all those who need additional fat for dietary purposes.

Senator BUTLER. I am not sure but what those in Congress who worked to retain the yellow color for butter are working for the interest of the people with low income as you are. I think they are making a spread available at the lowest possible price.

Mrs. MANGER. If the tax were removed, again, the price could be lowered so that we get a fair market for all products.

Senator BUTLER. I am pretty sure that the taxes are all going to be removed because even the butter people agree to that.

Mrs. MANGER. We should be very happy.

Senator BUTLER. All they are trying to protect now is the colored butter.

Mrs. MANGER. Of course our association has always stood for fair labeling and if we can buy a product that tells on its label what it is and as long as it is tax-free we are very happy.

The CHAIRMAN. Do you have any questions, Senator Fulbright?

Senator FULBRIGHT. Mrs. Manger, are you familiar with the price of butter over the past several years and the price of margarine?

Mrs. MANGER. Yes, sir.

Senator FULBRIGHT. What is the price of butter now?

Mrs. MANGER. I paid 73 cents for butter Saturday and 34, I believe it was, for uncolored margarine.

Senator FULBRIGHT. How can you believe that you think it would be the same price as butter if the restrictions were removed?

Mrs. MANGER. I did not mean to infer that margarine would be the same price as butter. I meant that if the tax was removed, colored margarine could sell for the same or similar price.

Senator FULBRIGHT. I thought you agreed that you thought margarine would be the same price as butter?

Mrs. MANGER. I meant that then yellow margarine could sell for a price comparable to the white.

Senator Fulbright. Certainly it does not cost but a slight amount to color margarine. You know that that coloring is extremely minute and very inexpensive.

Mrs. MANGER. That is right.

Senator Fulbright. Do you think that most of the housewives believe that those who are seeking to prevent the shipment of butter in interstate commerce are working to make this available to the poor people of this country? Is that the impression of your group?

Mrs. MANGER. We are not sure that it is. We as a group work on our legislative program in the summer when we have our convention and lay our standards or stands on legislation which we are to take at that time. As a unit we stand for removal of tax so that we have free bargaining at all times under all types of food. As far as our people are concerned, I think we hope that, although there is a personal interest, of course, and each one is interested in his own budget, we hope that the interest of the housewife is sufficient to help the poor people too.

Senator Fulbright. Perhaps I did not make myself clear. The Butter Institute and those who are identified with what we commonly call the butter people, wish to remove the tax, but to put a prohibition on the shipment of yellow margarine into any State. If your State happens not to have a margarine plant you cannot get margarine from another State. I do not understand how that could be to the advantage of the poor people who wish to buy cheaper margarine. It is just another way to prevent yellow margarine from being made available, is it not?

Mrs. MANGER. That is right.

Senator Fulbright. I would think that you would be opposed to a bill which, even though it removed the taxes, still restricted the free flow of margarine any place in the country just as other legitimate articles of food are permitted to flow in the normal channels of trade.

Mrs. MANGER. But it would at least give the housewife an opportunity to have a white margarine without tax at her choice.

Senator Fulbright. Of course the tax on white margarine is very small today?

Mrs. MANGER. That is right.

Senator Fulbright. The probability of getting cheap, margarine would depend upon the volume, that is usually so, is it not, in any kind of article? Ordinarily if there is a large volume the cost of producing the article goes down and that is true of automobiles and other things?

Mrs. MANGER. That is true.

Senator Fulbright. So, if you restrict the market for an article, I think you tend to increase its price and you have a smaller number with a higher price. So, I do not think that you would gain very much if you remove the tax but you then impose a restriction, an absolute restriction, on the movement in interstate commerce of yellow margarine. There are only 17 States that have margarine plants.

Now you say, "Well, we can build a plant in each State," but if you restrict the market for each plant to a small area, you are not likely to achieve the benefits of low cost.

Mrs. MANGER. That is right, but we would like to see all taxes removed.

Senator FULBRIGHT. All restrictions?

Mrs. MANGER. All restrictions.

Senator FULBRIGHT. That is what I wanted clear in the record, that you were not just for the removal of taxes, but you wanted all restrictions removed.

Mrs. MANGER. We want all taxes and restrictions removed so that we have free flow of yellow margarine in interstate commerce.

Senator FULBRIGHT. That was really your position; you were not in favor of the prohibition of the shipment of yellow margarine in interstate commerce?

Mrs. MANGER. I thought I had not made myself clear with the comments you were making.

Senator FULBRIGHT. That is all.

Senator BUTLER. Mrs. Manger, again, you are very much in favor of it and the point that you make in your statement of making it possible for the people of low income to get good food at the lowest possible price; is that right?

Mrs. MANGER. Yes, sir.

Senator BUTLER. They will get white margarine much cheaper than they would get colored margarine; you will admit that?

Mrs. MANGER. Even with the tax removed.

Senator BUTLER. We will admit that the tax is removed.

Mrs. MANGER. At least she is free to choose then whichever type she wants.

Senator BUTLER. The purpose of the removal is to help these people of lower income to be able to live within a budget, perhaps?

Mrs. MANGER. Yes.

Senator BUTLER. At least come more nearly to living within their budget than if they had to buy high-priced margarine or high-priced butter?

Mrs. MANGER. If the tax is not removed on yellow margarine, or the tariff removed, at least the people in the very low income brackets can have a tax-free white margarine.

Senator BUTLER. You have eaten white margarine, probably?

Mrs. MANGER. Well, I have usually colored it when I have eaten it.

Senator FULBRIGHT. Why do you color it?

Mrs. MANGER. I guess it is human nature to want something yellow.

Senator FULBRIGHT. It is a perfectly legitimate reason. You do not try to color it to deceive yourself?

Mrs. MANGER. Not at all, because it tastes exactly the same.

Senator FULBRIGHT. The same reason for butter?

Mrs. MANGER. The same reason for bleach in flour. We are used to white flour and a bleach is used to make it whiter.

Senator BUTLER. I think you can evoke no argument on the part of the proponents of butter when you color it yourself, but when it is permitted to be artificially colored by the producers you are not helping the poor people to live, you are helping the margarine people get a better price for their product.

Mrs. MANGER. We would be supremely happy to see all taxes and all restrictions removed.

The CHAIRMAN. Thank you very much, Mrs. Manger.

Mrs. MANGER. Thank you.

The CHAIRMAN. Mrs. Gertrude Parks? Mrs. Parks' statement will be incorporated in the record.

STATEMENT OF MRS. GERTRUDE PARKS, VICE CHAIRMAN, COMMITTEE ON LEGISLATION, DISTRICT OF COLUMBIA FEDERATION OF WOMEN'S CLUBS, WASHINGTON, D. C.

Mr. Chairman, and members of the Senate Committee on Finance, I am here on behalf of approximately 6,000 members of the District of Columbia Federation of Women's Clubs. My purpose is to express the earnest and unmistakable wish of this group that your committee report in favor of H. R. 2023, a bill to repeal existing taxes and restrictions on margarine, and that the Senate pass this bill with the least possible delay.

This is not a new request. We have made it on several earlier occasions. We made it a year ago before this committee. Last year your committee reported unanimously and favorably a bill to repeal margarine restrictions, that was not basically different from the bill you now have before you, H. R. 2023. Now, we repeat our request for repeal of the antimargarine law.

I am privileged, gentlemen, to speak for our legislative chairman, Mrs. Harvey W. Wiley. I believe you all know Mrs. Wiley as the widow of the late Dr. Harvey W. Wiley, the founder and first administrator of pure food regulation in this country. We are yet too close to the first pure food acts to realize fully, I think, the magnitude of this achievement in human welfare and in good government. Nevertheless, the events of the 40-odd years since the first Federal pure food law have powerfully and irresistibly shown us how dependent is our Nation upon the principle of pure food standards and enforcement.

It is very worth while, and quite pertinent to the subject at hand, to emphasize again this fact. Pure-food regulation now underlies our vast and complex system of food production and distribution. Every brand label is testimony to the confidence the people have gained in food grown on a distant farm, packaged in a plant the consumer has never seen, sold over a multitude of counters. The housewife to-day knows no other way of life. She must accept the label and she does accept it, because she knows its truth is enforceable and enforced. And, the food merchant and manufacturer depend upon it also, for the economies brought about by mass production and distribution of packaged foods would be impossible without confidence in the label and in the law behind the label.

Some years before the first pure-food law, the butter industry succeeded in passing the original Federal anti margarine law. The central purpose was protection of one product at the cost of another. This purpose, the very essence of discrimination, was and is contrary to the freedom of trade that has made the food industry so effective an instrument in bringing good food to the table at competitive costs. This law was a mistake.

It sought to establish discrimination instead of protection. It considered not the consumers—whose prior interest was involved—but the butter industry, which was only a minority interest. Whatever plea could be made for the law as a protective instrument vanished a few years later when pure food legislation began. Whatever justification of self-interest existed proved groundless when butter production began to drop after the turn of the century and as the nutritive values of whole milk began to be realized and extensively taught by the rising science of modern nutrition.

Legislative restrictions on margarine, a modern pure-food product, have cost consumers and American farm producers heavily. But, they have entailed a greater cost in their dangerous challenge to the principle of pure-food enforcement and its corollary, the principle of fair and open competition between food products.

A bill resoundingly defeated in the House of Representatives a few days ago has been reintroduced in the Senate. This bill, the Wiley bill, would give lip-service to the repeal of margarine restrictions by repealing the taxes and license fees, but would institute the curious and unprecedented rule that a pure-food product may not go from one State to another.

Instead of finding a way of making margarine, a needed pure food, that last year accounted for a third of our table spread, more available, the Wiley bill would simply abolish it, in its most desirable form, in interstate commerce. Every cow knows her own calf, but the butter interest does not seem to be fully cognizant of its own bill. The errors of 63 years ago are being repeated and exceeded.

Last year, the butter interests cried for margarine taxes to protect consumers. Then, it asked for abolition of yellow margarine to protect consumers. Now, it

agrees that yellow margarine is a useful food, but not if it crosses a State line. The butter man tells me that if I eat margarine in Silver Spring, it is good for me; but if I carry it a block into the District, I am deceiving myself. But, all this repeats the errors of 63 years ago. The hand is the hand of Esau, but the voice, gentlemen, is Jacob.

The aim of the Wiley proposal, of course, is the only consistent thing about anti-margarine legislation through the years. It is to protect the relatively small and selfish interest of the butter makers. It is contrary to all that we have learned by science and experience in the way of food production and protection. Today, our problem is not less food, but more food. Our problem is not to discriminate, but to conserve. America cannot afford the unconstructive tactics of the Wiley bill. American farmers cannot afford it; American consumers cannot afford it, whether they be consumers of butter, margarine, milk, or anything else.

The District of Columbia Federation of Women's Clubs regards anything but complete and honest repeal of margarine restrictions, as provided for in H. R. 2023, as a flagrant and most harmful assault upon our pure food structure.

A glimpse of what that would mean is contained in the reports of our Federal Food and Drug Administration. This agency has reported that since July 1929, there have been 3,031 seizures of butter. Of these, 731 were for filth and contamination. Upon what virtue does butter feed that it is grown so great as to demand abolition in interstate commerce of margarine?

The butter market has declined—not because of margarine, but because the dairy industry has turned to more profitable markets—and the per capita consumption last year was the lowest on record. Reports of butter overgrading and short weight have filled the air. Butter does not even label the coloring that is added and that implies, by its presence, a vitamin A content that does not exist. Of all food products, butter is the last that should come to the bar of this Committee and ask for special legislation protecting it by a blow at the pure-food laws, for legislation contrary to the pure-food laws. Of all food industries, the dairy industry should most zealously seek the full development of pure-food legislation, to which it owes so much.

Gentlemen, let there be no mistake. The bill, H. R. 2023, is a pure-food bill. I regard it as another step in the reasonable growth of our pure-food laws. It goes very far to protect the consumer; much farther than has been proposed for any other food. It goes very far to protect butter within the realm of fair competition. The Wiley bill, on the contrary, would tear down existing protection of the consumer. And, it has not been demonstrated before this committee that it would protect the true interests of the dairy industry.

The background of the Wiley bill is its own condemnation. Permit me to cite some examples:

From the Dairy Record, a dairy trade journal, of July 18, 1941, I quote a paragraph, memorable to the millions of consumers who have not been able to afford butter:

"In short, the dairy industry must set as its goal the complete extermination of oleomargarine. It must never rest until the manufacture and sale of oleomargarine has been outlawed in this country."

From the same journal, issue of May 13, 1942, speaking of the efforts of the proponents of the Wiley bill to defeat a promargarine resolution by the General Federation of Women's Clubs:

"There's room for grave doubt as to whether the activities of a single organization could have brought about the defeat of the oleomargarine resolution at the meeting, but the united efforts of the National Dairy Union, the National Co-operative Milk Producers Federation, and the United Dairy Committee achieved an overwhelming victory * * * the not inconsiderable sum necessary to finance the joint effort placed no intolerable burden upon any one organization."

And, finally, from the Milwaukee Sentinel of March 24, this year, quoting one of those who, contrary to the highly publicized policy of the butter industry, refused to consider lightening the Wisconsin taxes and fees on margarine for which the State is notorious [reading]:

"If the poor people want a cheap spread, they can take Crisco, Spry, or lard and mix it with butter."

Need any more be said?

Gentlemen, we beg you to consider the evidence. If you weigh fairly the facts that have been and are being presented to you, we believe you will report favorably the bill H. R. 2023. The District of Columbia Federation of Women's Clubs begs you to do so—not only for its own membership, but for the millions of consumers who have a right to buy what they choose, under the protection of the pure-food laws.

The CHAIRMAN. Mrs. William G. Stuart is not appearing but is submitting a statement for the record.

(The statement is as follows:)

STATEMENT OF MRS. WILLIAM G. STUART, MEMBER, BOARD OF DIRECTORS, FRIENDSHIP HOUSE, WASHINGTON, D. C.

Mr. Chairman and gentlemen of the committee, I am Mrs. William G. Stuart. I am a member of the board of directors of Friendship House, and I am representing today the following Settlement Houses of the District of Columbia:

Christ Child Settlement, Friendship House, Georgetown House, Juanita K. Nye Council House, Northwest Settlement House, Southeast Service House, and Southwest Settlement House.

Last month, Miss Nancy Holland appeared before the House Committee on Agriculture with a statement which set forth our reasons for supporting legislation that would repeal all taxes and restrictions on margarine. I wish at this time to restate briefly our position in the matter; but, more importantly, I want to emphasize our eagerness for the passage of H. R. 2023 as passed by the House.

Settlement Houses throughout our country are located in vicinities in which the vast majority of persons are struggling with dangerously inadequate incomes. We constantly see the bad effects of malnutrition and we are interested in all legislative action which may in any way alleviate this condition.

The price of butter makes it prohibitive to most of us. The taxes and restrictions on margarine seriously limit its distribution and use in our communities. Furthermore, we consider it unfair in principle to tax any pure, nutritious food product as margarine is taxed. We consider it the more unfair when margarine is taxed to the detriment of low-income families who are deeply in need of a low-priced table fat.

The butter industry says, in effect, that if the price of butter is too high, or if butter is scarce, it is all right to use lower-cost margarine, but it must not be bought yellow. Such an attitude on the part of an industry borders on arrogance and complete disregard for human rights and human taste.

Our settlement houses have been greatly encouraged by the overwhelming vote in the House to end all Federal taxes on margarine. However, we are disturbed by what appears to be a new theory in an old controversy, namely, to ban the movement of yellow margarine in interstate commerce. People could still secure colored margarine in their respective States, if margarine factories happened to be located in their States, but the protection of the Pure Food and Drug Act would be gone.

It is nothing short of remarkable that the butter people have the temerity to suggest that their product, still scarce as it is, be given special legislative protection. Let us consider what food buying is today. I have here a full-page advertisement of an important chain grocery in the Washington Post of last Friday. See how this typical grocery advertisement consists of scores of food items, each briefly listed and priced.

Two or three generations ago, sugar was purchased out of the barrel and butter out of the tub. Today, labeled packaging and brand names certify to the housewife what she is getting. Margarine is advertised by the brand name, behind which, of course, stands the maker's and the retailer's reputation. No fuller description in the advertisement is necessary, because the housewife knows what she is getting.

And, if she wishes to check, she will look at the labeling on the package right at the counter. But, this did not just happen. This highly efficient system of food distribution that labeled packaging represents is based on confidence, and that confidence goes right back to the pure food laws that safeguard labeled packaging in the mutual interest of the consumer, the dealer, and the maker. This is the system under which most groceries are sold. This has all superseded the idea behind the 1886 antimargarine legislation, that you can protect by taxing. We have gone far beyond that crude concept of food control. But the butter people have fallen behind even the thinking of 1886. They want to abolish a food, yellow margarine, to protect, they say, the consumer.

Of course, as this advertisement shows, the proposal has no bearing at all on modern food distribution and protection. The proposal to bar yellow margarine from interstate commerce is reactionary in the worst economic sense of the word.

Then, why is it made by supposedly progressive butter manufacturers, who sell their product in packages with the assistance of pure food laws? Because they wish a monopoly, no other conclusion is possible. Those of us who are

concerned with aiding the "ill-fed, ill-housed, and ill-clothed" are not happy to see that public interest is being sacrificed by an industry that is jockeying for trade advantage.

Gentlemen, either margarine is a good food, or it is not. If it deserves the high rating it has under the Pure Food and Drug regulations, and if people are satisfied to use it as a table spread, as great masses of us do, then we feel that it is the duty of Congress to remove restrictive taxes and encourage, not discourage, the free flow of margarine in interstate commerce. Therefore, we respectfully request that the Senate Committee on Finance report out favorably H. R. 2023 as it was passed by the House of Representatives.

The CHAIRMAN. Next we have Mrs. Albert C. Seawell. Will you identify yourself for the record, please?

STATEMENT OF MRS. ALBERT C. SEAWELL ON BEHALF OF THE NATIONAL ASSOCIATION OF CONSUMERS, POTTSTOWN, PA.

MRS. SEAWELL. I am Mrs. Albert C. Seawell of Pottstown, Pa., and I am appearing on behalf of the National Association of Consumers, of which I am a member. I lived in Texas for most of my life, but now I am a resident of Pottstown, Pa., an average American housewife. I guess, with four children, living on a budget, and am keenly interested in the welfare of my family and good management of my home. I am also interested in the local chapter of the National Association of Consumers in my town and am proud to appear on behalf of the National Association of Consumers.

I appreciate this opportunity to present to the committee the views of the National Association of Consumers on the legislation proposed to repeal the Federal taxes, license fees, and restrictions on the manufacture, distribution, and sale of yellow margarine.

Our organization is a politically nonpartisan and nonprofit organization devoted to the protection of the economic welfare of Americans as consumers through education and action. Its board of directors, members, chapters, and subscription groups represent a fair cross section of the consumer interest of the country. Its monthly publication Consumers on the March, goes to readers in 970 communities and in every State in the Union.

This is not the first time that the NAC has presented its case on margarine legislation before committees of the Congress. We have constantly urged removal of discriminatory legislation on margarine. In our statement before this committee last year, we developed the reasons why NAC opposed the imposition of taxes on margarine and the discriminatory prohibitions on the manufacture and sale of yellow margarine. We are pleased to see this year that the House has passed legislation to free margarine from these antiquated restrictions and we hope that the Senate will do likewise.

Of all the taxes levied against a commodity, that on margarine has been the most unfair and discriminatory. The forces responsible for these taxes and license fees have perpetuated a burden on American consumers in which they, the consumers, have had no voice. Since these taxes and fees have little revenue significance and no longer serve their original purpose, we urge that these taxes and license fees be repealed. Moreover, we urge that precolored margarine be permitted to be manufactured and sold without further prohibitions.

Margarine has the same right to be freely manufactured and sold as any other legitimate product. Alternatively, consumers have the

same right to buy margarine, colored as they prefer it, as they have to buy any other product in the form in which they prefer such product. Other considerations must not divert attention from this central fact. The trite contention that margarine would be misrepresented as butter has been refuted by experience. Margarine is sold and labeled for what it is. When it is colored, the colored matter is no more artificial than that used in butter, and is more honest, for colored butter is not so labeled.

I am convinced that there is no danger that such misrepresentation will develop on anything more than a trivial scale. The greater dangers are two in number; first, that in attempting to prevent such misrepresentation the cure will prove worse than the disease and will defeat the main objective of this legislation; second, that this matter will be magnified beyond the minor place which it deserves to hold.

Consumers are aware that legislation to ban the interstate shipment of yellow margarine is designed to discourage stores from stocking and distributing the product, to limit or eliminate the consumption of margarine. To prevent the sale of precolored margarine means that consumers will continue to pay penalty prices for butter.

The so-called compromise proposal, as the Washington Post's editorial recently pointed out—

is in reality a move to impose much more hampering restrictions upon the margarine industry than those resulting from the present Federal tax. To forbid the sale of the colored product would be equivalent to imposing a prohibitive tax on colored margarine that would increase the competitive handicaps to which the industry is subjected.

Moreover, the use of such prohibitions to distort the normal development of competing industries and to deprive them of the full benefit of the free enterprise system conflicts with the public interest and, in the absence of compelling consideration, should be avoided. In general, the use of the taxing or police power to affect the competitive position of industries interferes with the full utilization of national resources.

As far as possible, trade should be on a nondiscriminatory basis. This principle is embodied in most of our legislation regarding trade. We have always believed that legislation should afford equal treatment to each competing industry operating in the interest of the public. The antimargarine discriminatory legislation distorts normal relations and prevents consumers from the purchase of a desired and healthful commodity. Such measures tend to perpetuate themselves by canalizing trade and establishing vested interests and, finally, give rise to irritation and ill will. For these reasons, we are opposed to such preferential trade systems and discriminatory legislation. Discrimination begets unfair competition as unfair competition begets discrimination. If we are to rid ourselves of either of them, we must rid ourselves of both.

We urge that the Congress set an example for the States by now erasing the obsolete Federal antimargarine laws and prevent the monopoly which has tried to fasten itself upon the country over the years. It is an impelling necessity that this action be taken by the Congress so that the consumer may freely purchase a spread in the form that he likes and at the price he can afford to pay. It is intolerable that legislation should make it harder for the consumer to use a cheaper and equally nutritive substitute for butter.

The laws discriminating against margarine fall hardest on the low- and fixed-income groups. Antimargarine legislation has forced these groups to pay higher prices for one of the essential foods, when it is to the best interest of this country to keep unnecessary prices down. There is no valid reason to penalize the consumer so that one industry can continue to use Federal legislation for the marketing of its product.

Likewise, there is no valid reason to penalize one legitimate domestic product for the benefit of another legitimate domestic product. We see no reason why consumers should be forced to lose time and food by having to mix color into margarine. It is unjust to make margarine as hard to get as possible.

The alleged danger that margarine might be passed off as butter does not worry us. Consumers want yellow margarine to meet consumer preference; they want yellow butter for the same reason. To claim that the butter industry has an unending right to prevent margarine from meeting consumer preference, from the use of yellow margarine, is unfair, is unjust, and imposes hardships upon the consumer's time and pocketbook. We should promote progress by aiding the development of pure foods, not by restricting them.

Margarine is probably the most closely regulated product on the grocery market and will remain so, as long as we have the Pure Food and Drug Administration and Federal Trade Commission. By giving these two agencies adequate funds and personnel to provide for the protection against fraud and promote fair trade practices, butter and margarine, as well as other foods, will be protected. We want margarine to be manufactured and sold in accordance with the rules and regulations set up by these agencies of the Government.

Since margarine has to be wrapped and labeled as such, fraudulent sales of the product as butter are not likely to be widespread. There is always a certain amount of fraud connected with the sale of any substitute article closely resembling the product it replaces. But there is no convincing evidence that such frauds constitute a severe menace to the producers of butter.

If restrictions are to be imposed on margarine, there should be restrictions imposed on butter. As it is, butter, cheese, and ice cream have special and unique legislative privileges in the matter of labeling of artificial coloring. Labeling requirements for margarine are set out in the greatest detail, as should be the case for all foods using artificial coloring.

The Federal pure-food laws, the pure-food laws in 47 of 48 States, and criminal statutes in every State against fraud and misrepresentation would still be in effect. The penalty for violation of these laws is severe and is considered adequate for the protection of the consumer in the case of almost every other food product.

No law was ever written which could not be violated. Federal and State agents are on the lookout for any possible misrepresentation. Moreover, if the consumer is fooled by misrepresentation, he would be the first one to repudiate and penalize a business practicing such frauds. We see no great danger that consumers will be victims of fraudulent packaging of margarine as butter, if adequate support is given to the agencies entrusted with the administration of the pure food laws and fair trade practices.

The margarine industry is too competitive and has too much at stake to permit unscrupulous practices. There is not the slightest

danger that they intentionally will deceive the public, and if they did, such deception obviously would destroy the industry.

As for the claim that fraud and deception would be practiced in public eating places, State laws requiring that a notice be posted telling consumers that margarine is served should take care of this local requirement. If the Federal Government imposes requirements that notices be posted, we wholeheartedly approve of such labeling provided similar notices be required that other substitute products are served in public eating places. This could be accomplished by extending the jurisdiction of the Food and Drug Administration to cover all products which are misbranded.

Even if the law required notices, an unscrupulous proprietor of a restaurant who would be willing to risk fraudulent substitution of colored margarine for butter could carry on this practice by introducing coloring matter into the uncolored margarine even if the sale of precolored margarine was banned. The freedom to use and purchase margarine is not likely to increase fraud, for margarine has become increasingly popular and is much cheaper than butter. It would profit the restaurant to use colored margarine openly. Moreover, as has been pointed out by others if a customer does not know which he is eating it makes little difference, since margarine is nutritionally the equal of butter or superior to butter.

It is really immaterial whether the purpose of colored margarine is to make it look like butter; the opponents of the free production and sale of margarine are simply trying to confuse the issue and are not trying to give the consumer margarine relief. The plain fact is that the opponents of margarine want to discourage the consumption of margarine by restricting its sale and by compelling the consumer to buy margarine in a form much less attractive to him than the manufacturer could make it without additional cost.

We urge the repeal of these antimargarine laws so that the millions of families who are pinched by the high cost of living will be free to purchase and use a commodity which they desire and can afford. All consumers should be able to secure an adequate and wholesome diet at the lowest possible cost. The average family living under the impact of the high cost of living, spends about 40 percent of its income for food, the largest single item in the budget. Millions of families desperately need protection against high prices. They are increasingly confronted with developments which darken their future.

We have witnessed few important developments in which consumers have been given adequate protection against high prices. We see no reason why further unnecessary hardships should be imposed upon the consumer by continuing outmoded and antiquated regulations on margarine. The prospect of the freeing of margarine is the first and only clear ray of hope of immediate relief that we have before us.

The needs of low-income consumers are of paramount importance. These are the people who from a nutritional point of view require more table fats. With milk at such fantastic prices, many consumers have cut down their consumption of this essential food. Many mothers have to manage their families with less of the protective foods, and they have felt outraged and helpless as they have seen their living standards going steadily downward because of high prices. They are not butter consumers at today's butter prices. As margarine

consumers, they are confronted with the nuisance of home coloring and with the limited distribution which regulations entail.

We need more margarine, and we need it at the lowest possible price. The way to achieve these objectives is to open every phase of manufacturing, distribution, and sale of margarine to free competition. Only then will every grocer know that there is a demand for margarine in volume, that his price must be right if he is to keep his customers. Only then will the full potentialities of efficient manufacturing and distribution be realized.

It is unfortunate that the interest of the consumers has been repeatedly sacrificed to protect the interest of one industry. Here is an important opportunity, long overdue, to correct a bad situation. We urge that margarine be given its freedom so that the consumers may have the opportunity to purchase this basic food without restrictions.

The CHAIRMAN. Thank you very much for your statement. Are there any questions?

Senator BUTLER. You come from a pretty good butter State, Pennsylvania?

Mrs. SEAWELL. Yes; I do.

Senator BUTLER. Does your budget permit you to use butter or do you use margarine?

Mrs. SEAWELL. My budget would permit me to use butter, but I prefer margarine. In my particular section there are a lot of dairies, but they do not make butter because they do not find it profitable. My milkman buys margarine. He told me that yesterday.

Senator BUTLER. Do you buy it white or yellow?

Mrs. SEAWELL. I have to buy it white in Pennsylvania, although I bought it yellow in Texas.

Senator BUTLER. Your statement, as Senator George says, is a very splendid statement but it is mixed a little bit, I cannot figure out whether you want the people with low budgets to be able to buy at the cheapest possible price or whether you are interested in making it possible for the margarine dealers to sell their cheaper article at a higher price? If you succeed in doing that you eliminate the advantage.

Mrs. SEAWELL. It is our opinion, and I base it upon some personal experience, having been able to buy the colored margarine in Texas, that it was still way under the price of butter. At the time I could buy colored margarine it was about 8 cents a pound higher than the white margarine there, but it was 25 or 30 cents a pound under the price of butter there at the time. My own personal hope, and I am sure I speak the opinion of the National Association of Consumers also, is that all of the taxes and restrictions will be taken away so that the price of colored margarine can come down within the reach of any income group.

Senator BUTLER. I could agree with you 100 percent if I was sure that colored margarine would sell close to the price of white margarine instead of the price of butter.

Mrs. SEAWELL. Well, you probably have other statistics than I do, but the ones that I can get show that it is not the cost of the little thing of coloring, it is the tax. It is my opinion that the margarine manufacturer will sell yellow margarine close to the price of the white.

In other words, when you go to the store to buy margarine colored in the States where you can get it colored, they say that if were not for the tax, you could get it so many cents per pound cheaper.

Senator BUTLER. That is true and the tax is undoubtedly going to be removed because I do not know of anybody that is advocating retention of the taxes. But, the butter people would like to retain their yellow coloring which is natural.

Mrs. SEAWELL. I know they would. I have colored many a pound of it and I figured out on the way over here that I have spent 167 hours and 37 minutes coloring margarine and I would like very much to buy it yellow.

Senator BUTLER. Well, if it is that much of a job to color it, it will perhaps not injure the butter industry as some may be anticipating because undoubtedly the colored margarine will sell around the price of butter and I am certain that the people believe in getting what they want.

The CHAIRMAN. Senator Fulbright?

Senator FULBRIGHT. I first would like to compliment Mrs. Seawell on her statement; it is an excellent one.

I might comment, Mrs. Seawell, that when it is said that no one advocates retention of the tax any longer that that is the attitude that has arisen only since the last Congress. It is perfectly evident that this change in tax is purely one of tactics and is designed to prevent the margarine industry from making it available. Can you understand how, with the tax at 10 cents a pound and yellow margarine is 30 cents under the price of butter, that by taking the tax off the oleo that will make the price go up?

Mrs. SEAWELL. I certainly cannot.

Senator FULBRIGHT. You are a good economist on food. Do you know of any analogy which leads you to believe that if you remove the tax and lower the price that therefore the cost increases?

Mrs. SEAWELL. I cannot.

Senator FULBRIGHT. In fact, you think that is completely untrue, do you not?

Mrs. SEAWELL. Absolutely.

Senator BUTLER. If you remove the tax and do not add the color, it is undoubtedly true.

Senator FULBRIGHT. I think your statement covered every point. However, there is only one point that the Butter Institute is relying on now and that is this question of fraud, deception, and I think you covered it very well. I hope you realize that the bill as now pending before the committee strengthens actually the protection against any deception in that it extends the protection of the pure food laws as pertains to margarine entering into intrastate movement because it declares that the sale of misbranded or nonbranded, we will say, margarine affects interstate commerce in margarine and that, therefore, all traffic in margarine is subject to the pure food laws which I take it is entirely in accord with your views.

In other words, you are not seeking to encourage butter deception but you simply want to free margarine from artificial restrictions in either movement or by taxation?

Mrs. SEAWELL. That is right.

Senator FULBRIGHT. I do not really believe I can add much to your statement; it is better than I could have made anyway.

Mrs. SEAWELL. Thank you.

The CHAIRMAN. Thank you very much, Mrs. Seawell.

The CHAIRMAN. At this time we will hear from Miss Catherine M. Carter. Will you identify yourself for the record, please?

STATEMENT OF CATHERINE M. CARTER, ON BEHALF OF THE ASSOCIATION OF VOTERS FOR YELLOW MARGARINE IN THE STATE OF OHIO, CINCINNATI, OHIO

Miss CARTER. Mr. Chairman and members of the committee, my name is Catherine M. Carter. I am representing today the Association of Voters for Yellow Margarine, a nonprofit organization which was spontaneously initiated by a group of women from over the State who were interested in an organized effort to secure yellow margarine in the State of Ohio. The association has an enrolled membership of approximately 32,000, the majority of whom are women.

I might also add that a large proportion of our members reside in rural areas as opposed to the prevalent conception that proponents of yellow margarine are most frequently city dwellers. I am also a charter member, past president, and the present State budget chairman of the Federated Democratic Women of Ohio. I might say that I am an attorney and was admitted to the bar in the State of Ohio. I am further a member of the Democratic State Executive Committee.

Before discussing the legislation being considered by this committee, I should first like to tell you that the Ohio Senate has passed a bill to permit the manufacture and sale of yellow margarine in our State. Similar action is expected daily in the house. This will represent something of a triumph for the women of Ohio, for they have worked long and earnestly to secure the right of free choice in selecting an essential food for a variety of uses. It will mean that the housewives in our State will be free to enjoy the nutritional benefits and economy of margarine colored yellow as they want it, and that they may do so without the time-consuming nuisance of coloring it at home.

I know several who have appeared before this committee and have talked about the nuisance of colored margarine. I am a business-woman, and I also maintain a home. And that is one of the reasons that I would like to have the yellow margarine. I do not know if any of you have ever colored margarine yourselves, especially the margarine that comes in the little sack. I had the experience one evening in coloring margarine of pinching the little bean, and I cut too much into the sack, with the result that as I was trying to color this margarine it came out of the sack from all parts and I had as much margarine on my hands as in the sack. I had to wind up finally putting it into a bowl and coloring it.

I did not try to compute the number of hours, as the previous witness did, spent in coloring margarine, but I think there are many business people who are in the same situation that I am where we are away from our homes for 10 hours a day, including transportation, and we do our shopping mostly during the noon hour and after working hours and then have the problem of coloring the margarine on arriving at home. I might say that in Ohio we do not have colored margarine.

Senator FULBRIGHT. I can assure you that the Senators opposing this bill have not had any experience in coloring margarine.

Miss CARTER. Then you have something to look forward to because it is a messy business whether you do it in the bag walking around the room or whether you do it in a bowl, making sure that it is a smooth bowl because if it is not you have to dig it out with a knife.

Senator FULBRIGHT. I said those who oppose it.

Miss CARTER. Yes.

Senator FULBRIGHT. I have colored some.

Miss CARTER. Then you know what it is.

Senator BUTLER. There is another way to miss all of that and that is to use butter.

Miss CARTER. A good many of us have been priced out of the butter market, and that is why we use margarine.

There is one thing more, though, and that is why I am here today. There are Federal taxes and license fees which, even if Ohio becomes a free-margarine State, would still cripple the manufacture, sale, and distribution of this product.

The women of our State are equally united in asking the Senate of the United States to uphold the action of the House in its overwhelming vote to remove restrictive Federal taxes on margarine. They have become increasingly aware that these taxes are out of all accord with sound revenue or equity. And neither are they unaware that these taxes were levied, more than a half a century ago, to protect the butter industry against fair competition.

I am confident that, had the women of the country been as well informed in 1886 and in subsequent years as they are today, there would be no Federal taxes or restrictions on margarine. I am equally confident that if the housewives of the country had been as aware in the past, as they are today, of the political maneuverings that affect the family budget, there would be no reason for these hearings now under way.

In some of the contacts which I have made among the women of Ohio, I have asked them especially now that the bill is before the House, if they would contact the people of the legislature and give them the opinion that they have, and very recently a woman wrote me that she had contacted her State representative and they had quite a discussion pro and con on the question of yellow margarine, and she told him that from all of the contacts she had made and the many organizations for whom she had spoken that the demand was very strong and that the women really wanted it and that in her opinion, if Ohio did not get it in 1949 in the present session of the legislature, that the sentiment was growing so that she felt there would be a good many of them who would pledge that they would not use butter unless they could get yellow margarine and that they felt sorry for some of the men in the legislature.

Senator FULBRIGHT. How about the Congress?

Miss CARTER. I think the Congress too.

Last fall during the campaign in Ohio, one of the Members of the Senate whose senatorial district took in five counties said that as she went from place to place meeting with the different groups of women she wondered at the time if the women were as interested in the election of the Governor of Ohio and the State officials and the legislature as they were on the margarine question. I do not know if you are familiar with it, but at that time a petition had been initiated and was being circulated throughout Ohio asking our legislature to make

it the first order of business to consider the question of yellow margarine and more than 200,000 people, men and women, signed those petitions, and she said that in many of the groups that she went to she wondered which was really the most important thing. The women were so determined that they were going to get these signatories that she wondered whether they cared so much as to whom they were going to elect.

We hope that this committee will approve, and that the Senate will approve, the Poage bill (H. R. 2023) as it was passed by the House of Representatives. The Wiley bill serves only one purpose. It gives formal declaration by legislative spokesmen that the antimargarine forces finally recognize that the unwise Federal taxes, or domestic tariffs, as these taxes should be called, have no place in our present-day economy.

The proposal to prohibit the interstate movement of yellow margarine, but permit intrastate manufacture and use, is particularly unsound. It simply says to the housewives of the country that they can have yellow margarine, but they must take it without the safeguards of the Pure Food and Drug Act. This would truly be an unwarranted and regrettable retrogression.

Women today, including the housewives, are not only better organized than ever before, but they are better shoppers, are better trained in domestic science, and are considerably more aware of the economic relationship between conditions and prices. They know that Federal taxes on margarine are unfair and they are convinced that the family budget is being squeezed by the self-interests of the dairy industry without due regard for the public welfare.

In his statement to the Congress last week, Secretary of Agriculture Brannan again stated the familiar point that the country could use 150,000,000,000 pounds of milk, contrasted to the 120,000,000,000 pounds now produced. Nutritionists have made that fact as notorious as it is familiar by pointing out how our national diet could benefit from increased consumption of whole milk and whole-milk products. A few years ago, the Department of Agriculture recommended per person consumption of about 660 pounds of whole-milk products. This, of course, has never been achieved.

At this point I would like to say that over a number of the years a group from our office went to a particular farm in Hamilton County and would buy butter from this farm woman. She was not making it and selling it in large quantities, but she made 50 or 75 pounds of butter a week and sold it to groups of people like ours. But we found that as the price of cream kept getting higher and higher that each time, each week when someone would go for the butter, there was less butter being made because she said that the price of cream was so much higher that it did not pay her to make butter. Of course, you know Ohio is not a butter State, and we import many millions of pounds of butter yearly.

In 1946, the peak year so far, the per capita use of whole milk products was only 602 pounds. In the past several weeks, the Bureau of Human Nutrition has been issuing reports of food consumption surveys made during the winter of 1948.

So far, reports on four metropolitan centers—Birmingham, San Francisco, Minneapolis-St. Paul, and Buffalo—have been issued. The average usage per family per week of fluid milk in these cities, all in-

come classes considered, ranged from 5.3 quarts to 13.7 quarts. But what about butter? Its average use per week ranged from three-tenths of a pound to 1½ pounds, while margarine ranged from four-tenths of a pound to 1 pound. The data show that, to get any quantity of butter, you must live in a big butter State, of which there are very few.

Now, if you take the savings created by margarine purchases as an alternate to high-priced and relatively scarce butter, you will find that in every city these savings, if applied to fluid milk, would have purchased a sizable additional quantity of that product.

And, that is precisely what more and more families are doing. For various reasons, they are taking their table fat in the form of margarine, preferably yellow margarine. And they are applying as much as possible of their family food budget to the purchase of bottle milk and other whole-milk products. What better promotion for the dairy industry, for which whole milk is by far the most profitable market?

Gentlemen, the women whom I represent are united in their strong appeal to this honorable committee, and to the Senate as a whole, to approve unanimously H. R. 2023 and end once and for all this tired controversy. The time has come when we feel justified in asking the Congress to stop trying to substitute the selfish interest of the butter industry for the judgment of the housewives who use 93 percent of the margarine produced in this country.

The CHAIRMAN. We thank you for your most excellent statement. Are there any questions?

Senator BUTLER. I would just like to ask Miss Carter, you have quite an organization, apparently. This is the first time I have heard of it, how old is it?

Miss CARTER. Since January of this year.

Senator BUTLER. It is a new organization?

Miss CARTER. Yes, sir.

Senator BUTLER. Did they have a State or district convention?

Miss CARTER. No; we had no district or State convention, but what we did is that a group of women who are very much interested in this margarine question met in Columbus, Ohio, and talked about different ways and means that we could get other women aroused, and that is how the association was formed. We have an executive women's division of which I happen to be one of the members.

Senator BUTLER. Do you have State officers?

Miss CARTER. No; we have no State officers. We are a very loosely formed voluntary organization. We secured our membership by the different members of the executive committee going about with petitions addressed to the Members of the House and Members of the Senate.

Senator BUTLER. You do not speak then after having taken action as an organization, passing resolutions, and so forth?

Miss CARTER. No, sir. No; we are just a group of women throughout the State of Ohio interested in the question of yellow margarine.

Senator FULBRIGHT. Miss Carter, as I understand it, it was formed for this sole purpose? You do not have a lot of other business that you carry on?

Miss CARTER. No, sir.

Senator FULBRIGHT. You are not seeking pensions from Congress?

Miss CARTER. Heavens no.

Senator FULBRIGHT. All you want is the freedom to purchase?

Miss CARTER. We want the freedom so that when we go into the store we can purchase yellow margarine just as much as we can buy other products.

Senator FULBRIGHT. When that happens, your organization will be disbanded?

Miss CARTER. It will be disbanded. We will not ask for a pension for the women who had been coloring margarine for the last half century.

Senator FULBRIGHT. I think you deserve one. I think one of your best points is that you believe this would not in any way injure the butter industry even if we pass this act.

Miss CARTER. It would not do so in the State of Ohio, because we are not a butter State.

Senator FULBRIGHT. That is a point that we made last year, but for some reason we were unable to convince the butter people that that is true. I think the butter producer—that is, the milk producer—can see that as your friend did; she could make more money out of selling it in any other form than butter.

Miss CARTER. Yes.

Senator FULBRIGHT. Of course, there is the manufacturer of the butter himself, and he has the plant and cannot convert to the production of milk. Of course, he must lose, assuming that butter decreases in its sale. That cannot be converted, but your opinion is that the person who produces the milk will not be injured; the farmer?

Miss CARTER. Yes.

Senator FULBRIGHT. I think you are entirely correct; there is such a demand for fluid milk and other products that it is far from satisfying the demand today. It would not make any difference today as far as the demand for the milk in the future. I think that is a very important point.

Tell me, you are not at all worried about the deception of the public from the passage of this act?

Miss CARTER. No; I do not believe there will be. One of the women wrote me and said, and I think it was one of our own Senators who talked about this deception. She said that in every household using margarine, the housewife is not deceiving anyone. When she goes to the store, she asks for it; and, when it is colored, it comes in a case and she asks for it. So, she knows what she is buying.

Senator FULBRIGHT. There would be no greater opportunity for deception?

Miss CARTER. That is right.

Senator FULBRIGHT. Did you ever hear or know of any organization of consumers or women who are in favor of the retention of restrictions on margarine?

Miss CARTER. No, I never have heard of any. I think the women throughout the United States and everywhere want yellow margarine.

Senator FULBRIGHT. It has never come to your notice that any organization of consumers or women's clubs or groups of that kind did take such a position?

Miss CARTER. There may be, but I have had no contact with any.

Senator FULBRIGHT. Did you ever hear of a law comparable to this—you said you were a lawyer—where there was a tax to arbitrarily hold back an industry?

Miss CARTER. No.

Senator FULBRIGHT. Do you know of any comparable case to this in the legal system of the country?

Miss CARTER. I do not profess to know all about the legal system of the country.

Senator FULBRIGHT. You are a lawyer and have you ever heard of anything like this?

Miss CARTER. No.

Senator FULBRIGHT. That is all.

Senator BUTLER. You have expressed an interest and it has been stressed by the distinguished Senator from Arkansas that you are quite concerned about the welfare of the dairy industry of America, but apparently you think that they should make their money from the sale of whole milk and turn the spread industry, if we can refer to it as such, over to the margarine people, the margarine industry. Now on the assumption that there is no fraud there, that the people who buy it want it and can get along with it just as well as they would on butter, if it is possible to make a substitute for one of the milk products like butter, it is perhaps possible to make a substitute for the whole milk and in fact it is, and it was testified to this morning by one of the witnesses that there is a substitute for whole milk.

Will you be just as ardent in the advocacy of the sale of filled milk or substitute milk as you are for substitute butter?

Miss CARTER. If it is nutritious and meets the needs of the people, yes.

Senator FULBRIGHT. If it is just as good, why not? If you could get milk as good as cow's milk, why would you not?

Miss CARTER. I think the pure food laws would step in and see that everything was observed and, if it was nutritious, I think that is one of the main questions. You should have the right to buy it and there should not be restrictive legislation telling you that you should not buy it, and there should not be restrictive legislation telling you that you cannot buy it.

Senator BUTLER. Do you bake cakes at home?

Miss CARTER. Yes.

Senator BUTLER. Do you use margarine?

Miss CARTER. Yes, I do, entirely.

Senator BUTLER. You are apparently more successful than some of my friends.

Miss CARTER. Perhaps I am not a good cook. I do make cakes and I use margarine; in fact, I went on a butter strike 5 years ago when it reached 98 cents a pound in Cincinnati and I decided that I would not buy butter and I have not bought any.

Senator BUTLER. Are you one of the principal organizers of this organization of yours that started in January and now numbers 32,000?

Miss CARTER. Yes.

Senator BUTLER. Did you have any plan like this pyramid club that has been going around lately to get more members?

Miss CARTER. Heavens, no. We had no plan.

Senator BUTLER. You must have had one that worked better than that.

Miss CARTER. That may be. We will have to check up on that.

Senator FULBRIGHT. You had a good cause?

MISS CARTER. We had a good cause and the women wanted it.

SENATOR FULBRIGHT. The same way that Ford sells more cars than Cadillac?

MISS CARTER. That is right; it comes more within the ability of people to buy.

THE CHAIRMAN. Thank you, Miss Carter.

MISS CARTER. Thank you, gentlemen.

THE CHAIRMAN. Next we have Miss Mary Streator. Will you please identify yourself for the record?

STATEMENT OF MARY ALICE STREATOR, ON BEHALF OF THE KANSAS DIETETIC ASSOCIATION, TOPEKA, KANS.

MISS STREATOR. My name is Mary Alice Streator, and I reside in Topeka, Kans. I am the dietitian for the Atchison, Topeka, & Santa Fe Hospital Association, and I am here representing the Kansas Dietetic Association to voice our support of H. R. 2023 as passed by the House.

At the outset, let me say that just recently a bill was introduced in the Kansas Legislature to prohibit the sale, in our State, of yellow margarine. It was rushed through the House before the people really knew about it. However, by the time it got to the Senate, numerous groups and individuals, including our own Kansas Dietetic Association, on behalf of the consumers of the State, voiced their opposition to the Senate committee, and I am glad to say that the Senate committee killed the bill and that was the end of that attempt by selfish interests to deprive the people of our State of a good, needed food, in the form in which they want it.

The Kansas Dietetic Association is an organization of dietitians, nutritionists, and home economists who are devoted to the advancement and improvement of the health and welfare of our people by way of education and instruction, through work in hospitals, schools, colleges, and public-health programs. It is only natural, therefore, that we should be active in connection with matters affecting the diet and welfare of our people.

I suppose that in this day and age it is not necessary to go into the nutritive phases of oleomargarine, as a food. Science recognizes, without contradiction from any competent source, that margarine is a wholesome, nutritious food, and that if you want to compare it to butter, it is nutritionally equivalent to butter.

Your committee heard last year testimony on this subject from the eminent physiologist and nutrition authority, Dr. Anton J. Carlson, of the University of Chicago. In order not to encumber the record, I would merely point out that Dr. Carlson's testimony appears in the printed record of the hearings last year, beginning at page 101.

Also, in the printed record of the House Agriculture Committee hearings last year, you will find the testimony of Dr. H. J. Deuel, Jr., of the school of medicine, University of Southern California, beginning at page 47. In recent years, Dr. Deuel has probably performed more experiments on the nutritive phases of margarine than any other research scientist, and in his testimony before the House last year he reviewed the scientific data on this subject.

It is really inconceivable that in view of the scientific data available today anyone would think of saying that margarine and butter have any nutritional differences. Yet, I am told that last Saturday, before this committee, a Senator did say something to the effect that your mouth cannot tell the difference between margarine and butter, but your stomach can.

From this, you would assume that the Senator meant that there is some difference in digestibility between the two products. Actually, the digestibility phases of these two products were conclusively established many years ago and have been confirmed from time to time.

The United States Department of Agriculture, based on work done by several scientists, published a statement many years ago that margarine and butter are equally digestible. Dr. Deuel, in his testimony last year before the House Agriculture Committee (pp. 48 and 49) summarized the work in this field and I quote from two sentences of his testimony.

In more recent tests carried on at the University of Southern California, it was found that the modern type of margarine made out of hydrogenated vegetable oils was digested on an average of 96.7 percent, which was exactly the same figure obtained for butter. We must then conclude that on the basis of availability, margarine and butter are similarly utilized as in fact is the case of most animal and vegetable fats which melt under 50° C.

This equality of digestibility has been so firmly established for so many years that there can be no doubt on the subject. However, if the Senator so testified last Saturday, or if anyone else, still has any doubt, I could respectfully refer him to such outstanding scientific organizations as the American Medical Association or the National Research Council.

Furthermore, I submit that it is important to keep in mind, in considering legislation dealing with the discriminatory taxes on margarine, that margarine is not an unwholesome or deleterious food. It does not come within the classification of articles Congress has banned from interstate commerce, like narcotics. Margarine, recognized and standardized by the Food and Drug Administration, is a fine food, needed by countless low economic groups.

The point I would like to bring out, if I may, is that physiologically and psychologically, the color of food is an important factor.

Dr. Carlson filed before the House Committee on Agriculture this year, and I would like to read from that, just two sentences on a point which is often overlooked. Dr. Carlson said:

The yellow coloring of oleomargarine (as in the case of butter) is important psychologically, as our people are used to and prefer that color in their spread on bread. Mental satisfaction is an important factor in eating, in digestion, and in nutrition.

I have noticed that the butter people, in opposing legislation like H. R. 2023, constantly say that the purpose of making the margarine yellow in color is to imitate butter. Let there be no misunderstanding about this. It is true that butter was on the market in this country before margarine, although, in passing, I must point out that being first in time gives a product no preemptive rights.

Furthermore, a certain amount of butter that is produced here is naturally yellow, while a good part of the butter on our markets is artificially colored yellow.

On the other hand, I want to emphasize the fact that when margarine is yellow in color, as furnished and sold to the consumer, the yellow is not there in order to make the consumer think she is getting butter. The consumer, in buying margarine, gets it only when she asks for margarine.

Furthermore, each package of the article is very clearly labeled, in large conspicuous letters, with the word "Oleomargarine." The records of the United States Food and Drug Administration show that for years not a single pound of margarine was sold to our consumers without proper label identification. I could also, as further verification of this point, read to you a paragraph from a letter recently sent by the director of the Food and Drug Division of the Kansas State Board of Health to the secretary of the Topeka Grocers Association, as follows:

Regarding compliance with the State and Federal food and drug laws, I know of no other food the manufacturers of which have been more conscientious in properly labeling their product in respect to the contents of the package and the presence of the artificial flavor and color. In no instance have we found any grocer selling oleomargarine for butter.

The consumer, as a matter of actual fact, prefers her bread spread to be yellow. She prefers it because she has gotten used to it and while the natural or artificial color of butter may have been a factor in accustoming the consumer to a yellow bread spread, the fact remains that she prefers her margarine yellow. That is why the consumers of this country, every year, spend thousands of hours in coloring white margarine, losing not only time but valuable food. She certainly knows it is margarine. When she colors the margarine yellow, she still knows that it is margarine. And, if she did buy yellow margarine from her grocer, because she wants the margarine as she uses it and serves it to be yellow, she again knows that she is buying and using margarine. This is a preference and desire she has. But let me emphasize that in allowing the consumer to purchase yellow margarine there is absolutely no deceit being practiced, but you will merely permit the consumer to have the food she wants in the condition she wants it.

To me, there can be no objection whatsoever to the provisions of H. R. 2023 as passed by the House. In the first place, it repeals the discriminatory taxes and license fees on margarine which, this year for the first time, even the butter interests agree with.

Then, it places all oleomargarine, whether yellow or white, whether of an intrastate or interstate nature, under the full provisions and strong control of the Federal Food, Drug, and Cosmetic Act. Of course, the provisions of the various State laws remain fully applicable.

Finally, it would require very positive identification when yellow margarine is served in public eating places. The State laws dealing with identification in restaurants, found in many States, would also remain in full force and effect.

How can anyone, who understands what is involved, be opposed to this bill?

I understand that the only opposition comes in the form of a substitute that is to be offered for H. R. 2023, which is called the Wiley bill, and that the fundamental provisions of the Wiley bill were overwhelmingly rejected by the House of Representatives quite recently.

The Wiley bill, like H. R. 2023, would take off all the Federal taxes and license fees on margarine. However, it would prohibit yellow in interstate commerce, but allow yellow margarine to be sold, where permitted by State law, purely on an intrastate basis.

From the point of view of the consumers of this country, the Wiley bill is definitely objectionable, and I should imagine that this would be true also in the case of the dairy farmers. In allowing yellow margarine in interstate commerce, the Wiley bill would allow the sale of yellow margarine on an intrastate basis, in all of the States in the country where it is permitted by State law. H. R. 2023 would similarly allow yellow margarine to be sold only in those States where its sale is permitted by State law, although it could go into those States by interstate commerce. And, therefore, under both bills you would have yellow margarine sold in exactly the same State.

However, the Wiley bill would result in taking yellow margarine away from the jurisdiction of the Federal Food, Drug, and Cosmetic Act and therefore deprive the consumers of this country of the very fine regulatory controls of the Federal law.

I would like to clarify the record with respect to another point made by the advocates of the Wiley bill. I am told that on Monday of this week, the representative of the butter-manufacturing industry said that some surveys were made in a few States, which show that many restaurants were serving margarine without advising their patrons that the product was margarine. This was mentioned to furnish another reason why the Wiley bill is preferable to H. R. 2023. This butter spokesman said that the States in which these surveys were made have laws which require restaurant identification for margarine.

However, if you think for a moment about this, you realize that here, again, is but another reason why H. R. 2023 is preferable to the Wiley bill. Assuming for the moment that the results of the surveys mentioned are somewhat accurate, you must remember that under the Wiley bill you will have yellow oleomargarine in exactly the same States as under the Poage bill.

Therefore, the Wiley bill will accomplish nothing with regard to restaurants serving yellow margarine. If any restaurant owners are not today identifying the yellow margarine they serve, with State laws requiring such identification, they will continue to be able to get yellow margarine under the Wiley bill and probably will continue their practices. However, under the Poage bill, you will have, in addition to the State laws, a Federal law which certainly should go very far toward removing deception at restaurant level.

Personally, I do not feel that there will be any necessity for the Federal Food and Drug Administration to check every public eating place at least once a year. The very evidence of a Federal law on this subject will be a great deterrent.

I am told that today, although the Food and Drug Administration is concerned with every shipment of every food, drug, cosmetic, and device, it does not attempt to supervise every shipment or to make one examination a year of every shipper. I am advised that the average is about one check every 10 years for most shippers. Yet, it is a matter of common knowledge that, by and large, there is very good compliance with the Federal Food, Drug, and Cosmetic Act, and that,

bearing in mind everything that is going on, any violation of that act is the occasional exception.

So, since the Administration does not check every shipper subject to the Federal Food, Drugs, and Cosmetic Act, every year, it is obvious that based upon knowledge and experience, it will not be necessary for it to check every public eating place once a year.

Accordingly, the two bills would result in having yellow margarine sold in the very same places, but H. R. 2023 would give the consumers of this country considerably more protection. And, since it does that, I would imagine that if the dairy farmers of the country knew the facts, they, too, would prefer H. R. 2023. It is certainly a better bill for them.

I understand that the butter people have been saying that if H. R. 2023 is passed, it would have disastrous effects upon the dairy industry. This is really ridiculous. It probably can most readily be shown to be ridiculous when we bear in mind that this charge of the butter people is based upon the fact that H. R. 2023 would permit yellow margarine. However, the Wiley bill would also permit yellow margarine in exactly the same places as H. R. 2023, and since the butter people advocate the Wiley bill, they show by their own conduct that yellow margarine is not going to hurt the dairy industry.

I might just bring this in, it has been brought up before you by other witnesses as to the injury to the dairy industry. That if this tax was taken off margarine, it would injure the dairy industry. I feel as these other witnesses have said that this could be devoted, or the dairy industry could produce, much more whole milk. As a dietitian in instructing patients and people on what are the components of an adequate diet I very often find that the family is not getting enough whole milk and we know that the whole milk is our most perfect food and if in that way by the dairy industry not having to put this amount of their milk, as you might say, convert it into butter, they would still have a market for whole milk because people who are able to get it at a reasonable price are going to drink more milk and it certainly is true that they need it.

The Wiley bill, in addition to depriving the consumers of Federal controls over yellow margarine, would also have other disadvantages for the consumers of the country. If yellow margarine were kept solely on an intrastate basis, then in many States, it would be economically impossible for more than one margarine factory to exist. I think this was brought out in greater detail this morning when they were discussing the margarine factories in the various States, but while I do not have figures, it is apparent that if the output of a factory is limited to one State, not too large in population, it would be an expensive matter and the cost must be added to the price of the margarine sold in that State.

Furthermore, by reducing materially competition within a State, the consumer would be deprived of her choice of brands. The elimination or reduction of competition on a State-by-State basis must result in hurting the consumers' interests.

Accordingly, I certainly trust that this committee will favorably report H. R. 2023 in the form in which it was passed by the House.

The CHAIRMAN. Thank you very much.

Miss STREATOR. Thank you.

The CHAIRMAN. Any questions?

Senator BUTLER. Miss Streator, you give here the name of the organization which you represent, the Kansas City Dietetic Association?

Miss STREATOR. That is right.

Senator BUTLER. Did they hold some meetings and pass any resolutions?

Miss STREATOR. No.

Senator BUTLER. Did they give you any instructions?

Miss STREATOR. No; none whatever. I am just representing it as a whole, there had been no resolutions put in writing.

Senator FULBRIGHT. Miss Streator, this bill that was introduced in the Kansas Legislature, is that this present session?

Miss STREATOR. Yes.

Senator FULBRIGHT. Are there any restrictions in the laws of Kansas?

Miss STREATOR. All State institutions must use butter.

Senator FULBRIGHT. And cannot use margarine?

Miss STREATOR. And cannot use margarine.

Senator FULBRIGHT. But otherwise it is free?

Miss STREATOR. They have signs. For instance, in restaurants they have signs saying that oleo is used but State institutions do use butter.

Senator FULBRIGHT. Is it your experience in Kansas that the restaurants do put up signs?

Miss STREATOR. I have been in restaurants where signs have been posted. I do not know whether it is a widespread practice, but I have seen them just by observing.

Senator FULBRIGHT. Do you happen to know anything about the so-called survey that was made by the Butter Institute about that practice?

Miss STREATOR. No; I am not familiar with that.

Senator FULBRIGHT. I read the account in the paper. I believe they testified that they made a survey and that a very large percentage did not carry the cards. Would you say that if a restaurant does carry a card to the effect that it is using margarine that that would in any way injure its business?

Miss STREATOR. I do not see that at all.

Senator FULBRIGHT. As a matter of fact, it would reassure the customers?

Miss STREATOR. I think the ones that I noticed just by observation, the restaurants that do have this sign posted, their business is good and they are class A restaurants.

Senator FULBRIGHT. There is no motive on the part of the restaurant owner to deceive?

Miss STREATOR. Not at all.

Senator FULBRIGHT. As a professional dietitian, you have no doubt about the quality of its nutritional value?

Miss STREATOR. Not at all, I serve margarine in my particular hospital and use it in cooking.

Senator FULBRIGHT. You do?

Miss STREATOR. Yes.

Senator FULBRIGHT. Your reference to that former testimony was very good, and I recall it. We can refer to that for our authority in these hearings. I thank you very much for your excellent statement.

The CHAIRMAN. Thank you, Miss Streater.

The CHAIRMAN. Mr. John Moloney. Will you identify yourself for the record, please?

STATEMENT OF JOHN F. MOLONEY, ECONOMIST, NATIONAL COTTONSEED PRODUCTS ASSOCIATION, MEMPHIS, TENN.

Mr. MOLONEY. My name is John F. Moloney and I live in Memphis, Tenn., where I am employed as economist by the National Cottonseed Products Association. That organization is a trade association representing the cottonseed crushing industry of the United States. We have as members 314 of the 346 operating cottonseed oil mills, a number of which crush soybeans and peanuts. These mills are located throughout the Cotton Belt from North Carolina to California. We also have as members 56 refiners of cottonseed oil, 27 dealers and 38 brokers handling cottonseed products, and 31 chemists who serve the industry by analysis of cottonseed and cottonseed products.

Senator FULBRIGHT. Your organization represents the cottonseed people; is there a comparable association that represents the soybean industry in the Midwest?

Mr. MOLONEY. Yes, sir; it is called the National Soybean Processors Association.

Senator FULBRIGHT. Do you happen to know its size and extent? Can you give something comparable about it?

Mr. MOLONEY. I am afraid I cannot. There may be one or two gentlemen in the room who could answer that for you.

Senator FULBRIGHT. My purpose was to merely show that that aspect of the business spreads out a very large part over the Midwest and northern part of the country and that this is not simply a sectional thing.

Mr. MOLONEY. This is simply regional.

Senator FULBRIGHT. The cottonseed?

Mr. MOLONEY. The cottonseed.

Senator FULBRIGHT. But the soybean complements it and presents a similar product?

Mr. MOLONEY. That is correct and particularly in the Midwest.

The CHAIRMAN. We had a witness this afternoon, Senator Fulbright, on soybean farming.

Senator FULBRIGHT. I see.

Mr. MOLONEY. Our members are strongly in favor of H. R. 2023 as passed by the House and now before your committee. That bill would remove Federal taxes and other restrictions upon the sale of properly identified yellow margarine. Our members favor this legislation because margarine, even with the existing restrictions, provides a market for better than one-third of the total output of cottonseed oil. In 1948, 453,000,000 pounds of cottonseed oil were used in the manufacture of margarine. This represented 38 percent of the total consumption of cottonseed oil and was equivalent to 1.55 million tons of cottonseed.

The effect which this very substantial market has upon the price of cottonseed oil cannot be measured statistically. However, as sellers of cottonseed oil, our industry knows that we are in a much better position because the margarine industry is in the market for a large volume of oil. Sixteen or seventeen years ago, 80 percent of our

cottonseed oil was used in the manufacture of vegetable shortening. At that time, we were in the position of having all our eggs in one basket. Whenever the shortening market went bad, it was immediately and very forcibly reflected in the price of cottonseed oil. Today, our position is much stronger. About 27 percent of our oil goes into shortening; 38 percent is used in margarine, and 35 percent is used in other edible products such as salad and cooking oils, mayonnaise and salad dressing. In other words, our market today is diversified. We are not primarily dependent upon a single finished product. Thus, if shortening sales slacken, we may be able to sell more oil to the margarine manufacturers, or vice versa. We know that this diversification has placed our industry in a much sounder position. It should probably be pointed out that the volume of oil going into margarine has a favorable effect upon the price of every pound of cottonseed oil.

This favorable effect which the margarine market has upon the price of cottonseed oil is, of course, reflected in the price which the cotton producer receives for his cottonseed. On the average, oil accounts for 55 percent of the value of a ton of cottonseed, and the United States Department of Agriculture is authority for the statement that "changes in the price of oil usually are accompanied by corresponding changes in the price of cottonseed."

It should perhaps be emphasized that, since cottonseed and cottonseed oil are standardized commodities, the price of the entire output, not just a part of it, is affected by the volume of cottonseed oil going into margarine.

Cottonseed are sometimes referred to as a byproduct and of little importance. Actually, seed account for about 17.5 percent of the farmers' gross cash income from the cotton crop; that is, lint and seed combined. It is hardly necessary to point out that 17.5 percent of the income of any business enterprise can mean the difference between a profit and a loss.

As producers of cottonseed oil, we are particularly concerned with market outlets. As you gentlemen know, the United States is traditionally an exporter of edible fats and oils. During the 1920's we exported large volumes of lard as much as 1,000,000 pounds annually. Many of you will remember what happened during the 1930's when that lard export market practically disappeared. Cottonseed oil dropped to as low as 3 cents a pound.

During the 1930's also, another factor entered our domestic oils-and-fats picture; namely, the development of large-scale production of soybeans with a consequently increasing supply of soybean oil. From a negligible quantity 20 years ago, soybean-oil production has increased to the point where it equals or exceeds in volume the production of cottonseed oil, 1.25 to 1.50 billion pounds annually.

This season, 1948-49, we have had a record production of soybeans, a near-record crop of cottonseed, and we are now moving into a period of increasing lard production. Consumption of the edible fats has not increased proportionately, with the result that stocks have accumulated and prices have declined. The export market does not look too encouraging, especially over the long run, since our exports appear to be primarily dependent upon our own financing. We, therefore, need every possible domestic market, and we are convinced that margarine is one of the most promising of those markets.

Incidentally, during debate on this legislation in the House, statements were made that, if the sale of tax-free yellow margarine were permitted, margarine manufacturers would sharply increase the price of the product so that consumers would have to pay more. Our experience in Tennessee this year is quite the opposite. Our legislature repealed the State tax of 10 cents per pound on yellow margarine. After several months we have had no price increase. On the contrary, with the decline in oil prices, yellow margarine is selling in Tennessee today at less than white margarine did a year ago.

I have here a grocery advertisement from the Memphis Commercial Appeal of Friday, April 8. The identical brand of margarine is advertised: White at 21½ cents a pound, yellow at 33 cents a pound, a difference of 11½ cents. Ten cents of this difference you will recognize as the Federal tax. The remaining 1½ cents, I would assume, is due to the fact that the yellow margarine is packaged in quarter-pound sticks and that Federal wholesale and retail license taxes of \$480 and \$48, respectively, are required for the privilege of selling it.

From my experience in the fats-and-oils industries, I am convinced that competition will effectively protect the consumer from any unjustified price increases in the finished product.

We believe that passage of H. R. 2023 would materially improve the domestic market outlook for the producers of fats and oils, and we hope your committee will report it favorably.

The CHAIRMAN. Thank you very much for your statement.

Mr. Moloney, can you tell us, using an average, of course, what quantity of oil you get out of a ton of cottonseed?

Mr. MOLONEY. An average, Senator, of 313 pounds.

The CHAIRMAN. Three hundred and thirteen pounds out of a ton?

Mr. MOLONEY. That is correct, sir.

The CHAIRMAN. Thank you, sir.

Any questions?

Senator BUTLER. I just want to compliment Mr. Moloney on making a very frank statement.

Mr. MOLONEY. Thank you, sir.

Senator BUTLER. It is completely enclosed in your last sentence that you believe, in the passage of H. R. 2023, the result would be to materially improve the domestic market outlook for the producers of fats and oils. Most of the witnesses who have testified have said they thought it was going to improve the market for the consumers of the country.

Mr. MOLONEY. Well, sir, I think it would do that, but I do not feel qualified to speak for the consumers, since I am representing a producing group.

Senator FULBRIGHT. Mr. Moloney, do you consider that your business is just as legitimate as the manufacture of butter?

Mr. MOLONEY. We certainly think it is, sir.

Senator FULBRIGHT. Do you know of any reason why the attitude should be taken toward your industry that it is in some way illegitimate and must be penalized?

Mr. MOLONEY. No, sir; I know of no such reason.

Senator FULBRIGHT. Do you know of any comparable instance in which a special group has been able to impose upon another group; that is, a legitimate competitor, in our whole industrial system?

Mr. MOLONEY. I am not familiar with any similar instance. The matter has been brought up at times within the cotton industry of which we are, of course, a part, of taxing competitors, but it has always been voted down, I should say, as not being in accord with our American system.

Senator FULBRIGHT. As a representative of a producer, you naturally feel that it would benefit the market to relieve it of any artificial restrictions. That is a legitimate attitude to take, it seems to me, because you are not seeking to impose a restriction on a competitor, you are only seeking to free yourself or any other competitor from an unreasonable tax, whether it be the soybean- or peanut-oil manufacturer, which is a different attitude from that taken by the butter group.

Mr. MOLONEY. I think so.

Senator FULBRIGHT. It is the directly opposite one. You are not asking for an affirmative advantage; all you are seeking is equality.

Mr. MOLONEY. A comparable situation would be if we would advocate taxing soybean oil; and we certainly have never done that, and I feel sure I can say we never would do that. We recognize them as competitors and let us compete fairly.

Senator FULBRIGHT. You would be in the same position as the butter people if you were in here today asking that the interstate shipment of soybean oil be outlawed?

Mr. MOLONEY. I think we would.

Senator FULBRIGHT. Or otherwise be taxed 10 cents?

Mr. MOLONEY. That is right.

Senator BUTLER. I do not think there are many members of the committee advocating the taxes.

Senator FULBRIGHT. This is the first time in 60 years that they have not violently supported them. It has just been given up as a result of the action last year in which it was defeated in the House and I think it would have been in the Senate. This strategy would be, it seems to me, to confuse the issue.

Mr. Moloney, do you see any reasonable relationship between the prohibition in interstate commerce of an article like margarine and protection from fraud or deception? It seems to me that is a complete non sequitur. I cannot see how the prohibition in interstate commerce of yellow margarine has any bearing upon deception in the sale in a public retail establishment; do you?

Mr. MOLONEY. No, sir; I believe that the principal effect of prohibiting shipments in interstate commerce would simply be to hold down the consumption and use of the finished product. I think that is the only effect that it would have, I believe, and it is my personal opinion that that was the objective when originally proposed.

Senator FULBRIGHT. You think that is the objective and the one and only effect?

Mr. MOLONEY. I think it would be the only effect.

Senator FULBRIGHT. I cannot see how it has any bearing upon preventing the sale of margarine in a restaurant for butter; that is, the substitution of it for butter. Do you?

Mr. MOLONEY. I agree with you thoroughly, Senator.

Senator FULBRIGHT. I do not see how there is any relationship between those two propositions. You agree with that?

Mr. MOLONEY. That is right, sir.

Senator FULBRIGHT. That is all.

The CHAIRMAN. Thank you very much, Mr. Moloney.

Mr. MOLONEY. Thank you, sir.

The CHAIRMAN. Next we have Mr. Albert Russell.

Senator FULBRIGHT. Mr. Chairman, did you get the statistics on the cost of margarine plants and oil refineries the other day, or should we get it at this time?

The CHAIRMAN. It is already in the record.

(The information will be found on pp. 122 and 164.)

Senator FULBRIGHT. Fine.

The CHAIRMAN. We have some of them in the record, at least, I remember.

All right, Mr. Russell, you may have a seat.

STATEMENT OF ALBERT R. RUSSELL, ASSISTANT TO EXECUTIVE VICE PRESIDENT, NATIONAL COTTON COUNCIL OF AMERICA, MEMPHIS, TENN.

The CHAIRMAN. You are appearing for the National Cotton Council of America?

Mr. RUSSELL. Yes, sir.

My name is Albert Russell, and I am assistant to the executive vice president of the National Cotton Council of America, with headquarters at Memphis, Tenn.

The council is a delegate body, representing all six segments of the raw-cotton industry: cotton producers, cotton ginners, cotton warehousemen and compressmen, cotton merchants, cotton spinners, and cottonseed crushers. Any position taken by the council on any matter is done so only on the affirmative vote of at least two-thirds of each segment. It follows that one more than one-third of any one interest voting against any proposal would prevent the council from taking a position on that proposal.

The organization which I represent has but one purpose: to increase the consumption of cotton and cottonseed products. From its inception in 1938 one of our major programs in furtherance of this objective has been the removal of Federal and State restrictions which serve to discriminate against the manufacture and sale of margarine—yellow or white. Whenever an occasion presents itself in hearings before committees of both the Senate and the House of Representatives on this matter, the council, as you know, has represented the raw-cotton industry. We do so once again here today.

Our statement will be very brief, however, for several reasons. First of all, we are aware of the time limitation involved and of your desire to hear all interested groups. Also our position and the importance of margarine to the cotton industry were explored fully in statements presented before this committee and the Agriculture Committee of the House last year.

We are most appreciative for the opportunity accorded us in these hearings to reaffirm cotton's position and state briefly the views of the millions of Americans, from Virginia to California, who are dependent upon cotton for their livelihoods.

The Federal antimargarine law affects the 18 cotton-producing States in a very serious way. It strikes deep at the heart of cottonseed oil's largest commodity market. Of interest to you is the fact

that, of the four cottonseed products, the oil accounts for more than 50 percent of the value. Also margarine is the largest market for cottonseed oil, consuming nearly one-half billion pounds in 1948, or more than one-third of the total production. Of all the oils that went into margarine last year, 60 percent was cottonseed oil.

Obviously the margarine market is tremendously important to the cotton farmer, and to the cotton industry generally, not only in direct income but in the influence it exerts on the entire cottonseed market. At a time when surplus production problems are receiving attention of Government and industry alike, it is very important that every effort be made to expand existing markets as well as create new markets for agricultural products. We have every reason to believe that margarine is of much greater importance potentially as our No. 1 oil market than it is today for the reason that the greatest possible increase in cottonseed-oil consumption apparently will be in this market. This is true in a period when returns from cottonseed products are accounting for an ever-increasing share of the cotton dollar.

As was stated before this committee last year, from the average cotton farmer's point of view, income from cottonseed is very often the difference between low income and no income. It is customary in most sections of the Belt for the farmer to mortgage his lint cotton to pay for his furnish and the necessary loan to produce the crop. The seed money, however, by custom, remains free in the hands of the man who produced it. It is on the seed money that most cotton farmers depend to tide them over from the end of one crop year to the beginning of another.

Members of the cotton industry have never understood why they have been penalized with taxes and nuisance regulations, the purpose of which is to restrict the sale of margarine to benefit a competitor. As consumers, they have not understood why they have been penalized a second time by having to pay a tremendous tribute, in expense and time, to use yellow margarine. As Americans they have never understood a law that is so foreign to American ideals of fair play and justice.

We do not believe for one instant that the proposed repeal of the antimargarine laws will do any real damage to the dairy industry. Even so, we do not see how the butter industry can refuse to compete on even terms with margarine on the grounds of prospective damage to butter. What about the damage done the cotton, soybean, and peanut producers all these years, damage for which there is no justification?

In this connection, let me point out that the cotton industry has very real and very dangerous competition from rayon, paper, and other competitors. The rayon and other synthetics used in this country annually approximates 2,500,000 bales of cotton. Rayon alone now produces annually the equivalent of 2½ million bales of cotton.

Yet cotton has never asked for legislation against this competition, even though it would have as much justification as butter has to ask for protection against margarine. Cotton has and will continue to compete squarely and fairly in the open market, asking no favors.

Almost everyone now admits the tax is wrong. Opponents of repeal, after many years of insistence on taxes against margarine, a few months ago offered their so-called compromise, which would

remove the tax on white margarine, but, at the same time, would ban the manufacture and sale of yellow margarine, the color the consumer prefers for her table spread. The extent of public indignation which followed this proposal is indicated in the hundreds of unfavorable editorials and radio commentaries which ensued.

More recently we have been faced with a new so-called compromise proposal, one that would restrict yellow margarine to intrastate commerce. The House of Representatives only last week voted to substitute for the committee bill, which provided for this restriction, a measure which removed all taxes and license fees on yellow margarine and passed it by a 3 to 1 margin.

The council is opposed to both of the so-called compromises. Adoption of either would be adding additional insult to injury and would mean in the case of the latter a complete balkanization of the margarine industry.

The measure which passed the House and the one which is before your committee, the so-called Ponge bill, or H. R. 2023, has the unqualified endorsement of the cotton industry. It provides protection against any possible deception, and, very important, it allows the consumer the privilege of buying a commodity of her preference in the color she desires it without paying tribute to a competing commodity.

It is the contention of the cotton industry that H. R. 2023, as it passed the House, should be enacted. We strongly recommend it to this committee for favorable consideration.

The National Cotton Council, as most of you gentlemen know, was founded some 11 years ago with the sole purpose of increasing the consumption of cotton and cottonseed products. One of the major objectives of the council since that time has been the removal of all restrictions and discriminations against margarine. At our meeting at Los Angeles, Calif., recently, the Cotton Council's delegates, for the tenth straight year, unanimously resolved a reaffirming of this position.

I would like to state to the committee that the council's delegates are 244 in number and that they represent every segment of the raw-cotton industry from producer on through. The cotton industry, gentlemen, is the largest industry in America and it has a great stake in this question. The cotton industry supports more people, I suppose, by far, than any other industry in America. The cotton farmers themselves number, in families, 1,250,000, and in individuals about 5,000,000 or a little more. There are about 5,000,000 additional Americans who make their livelihood and living directly or indirectly from cotton.

Now, the Cotton Council, in its program to increase the consumption of cotton and cottonseed products, has attempted to encourage research, to increase volume of sales pressure, to increase foreign markets, to increase efficiency in production. We want all of our commodities, the commodities of cotton and cottonseed, to sell on their merits.

Margarine has been important for a long time, but it is particularly important now, we think, it being cottonseed oil's largest commodity market, but, more important than that, is that potentially our greatest increase for a cottonseed-oil market seems to lie in this field.

Now, there are two reasons for that—our population is increasing, of course, all the time, but we do not consume nearly enough table spreads in this country. I do not think, however, that our interest in this problem, Mr. Chairman, is purely a selfish one. After all, the cotton people of the Nation are consumers, too, and we have resented as individuals and as groups in years past the necessity of paying taxes in the discrimination against one of our own products.

Senator FULBRIGHT. Do you have competition for cotton itself?

Mr. RUSSELL. Yes, sir; we have very serious competition. Rayon, particularly, in the fiber field has made very serious inroads into the cotton market. I think the rayon production today is equivalent to 2,250,000 bales of cotton.

As several witnesses have said to this committee, it has never occurred to the cotton industry to ask for a prohibition or discrimination against any of the synthetic fibers which are taking over some of our markets. Instead, the cotton people of this Nation have such confidence in their product and they know that by hard work with the research and the brains of our industry and by increasing sales pressure, that some of these days we are going to get back those markets that perhaps we have lost to some extent in the past and certainly we will increase others tremendously.

Mr. Chairman, several questions were raised this morning, I believe by Senator Millikin, although perhaps it was not Senator Millikin, but one of the Senators wanted to know what the increase in dairy production in the South had been. I thought it might be helpful for the record if I got some figures for you. In 13 Southern States in 1940 there were 6,314,000 in round figures of dairy cattle. In 1945 that had increased about 9 percent to 6,888,000 and in 1948 to 7,182,000, an increase of 13.7 percent over 1940 and a little over 4 percent over 1945.

The southern people, the cotton people of this Nation, mind you, are working in the direction of diversification. Dairying has a very important part, we think, in our southern economy. This does not mean, however, that the South will go to dairying entirely or to any other agricultural endeavor. We have many, many acres in the South that we believe, confidently, will always be planted to cotton, because it can be done most efficiently and this Nation will always have great demand for much cotton and cottonseed products.

Mr. Chairman, we favor the adoption of a bill which passed the House of Representatives recently, a bill which received the approval, for the most part, of this committee last year; I think there is one amendment that has been added. This bill, H. R. 2023, has the support of most supplier and consumer groups in this Nation. To us it seems that we might be bending over backward in giving support to such a measure. It might be easy for some people to see some small discrimination still in such a measure. However, we are willing to take that position, we believe in our product, we know that it is going to sell on its merits. We want margarine made out of cottonseed oil to sell as margarine and not as anything else, and we want the consumers who purchase the product to know that it is margarine and, of course, we hope that they will continue to use large quantities of cottonseed oil.

Thank you, sir.

The CHAIRMAN. We thank you very much.

The CHAIRMAN. Next we have Mr. Paul T. Truitt.

STATEMENT OF PAUL T. TRUITT, PRESIDENT, NATIONAL ASSOCIATION OF MARGARINE MANUFACTURERS, MUNSEY BUILDING, WASHINGTON, D. C.

The CHAIRMAN. You represent the National Association of Margarine Manufacturers, sir?

Mr. TRUITT. Yes, sir. I am Paul T. Truitt, president of the National Association of Margarine Manufacturers, which is a nonprofit Illinois corporation. I want to make a very short statement which will refer to points which have been raised and to what has been put in the record previously.

The CHAIRMAN. Proceed as you wish.

Mr. TRUITT. Yesterday, a representative of the butter manufacturers inserted in the record an advertisement which appeared in the El Paso (Tex.) Times on September 24, 1948. In this advertisement, a grocery store, which is owned by a creamery operator, advertised for sale an unknown brand of white margarine for 25 cents, nationally advertised brands of yellow margarine for 55 cents, and the butter which the owner of the store makes in his own creamery, for 55 cents. Of course, the point in submitting this advertisement was an attempt to demonstrate that the excess in price of yellow margarine over white margarine is considerably more than represented by the Federal taxes and license fees involved. The intimation was that, based upon this single advertisement, you can draw your own conclusions as to what would happen if H. R. 2023, as passed by the House, were to be enacted.

Furthermore, this witness as well as others made general statements to the effect that if the Federal taxes and license fees on margarine were removed, the consumer would not benefit from such removal.

I would like to advise this committee that this very same advertisement was circulated among the Members of the House this year, before the margarine bills were considered by the House Agriculture Committee. At the hearings before the House committee, reference was also made to this advertisement. Furthermore, when we heard last Thursday that hearings on H. R. 2023 were to begin on Friday, we thought it would be good to try to get up-to-date figures on what yellow and white margarine are selling for, and we have done our best within the short time to assemble the most recent margarine advertisements.

At the House committee hearings, Congressman Poage pointed out something that must be borne in mind in looking at any prices for margarine. As he pointed out, in order to understand the true picture, you must not compare the price on just any white margarine against any yellow margarine. As in the case of any foods, there is a variation in the retail prices among different brands of margarine. And, as Mr. Poage emphasized, you must compare the prices for the yellow product and the white product in the same brand. Congressman Poage then put into the record a large number of retail grocery store advertisements, which appeared in Texas newspapers before that particular El Paso ad, at the same time, and subsequent to it. And, with the permission of the committee, I would like to insert in the record of this hearing a summary of these advertisements as it appears in the record of the House hearings, beginning on page 71. I call the committee's attention to the data shown by these advertisements which, I would like to emphasize, cover a large number of stores

over a period of time and not just one ad run by one store on 1 day in one town by a creamery operator who owns a grocery store.

I stated before that in considering margarine prices, for the white and the yellow products, you should consider the prices for the same brand, pointing out that, naturally, just as in the case of other foods, the prices of different brands of margarine also vary. In this data, you will notice that in the case of butter this also is true, since the prices for different brands of butter vary considerably. The one thing that is difficult to understand in looking at these published retail butter prices for different brands is that all of them are considerably in excess of the 55-cent prices which appeared in the El Paso advertisement for the brand of butter sold in that store, and, as already stated, for the store's own brand made in the store's creamery.

Mr. Chairman, I have marked up copies of the House Committee on Agriculture hearings, starting with page 71, and that information is detailed for the use of your committee. I have taken out and clipped together one set of that information, which I offer for the record.

The CHAIRMAN. Very well, you may put it in the record.
(The information is as follows:)

SUMMARY OF ADS

Dallas Times-Herald, June 17, 1948: Top Spred margarine white 39 cents, yellow 49 cents; Cloverbloom roll butter 87 cents.

Palestine Herald and Press, June 17, 1948: Blue Bonnet yellow margarine 49 cents; Wilson's roll butter 79 cents.

Palestine Herald and Press, June 17, 1948: all brands uncolored margarine 39 cents; Brookfield butter 87 cents.

Texarkana Gazette, June 17, 1948: Allsweet margarine 39 cents; Brookfield butter 87 cents.

Longview Daily News, June 17, 1948: Durkee's margarine 37 cents; butter 72 cents.

Beeville Bee-Picayune, June 17, 1948: Silver Valley margarine, white 37 cents; yellow 47 cents; Meadolake margarine, white 39 cents, yellow 49 cents.

Austin Statesman, June 17, 1948: Meadolake colored margarine 51 cents.

Dallas Daily Times Herald, June 17, 1948: Numaid margarine 42 cents; Admiration yellow, 49 cents; Sunnyland yellow 53 cents.

Waco News Tribune, June 18, 1948; Meadolake margarine, white 39 cents, yellow 49 cents.

Washington Post, June 25, 1948; Parkay margarine 41 cents; Nutley margarine 39 cents; Sunnyfield butter 90 cents.

Washington Post, June 25, 1948: Parkay and Sunnybrook margarine 41 cents; Blue Bonnet 45 cents; Mrs. Filbert's 47 cents.

Dallas Times-Herald, July 29, 1948: Top Spred white margarine 35 cents, yellow 45 cents; Cloverbloom butter 91 cents; sweet cream Armour and Cloverbloom patties 99 cents.

Beeville Bee-Picayune, July 29, 1948: Silver Valley and Sun Valley margarine, white 35 cents, yellow 45 cents.

Austin Statesman, July 29, 1948: All Sweet margarine 41 cents.

Dallas Daily Times, July 29, 1948: Admiration margarine, white 41 cents, yellow 51 cents.

Lubbock Avalanche, July 30, 1948: Mayflower margarine 37 cents.

Brownwood Bulletin, July 30, 1948; Blue Bonnet colored margarine 52 cents.

Waco Times-Herald August 19, 1948: Blue Bonnet yellow margarine 49 cents.

Fort Worth Star-Telegram, August 17, 1948; Leonard's butter 73 cents.

Texarkana Gazette, August 19, 1948; Nutley white margarine 35 cents; Meadolake yellow 52 cents.

Fort Worth Star-Telegram, August 19, 1948: Blue Plate margarine 39 cents; Armour Cloverbloom butter 65 cents.

Fort Worth Star-Telegram, August 19, 1948: Sunny Bank margarine 39 cents, Blue Bonnet yellow margarine 49 cents, Meadowood butter 89 cents, butter 85 cents.

Longview Daily News, August 19, 1948; Durkee's yellow margarine 45 cents, Brookfield butter 78 cents.

Beeville Bee-Picayune, August 19, 1948; Sun Valley white margarine 35 cents, Admiration yellow 45 cents.

Dallas Times Herald, August 19, 1948; Admiration margarine white 37 cents, yellow 47 cents.

Dallas Times Herald, August 19, 1948; Blue Bonnet yellow margarine 49 cents, Silverbrook butter 85 cents.

San Angelo Evening Standard, October 27, 1948; Wilson roll butter 65 cents.

San Angelo Evening Standard, October 29, 1948; Decker's white margarine 32 cents, Wilson's roll butter 65 cents.

San Angelo Evening Standard, October 29, 1948; white margarine 37 cents, yellow 47 cents; Gandy's butter 73 cents.

San Angelo Evening Standard, October 29, 1948; Decker's margarine, white 33 cents, yellow 43 cents.

San Angelo Evening Standard, October 29, 1948; Sun Valley margarine 31 cents.

San Angelo Evening Standard, November 1, 1948; Butter 59 cents.

San Angelo Evening Standard, November 5, 1948; Meadowlake white margarine 35 cents, yellow 45 cents, Gandy's butter 66 cents; Clearbrook butter 69 cents.

San Angelo Evening Standard, November 5, 1948; Allsweet yellow margarine 43 cents; butter 58 cents.

San Angelo Evening Standard, November 5, 1948; Swift's roll butter 55 cents.

Longview Morning Journal, November 5, 1948; Brookfield butter 65 cents.

Longview Daily News, November 11, 1948, Durkee's colored 44 cents; Swift's butter 69 cents.

Houston Chronicle, November 12, 1948; Parkay white margarine 36 cents.

San Angelo Evening Standard, November 17, 1948; Yellow Quick margarine 33 cents.

San Angelo Evening Standard, November 19, 1948; Decker's white margarine 31 cents, yellow 41 cents; Gandy's butter 63 cents.

San Angelo Evening Standard, November 19, 1948; Swift's Allsweet white margarine 29 cents, yellow 39 cents; Swift's butter 59 cents.

San Angelo Evening Standard, November 22, 1948; Dalewood margarine 29 cents, butter 58 cents.

Waco News-Tribune, November 24, 1948; Meadowlake margarine white 34 cents, yellow 44 cents; Cloverbloom butter 69 cents.

Waco News-Tribune, November 24, 1948; Admiration margarine 33 cents.

San Angelo Evening Standard, November 26, 1948; Dalewood white margarine 29 cents; Sun Valley yellow margarine 39 cents, butter 58 cents.

San Angelo Evening Standard, December 3, 1948; Dalewood white margarine 29 cents, butter 59 cents.

San Angelo Evening Standard, December 3, 1948; Wilson roll butter 65 cents.

San Angelo Evening Standard, December 3, 1948; Admiration white margarine 29 cents.

Longview Daily News, December 9, 1948; Allsweet colored 43 cents; Swift's butter 71 cents.

Longview Daily News, December 16, 1948; Admiration yellow margarine 30 cents, butter 63 cents.

Longview Daily News, December 16, 1948; Durkee's yellow margarine 42 cents; Brookfield butter 71 cents.

San Angelo Evening Standard, December 30, 1948; Decker's margarine 29 cents; Wilson's roll butter 65 cents.

San Angelo Evening Standard, December 30, 1948; Decker's margarine 29 cents; Gandy's butter 69 cents.

Longview Daily News, January 27, 1949; Dalewood white margarine 27 cents, Sun Valley yellow margarine 37 cents, Blue Bonnet yellow margarine 43 cents, butter 73 cents, Meadowood butter 77 cents.

Waco News-Tribune, January 28, 1949; Savory margarine 23 cents.

Waco News-Tribune, January 28, 1949; Keyko margarine, white 32 cents, yellow 43 cents.

Waco News-Tribune, January 28, 1949; Durkee's white margarine 33 cents.

Waco News-Tribune, January 28, 1949; Dalewood white margarine 27 cents, Sun Valley yellow margarine 37 cents, Blue Bonnet yellow margarine 43 cents, Meadowood butter 77 cents, Tasty butter 73 cents.

Waco News-Tribune, January 28, 1949; Admiration yellow margarine 42 cents, butter 59 cents.

Waco Times-Herald, February 2, 1949; Durkee's margarine, white 33 cents, yellow 43 cents.

Waco Times-Herald, February 2, 1949: Meadolake margarine, white 32 cents, yellow 42 cents, Brookfield butter 69 cents.

Waco Times-Herald, February 3, 1949: Dalewood margarine 23 cents.

Waco Times-Herald, February 3, 1949: Silver Bell margarine, white 23 cents, yellow 39 cents, Tucker's butter 68 cents.

Waco News-Tribune, February 4, 1949: Meadolake margarine, white 32 cents, yellow 42 cents, Brookfield butter 69 cents.

Waco News-Tribune, February 4, 1949: Meadolake yellow margarine 42 cents, butter 59 cents.

Longview Daily News, February 10, 1949: White Dalewood margarine 25 cents, Sun Valley yellow margarine 36 cents, Meadowood butter 77 cents, Tasty butter 73 cents.

Waco News-Tribune, February 11, 1949: Dalewood white margarine 23 cents, Sun Valley yellow margarine 36 cents, Meadowood butter 77 cents, butter 69 cents.

Longview Daily News, February 10, 1949: Admiration uncolored margarine 25 cents.

Longview Daily News, February 10, 1949: Durkee's yellow margarine 39 cents.

Waco Times-Herald, February 17, 1949: Durkee's margarine, white 31 cents, yellow 42 cents.

Waco Times-Herald, February 17, 1949: Allsweet margarine 31 cents.

Waco Times-Herald, February 17, 1949: Nutley white margarine 25 cents, Sun Valley yellow margarine 36 cents.

Waco Times-Herald, February 17, 1949: Meadolake yellow margarine 39 cents, butter 57 cents.

Waco Times-Herald, February 17, 1949: Meadolake margarine, white 30 cents, yellow 40 cents, Cloverbloom butter 69 cents.

Waco News-Tribune, February 18, 1949: Brookfield butter 69 cents.

Waco News-Tribune, February 18, 1949: Durkee's margarine, white 31 cents, yellow 42 cents.

Waco News-Tribune, February 18, 1949: Allsweet margarine 31 cents.

Waco News-Tribune, February 18, 1949: Meadolake margarine, white 30 cents, yellow 40 cents, Cloverbloom butter 69 cents.

Mr. TRUITT. Looking at the margarine prices in this data, brand by brand, you will notice that in practically all instances the differences between the yellow product and the white product is 11 cents. In some cases, it is only 10 cents, and in some cases, it is a penny or so above 11 cents. Of course, this difference is easily understood. There is the Federal tax of 10 cents per pound on the yellow product. In addition, there are the Federal license fees of \$480 and \$48 on wholesalers and retailers and the increased cost resulting from packaging the yellow margarine in ½-pound prints, each individually wrapped.

With respect to the grocery-store advertisements that have come in over the week end, I have gone through every one of them, and here are the figures for each advertisement which has shown for the same brand the price for the yellow and the price for the white product.

Senator FULBRIGHT. Could you, for the record, insert what prices were on any particular day?

Mr. TRUITT. That is in the record.

Senator FULBRIGHT. On the sheet that I have here, there is nothing indicating the price of butter.

Mr. TRUITT. I see.

Senator FULBRIGHT. I thought it would be interesting to show the relationship.

Mr. TRUITT. Where butter was advertised, I will check and insert it in the record.

The CHAIRMAN. Fine.

(The information is as follows:)

Advertised prices, yellow and white margarine of the same brand, Apr. 7 and 8, 1949

City and newspaper	Date	Store	Brand	Margarine advertised prices	
				White	Yellow
TEXAS					
Dallas: Times-Herald and Morning News	April 7	A. G. Stores	Meadolake	29	29
		Tom Thumb	Minnesota	23	35
		Safeway	Sunnybank	28	39
		Wyatt	Top Spread	21	35
		Hom-Ond	(No brand)	21	43
Denison, Herald	do	Cliff Food	Sweet n' Fresh	21	33
San Antonio: Evening News	do	Safeway	Sunnybank	28	39
Express	April 8	A. G. Stores	Gold Note	26	37
		Handy-Andy	Sum Valley	21	31
		Nab	Meadolake	28	38
		Piggly-Wiggly	Nucor	29	40
Evening Express	do	Hom-Ond	(Durke's)	27	38
		Keyko		22	33
Sherman, Democrat	do	Safeway	Sunnybank	28	39
		Dial & Griffin	Mrs. Tucker's	27	37
MISSOURI					
Kansas City: Times	April 8	Safeway	Sunnybank	29	42
St. Louis: Star Times	April 7	Food Center	Top-Spread	21	35
		Tom-Boy	NuMaid	29	39
Post-Dispatch	do	Food Center	Top-Spread	21	35
NEBRASKA					
Omaha: Evening World-Herald	do	United Stores	Nucor	32	42

Advertised prices of butter, April 7 and 8, 1949

City and newspaper	Date	Store	Brand	Price
TEXAS				
Dallas: Times Herald and Morning News	Apr. 7	A. G. Stores	Not advertised	Cents
		Tom Thumb	do	
		Safeway	do	
		Wyatt	do	
		Hom-Ond	do	
Denison, Herald	do	Cliff Food	(No brand)	59
San Antonio: Evening News	do	Safeway	Not advertised	
Express	Apr. 8	A. G. Stores	Clover Bloom	68
		Handy-Andy	Not advertised	
Evening Express	do	Nab	Meadow Gold	78
		Piggly-Wiggly	Not advertised	
		Hom-Ond	Hom-Ond	68
Sherman: Democrat	Apr. 7	Safeway	Not advertised	
		Dial & Griffin	do	
MISSOURI				
Kansas City: Times	Apr. 8	Safeway	Not advertised	
St. Louis: Star Times	Apr. 7	Food Center	Swanson	59
		Tom Boy	Not advertised	
Post-Dispatch	do	Food Center	Swanson	59
NEBRASKA				
Omaha: Evening World-Herald	do	United Stores	Food	Not advertised

Mr. TRUITT. I might say that butter was not frequently advertised.

Senator FULBRIGHT. It is approximately twice as much, is it not?

Mr. TRUITT. Yes, sir.

I do not think we need to read the table, but you can scan it. It gives the city, the newspaper, the date, the store, the brand, and the

price of margarine for white and for yellow. The papers that came in to us in that short length of time cover a good representation from Texas, Missouri, and one advertisement from Nebraska.

Senator FULBRIGHT. Is it lawful to sell margarine in Nebraska?

Mr. TRUITT. Yes, sir.

Senator FULBRIGHT. I am surprised at that.

Mr. TRUITT. Nebraska is quite a large consumer of margarine, I believe.

Senator BUTLER. We have a manufacturer up there.

Mr. TRUITT. Yes, sir.

Senator BUTLER. A very good friend of mine.

Mr. TRUITT. That is good.

On Saturday I was asked by the committee to furnish it with the statistics showing, by years, the total consumption of margarine and butter on a per capita basis. In response to such request, I am submitting to you now, for the record, several copies of a tabulation from the year 1896 to date. Of course, for 1949, there are really no figures, although there is a forecast for butter consumption. The figures speak for themselves. It will be noted that over a period of time the combined consumption of margarine and butter has been decreasing. I think, today, that point has been made by others.

THE CHAIRMAN. This is per capita consumption?

Mr. TRUITT. Yes, sir.

THE CHAIRMAN. You say that over the whole period there has been a downward tendency?

Mr. TRUITT. Yes, sir; I think you will see that back before the turn of the century, the highest figure was 22.8 pounds and then the next highest figures appear for 1926, 20.5 pounds.

THE CHAIRMAN. That will be made a part of the record.

(The information is as follows:)

Margarine and butter: Per capita domestic consumption, 1896-1948

[In pounds]

Year	Margarine per capita ^{1,2}	Butter per capita ^{3,4}	Total	Year	Margarine per capita ^{1,2}	Butter per capita ^{3,4}	Total
1896 ¹	0.6	22.2	22.8	1918	3.3	13.8	17.1
1897	.8	20.8	21.6	1919	3.4	15.3	18.7
1898	1.1	19.8	20.9	1920	2.4	14.8	18.2
1899	1.4	19.6	21.0	1921	2.0	16.2	18.2
1900	1.3	20.1	21.4	1922	2.0	17.0	18.7
1901	1.6	19.9	21.5	1923	2.0	17.8	19.8
1902	.9	17.5	18.4	1924	2.0	18.0	20.0
1903	.6	18.2	18.8	1925	2.0	18.0	20.0
1904	.6	18.4	19.0	1926	2.0	18.5	20.5
1905	.6	19.6	20.2	1927	2.3	18.1	20.4
1906	.8	17.7	18.5	1928	2.6	17.5	20.1
1907	.9	17.5	18.4	1929	2.9	17.4	20.3
1908	1.0	19.7	20.7	1930	2.6	17.2	19.8
1909	1.2	17.8	19.0	1931	1.9	18.0	19.9
1910	1.6	18.3	19.9	1932	1.6	18.1	19.7
1911	1.1	18.5	19.6	1933	1.9	17.8	19.7
1912	1.5	16.6	18.1	1934	2.1	16.2	20.3
1913	1.5	16.5	18.0	1935	3.0	17.1	20.1
1914	1.4	17.0	18.4	1936	3.0	16.4	19.4
1915	1.4	17.2	18.6	1937	3.1	16.4	19.5
1916	1.8	17.3	19.1	1938	2.9	16.4	19.3
1917	2.7	15.8	18.5	1939	2.3	17.3	19.6

See footnotes at end of table, p. 237.

Margarine and butter: Per capita domestic consumption, 1896-1948—Continued

[In pounds]

Year	Margarine per capita ¹	Butter per capita ²	Total	Year	Margarine per capita ¹	Butter per capita ²	Total
1940	2.4	16.9	19.3	1945	4.0	10.8	14.8
1941	2.7	15.9	18.6	1946	* 3.8	10.3	14.1
1942	2.7	15.7	18.4	1947	* 5.0	* 11.2	16.2
1943	3.9	11.7	15.6	1948	* 6.1	* 10.1	16.2
1944	3.9	12.0	15.9	1949		* 10.6	

¹ Sources: Margarine - 1896-1906, U. S. Department of Agriculture, Bureau of Agricultural Economics, Oleomargarine (August 1936), p. 3; 1909-34, Agricultural Statistics (1942), p. 204; 1935-47, *ibid.* (1945), p. 135 (correcting years 1936 and 1938); Fats and Oils Situation (June-July 1948), p. 11, 1948; 1948, National Food Situation (January-March 1949), p. 4.

² 1896-1908, fiscal years; 1909-47, calendar years.

³ Sources: Butter - 1896-1911, U. S. Department of Agriculture, Bureau of Agricultural Economics, Production and Consumption of Manufactured Dairy Products (Tech. Bull. 722, April 1940), p. 26; 1912-30, Food Situation (April 1944), p. 19; 1931-43, Agricultural Statistics (1946), p. 156; 1943-47, Fats and Oils Situation (June-July 1948), p. 12; 1948-49, National Food Situation (January-March 1949), p. 4.

⁴ 1896-1911, unadjusted for butter used in margarine. Adjustment might lower butter per capita figures, and butter and margarine total per capita figures, slightly for certain years in that period.

⁵ Highest since 1899.

⁶ Preliminary.

⁷ Lowest on record for preceding 100 years. See E. E. Vial, Production and Consumption of Manufactured Dairy Products (U. S. Department of Agriculture, 1940), table 5, p. 29.

⁸ Forecast.

Mr. TRUITT. I cannot leave the witness chair without referring, very briefly, to two additional points that have been made by the witnesses for the dairy interests at these hearings. You have heard them make several remarks about the size of Lever Bros. and the possible intentions of this concern in the margarine field. Remarks very much to the same effect were also made before the House Agriculture Committee and, when these came to the attention of Lever Bros., that concern sent a wire to the chairman of the House Agriculture Committee, which was inserted in the record, page 166. I would like to read to you that telegram:

LEVER BROS. CO.,
Cambridge 39, Mass., March 4, 1949.

Hon. HAROLD D. COOLEY,
House Office Building, Washington, D. C.

DEAR SIR: Press reports of yesterday's hearings on margarine legislation before the Committee on Agriculture quote references to Lever Bros. Co. by a witness, Louis Bromfield.

I am writing you so that your committee may have at its disposal a direct and truthful statement of this company's position.

Lever Bros. Co. entered the margarine business with the purchase of the John F. Jelke Co., effective July 1, 1948. Jelke was the first manufacturer in the industry to adopt the policy of using 100 percent American-grown vegetable oils (in 1932), and has pursued this policy steadfastly ever since. We intend to continue this policy. We believe in supporting the American market in which we sell our products. We also believe that our American cottonseed and soybean oils produce a product of superior quality.

The margarine industry uses very little imported oil, as the statistics show. We ourselves use none, nor do we import any margarine from outside the United States.

Our present share of the total United States production of margarine is between 4 and 5 percent. It seems to us rather ridiculous that we should be depicted as dominating the industry.

I shall greatly appreciate it if you will be kind enough to cause this letter to be inserted in the record of the current hearings before your committee.

Yours sincerely,

R. F. ELDER,
Vice President in Charge of Affiliated Companies.

The other point to which I would like to refer briefly is the statement made by one or more of the witnesses for the Wiley proposal that yellow is the legal trade-mark of butter. I am sure that at least most of the committee members will recall that the very same claim was made before this committee last year, and that Senator Lucas inserted in the record a memorandum of law showing that there is no substance whatsoever to such claim. For the convenience of the committee, I am submitting here, for the record, a copy of the legal memorandum which Senator Lucas inserted in the record last year.

(The information is as follows:)

BUTTER HAS NO TRADE-MARK RIGHT TO THE COLOR OF YELLOW

(Copy of legal memorandum submitted to the Senate Finance Committee last year and inserted in the record by Senator Lucas, beginning on p. 283 of the printed hearings, regarding H.R. 2245, 80th Cong.)

One or more witnesses for the butter interests have stated that butter has a legal, common-law trade-mark right in the color of yellow and accordingly yellow margarine cannot be made.

The chairman of the Senate Finance Committee has requested both sides to submit a legal memorandum on this alleged trade-mark right. Pursuant to that request, this memorandum is being submitted to show that under the law there is no substance whatsoever to such claim.

In the first place, it is a well-established principle that a trade-mark, when it exists, is a proprietary right and is owned by an individual, be it a person or company, to distinguish his brand from anybody else's brand. In other words, Kodak is the trade-mark of the Eastman Kodak Co. to show that the articles with this mark are the output of such company. However, cameras as a class of commodities cannot under any circumstances possess any trade-mark.

A producer or seller of butter can have a trade-mark for his brand of butter to distinguish his brand from others on the market. However, it needs no legal citation, because the point is so elementary, to show that butter as a commodity on the market cannot possess a trade-mark right.

Furthermore, an individual butter producer has no right in and to the color yellow for his brand of butter. Furthermore, all the producers of butter together cannot claim that jointly, on behalf of the entire output of the butter industry, they possess a trade-mark right in the color yellow for a food. This is just flatly contrary to every established principle of law.

Furthermore, the law has been long settled that color alone may not be the subject of a trade-mark. To be a valid trade-mark, the device, design, or other combination sought to be sustained as a trade-mark must be capable of indicating origin or ownership of the goods. This is true under both the common law and the statutes which provide for registration of trade-marks.

The following court decisions are in point:

Leschen Rope Co. v. Broderick (201 U. S. 166), decided almost half a century ago by the Supreme Court of the United States, is a leading trade-mark case where color was depended upon to constitute a valid trade-mark. Although some of the expressions by the Court were unnecessary for decision in that case, nevertheless the following views of the Supreme Court have long been followed by other courts and the administrative bodies concerned with the administration of the trade-mark laws. At page 171, the Court said as follows:

"Whether mere color can constitute a valid trade-mark may admit of doubt. Doubtless it may, if it be impressed in a particular design, as a circle, square, triangle, a cross, or a star. But the authorities do not go further than this. In the case of *Hendon's Trademark* (37 Chan. Div. 112), in which a trade-mark was claimed for a red, white, and blue label, in imitation of the French tricolor, for French coffee, it was held not entitled to registration under the English statute, which requires a trade-mark to be distinctive in order to be valid. The Court remarked as follows:

"It is the plain intention of the act that, where the distinction of a mark depends upon color, that will not do. You may register a mark, which is otherwise distinctive, in color, and that gives you the right to use it in any color you like; but you cannot register a mark of which the only distinction is the use of a color, because practically under the terms of the act that would give you a monopoly of all the colors of the rainbow."

"It is unnecessary to express an opinion whether, if the trade-mark had been restricted to a strand of rope distinctively colored, it would have been valid. As already observed, the claim is much broader than this. * * *

In *Green v. Ludford Fruit Products* (30 F. Supp. 985), the district court said, at pages 986-987:

"The question of the color raises another problem. It is difficult to understand how the plaintiffs could claim a property right in the color alone. It is not subject to exclusive appropriation. Red is the natural color of several fruit drinks such as tomato and various berry juices. It is also used extensively in coloring artificially various soft drinks such as strawberry and cherry soda water. The color is nonfunctional and arbitrary, but the red shade probably possesses a certain eye appeal not present in the paler colors.

"Color alone cannot be the subject of a trade-mark. No one could claim the right exclusively to use a certain color which was but one of the many characteristics of his product, and prevent the use of that color by others who manufactured similar articles."

In *Taylor v. Postick* (209 Fed. 232), the court said, at page 234, as follows:

"It is a well-settled general rule of law that a trader may not monopolize a particular color, and that color, alone unaccompanied by any distinguishing sign, seal, or symbol, is not sufficient to constitute a trade-mark."

In *In re W. T. Grant Co.* (20 F. (2d) 877) the court said, at page 878:

"* * * It was stated by the Commissioner that mere color cannot function as a trade-mark; that it is common practice for manufacturers and traders to color their articles of trade, or parts thereof, any and all colors which judgment or fancy may dictate, for purpose of ornamentation; that the colors in such cases do not suggest to the public the idea of origin or ownership, which is the sole purpose of a trade-mark; and that it is only when colors are so impressed in a design as to suggest to the public that they are used to distinguish the goods of one manufacturer or owner from like goods having a different origin or ownership, that they may be said to function as trade-marks.

"In our opinion the Commissioner's conclusions are correct. In the case of *In re Waterman Co.* (34 App. D. C. 185; 18 Ann. Cas. 1033) this court considered an application for the registration of a color trade-mark for a fountain pen, which gave the color of the feed bar as red, and the portion of the reservoir or handle adjacent to the feed bar as black. Registration was denied upon the ground that a trade-mark cannot be acquired in the use of color not connected with some symbol or design, citing *Re Haddon's Trademark* (L. R. 37 Ch. Div. 112); *A. Leschen & Sons Rope Co. v. Broderick and B. Rope Co.* (201 U. S. 166; 26 S. Ct. 425; 50 L. Ed. 710); and *Diamond Match Co. v. Saginaw Match Co.* ((C. C. A.) 142 F. 727)."

In *Radio Corporation of America v. Decca Records* (51 F. Supp. 493) the court said, at page 495:

"The color of the label is not functional qua color, as has been held in respect of matches with two colors, one on the head and one on the tip where they are to be struck. Cf. *Diamond Match Co. v. Saginaw Match Co.* (6 Cir., 142 F. 727, 729, 730).

"It seems to me, however, that it cannot properly be contended that a colored round label, affixed to the circular center of a circular disk record, is the use of color in the form of a design, as it must be to constitute a trade-mark. Cf. *Leschen & Sons Rope Co. v. Broderick & Bascom Rope Co.* (201 U. S. 166, 171; 26 S. Ct. 425; 50 L. Ed. 710). The circular shape of this center is inescapable. All that has happened is that a functional part of the record has been colored, not that a design has been achieved.

"This renders void the plaintiff's trade-marks, for color qua color may not be a trade-mark."

In *In re Security Engineering Co., Inc.* (113 F. (2d) 494) the Court of Customs and Patent Appeals said, at page 495, that:

"It is the well-settled law that for a mark to be entitled to registration it should be one which the law recognizes as being capable of distinguishing the goods of its owner from those of another.

"It is equally well settled that the validity of a mark and its right to registration may not depend upon color alone. Color may be an important feature of a valid and useful trade-mark, but color or colors alone when applied to the article as a whole, except under circumstances hereinafter particularized, will not constitute a valid mark."

In *International Braid Co. v. Thomas French and Sons* (150 F. (2d) 142) the Court of Customs and Patent Appeals said, at page 143, that:

"Furthermore, the law is well settled that a mark, the distinguishing feature of which is partly identified by the use of a design in color, may be registered, provided, however, that the designated color is distinctive and specific. On the other hand, the law prohibits the registration of a mark which provides for the use of any color as its distinguishing feature; for the reason not only that such a mark possesses no defined feature which would tend to identify the origin of the goods, but also that the registration of such a mark would endow its owner with an implied monopoly of all the colors of the spectrum. *Leschen & Sons Rope Co. v. Broderick & Bascom Rope Co.* (201 U. S. 166; 26 S. Ct. 425; 50 L. Ed. 710); *Lufkin Rule Co. v. Master Rule Mfg. Co.* (40 F. 2d 991; 17 C. C. P. A. Patents, 1227); *In re Johns-Manville, Inc.* (55 App. D. C. 142; 2 F. 2d 844); *Samson Cordage Works v. Puritan Cordage Mills* (6 Cir., 211 F. 603; L. R. A., 1915 F. 1107); *In re Gotham Silk Hosiery Co., Inc.* (57 App. D. C. 266; 20 F. 2d 282)."

In view of the foregoing, it is quite clear that the color yellow or of any other color is incapable of being a trade-mark unless such color or colors form part of a distinctive design which otherwise is capable of registration. It will be noted that even where registration of a design incorporating colors is permissible, no exclusive property right in the color is thereby obtained.

It is interesting to note in this connection that butter is not the only yellow food that is consumed by man. Yellow appears in many foods which man has consumed for years. For that matter, butter is not the only yellow fat that man has consumed. While some butter people like to talk about butter being mentioned in the Bible, an investigation into the historical facts discloses that after man domesticated the cow, he consumed cow's milk, but for some time did not make of such milk, butter for his own consumption. In fact, there is evidence to show that the first use made of butter was as a grease with which wrestlers in ancient times anointed their bodies so as to aid them in their athletic contests.

However, man did eat yellow fats other than butter, such as beef fats and chicken fat. These have been the subject of human consumption for many years. For that matter, when margarine was first made and sold in the 1870's, it was made exclusively from animal fats, and from such fats the margarine derived a natural yellow color.

Yellow margarine is not something which is new today. As already stated, it was first yellow naturally, and over the period of years some yellow margarine has been made and sold.

The witness from the Food and Drug Administration described very clearly how naturally yellow margarine was in pretty common use prior to 1931, and that the oleomargarine tax law was amended in 1931 to impose a 10-cents-per-pound tax on naturally yellow margarine as well as artificially colored margarine which, in turn, reduced the amount of yellow margarine made to a very small quantity.

Accordingly, history shows that butter has never had any exclusivity for the color yellow in the food field and not even in the fat field.

Upon consideration, it becomes apparent that this is in no way whatsoever a trade-mark point or one involving an exclusive right. It is simply a matter of color in foods which, in turn, automatically means that it comes within the provisions of the Federal Food, Drug, and Cosmetic Act.

As is known, the original Federal law in this field was the food and drug law of 1906. Starting in the 1930's, the Congress spent several years in a consideration of a revision of the food and drug law, which culminated in a very comprehensive measure enacted in 1938 and called the Federal Food, Drug, and Cosmetic Act.

This followed very extensive hearings in both Houses, lasting over a period of many years. The subject of the coloration of foods was fully considered, and the Congress acted upon it. We find the following provision in this act, being section 403 (k):

"SEC. 403. A food shall be deemed to be misbranded—

*(k) If it bears or contains any artificial flavoring, artificial coloring, or chemical preservative, unless it bears labeling stating that fact: *Provided*, That to the extent that compliance with the requirements of this paragraph is impracticable, exemptions shall be established by regulations promulgated by the Administrator. The provisions of this paragraph and paragraph (g) and (i) with respect to artificial coloring shall not apply in the case of butter, cheese, or ice cream."

It is obvious, therefore, that Congress has enacted that color may be added to food—and with no limitations on the use of any particular color for any particular food—just as long as there is a label declaration that color has been added. As is obvious from this provision, the exemption originally procured from the Congress in 1923 with respect to butter was continued in this act.

Furthermore, under section 401 of the Federal Food, Drug, and Cosmetic Act, the food, oleomargarine, was standardized by the Federal Security Administrator and, as required by the act, he first conducted lengthy and extensive hearings. The oleomargarine standard was promulgated in 1941 and was one of the first standards of identity issued under the Federal Food, Drug, and Cosmetic Act. In the standard, which has the force and effect of law, the Administrator lists coloring as an optional ingredient. The butter interests were present at these hearings and noted their appearance. Obviously, the fact that in standardizing oleomargarine under the Federal Food, Drug, and Cosmetic Act, the Administrator lists coloring as a permitted ingredient is very clear and conclusive evidence that there is nothing false and misleading in having yellow oleomargarine and that it is in keeping with all proper considerations dealing with the manufacture, selling, and labeling of foods. Of course, under the act, as well as under the oleomargarine standard, when color is added to oleomargarine, the label must clearly and conspicuously declare the presence of added color.

Senator BUTLER. Mr. Truitt, could you tell us in connection with that point just why the oil industry wants to make their product the exact imitation of butter?

Mr. TRUITT. Well, sir, that is just exactly the way the housewife wants it. The question comes up over and over again and that is always the answer.

We are processors whose business it is to serve the public.

Senator FULBRIGHT. Is that the same reason that butter manufacturers color butter, because the housewives want it that way?

Mr. TRUITT. It is.

Senator FULBRIGHT. Is there any difference in motive?

Mr. TRUITT. I do not see any difference.

Senator FULBRIGHT. Exactly the same?

Mr. TRUITT. Exactly the same.

I have no further statement, Senator George.

The CHAIRMAN. Any further questions of Mr. Truitt?

Senator FULBRIGHT. Mr. Truitt, do you have any information about a so-called survey that the butter people made in Arkansas?

Mr. TRUITT. No, sir; except that which I have heard at public hearings; they did not tell me about that.

Senator FULBRIGHT. I unfortunately had another committee meeting and was unable to hear that. Do you know of any verification or any way that we could verify that survey?

Mr. TRUITT. Well, it could be repeated.

Senator FULBRIGHT. Do you have any opinion about its accuracy?

Mr. TRUITT. No, I think not. I am inclined to believe that restaurant operators are an honest group of people and that, therefore, there would not be any great amount of so-called fraud perpetrated in public eating places by not posting notices in conformity with the State law.

Senator FULBRIGHT. Mr. Truitt, do you know how many new plants making margarine have been built in the last few years? Do you have any statistics on that?

Mr. TRUITT. There are a few. I can look at my list of manufacturers and give you some idea. I would say that in the past 2, 3, or 4 years there have been probably four, five, or six. Let us say half a dozen.

Senator FULBRIGHT. Half a dozen?

Mr. TRUITT. Roughly a half dozen; yes, sir. Of course, you know that years ago, before the weight of these punitive taxes rested so heavily on the industry, there were a larger number of manufacturers in the business. It has taken a pretty sturdy character and good business management to survive in this business.

Senator FULBRIGHT. There were more manufacturers at one time?

Mr. TRUITT. Yes, sir, there were; probably twice as many.

Senator FULBRIGHT. Would it be your judgment that if this bill is passed there would be an increase in the number of manufacturers?

Mr. TRUITT. I would think, so, perhaps. I think there is a trend pointing that way at present.

Senator FULBRIGHT. I believe two new plants have been built in Arkansas in the last 2 years, a State which has not had a margarine plant, to my knowledge.

Mr. TRUITT. That is correct. Neither is in production at the moment, but they are in process of completion.

Senator FULBRIGHT. You said that Lever Bros. produced 4 or 5 percent, is that the largest single producer in the business?

Mr. TRUITT. I am sure the answer to that question is "No," they are not the largest producer in the business.

Senator FULBRIGHT. Does any one dominate the industry?

Mr. TRUITT. I would say not.

Senator FULBRIGHT. Is it fairly well distributed among the competing companies?

Mr. TRUITT. There are a number of larger companies of approximately the same size and then there are a number of middle size companies and then there are a group of smaller manufacturers. I do not have statistics, however, on the production of these companies so I can give you ranking, for example, I do not represent all of the companies in the business.

Senator FULBRIGHT. What was the production of margarine last year?

Mr. TRUITT. Nine hundred and eight million pounds.

Senator FULBRIGHT. Nine hundred and eight million?

Mr. TRUITT. That is correct.

Senator FULBRIGHT. What was the production of butter last year?

Mr. TRUITT. It would be about 1,500,000,000 or 1,550,000,000, in that range.

Senator FULBRIGHT. Is it true that in the last 20 years the production of butter has been going down?

Mr. TRUITT. Yes, sir.

Senator FULBRIGHT. And margarine up?

Mr. TRUITT. And margarine up; yes, sir.

Senator FULBRIGHT. Even with the restriction of the taxes?

Mr. TRUITT. Yes, sir.

Senator FULBRIGHT. Would you say that it is fair to say that regardless of the artificial production, the economics of the situation is such that butter cannot expect to continue to grow or even to maintain its position whether the taxes are kept or not?

Mr. TRUITT. I think that is a fair statement, yet I do not think butter is going out of business, by any means.

Senator FULBRIGHT. No.

Mr. TRUITT. The point is that there is a great need for more table fat and there has been less and less butter and margarine has to some extent fill the gap.

Senator FULBRIGHT. Is not the economics of that the fact that the producers of milk can make more money in disposing of that milk in nearly any form and make money?

Mr. TRUITT. Not nearly, but in any other form.

Senator FULBRIGHT. In any form?

Mr. TRUITT. That is correct.

Senator FULBRIGHT. So that they naturally could dispose of it in any form. In other words, even with butter at 80 and 90 cents, it is not as profitable as it is to sell it, fluid milk or as cheese, is that the fact?

Mr. TRUITT. That is the fact.

Senator FULBRIGHT. So that the crying about the competition of margarine just does not make any sense about it being the element that is destroying butter, is that true?

Mr. TRUITT. That is correct.

Senator FULBRIGHT. It seems to me to be very clear from the statistics and the experience that it is not margarine that is lessening the volume of butter but that there are other economic factors, particularly the desire of people to use it in some other form for which they are willing to pay more money?

Mr. TRUITT. Mr. Slaughter hands me a welcome correction on the number of new margarine plants. He tells me that during the years 1948 and 1949, there have been 12 new plants.

Senator FULBRIGHT. Twelve?

Mr. TRUITT. I said previously six, but it is double that number.

Senator FULBRIGHT. How many were there in the year preceding, 1946, for example?

Mr. TRUITT. I do not know whether he has given me plants or companies. There are, at the moment 27 companies and 54 producing plants in the United States.

Senator FULBRIGHT. Fifty-four?

Mr. TRUITT. That is correct. Those are owned and operated by 26 companies. One company is not producing yet and that is the Osceola Co. in your State, however, they are on the official list of margarine companies and plants.

Senator FULBRIGHT. Twelve new plants?

Mr. TRUITT. Take 12 plants from 54 you get 42 plants as of 1946.

Senator FULBRIGHT. Is that 12 included in the 54 plants you mentioned?

Mr. TRUITT. They are included.

Senator FULBRIGHT. It is included?

Mr. TRUITT. That is correct.

Senator FULBRIGHT. Then there are only 36 plants, we will say?

Mr. TRUITT. No, 42, 12 from 54 gives you 42.

Senator FULBRIGHT. An increase of 30 percent in 2 years?

Mr. TRUITT. I would say roughly 25 or 30 percent increase.

Senator FULBRIGHT. I think it is important, those figures showing that in the face of these restrictions you still get this demand for margarine and the need for it and your statistics showing the decrease in per capita use of all fats certainly backs that up. All you are

doing by this restrictive legislation, you are not really helping butter, you are just depriving the American consumer of an article they want. That is, you are tending to deprive, that is the effect of this legislation?

Mr. TRUITT. That is right.

Senator FULBRIGHT. You are not really achieving the purpose for which it was designed originally?

Mr. TRUITT. That is right.

Senator FULBRIGHT. Do you agree?

Mr. TRUITT. I agree with you.

Senator FULBRIGHT. I asked you whether you knew one company that dominates the industry. It is not a fair charge to say that this oleomargarine industry is under the domination of one great monopoly?

Mr. TRUITT. I think that charge is absolutely absurd, ridiculous.

Senator FULBRIGHT. Is there any company which has as large a percentage of the industry as General Motors has of the motor car industry?

Mr. TRUITT. I would say nothing like it. I dare say that no individual company makes as much as 10 percent of the total product and I understand General Motors makes about a third of the cars, is that right?

Senator FULBRIGHT. I think so. So that the charge of monopoly in this industry is completely unfounded?

Mr. TRUITT. I think so.

Senator FULBRIGHT. The effect of removing these restrictions, looking at the last 2 years, is making it easier for people to get into business to further disseminate the manufacturing of margarine?

Mr. TRUITT. The present trend illustrates that fact now.

Senator FULBRIGHT. These two companies in Arkansas are two companies built by local capital, as I understand.

Mr. TRUITT. That is correct.

Senator FULBRIGHT. They are not a part of a colossus?

Mr. TRUITT. As a matter of fact, the one over at Wilson is owned by a number of plantation owners around Wilson.

Senator FULBRIGHT. It is a cooperative undertaking?

Mr. TRUITT. It is a cooperative undertaking. They have a completely integrated operation, they raise the cottonseed and soybean, they crush the seeds and beans, they refine the oil, and they manufacture the mayonnaise, salad dressing, and margarine, and market the goods.

Senator FULBRIGHT. And it is owned by local people?

Mr. TRUITT. That is correct.

Senator FULBRIGHT. They are both owned by local people but one is in the nature of a cooperative of the producers?

Mr. TRUITT. The other is a private corporation.

Senator FULBRIGHT. That is my information.

I think it is fair to say that in a number of States if these restrictions are removed that same process is likely to take place, not only in the cotton country but in the soybean country?

Mr. TRUITT. I think that is a fair conclusion, yes, sir.

Senator FULBRIGHT. Can you say about what proportion of the end product comes from soybean and what from cottonseed during the last year?

Mr. TRUITT. During the last year, basing it all on oil usage, I would say about 60 percent of oil used has been cotton and 40 percent of the oil used has been soybean. There is a small quantity of other oil used, 3 or 4 or 5 percent, consisting of meat fat required for margarine sold in two States, Wyoming and Minnesota, and maybe a little sesame oil, corn oil, peanut oil, and so forth. That is about the split up for 1948.

Senator FULBRIGHT. What percentage of the soybean oil is used for margarine? We had 38 percent of cottonseed oil.

Mr. TRUITT. Let me ask Mr. Strayer if he can give us that.

It is about 20 percent, I am told.

Senator FULBRIGHT. So it is one of the very large users?

Mr. TRUITT. The margarine industry is the second largest user of soybean.

Senator FULBRIGHT. What is the other large user?

Mr. TRUITT. Shortening.

Senator FULBRIGHT. It is very important to the price of soybeans?

Mr. TRUITT. We have heard the testimony about that.

Senator FULBRIGHT. I missed some of that. If I ask you some questions that are repetitious, it is perfectly all right to say so.

I believe that is all for the moment.

Senator BUTLER. Mr. Chairman, I just want to make one statement. I do not know whether Mr. Truitt cares to make any comment on it.

I listened rather attentively here today, although I am sorry I have not been able to attend all of the hearings. The gist of the testimony here this afternoon, I think, amounts to this: These margarine products are perfectly safe to eat, may not be quite as good as butter, but if we get enough fluid milk output from the farms of America, then the people can safely eat oleo products in the place of butter.

Mr. TRUITT. I think that leads into the field of nutrition. I am not a nutritionist and I would say that the subject generally has been adequately covered by the nutritionists at this hearing and at previous hearings, so I do not think, Senator, I am sufficiently qualified to comment.

Senator FULBRIGHT. I have one other question. The point has been made that if we repeal this, the price of yellow margarine will go up to that of butter. What do you think about that?

Mr. TRUITT. If I may be categorical and blunt about it, I think it is absurd. Although my hair is not as gray as some of the gentlemen on the bench, I have had 30 years hand running experience in business. I have never seen any situation in merchandising comparable to this where that dire prophecy ever came true. Things are sold competitively in this country and you get a price based on value, and so forth, for your article. It is just not in the cards to expect the price of yellow margarine to equal that of butter.

I would like to see anybody who would want to get rich quickly try that, because it would be the neatest way to explode that theory. I would say that that allegation is loose thinking. People who accurately observe the economic system and the way goods are bought and sold in this country should not make statements like that.

The CHAIRMAN. It would not be possible unless you had a complete monopoly?

Mr. TRUITT. No, sir; it would not.

The CHAIRMAN. You could not maintain a monopoly in the margarine industry very long, could you?

Mr. TRUITT. I do not think a monopoly could be maintained for even a short time.

The CHAIRMAN. And the relatively small cost in putting up margarine plants; that is, where you do not do the refining in connection with the plant would be insurance against monopoly?

Mr. TRUITT. Yes.

The CHAIRMAN. Thank you very much, Mr. Truitt.

We will insert in the record at this point three statements that have been submitted by the spokesmen of organizations that desired to appear here.

(The statements referred to follow:)

STATEMENT OF HELEN M. HARRIS, EXECUTIVE DIRECTOR, UNITED NEIGHBORHOOD HOUSES OF NEW YORK, INC., NEW YORK, N. Y.

The United Neighborhood Houses is a federation of 53 settlement and neighborhood houses many of whose names have become bywords because of their long and faithful service to the underprivileged.

Our firm opposition to artificial restrictions on the sale of margarine, and our reasons for taking this position, were recorded before the House Committee on Agriculture last March. Briefly, we stated that for those whom we serve it is particularly important that very limited funds be used as effectively as possible to buy wholesome and attractive food. Margarine is potentially a leading example of such a food. Its nutritional excellence and its inexpensiveness require no elaboration. The market for margarine, however, is severely limited by the fact of its being sold uncolored. This limitation of demand, together with the existence of license fees, results in poor distribution, particularly among small stores typical of neighborhoods where low income families live and shop.

We wish now to discuss margarine legislation specifically, as it stands before the Senate Finance Committee. The bill passed so overwhelmingly by the House of Representatives has our unqualified approval. It permits the sale of margarine as everyone wants it, tinted yellow, without payment of a tax penalty. It wipes out license fees, which now limit distribution. It preserves surveillance by the Food and Drug Administration. Finally, it permits all manufacturers, wherever located, to compete for the market, and this is an indispensable protection for the consumer. The provisions of the House-approved bill requiring identification of margarine when served in restaurants are of very secondary significance. They are of as little relative importance as the quantity of restaurant sold margarine is small compared to the quantity of home consumed margarine.

By contrast, the bill decisively rejected by the House of Representatives, commonly identified as the Granger bill, would create undesirable conditions for the manufacture and sale of margarine, immediately in the 31 States which have no local prohibitions and later in any of the 17 States which repeal local prohibitions now in effect. Without question in every such State a very strong demand for colored margarine would exist. That demand could be satisfied only by margarine locally manufactured since interstate shipments would be prohibited. All of this local margarine would be beyond the reach of the Food and Drug Administration. This would be a sharp set-back to the long and hard-won progress of consumer protection against substandard products. Furthermore, margarine is efficiently produced in high capacity plants. If, in a given State, the local demand were filled by the one or two plants required, the seller, or sellers, would be provided with an environment favorable to monopolistic practices, and the consumer would be provided with a limited choice on a take-it-and-like-it basis. If, alternatively, a number of plants were operated to fill only the local demand, the high costs inherent in excess capacity would be suffered, and the consumer would pay the bill.

The Senate Finance Committee is well aware of the variety and formidability of the obstacles which have been imposed to free debate and vote on margarine legislation by the Congress. In the House of Representatives these obstacles were decisively surmounted both a year ago and last March. Last year the action of the Senate Finance Committee on a bill similar to that now in its hands

was expeditious, unanimously endorsed, and therefore most heartening. We respectfully urge the committee, by reporting out promptly the bill passed by the House, to allow the consumers of the Nation the consideration on the floor of the Senate which they deserve.

STATEMENT OF THE PLANNING BOARD, NEW YORK CITY FOOD AND NUTRITION COMMITTEE, NEW YORK HEALTH COUNCIL, NEW YORK, N. Y.

The planning board of the New York City Food and Nutrition Committee, a division of the New York Health Council, respectfully urges prompt and favorable action by the United States Senate on the Poage bill, H. R. 2023, as approved on April 1 by the House of Representatives.

The measure is in the consumer interest. It will free a wholesome and nutritious food product from burdensome and discriminatory taxes, establish adequate consumer safeguards in public eating places, and retain margarine under the stringent labeling and packaging provisions of the Food, Drug and Cosmetic Act.

We believe that the Federal antimargarine laws to be contrary to the basic principles of free enterprise, that they thrust an unnecessary burden on the consumer, especially those in low income groups; and that they are entirely without justification.

It is clearly apparent to us that butter, a good and wholesome food product, is perfectly capable of competing with margarine on its own merit. Butter is not an inferior product. It does not require an unfair advantage accorded it by artificial restrictions on a competing product.

With family and institutional budgets strained to the breaking point by spiraling living costs, there should be given a freedom of selection between the two table spreads. Neither should be unduly penalized.

STATEMENT OF REV. WILLIAM H. JERNAGIN, NATIONAL FRATERNAL COUNCIL OF NEGRO CHURCHES, U. S. A.

As an official representing the National Fraternal Council of Negro Churches, U. S. A., I urge this committee to endorse H. R. 2023, the Poage bill, which would abolish antimargarine taxes and other unfair restrictions.

Our organization wants the antimargarine laws repealed, because their continuation in force is a threat to cotton and soybean farmers, to small grocers, and to consumers.

Among the 11 denominations and 6,000,000 members represented by our organization are millions of colored farm people in the southern and border States. They rely heavily on cotton and cottonseed as a major source of income.

As you know, margarine provides an important market outlet for cottonseed and soybean oils. I understand that last year, over 400,000,000 pounds of cottonseed oil and nearly 300,000,000 pounds of soybean oil went into the manufacture of margarine. These amounts would be greatly increased by the removal of discriminatory taxes which throttle the production and distribution of margarine.

Continued discouragement of margarine consumption is proving a serious handicap to cotton and soybean farmers. With cotton facing stiff competition from rayon, nylon, and other synthetic fibers, cotton byproducts such as cottonseed oil for the manufacture of margarine and other foods are now of vastly increased importance.

Other factors which I trust this committee will take into account are the inadequate supply of milk and the deficiency of fats and oils. The per capita consumption of butter and margarine now stands at only 16.3 pounds. The nutritive requirement of fats and oils is double that amount. Assuming that a third comes from other sources, there is still need for about six additional pounds of butter and margarine per capita or an aggregate of close to a billion pounds.

As for the shortage of milk, Secretary of Agriculture Charles F. Brannan said before congressional committees last week that the American people should be producing and consuming 150,000,000,000 pounds of milk annually, instead of less than 120,000,000,000 pounds as we are doing at present.

Therefore the argument that dairy farmers are threatened by increased production of margarine seems without foundation in fact.

Increased production of margarine, indirectly, means increased income for cotton farmers. And it means shoes for children to wear to school and to church.

I am not the only minister in our council who has witnessed the dire needs of many colored cotton farmers. A large percentage of council membership is made up of ministers who serve rural communities. Their work is directly related to rural welfare. And they know how important the extra cottonseed dollars are to these low-income farmers.

Aside from the farmers' needs, more small white and colored merchants ought to have an opportunity to sell margarine in their stores. However, the high license fees make it impractical for many of them to handle this product.

And, of course, the housewife's interest also is vitally affected. In order to get this low-cost, nutritious product, she sometimes must walk blocks and blocks to the big stores which can afford to pay the license fees to handle margarine.

Then after she finds it, she has to pay 10 cents per pound extra to get it already colored. Otherwise, she has to take it home uncolored, and then undergo the unnecessary inconvenience of coloring her margarine herself. And no matter how careful she is, some of the margarine sticks to the container and is lost. If one added up all of the margarine that is lost in this manner, I imagine it would total thousands of pounds, because 93 percent of all margarine is consumed at home.

The nutritive quality of margarine is unquestioned. In some respects, according to scientists, it is even superior to butter. For example, some scientists say that its vitamin A content is more consistent than that of butter, because the standard required amount is artificially added, while butter's vitamin A content varies with the seasons. And the presumption held by a few that margarine may be sold as butter, if the color ban is removed, is not valid, since the labeling provisions are adequately covered in H. R. 2023.

The bill also guards against misrepresentation of margarine in cafeterias and other eating places. As I understand it, all public eating places would be required to display a notice saying that the business serves margarine.

As we see it, then, there is no good reason not to repeal all antimargarine laws and restrictions, while on the other hand, in the interest of consumers, farmers, and small merchants, the laws should be repealed. Therefore, we prayerfully urge this committee to adopt H. R. 2023 which will relieve the people of the undue burden implicit in antimargarine laws and regulations.

The CHAIRMAN. The following statements are submitted for the record from representatives who were unable to appear in person, but wanted to be recorded as being in favor of the House-passed version of H. R. 2023.

(The statements referred to follow:)

STATEMENT OF MILDRED GUTWILLIG, CHAIRMAN, COMMITTEE ON CONSUMER PROTECTION, NATIONAL FEDERATION OF SETTLEMENTS

The position of the National Federation of Settlements with regard to repeal of Federal taxes and restrictions on margarine is already a matter of record with Congress. In March 1948, Mrs. E. G. Chamberlain appeared before the House Committee on Agriculture with a complete statement of our reasons for urging that the Eightieth Congress remove this Federal law which, in our opinion, is harmful to the welfare of the great majority of our people, from the nutritional as well as economic standpoint. Again, in March 1949, this federation filed a statement with the same committee in the House of Representatives reiterating its position and emphasizing its desire for the elimination of any ban or restriction on the sale of artificially yellow-colored margarine.

It is not our intention at this time to repeat again that which is already a matter of public record and readily available to this committee. Instead we wish to state: First, that we remain firm in our conviction that all antimargarine laws should be repealed; second, that we thoroughly approve and are completely satisfied with H. R. 2023 as it was passed by the House of Representatives; and third, that we urge the Senate Committee on Finance to report this bill as it reads today.

We are aware that while this bill bears the number of the former Granger bill, it was so amended on the floor of the House that it is now essentially the same as H. R. 3, introduced by Congressman Poage, whose bill the federation strongly favored. We are further aware that the controversy was virtually narrowed down to the merits of H. R. 2023 as it now stands versus those of the original Granger bill.

In considering the provisions of each, we find that both bills would repeal all taxes and license fees. Well and good. Both bills would permit the manufacture of yellow margarine. Both bills would permit intrastate commerce in yellow margarine. But—and here is where the joker lies—the original Granger bill would prohibit interstate trade in yellow margarine. Thus it would deny to the consumer the protection now afforded by the pure food and drug law.

Those who favor the prohibition of interstate commerce in yellow margarine cannot possibly maintain that they have the interest of the consumer at heart when, by this provision, they would take away from him all protection by the Food and Drug Administration.

It is clear that the dairy interests would eliminate yellow margarine altogether if it were possible, consumer demand to the contrary notwithstanding. The fact that they would complicate and cloud the issue by erecting interstate trade barriers should not go uncontested as unjust, unsound, and contrary to consumer interests.

The National Federation of Settlements is not directly concerned with the restaurant provisions of either bill, since few of the families using our facilities can afford to patronize restaurants. On principle, however, we believe that the provisions contained in the Poage bill or those of H. R. 2023, as it was referred to the Senate by the House, furnish adequate protection and safeguards to consumers in public eating places.

Action of the delegate body of the National Federation of Settlements in April 1948, was reaffirmed by the board of directors at a meeting in Washington on February 5 and 6, 1949, as follows:

"The removal of discriminatory taxes in oleomargarine is in accord with the President's program to bring down the cost of essential foods and is long overdue. We urge the immediate passage of legislation to this effect, with the elimination further of any ban or burdensome restrictions on the sale of artificially colored oleomargarine."

Accordingly, we respectfully urge the members of the Senate Finance Committee to report out favorably H. R. 2023 as it was referred by the House of Representatives, without amendments and without delay.

DAIRY EMPLOYEES, PLANT AND CLERICAL LOCAL UNION No. 93,
Los Angeles, Calif., April 8, 1949.

Senator WALTER F. GEORGE,
*Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.*

HONORABLE SIR: By unanimous action our members urgently request that you support amended House bill 2023. We believe this bill to be fair, and I hope that you will see fit to support it as a member of the Senate Finance Committee.

Respectfully yours,

MARK S. WHITING,
Secretary-Treasurer.

Hon. WALTER F. GEORGE,
*Chairman, Senate Finance Committee,
Senate Office Building:*

CICERO, ILL., *April 8, 1949.*

Understand your committee will soon hold hearings on H. R. 2023 oleomargarine tax-repeal bill. Would like to testify, but my traveling commitments prevent this. I appeared before your committee last year on this same subject and respectfully refer committee to my testimony which appears beginning on page 101 of printed record. I want to assure your committee that everything I said last year is just as applicable now. During past year there have been some further experiments completed also proving margarine is a fine wholesome nutritious food. As a scientist vitally interested in proper feeding of our people, urge committee favorably report bill. Yellow color of oleomargarine as in the case of butter important psychologically since our people are used to and prefer that color in spread for bread and mental satisfaction is an important factor in eating, digestion, and in nutrition. Please insert this telegram in record as my statement.

A. J. CARLSON,
*Department of Physiology,
University of Chicago, Ill.*

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CHICAGO,
Chicago, Ill., April 6, 1947.

SENATOR WALTER F. GEORGE,
Senate Finance Committee, Senate Office Building,
Washington, D. C.

DEAR SIR: Members of the health education and public affairs committees of the Young Women's Christian Association of Chicago are much pleased with the progress of H. R. 2023. The repeal of Federal margarine license fees and taxes and the strengthening of the safeguards against fraudulent serving of margarine in public eating places seem to us important measures in the interest of the consumer.

We hope that the Senate committee, after its careful study of the similar bill introduced the Eightieth Congress, will not feel the need of more extensive hearings before taking an affirmative action on this measure. We are particularly concerned that weakening amendments, considered by the House of Representatives and rejected, shall not be added to the bill in the Senate.

Very sincerely yours,

Mrs. L. E. McCLOY,
Chairman, Health Education Committee.

STATEMENT OF MRS. MARY McLEOD BETHUNE, FOUNDER-PRESIDENT, NATIONAL
COUNCIL OF NEGRO WOMEN

Our organization, the National Council of Negro Women—with 25 national organizations, 85 chapters and 850,000 members—has a very real and direct interest in the repeal of Federal antimargarine laws.

The reasons are obvious. Unfortunately, Negroes, generally speaking, are among the low-income groups in this country.

Margarine is a good food. Nutritionally speaking, it is as good as butter and is much cheaper.

Federal and State antimargarine laws have increased the cost of margarine and, in many instances, have made this product unavailable to consumers in the low-income groups. Testimony at hearings during the Eightieth Congress indicated that only about half the retail grocery stores in the United States sell margarine.

This situation works a grave hardship on many white and colored families all over the country. We submit that no legislation should be permitted which, for no good reason, deprives consumers of a nutritious and cheap food, or increases its cost.

The Federal tax of 10 cents a pound on yellow margarine and State taxes and restrictions upon the sale of yellow margarine force most families, who wish to serve margarine yellow, as most do, to spend extra time in mixing color into margarine, and furthermore, margarine is wasted in the process.

We oppose vigorously any proposal that a ban be placed by this committee on the manufacture and sale of yellow margarine.

It would perpetuate the hardship referred to above.

There is no danger that stores will sell margarine as butter if antimargarine legislation is repealed. There is no danger of such deception now.

Each separate package and stick of margarine is labeled "Oleomargarine." There are other legal labeling requirements. The penalties for violation of these requirements are so severe that even the butter interests admit there is little danger of fraud in this field.

The labeling requirements would not be changed by repeal of Federal antimargarine legislation.

More than 90 percent of all margarine sold goes from the stores direct to the householder.

Because it is claimed by an interested group that some small quantity of margarine might be sold in public eating places as butter, why force the housewife to continue the burdensome and wasteful process of coloring margarine? Why not get at this situation, as is proposed in the Poage bill, H. R. 2023, the other repeal bills pending before your committee, by legislation which make the serving of margarine as butter in public eating places a Federal offense? The Federal antimargarine laws not only work a hardship on Negro consumers, as well as other consumers, but they also do great injury to the white and colored farmers who produce cotton and soybeans. Margarine is made primarily from cottonseed and soybean oil.

The legal penalties inflicted upon margarine have lessened the use of the oils referred to, have lowered the price of cottonseed and soybean oils and thereby have reduced the already low income of many small white and colored farmers. Many sharecroppers have only the cottonseed left after paying the expenses of making their cotton crop. As you know, Negro sharecroppers make up more than 60 percent of all croppers in the South.

Anything which lessens the value of cottonseed hits directly at the Negro cotton producer, especially tenants and sharecroppers who need every penny they can get to exist.

As an organization we are opposed to unjustified and discriminatory legislation of every kind, whether its basis is race, class, or economic. We urge this committee, therefore, to approve H. R. 2023 which would remove the worst aspects of Federal legislation aimed at margarine. We urge the committee not to substitute further legal discrimination in its stead.

We think that butter and margarine each should be sold on its own merits and that the consumers of America should be allowed to make their choice of each product in a free and competitive market.

STATEMENT OF H. CORINNE LOWRY, EXECUTIVE SECRETARY, NATIONAL ASSOCIATION OF COLORED WOMEN, INC.

The 53,000 members of the National Association of Colored Women strongly urge the Finance Committee of the Senate to repeal Federal antimargarine legislation.

We also strongly urge this committee to reject any proposals to limit the manufacture, distribution, and sale of yellow margarine.

The colored people of this country have a direct and vital interest in repeal of the Federal antimargarine laws:

First, these laws discriminate against all low-income consumers; a large number of our people fall into that category.

Second, these laws discriminate against white and colored cotton farmers; some 500,000, or 80 percent of all colored farmers grow cotton.

The discrimination against consumers is apparent to anyone familiar with the effects of the Federal and State antimargarine laws.

The Federal legislation levies a 10 cents a pound tax on yellow margarine.

As a result, housewives over the country are forced to the burdensome and onerous task of mixing color into margarine. The overwhelming majority of families prefer their table spread yellow, whether it is butter or margarine. This is a matter of food habits and there is no question that a pleasing color in food adds to its palatability.

Butter freely uses yellow coloring to make the product more pleasing to consumers. Why does it seek to deny the same privilege to margarine?

The excuse is given that, otherwise, some margarine might be sold as butter. This excuse is without validity in the case of more than 90 percent of all margarine sold.

There is no danger that margarine will be sold as butter to householders, who consume more than 90 percent of all margarine sold.

The labeling laws for margarine, which would not be changed by repeal, are very strict and the penalties for violation severe.

Each separate package and stick of margarine must be labeled as such. If artificial coloring is used that fact must be on the label a requirement from which butter, by law, is exempted.

We can see no justification whatever for legislation which would force the housewife to continue henceforth the disagreeable and wasteful process of mixing color into margarine.

This is what the proposed ban on the manufacture and sale of yellow margarine would do.

Let us emphasize once more: There is no danger whatever that the housewife will be sold margarine as butter.

Why penalize her because there may be danger that margarine may occasionally be sold as butter in public eating places?

Why not get at this matter directly as is proposed in H. R. 2023 and other bills pending before this committee?

H. R. 2023, for example, would make the serving of margarine as butter in a public eating place a Federal offense. Furthermore, each separate serving of

margarine served in a public eating establishment must be labeled as such under the terms of H. R. 2023. Furthermore, the bill would require, in addition, that a public eating place which serves margarine must post a notice to this effect, or must so state on the menu.

This goes much further toward eliminating the danger of deception in the very small area where any such danger exists than the unjustified proposal for a ban on yellow margarine.

We need not tell you again that the colored people of this country are among the very lowest-income groups.

The Federal and State antimargarine laws increase the cost of margarine, a food product as good and nutritious as butter. In many instances, due to these discriminatory laws, families cannot buy margarine. As we have stated, when it is purchased, the discriminatory laws force them to spend extra time in the kitchen, mixing color into margarine and wasting margarine in the process.

On behalf of the 14,300,000 colored consumers in this country, we plead with you to do away with all punitive Federal laws aimed at margarine.

The proposed color ban against margarine is as unfair and unjust as discriminatory race and class laws.

On behalf also of the hundreds of thousands of colored farmers and their families, we urge the repeal of the Federal antimargarine laws.

As this committee knows, most of these colored farmers produce cotton and cottonseed. The income of these farmers is among the lowest of any group in this country.

Cottonseed oil, which is made from cottonseed, is one of the principal ingredients of margarine.

The antimargarine laws, over a long period of years, have decreased the use of cottonseed oil in margarine and thereby have lowered the price of cottonseed and the income of colored farmers. These farmers are in an unenviable position as it is.

For the sake of the farmers, the consumers, and for the sake of fair play and fair competition in our free-enterprise system, we again urge this committee to approve legislation scrapping the outmoded and un-American antimargarine laws.

The CHAIRMAN. We will recess at this time until 10 o'clock tomorrow morning.

(Whereupon, at 4:50 p. m., the committee recessed, to reconvene at 10 a. m., Wednesday, April 13, 1949.)

OLEO TAX REPEAL

WEDNESDAY, APRIL 13, 1949

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to recess, at 10 a. m., in room 312, Senate Office Building, Senator Walter F. George (chairman) presiding. Present: Senators George (chairman), Lucas, Hoey, and Millikin. Also present: Senator Fulbright; Mrs. Elizabeth B. Springer, acting chief clerk.

The CHAIRMAN. The meeting will come to order.

I will place in the record at this point a statement from Dr. Deuel, of the University of Southern California, together with the transmitting letter; also, a telegram from Mr. W. J. Knutsen, president of the United Dairymen's Association, from Seattle, Wash., with special reference to the testimony offered before this committee yesterday by Mr. Merritt M. Nash, Fall City, Wash.

(The material referred to is as follows:)

THE UNIVERSITY OF SOUTHERN CALIFORNIA,
SCHOOL OF MEDICINE,
Los Angeles, April 6, 1949.

HON. WALTER F. GEORGE,
*Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.*

DEAR MR. GEORGE: I understand that the Senate Finance Committee will hold hearings soon on the pending oleomargarine bill which is H. R. 2023.

I personally appeared before the House Committee on Agriculture last March and testified in some detail in connection with the nutritive value of oleomargarine. My testimony is set forth at length beginning on page 47 of the printed record of these hearings for March 9, 1948.

I would very much like to be present at the hearings of the Senate committee, but unfortunately it is physically impossible for me to be in Washington at that time. Since I am interested in the subject matter of this bill, I am sending you a brief statement which I would appreciate your inserting in the records of the proceedings.

Thanking you, I am,
Sincerely yours,

(Signed) H. J. DEUEL, JR.,
Professor of Biochemistry and Nutrition.

STATEMENT OF H. J. DEUEL, JR., SCHOOL OF MEDICINE, UNIVERSITY OF
SOUTHERN CALIFORNIA

The record will show that I appeared before the House Agriculture Committee of the Eightieth Congress on March 9, 1948, in connection with proposed legislation then being considered with respect to removal of Federal taxes and restrictions on oleomargarine. At that time I testified at some length on the nutritive value of oleomargarine based on many experiments personally conducted by me and upon certain experiments conducted by others.

This testimony is set forth at length in the printed hearings of the House Agriculture Committee on pages 47-103 and contains my testimony and exhibits set forth in full.

In connection with H. R. 2023 which is before your committee, I can only repeat what I previously stated to the House committee last year and for the convenience of your committee, I am attaching a copy of the testimony I previously gave.

Since that time the scientific development in this field has served to confirm what we already knew. Furthermore, I can add this statement. In my previous testimony, I referred to an experiment undertaken by my laboratory, under my personal supervision, which involves the feeding of several generations, of rats I reported that up to that time, this experiment had continued for a period of over twenty generations and that at the twenty-first generation the animals receiving oleomargarine had maintained their vigor, growth rate and other traits and characteristics of interest. Since that time, this experiment has continued through the twenty-fourth generation. For your information, this approximates between 700 and 800 years of human life. I want to state that at the twenty-fourth generation the animals are in fine condition, the growth rate is similar to that of the original group, no failures have occurred in pregnancy or lactation, and it definitely appears that the animals could continue on the diet indefinitely.

I could also add that since my appearance before the House committee, we have conducted a careful examination as to the keeping qualities of the vitamin A in butter and the vitamin A in oleomargarine. Our experiments establish that the vitamin A in oleomargarine keeps just as well as the vitamin A in butter and, in fact, it keeps a little better in oleomargarine. In other words, there is a somewhat greater loss of vitamin A values in butter than in oleomargarine when the products are kept under identical conditions over a period of time.

As a scientist very much interested in the field of human nutrition, I want to go on record in supporting H. R. 2023.

SEATTLE, WASH., April 13, 1949.

HON. WALTER F. GEORGE,
*Senate Finance Committee, Senate Office Building,
Washington, D. C.:*

We are advised of purported evidence before Senate Finance Committee this morning by one Merritt M. Nash of Falls City, Wash., saying that he personally favored passage of Poage oleomargarine bill H. R. 2023 on the grounds that as a dairy farmer he could meet oleomargarine competition, but admitted that he did not produce any butter or sell any milk or cream for butter, but was a grade-A shipper on the Seattle market. We are further advised that Mr. Nash offered to open the legislative doors wide to a resumption of the famous filled-milk traffic. Will you kindly place in the record of the hearing this telegram advising you that Mr. Nash's views are not supported by the farmer-owned and farmer-controlled dairy organizations of the Pacific Northwest representing approximately 40,000 dairy farm families. Neither are his views shared by the members of the Washington State Legislature which only recently and with only two dissenting votes passed a new law prohibiting the manufacture and sale of yellow oleomargarine in the State of Washington. We respectfully ask for the passage of the Gillette-Wiley substitute amendment which is before your committee and is sponsored by all the Senators of Oregon, Washington, and Idaho, and by Senator Ecton, of Montana.

(Signed) W. J. KNUTSEN,
President, United Dairymen's Association.

The CHAIRMAN. I will place in the record also a statement by Mrs. Robert Fielden Webster, chairman of legislation of the Illinois Federation of Women's Clubs, attaching a resolution passed by the State Board of the Illinois Federation of Women's Clubs.

(The material referred to is as follows:)

STATEMENT OF MRS. ROBERT FIELDEN WEBSTER, CHAIRMAN, LEGISLATION,
ILLINOIS FEDERATION OF WOMEN'S CLUBS

For many years the Illinois Federation of Women's Clubs has gone on record favoring the removal of taxes and fees imposed by the United States Government on oleomargarine. We have further gone on record as opposing the legislation

in our State which prohibits the coloring of margarine. This is not a spur-of-the-moment interest in our federation of 80,000 women, but one which has existed since 1944 at least. The resolution passed by our State board which accompanies this statement was merely a reaffirmation of our position on the question.

We feel that it is important that H. R. 2023 be passed without crippling amendments and trust that the overwhelming attitude of housewives in our large agricultural State will be taken into consideration by the Committee on Finance and by the United States Senate.

(The resolution accompanying Mrs. Webster's statement is as follows:)

TEXT OF RESOLUTION REGARDING MARGARINE PASSED BY THE STATE BOARD OF THE ILLINOIS FEDERATION OF WOMEN'S CLUBS, DECEMBER 8, 1948

Whereas the American Medical Association, the New York Academy of Medicine, the National Research Council, and other leading scientific organizations have now approved margarine as a wholesome food product; and

Whereas yellow is the accepted color for a bread spread, and American housewives spend needless hours mixing in the color at home; and

Whereas discrimination against wholesome and nutritious food products such as yellow margarine is wrong in principle and out of keeping with American traditions of free enterprise, and

Whereas the current high cost of living makes it more important than ever that margarine be made freely available to consumers in the yellow color in which they desire it: Therefore be it

Resolved by the Board of Directors of the Illinois Federation of Women's Clubs assembled in Chicago, Ill., December 8, 1948, That it urge the immediate repeal of those provisions of the Illinois State margarine law which now prohibits the manufacture and/or sale of yellow margarine, and that it urge the immediate repeal of the Federal margarine law which taxes yellow margarine 10 cents per pound and imposes burdensome levies on retail and wholesale dealers in the produce; and be it further

Resolved, That a copy of this resolution be forwarded to all members of the Illinois General Assembly, to the Governor of Illinois, and to the Illinois delegation to Congress.

The CHAIRMAN. The first witness this morning will be Senator Wiley. Will you proceed, Senator?

STATEMENT OF HON. ALEXANDER WILEY, A UNITED STATES SENATOR FROM THE STATE OF WISCONSIN

Senator WILEY. I want to offer for the record—because of a statement that was made by the chairman, as I understand it, at the opening meeting of this committee—an amendment in the nature of a substitute, H. R. 2023. This amendment was proposed by Senator Gillette, myself, and other Senators; so that the record at least will show that this committee is considering the substitute as well as the original bill that is before the committee.

The CHAIRMAN. That is before the committee, Senator, and we are considering that. In fact, quite a good deal of the testimony has been directed to the substitute. But you may put it into the record.

(H. R. 2023 is as follows:)

[H. R. 2023, 81st Cong., 1st sess.]

AMENDMENT (in the nature of a substitute) intended to be proposed by Mr. WILEY (for himself, Mr. GILLETTE, Mr. MILLER, Mr. BUTLER, Mr. THYE, Mr. WITHERS, Mr. MAGNUSON, Mr. HICKENLOOPER, Mr. TAYLOR, Mr. LANGER, Mr. YOUNG, Mr. MORSE, Mr. GURNEY, Mr. MUNDT, Mr. AIKEN, Mr. ECTON, Mr. JENSEN, Mr. CAIN, Mr. MCCARTHY, Mr. CAPEHART, Mr. JOHNSON of Colorado, Mr. CORDON, Mr. HUMPHREY, Mr. DONNELL, Mr. FLANDERS, and Mr. FERGUSON) to the bill (H. R. 2023) to regulate oleomargarine, to repeal

certain taxes relating to oleomargarine, and for other purposes, viz: Strike out all after the enacting clause and in lieu thereof insert the following:

DEFINITIONS

SECTION 1. (a) The term "oleomargarine" as used in this Act includes—

(1) all substances, mixtures, and compounds known as oleomargarine, margarine, oleo, or butterine;

(2) all substances, mixtures, and compounds which have a consistency similar to that of butter which contain any edible oils or fats other than milk fat if (A) made in imitation or semblance of butter, or purporting to be butter or a butter substitute, or (B) commonly used, or intended for common use, in place of or as a substitute for butter, or (C) churned, emulsified, or mixed in cream, milk, skim milk, buttermilk, water, or other liquid and containing moisture in excess of 1 per centum and commonly used, or suitable for common use, as a substitute for butter.

(b) For purposes of this Act, "yellow oleomargarine" is oleomargarine, as defined in subsection (a) of this section, having a tint or shade containing more than one and six-tenths degrees of yellow, or of yellow and red collectively, measured in terms of the Lovibond tintometer scale read under conditions substantially similar to those established by the Bureau of Internal Revenue, or the equivalent of such measurement.

(c) The term "commerce" as used in this Act, means trade, traffic, commerce, transportation, or communication among the several States, or between the District of Columbia or any Territory of the United States and any State or other Territory or between any foreign country and any State, Territory, or the District of Columbia, or within the District of Columbia or any Territory, or between points in the same State but through any other State or any Territory or the District of Columbia or any foreign country.

PROHIBITED ACTS

SEC. 2. The manufacture, transportation, handling, possession, sale use, or serving of yellow oleomargarine in commerce, or after shipment in commerce as yellow oleomargarine, or in connection with the production of yellow oleomargarine for shipment in commerce, is hereby declared unlawful: *Provided, however,* That yellow oleomargarine manufactured or colored within the borders of a State or Territory in which it is to be consumed shall not be subject to the provisions of this Act but shall be subject to the laws and regulations of such State or Territory. Nothing contained in this Act shall be construed to limit in any way the applicability of the Federal Food, Drug and Cosmetic Act.

ENFORCEMENT

SEC. 3. The Administrator of the Federal Security Agency is authorized and directed to administer and enforce this Act and to prescribe and enforce rules and regulations to carry out its purposes and policies. The enforcement provisions of the Federal Food, Drug and Cosmetic Act including the provisions relating to injunctions and seizures, shall be available for the enforcement of this Act.

PENALTIES

SEC. 4. Any person, firm, or corporation violating any of the provisions of this Act, or of the rules and regulations issued in connection therewith, and any officer, agent, or employee thereof who directs or knowingly permits such violations, or who aids or assists therein, shall upon conviction thereof be subject to punishment in the same manner and to the same extent as persons who violate the Federal Food, Drug, and Cosmetic Act.

APPROPRIATIONS

SEC. 5. There is hereby authorized to be appropriated annually, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for the adequate enforcement of this Act.

REPEAL

SEC. 6. The following sections of the Internal Revenue Code (relating to taxes on colored and uncolored oleomargarine, to special occupational taxes on manu-

facturers, wholesalers, and retailers of oleomargarine, and to packaging, reporting, and other regulations of oleomargarine) are hereby repealed: Sections 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2313, 3200, 3201 (26 U. S. C., secs. 2300, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2313, 3200, 3201).

Senator WILEY. Mr. Chairman, I am grateful for the consideration shown me in permitting me to testify. I at the same time am asking for another bit of consideration.

I remember how last year an attempt was made to bring up the bill that we were considering then, bring it up in the Senate, without any notice.

I am asking that if and when the Finance Committee decides to report some version of the pending bill or the substitute or whatever their product shall be, advance notice be given to all of the 27 sponsors of our amendment of the time scheduled for floor action.

Mr. Chairman, I say that because just this morning, in speaking to you, I was repeating a statement that was made to me on pretty good source just a few moments ago. And I know how eminently fair you have been through the years, and how fairly you have played the game with the Senators, and I do not want to have any thought that there is a possibility that there is going to be some action that is not what I consider "senatorial" in its approach to any large problem like this.

So I am asking that instead of someone getting up and trying to get the thing before the Senate, we at least be given an opportunity to know if and when the joint product of the brains here is to be produced, so that we can be ready. I say that because, as the Senator knows, we are pretty tired already, and everyone has his own personal problems. If, when this thing is set down, we have ample notice of the time for argument, that is all I am asking in this connection.

The CHAIRMAN. Well, Senator Wiley, I see no ground to apprehend that you will not be given ample notice. I do not know when this bill, if reported, could be brought up in the Senate, but it certainly would not be until after two or three other lengthy matters have been disposed of. There will not be an executive session of the committee until one day next week to act on the bill, even. In the meantime, those Senators who wish to be heard, and especially those who appear as proponents of the substitute, might be heard in executive session, if they are not heard today.

Senator WILEY. That is very fine.

The CHAIRMAN. There is no disposition to cut off any of the Senators or any of the witnesses who have material information to give to us.

Senator WILEY. Of course, the record that is made here will not be printed by Monday next; and, as evidenced here today, there is just one other Senator besides yourself present. My thought is that in view of the fact that there is a division in the Senate as to what should be done, you ought to have a hearing, at least before the matter is disposed of, in executive session. But that, of course, is up to the committee.

My thought in relation to the time that we should take the matter up on the Senate floor is the same as that of the chairman; that the docket is jammed with crucial legislation, and that there is no need for

rushing this matter in at this time, or until adequate time elapses to take up what is considered to be more important legislation.

If and when, however, it is scheduled, we do want to hear about it. We do not want to hear about it as we did last year, 2 minutes before a motion was made to take it up.

The CHAIRMAN. Of course, this bill is a House bill that we are considering. But there are Senate bills, companion bills. They have been introduced by others than members of this committee. Of course, they might bring motions to bring them up. But from my own talk with the leaders, it is clear that this bill could not be brought up in the Senate for some 3 weeks.

Senator WILEY. I thank the chairman.

Mr. Chairman, I will not presume to repeat the testimony that has been presented here by experts on the legal implications of this problem I do, however, ask consent of this committee to insert, following my statement in the record of these hearings, three vital documents which I believe merit your close consideration.

Item 1 is an analysis of H. R. 2023 as it passed the House of Representatives on April 1. Item 2 is an analysis of the proposed Gillette-Wiley amendment to H. R. 2023. Item 3 is a legal brief on the constitutionality of the amendment, which was cosponsored by 27 Senators, including Senator Gillette and myself.

I ask that these be printed following my statement.

The CHAIRMAN. Following your statement they will be entered in the record.

Senator WILEY. These three analyses were prepared by the attorneys for the Cooperative Milk Producers Federation. I personally did not have the time to go into it, and they were very cooperative in that respect.

I believe that these analyses, however, represent sound legal judgment. They come admittedly from an interested source; but for that matter, we are all interested, one way or another, in this issue, and that should not prejudice, I believe, a fair evaluation of them. I earnestly hope, Mr. Chairman, that these three items will actually have your careful study. I know that the members of this committee are overworked and overburdened by a tremendous mass of material which is presented to them to read and study, as is every other member of the Senate; but I believe that if the few minutes you have could be given to these materials, it would prove exceptionally rewarding.

Mr. Chairman, I shall make my remarks brief as to the general implications of the subject before us. First, however, I would like to say that the 27 Senators who cosponsored this amendment were not thinking only of the dairy segment of our economy. To be sure, the smear artists will attack them and have attacked them as "narrow-minded, provincial, selfish, interested only in the butter lobby," and with other smear names. I know that such arguments have no bearing, and will not influence this committee. Well, if it is narrow-minded to think in terms of the welfare of 2,500,000 dairy farmers and of that entire sixth of our population which is involved in agriculture, then I think we can plead guilty.

But we are firmly convinced that our amendment is not only in the interests of this tremendous group of our population, but rather, Mr. Chairman, it is in the interests of 148,000,000 Americans of this

generation and of all future generations. It we act wrongly on this issue, if we destroy the American butter industry, then, gentlemen, future generations will rise up and will rue the day that we acted with such lack of vision, of foresight, and of elementary judgment.

Why do I say that? For this reason. If we impair American agriculture, we will impair our entire economy. That means economic impairment; it means social impairment; it means, too, impairment of the soil upon which agriculture depends. The best dairy economists in the Nation have predicted that if oleo is permitted to fraudulently take the place of butter, and to drive butter from the market, there will be a slaughter of an estimated 2,000,000 head of dairy cattle. The effect of that slaughter upon the entire agricultural economy is incalculable. No man here can foresee the tremendous implications of the further decline in the total number of dairy cows at the same time as our population continues to increase.

Let me say parenthetically, here, Mr. Chairman, that in the opening days of the nineteenth century, Wisconsin, my State, the southern part of it, was a great wheat-producing State; and up to the forties we produced 15 to 20 million bushels of wheat. But we robbed our soil. If it had not been for the Germans and the Swiss and the Scandinavians who came in afterwards, and went into the dairy business and built up that soil, we would not be in the position we are now. The Wheat Belt moved north, and finally Wisconsin went practically out of producing wheat. Why? Because there was no return to the soil in that kind of farming.

Now, I would like to introduce at this point some new material which I secured not so long ago from the Department of Agriculture on the phase of soil conservation. Acting Secretary A. J. Loveland, of the Department of Agriculture, informed me that, for example:

The total plant nutrients in all livestock manure in 1943 was about five times the quantity applied by farmers in the United States that year in the form of commercially-produced fertilizer. Dairy cattle furnished a little more than half of the total nutrients contained in all livestock manure that year.

Mr. Loveland went on to indicate that a considerable amount of the fertilizer value of this nature is not utilized effectively but that should not cause us to underestimate the incalculable contribution to soil fertility of the dairy cow - the greatest fertilizer agent that we have, and, in fact, the greatest fertilizing agent known to mankind.

Jokers may scoff when we raise this issue of fertility, but no man who has ever worked on a farm; no man who has ever seen the wasted gullies, the blown-away topsoil which has spread across this continent; no man who has seen what a wasted soil has meant to Europe, would underestimate the subject of which I am talking today. I am not talking simply for these dairy people. I am talking for our children and our children's children. For years and years the farmer has faced a critical shortage of fertilizer, and even when he could get fertilizer, it has been at such a terrifically high price that oftentimes he simply could not stand to pay for it at all.

I ask you, gentlemen, then, before you take this step, before you sign the death warrant for 2,000,000 dairy cattle, before you further encourage the mass migration from farms to cities, before you acceded to the high pressure lobby which has been misrepresenting this issue for so long, that you contemplate the facts that I have mentioned. When I say, "this high-pressure lobby," I am recalling what happened

last year. All through this country, and from my own State, came thousands of postal cards: "Take the tax off oleo." "The tax is costing us more and more." Well, gentlemen, we have proposed to take the tax off in the amendment. But now that is not the issue. Now the issue is: "Give us the color." "Supplant the cow with oleo."

We have compromised on this point of tax, Mr. Chairman. We have given everything you asked last year.

We recognize that the psychological warfare that was carried on that went through this country in the pages of magazines and newspapers—with literally a kept press for months, because they were paid so much—that it worked. The average housewife thought that the poor farmer was soaking her. But the idea then was "the" tax. They thought they had us. They almost did have us. The result is that if we had not stopped it in the Senate, you would have had it; and the consequences would have been as dire as I said.

Now I say: We have given you this tax reduction. We have taken off the tax. We have indicated our willingness to see the present Federal taxes repealed. We have taken other compromise steps. But we will not compromise to permit what amounts to usurpation of the common-law trade-mark of a natural product by an artificial product in interstate movement. Ours is a States' rights bill, and you, Mr. Chairman, who have fought for States' rights through the years, who have recognized the vital principles of States' rights, who have sensed that the liberties of the common man are involved in States' rights—and some of us have stood by you—will remember our record. We have sensed that power, centralized in the Federal Government, can become autocratic to the point that it disturbs our most basic liberties. Now it is going to destroy, if you go ahead with this, the economy of those great States.

You can just see how little we have ever gotten from the Federal Government. Look at the bill we are voting on today. Do you see anything in there for the Middle West? No.

All we are asking you, Mr. Chairman, is to remember that we are fighting your battle. We are saying let the States decide this issue of whether they want colored oleo shipped in. Let each State decide it.

We are not attempting to dictate to an individual State what practice it shall follow in permitting or not permitting an artificial product to infringe upon the common-law trade-mark of a natural product. Standing on firm constitutional ground, however, we assert the Federal interest in preventing interstate transportation of yellow-colored oleo. I have briefed that subject, and I have shown you what the Supreme Court has said. We know that if interstate shipments are permitted, it will be a short step before there is interstate shipment of artificial synthetic products—filled milk, filled cheese, and other synthetic items which will bankrupt completely the American dairy industry, and, what is far worse, will doom a considerable section of American agriculture. And that means it will rob some of the finest, most fertile land in America of its future productivity.

I am not just talking on that subject. I am not just representing the butter industry. Let me tell you, Mr. Chairman, that my State only uses around 3 percent of its milk in butter, only 3 percent of it. That is how little we use. But we know what will happen, because it is that 3 percent during the flow period of milk that goes into butter

in the summer months. Take that off, and you will get your level of dairy production far lower.

And let me parenthetically say here, because *tempus fugit*, as we say, that just yesterday I was speaking to a chap at luncheon, in fact it was over at Les Biffle's office, and I asked what they were getting for their milk. They are getting \$5.80 around this area. You can figure that out. There are only 48 quarts and a fraction to a hundred pounds. Out in my State, where we are producing the biggest volume of milk, we are getting from \$2.40 to \$2.70. And now you want to cut into that. I doubt whether we can produce milk, which is between 5 and 6 cents a quart. That is all we are getting.

Now this comes on. Here is another impact. Here is another threat to the great fertility of that soil down in Illinois. And I am glad to see that the Senator from Illinois is here. I want him to read this statement, which has been very brief, and I hope he will find time.

Please remember that in our two bills there is a similarity. We cut out the tax. We say that if there is any State that wants to manufacture and sell colored oleomargarine, let that State do it. But do not let the State do it to the detriment of the other State that does not want it.

So I say States' rights are involved. And I say that if you do what is expected in this Poage bill, interstate shipments will soon cut into the milk industry by giving us filled milk, filled cheese, and other synthetic items.

No doubt the master planners who want to see our country lose its farm population, who want to see more and more people driven into the cities where they become homeless, rootless, the so-called proletariat, that the Communists love—no doubt these planners will rejoice if you take the step to doom this industry, to doom American dairy.

Let me say again, Mr. Chairman: My State is 50 percent industrial and 50 percent agricultural. It is a well-balanced State. If you throw it out of balance, if you throw out of balance the other States of the Middle West, as a result of this, the responsibility is one that I would not want to take.

It is my faith, however, that you gentlemen do not want to see these master planners, the schemers who want to destroy American farming, succeed in their vicious plans. And I say they are vicious.

Senator LUCAS. Who are these master schemers, Senator?

Senator WILEY. Let me carry on with my statement, and I will be very happy to discuss that point.

We, speaking for American agriculture, and not just the dairy segment, are deeply alarmed at the feverish haste which some Members of the Congress seem to evidence in trying to steamroller this oleomargarine legislation through. We ask why. I was glad to get the assurance this morning from the chairman that that is not the case. Of all the 6,000 bills pending before the Senate and the House why should there be such feverish haste, if there is any? Why should this particular committee, with all of the hundreds of bills pending before it, single out this one subject and say that this bill must be passed? Other legislation is pending to repeal nuisance taxes, taxes on cosmetics, on baby lotions, medicinal drugs, admission fees, telegrams, and telephone calls. Congressman Martin, of Massachusetts, introduced one bill of this type over in the House, and I in-

troduced a similar measure here in the Senate. Are these oleo taxes such a burden? No one now says the taxes are so burdensome. That was the great baloney that was sent out to the people last year. Both bills take off the taxes now. If these oleo taxes are such a burden, is there not far more of a tremendous burden upon America's housewives when they go to the drug store to buy vital necessities for themselves and their infants? Why should this oleo bill have precedence over hundreds of other tax measures now pending?

I do not question the sincerity and the convictions of my colleagues, but I do question the the sincerity and convictions of the 24 oleo manufacturers who are concerned unfortunately only with their own profits rather than with the welfare of American agriculture. They sold a phoney bill of goods to the American housewife last year to the effect that if the taxes were removed oleo would be available at a cheaper price. Now, however, as even the oleo advocates are willing to admit in their franker moments, as soon as butter is driven from the market, oleo prices will soar, completely uncontrolled, except by the 26 master hands. Thus the American consumer will not be helped by the legislation you are contemplating today in the form of the Poage bill. And the argument is that the American consumer is going to get the benefit. That was the argument last year. So we take off the taxes. The argument is now, give us the color, and give the American consumer the benefit. You will find, the same as in many similar products, that the prices will go up, up, up. The consumer will be hurt, because the consumer needs natural nutritious dairy products and he or she will not get these products if you stab American dairying in the back by the passage of the Poage bill.

Is it not a fact that Canada prohibits the manufacture or sale of yellow-colored oleo? Is it a mere coincidence that other nations of the world have taken a similar step?

I ask you, gentlemen, to consider those questions carefully.

I assure you that whatever action you take, whether it is on behalf of H. R. 2023 or the amendment which 27 Senators have cosponsored, there will be plenty of fighting on the floor. We will not allow the master planners that I have mentioned to succeed in a split-second victory which will doom American dairying.

I invite your attention again, gentlemen, to this fact, that upon the health of America's soil depends the health of the American people and of our entire economy. You gentlemen are familiar with the history of this Nation, how the agricultural tide moved from the East to the Middle West, and now farther West, as the soil was burned up by wasteful farming practices. Farms in the East once valued in the hundreds of dollars per acre became so badly depleted with the soil completely robbed of its minerals, that they were pawned off for a pittance. There were no dairy cows there, the great fertilizer plant. If we do not see this handwriting on the wall, or, if you please, the handwriting on the soil, we will find that, perhaps not in our time, but in the time of our children or our children's children, this great Nation which was the bread basket of the world during and after two world wars will some day be a food-importing nation on the level of some of the desperate European nations which robbed their soil and robbed their future by short-sighted practices.

I was over in France in '47, and I saw how these French farmers, with their little lands, put their manure heaps right in the front yards

of their houses. They recognized the fertilizing value of this, the greatest fertilizing plant in the world, the dairy cow. And it is true that with that practice the Frenchmen have built back their soil in places. But the rest of the soil in Europe has been robbed and has not been able to be built back.

I speak these words, I repeat, not simply as one who is interested in American dairying or even in American agriculture, but as one interested in this Nation of 148,000,000 people. I want to see the heritage which I enjoyed in my youth passed on to our future generations, unimpaired. And I am sure that each of my colleagues on this committee has that same objective.

Which road shall it be, gentlemen? A short road to soil depletion, or a long road leading to soil fertility, health, and agricultural plenty?

The eyes of American agriculture and of the American people; yes, of generations yet unborn, in a certain sense will remember this historic scene, this fight here in this Congress, and the scene in the Senate when we determine the future of the Nation and of its soil.

I have assembled certain materials from my own State, indicating the deep interest of Wisconsin in the amendment to H. R. 2023. I ask the consent of this committee that these materials be printed in the record following the three items that I previously mentioned.

The CHAIRMAN. Very well.

Senator WILEY. Mr. Chairman, I am through, and I will be very happy to attempt to answer any questions.

The CHAIRMAN. Are there any questions?

The material that you have assembled will be placed in the record.

Senator WILEY. I thank the chairman and the committee.

The CHAIRMAN. Thank you, sir.

(The material submitted by Senator Wiley is as follows:)

ANALYSIS OF H. R. 2023 AS PASSED THE HOUSE, APRIL 1, 1949

Section 1: Repeals section 2301 of the Internal Revenue Code. This is the section which levies upon manufacturers a 10-cent-per-pound tax on oleomargarine which is colored yellow and one-fourth-cent per pound on all other oleomargarine.

Section 2: Repeals part 1 of subchapter A of chapter 27 of the Internal Revenue Code. This part imposes special taxes on manufacturers, wholesalers, and retailers of oleomargarine.

Comment on sections 1 and 2: There would still remain in the code other sections dealing with such matters as packing requirements, marks and stamps, books and returns, factory number and signs, bonds, etc. These would remain in the code as deadwood, since the requirements respecting these matters are dependent upon and have no force without, the tax. However, there would still remain in the code at least one live section, viz, 2306 which imposes a 15-cents-per-pound tax above any import duty upon all oleomargarine imported from foreign countries.

Section 3 (a): Contains a congressional finding and declaration that the sale of colored oleomargarine or the serving of it in public eating places without clear identification as such, constitutes a burden on interstate commerce in butter and oleomargarine which are clearly identified and not misbranded.

Section 3 (b): Adds a new subsection (m) to section 301 of the Federal Food, Drug, and Cosmetic Act which makes it an offense for the purposes of that act, to serve colored oleomargarine unless it is identified as required by section 3 (c) of the bill.

Section 3 (c): Adds a new section 407 to the Federal Food, Drug, and Cosmetic Act. Subsection (a) of this new section constitutes a broader exercise of the commerce power with respect to colored oleomargarine. Under it, colored oleomargarine which is sold in the same State in which it is produced becomes subject to the Federal Food, Drug, and Cosmetic Act.

The new section 407 (b) of the Food and Drug Act, as it relates to public eating places, would make it an offense to possess colored oleomargarine in form ready for serving unless --

(1) a notice of the fact that oleomargarine is served is prominently displayed in the establishment or the menu bears labeling to that effect and every individual serving of oleomargarine must be accompanied by labeling identifying it as oleomargarine; or

(2) it is molded and shaped so as to have three sides (exclusive of the ends) and the individual servings are triangle in shape.

Subsection (c) of the new section 407 accords to colored oleomargarine if it complies with section 407 (b) at the time of serving, an exemption from several of the misbranding provisions of the Food and Drug Act. These relate to --

1. Offering oleomargarine under the name of another food.
2. "Imitations."
3. Misleading containers.
4. Name and address of manufacturer.
5. Failure to comply with food and drug standard for oleomargarine.
6. Quality standards (if any) and fill of container.
7. Labeling of foods for which no standard has been established.
8. Provisions relating to foods for special dietary use.
9. Artificial color, artificial flavor, and chemical preservative labeling requirements.

Subsection (d) of the new section 407 defines colored oleomargarine as containing at least 1.6 degrees of yellow measured in terms of the Lovibond tintometer.

Section 4: Transfers unexpended balances from Bureau of Internal Revenue to the Federal Security Agency for enforcement.

Section 5: Reads, "This act shall not abrogate or nullify any statute of any State or Territory now in effect or which may hereafter be enacted." Presumably under this section, State laws prohibiting the sale of yellow oleomargarine would remain effective and valid.

Section 6: Provides that the act shall become effective 30 days after enactment.

JEROME TURKEY FARMS, INC.,
Parron, Wis., March 2, 1939.

HON. ALEXANDER WILEY,
Senate Office Building, Washington, D. C.

DEAR SENATOR WILEY: As one voter in these United States of ours who is primarily a hatchery operator, grower, and processor of turkeys, yet interested in all legislation concerning the best interests of the public as a whole, I wish to state my convictions relative to the oleomargarine versus butter question which I understand will soon be voted on by our Congress.

I am convinced that oleomargarine colored in semblance of butter must be banned for the following reasons:

1. If we should permit the manufacture of oleomargarine colored yellow, we would be taking a long step backward insofar as our pure-food laws are concerned. This would permit the greatest tragedy in deceptive food substitution that has ever occurred. The consuming public today is pretty well protected in respect to pure food products. If we are going to permit the manufacture of yellow oleomargarine, we could justifiably kick out all the other laws we now have in respect to pure food, Federal grades of meat, eggs, chicks, et cetera, scrap all of our fair-trade laws, in fact, destroy all the laws we have protecting consumers today. Let our economy go completely into the hands of the unscrupulous men and unfair competitors—in fact, let winner take all. Permitting the manufacture of yellow oleomargarine will be the first big step in this direction.

2. Every other industry in our Nation is protected from unfair competition by patents, Government standards set up in respect to quality, fair-trade laws, pure-food laws, and many other ways. Why should not the dairy farmer at least have one protection to the extent of the exclusive color of yellow as far as butter is concerned? There are many other colors that the oleomargarine manufacturers could use.

3. The fraudulent substitution of yellow margarine for butter at butter prices will cost consumers unnecessary untold sums of money for the benefit of the bootleggers.

4. All taxes on oleomargarine should be removed. The consumer should be protected by the Food and Drug Administration and not by the Internal Revenue Department.

Many more sound reasons could be mentioned but these few alone should be enough to show any fair-minded, public-spirited lawmaker of our Nation that the manufacturers of oleomargarine colored yellow in semblance of butter should by all means be prohibited.

Very truly yours,

WALLACE H. JEROME, *President.*

LAKE TO LAKE DAIRY CO-OP,
Manitowoc, Wis., March 31, 1949.

HON. ALEXANDER WILEY,
Senate Building, Washington, D. C.

DEAR MR. WILEY: In behalf of the Lake to Lake Dairy Cooperative I have been directed to send you the following resolution:

"Whereas the general public is entitled to know what it is getting when it is being served at public eating places and when asking for oleo or butter; and

"Whereas yellow has always been the natural color of butter; and

"Whereas we feel that legalizing the sale of yellow oleo would constitute unfair competition highly detrimental to the dairy industry and to the soil-conservation efforts of our Government; and

"Whereas we feel it unethical to tax any one industry in order to benefit another: Be it therefore

"Resolved, That the Lake to Lake Dairy Cooperative, an organization of 1,600 farmers assembled at their annual meeting at Denmark, Wis., March 25, 1949, hereby go on record as favoring the repeal of Federal taxes on oleo and that the sale of yellow oleo be prohibited entirely: Be it therefore further

"Resolved, That we recommend the early passage of the Granger bill now before Congress."

Very truly yours,

GLADYS C. ALFSEN,
Assistant Secretary-Treasurer.

HONEY HOME FARM - WOJTKIEWICZ BROS.,
Thorpe, Wis., April 2, 1949.

HON. SENATOR WILEY,
Washington, D. C.

HON. SENATOR WILEY: It seems very strange that the lawmakers of this country who have been chosen by the people, to symbolize justice and honesty, have such a difficult time in deciding the butter versus imitations question. Butter has been yellow from the very beginning of time; while oleomargarine, on the other hand, has always been white. Oleo does not have the digestibility and health factors that butter possesses.

It is important to remember that when a housewife asks for butter and pays for butter she is entitled to get real butter rather than an artificially colored substitute.

The oleo manufacturers are well aware of the fact that butter is highly nutritive, but they still persist in spending millions of dollars to have the lawmakers of our country pass laws permitting them to color their less nutritive and digestible product yellow. So as to fatten their own pocketbooks.

If the lawmakers have the interest of the people at heart, they will see to it that the people get a square deal, by outlawing any imitations, so that the people get what they pay for.

Enclosed please find a copy of the Flambeauland News. I am sure that the marked article on page 4 will be of much value to you.

I think that it is essential to have a parity on milk and milk products, and that consideration should be given to the prices that are being paid to farmers in outlying areas such as ours.

I believe that the flexible parity is going to be the best for our country over a long pull.

Sincerely yours,

LOUIS WOJTKIEWICZ.

(The article from the Flambeau Land Dairy News referred to in the foregoing letter is as follows:)

SPECIALIST DISCUSSES NUTRITIVE VALUE OF FATS

Dr. W. E. Peterson, of the University of Minnesota, when speaking on a radio program discussing the nutritive value of fats stated:

"In order to find out insofar as possible how other fats than butterfat will work in rearing of calves, Dr. Gullickson a number of years ago prepared a skim milk into which he emulsified a number of different oils and fats. These emulsified skim-milk products were so made up as to have the same composition as whole milk and compared with whole milk fed to calves. To put it very bluntly, the results were disastrous. None of the calves fed on this substitute diet survived. They all died.

The calves that received the butterfat emulsified milk grew at the same rate as those fed whole milk, and, as many dairymen know, the calves that received whole milk grew rapidly and appeared in very excellent condition. Those that received the vegetable-fat emulsified milk did all right for the first part of the experiment as they gained weight for a week or two, then they started to level off, finally reaching a plateau where there were no further gains and then, in spite of the food intake, they lost weight, hair would drop off on various parts of the body, and then they would ultimately die."

I wonder how the oleo boys explain the results of a rather complete study such as this one?

Senator WILEY. Mr. Burnier is here, and he would like to get away, if the committee will be so kind as to hear him now.

The CHAIRMAN. Is your statement lengthy, Mr. Burnier?

STATEMENT OF AUGUST BURNIER, PRESIDENT, DAIRY EMPLOYEES UNION, LOCAL 754, CHICAGO, ILL.

Mr. BURNIER. No; it is very short.

The CHAIRMAN. I am going to have to go, but Senator Hoey will take over and finish with these witnesses.

Senator HOEY (presiding). Have a seat, Mr. Burnier, and give the committee your full name and identification.

Mr. BURNIER. My name is August Burnier, and I live in Arlington Heights, Ill.

I am president of Dairy Employees' Union, Local 674, Chicago, Ill. The Dairy Employees' Union is affiliated with the International Brotherhood of Teamsters and the American Federal of Labor. It has a membership of 4,400 members.

I am appearing before your committee by direction of the executive board of our union. My remarks will try to paint an honest, realistic picture of the seriousness of the proposed legislation before you today, as I see it through the eyes of an officer of a local union.

I know what this question means to the man on the job because I am only a few years removed from being an on-the-job dairy worker myself, and because I converse with men on the job daily and rub shoulders with them daily. I know their fears, aspirations, concerns, and worries, and I feel that as their collective-bargaining representative I may capably speak for them.

All of us are, or should be, concerned about the over-all welfare of our country rather than the welfare of special groups.

On March 4, 1949, it was my privilege to appear before a House committee hearing bills on this same subject. At that time I was accused of selfishly representing a small group of union members

without giving thought to the welfare of the other groups within their Nation. No accusation could have been more unfair or more unjust. To me, this question goes well beyond the employee in the butter plant, or the butter manufacturer and the oleomargarine manufacturer. It goes beyond the producer of cream on the farm, the soybean grower in the Middle West, and the cottonseed grower in the South. The Congress is anxious to see that food commodities are made cheaper. As a representative of labor, I share anxiety and I am as concerned as anyone over the high cost of living. But the Congress should make sure that in haste it does not pass ill-advised legislation which may lead to shortages and higher prices for dairy products and shortages and higher prices for beef and veal. The representatives of the soybean growers and the cottonseed growers seem at the moment to favor legislation which would permit oleo to be sold colored yellow like butter. I wonder if they have weighed the small advantage of a slightly expanded market for soybean oil and cottonseed oil against the disadvantage of losing the market for the huge amounts of soybean meal and cottonseed meal presently being sold as feed for dairy cattle.

As further evidence of the sincerity of my appearance here and of my concern for the welfare of all the country, I wish to call to the attention of the committee that in 1942, as soon after Pearl Harbor as I could get my personal affairs arranged and make sure that my wife and two children could continue to live in my absence, I left my job and volunteered for service in the armed forces. I served with the Fourth Infantry Division, and on October 10, 1944, while fighting in Germany, I suffered the misfortune of losing a leg. When I was finally separated from the service in 1946, I was fortunate in being able to return to my old position as president of the dairy employees' union and have continued in that capacity since. The point I am trying to make here is that some people are so lazy they don't do much unless impelled from a sense of duty. I do not relish making appearances such as this and believe me when I say that just as duty drove me into the Army in 1942, nothing but a sense of duty and a deep concern for many large segments of our national economy leads me to appear before this committee today.

Because I was born and raised on an Illinois farm and because my widowed mother is still operating the farm, I also would like to say a few words to this committee from the viewpoint of the farmer. I assure the committee that it is not the point of view of the gentleman farmer or of the absentee land-owning farmer. It is the point of view of the person who feeds the cow, takes care of her when she has her calf, the point of view of the person who shovels the manure, milks the cow, and separates the cream and then feeds the skim milk to produce veal or pork, and sells the cream on the best available market. On the farm the sale of cream and eggs provides a small year-round income. The farmer has a term for this income. It is called grocery money. The frost may catch the corn, the beans may not fill, hail may ruin the wheat, but if the grocery money keeps coming in, the farmer will still be able to buy his necessities. The sale of cream provides the largest part of this grocery money. The Congress should think not twice but many times before it permits this source of income to be taken away from the farmer.

I have told you that our local union has 4,400 members. They are employed in over a hundred dairy plants in Illinois, Wisconsin, and

Indiana. Over 300 members are engaged in the actual manufacturing, cutting, printing, and wrapping of butter.

Approximately 2,700 members are engaged in fluid milk operations, which are directly affected by legislation pertaining to the butter industry. These 2,700 members are working in dairy plants which at times ship fluid milk and at times condense milk or make powdered milk, depending upon the amount of milk being produced by dairy farmers during certain seasons of the year.

These operations of powdering, condensing, and making butter constitute the great cushion or stabilizer of the dairy industry. This cushion is essential to an adequate year-round supply of fresh milk.

If we are to have sufficient milk in late summer and early fall, we are, by necessity, going to have an overproduction of milk during some months of the spring and early summer.

Butterfat is the most valuable in dollar value of the component parts of milk. In butter we have a product which makes it possible to store a seasonable surplus of butterfat production. This is due to the excellent keeping qualities of good butter. Butterfat is churned into butter, stored, and comes back on the market during those periods when milk production is slack. This makes possible the profitable operation of powdering skim milk and condensing skim milk; and these operations, in turn, by providing a profitable method of handling surplus milk in the flush periods, make possible an adequate year-round supply of fresh, whole milk.

The profitable manufacture of butter is essential to a rounded-out dairy industry which will provide the people of this country at all times of the year with what is considered their most important food—milk.

Having given this general over-all picture of the dependence of the welfare of our members upon an adequate butter market, I wish to go back and paint a more complete picture of the 300 or more members of our little local union who are engaged in the actual manufacturing, cutting, printing, and wrapping of butter. Among these members are both men and women. Some of the men have grown up in the butter industry and have never known another job. They have devoted a lifetime to learning methods, and improving upon methods of putting out a quality product. This is reflected in the very high quality of the butter found on the market today.

The female employees of the butter industry are engaged principally in the cutting and wrapping of butter. A survey has disclosed that over one-third of these members are without husbands and have dependent children or other dependents. We often hear of career women, women in advertising, newspaper work, cosmetics, and so forth. These female members of the dairy employees' union are not in factory work for the glamor of a career; they are doing factory work from necessity. The female employee in the butter industry is receiving \$1.27 per hour. She works 40 hours a week. At the end of the week she receives a net average wage of approximately \$42. With this \$42 she must pay rent, buy food, provide heat and clothing for her dependents, and put money aside for the many emergencies which may arise—illness of herself, illness in her family, and possible temporary periods of unemployment.

As a union we are not excessively proud of these wages but neither do we deplore them. We know that, by and large, they are con-

siderably above the wages being paid for similar work in the largely nonunionized oleomargarine industry.

In the eyes of the courts, there is no trust more sacred than that of safeguarding funds left to widows and minor children. The officers of the dairy employees' union consider the preservation of the jobs and the livelihood of these women members who are supporting dependents and children as a trust equally sacred. And we would be blind to our duties and oblivious of all moral scruples did we not exert our utmost efforts toward seeing that the welfare of these members is not jeopardized by the unscrupulous and fraudulent imitation of butter.

We use the word "fraudulent" because we know that the oleomargarine industry wants permission to color their product yellow in order to make it appear more like butter and not because it will make oleomargarine the same as butter. Just as we think of Lever Bros. Lifebuoy soap as being red, as we think of Yellow Cabs as being yellow, and as we identify flavors of ice cream by their color, so do we also think of and identify butter by the color yellow. The natural color of oleomargarine is white. Why not let it be sold in that color?

The only reason the oleomargarine manufacturers wish to color their product yellow is because the color of butter is yellow. If butter was brown, red, or blue, you would find them equally as insistent that they be permitted to color their product a red, brown, or blue. They do not want to sell oleomargarine in the place of butter, they wish to sell it just the same as butter.

All labor groups are concerned about the cost of living. The dairy employees' union shares this concern. We recognize that families may buy oleomargarine and economize in food costs. Labor groups are also concerned about what will happen to the cost of oleomargarine if it is permitted to be sold in the colored state. Experience has led us to believe that yellow margarine competes with butter at butterfat prices, instead of competing with vegetable oil spreads at vegetable oil prices. Added to this threat to the cost of living is the danger that a greatly reduced butter market may result in decreased production and higher prices for milk and cream and in decreased production and higher prices for veal and beef. If the Congress desires to keep food costs down it should insist on oleomargarine being sold in its natural white color. Coloring oleomargarine yellow won't keep the price down; it will tend to bring the price up.

Some people may ask, if butter consumption is replaced by oleomargarine consumption, will not the increased employment in oleomargarine offset the loss of employment in the butter industry? To this we reply that if oleomargarine replaces butter as our national spread, the number of persons employed in the manufacture of oleomargarine will never be more than a fraction of the number presently employed in the manufacture of butter. The manufacture of butter, by the nature of its product, is greatly decentralized.

Sweet cream is very perishable. In every crossroad hamlet we have cream-gathering stations, and scattered throughout our great agricultural areas and usually in small rural towns we find creameries engaged in the churning of butter. The finished product must be manufactured near the source of its raw product—cream. Contrast this with the production of oleomargarine. There is nothing very perishable about coconut oil, soybean oil, cottonseed oil, and other

vegetable oils. These raw materials are shipped all over the country in ordinary tank cars and without refrigeration. This makes possible the concentration of the oleomargarine industry in a few very large plants.

Up to the present time, all the oleomargarine produced in this country is produced in not more than 24 plants and the tendency is for greater centralization of production rather than the reverse. Contrast this with 3,500 or more creameries spread throughout the 48 States currently engaged in the manufacture of butter.

Even if we could look forward to the day when every person currently employed in the manufacture of butter could be replaced by a person employed in the manufacture of oleomargarine, we fail to see any justification for this great dislocation of employment. Certainly the people who have put the best years of their lives into the butter industry will not now be employed by the manufacturers of oleomargarine. These displaced employees will largely be thrown upon the industrial scrap heap.

This concludes my remarks. I present to this committee copies of a resolution adopted by the executive board of our union on Monday, February 28, in which is summarized our position, the reasons in brief, and our recommendations on legislation to regulate the manufacture and sale of oleomargarine. The committee will find this resolution attached to my statement.

RESOLUTION ADOPTED AT CHICAGO, ILL., ON FEBRUARY 28, 1949, BY THE EXECUTIVE BOARD OF DAIRY EMPLOYEES UNION, LOCAL 754, INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN AND HELPERS, AFFILIATED WITH THE AMERICAN FEDERATION OF LABOR

Whereas the Congress of the United States is considering measures to repeal the so-called oleomargarine tax; and

Whereas this action will meet with the approval of workers in the low-income brackets since it will reduce the cost of this commodity, and

Whereas if colored oleomargarine is sold in imitation of butter the more economical uncolored oleomargarine may tend to disappear from the market since the price of colored oleomargarine is likely to follow the price of butter rather than the cost of the inexpensive oils that go into its manufacture thereby increasing the cost of living; and

Whereas the disruption of the butter market will most certainly lead to a decline in dairy cow numbers and a consequent decrease in production of milk, veal, and beef, with consequent higher prices for these commodities, thereby increasing the cost of living; and

Whereas there are thousands of creameries and thousands of dairy plants spread throughout this Nation whose employees' welfare is involved in protecting butter against unfair competition; and

Whereas widespread unemployment and scarcities and higher prices for meat and milk would be too high a price to pay for so-called cheaper oleomargarine: Now, therefore, be it

Resolved, That the executive board of the Dairy Employees Union, Local 754, in executive session assembled on the 28th day of February 1949, respectfully request the Congress that it repeal existing oleomargarine taxes and at the same time enact legislation prohibiting the sale of oleomargarine colored as butter, so that the public may at all times distinguish between these products; and be it further

Resolved, That copies of this resolution be submitted to the President of the United States, the Secretary of Agriculture, the Representatives and Senators in Congress; and be it further

Resolved, That the dairy employees' union send a representative to appear before the House and Senate Agricultural Committees to emphasize the very great importance of this legislation to the members of the dairy employees' union and the dairy industry.

Senator HOEY. Thank you, Mr. Burnier.

Senator Lucas was forced to leave during the course of your statement, because he had another engagement.

Mr. BURNIER. Thank you, Mr. Chairman.

Senator HOEY. We will now hear from Congressman Poage, of Texas.

**STATEMENT OF HON. W. R. POAGE, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF TEXAS**

Representative POAGE. It is a pleasure to appear before this committee and to have a few words to say in regard to the margarine bill that is now before you.

As I understand it, this committee has before it the legislation that was passed by the House, and amendments have been suggested that are at least similar in general purport to the original Granger-Andresen bill.

I want to address myself primarily to the legislation as it came over from the House, because I think that there are some fundamentals involved there.

Too often the witnesses that appeared before the House committee overlooked those fundamentals and jumped to conclusions.

It was my pleasure to have the opportunity to sit here in the early minutes of this morning's session and to hear the distinguished Senator from Wisconsin discuss this legislation, and I observed that his discussion followed the same general plan that was followed by most of the witnesses in the House. They assumed that the passage of legislation similar to that passed by the House would result in the destruction of the dairy industry. No effort was made to prove that point, or to show how that destruction would be accomplished. Merely the assumption was made; and, having made the assumption, the witnesses, without exception, jumped into a portrayal of the evils that will befall the country when the dairy industry goes to wrack.

Could I agree with the assumption of the numerous witnesses that have appeared before us, I would undoubtedly agree with a substantial portion of the conclusions. But to my mind the assumption is entirely unwarranted. I, of course, am not familiar with the record that has been made here, but I am quite sure that the record made in the House does not justify that assumption, and does not give any evidence whatever to show that the assumption has any basis in fact.

In that connection I would like to submit for the record, here, and to make a part of my statement, a statement that I have prepared in regard to the effect of the passage of the House bill on the dairy industry, if I may have permission to insert that. May I?

Senator HOEY. You may.

Representative POAGE. Thank you.

(The statement referred to is as follows:)

**WOULD THE SALE OF YELLOW MARGARINE ACTUALLY HURT THE DAIRY
INDUSTRY?**

(By Hon. W. R. Poage of Texas, Member of the House of Representatives)

One of the most frequent prophecies by those who oppose the repeal of the Federal antimargarine laws is that such action would mean the ruin of the dairy industry.

There is no proof to support these charges; the prediction is made and there the matter rests; and I am sorry to say that many dairymen have accepted these prophecies and have accepted them without looking into the facts.

For several years now I have been studying the butter-margarine controversy. I have advocated, and still advocate, repeal of the Federal antimargarine laws. I have done this as a matter of principle and in the interests of the consumers. However, I have come to the conclusion that the long-time interests of the dairy industry will be helped by repeal of the Federal antimargarine laws. I have come to the conclusion that butter has become an old man of the sea—riding on the back of the dairy industry. Today I propose to tell you some of the reasons for my conclusion.

First of all, the margarine fight has put the dairy industry in an extremely bad light. To unbiased observers, it seems that butter simply does not want to compete on even terms with a competitor. As a result, there has been a steady barrage of criticism against butter and the dairy industry generally; over and over again, the people have been told that margarine is a perfectly good product and as nutritious as butter. In other words, the margarine-butter fight has given margarine millions of dollars worth of advertising. It has caused many persons who otherwise would not have bought margarine, to try the product and, having tried it, to continue using it. The public relations of the dairy industry have been bad. Instead of campaigns aimed at increasing the sale of their products, the dairy industry, at the behest of the butter interests, has been fighting a product which competes with butter.

Bear in mind that there is no competition between the dairy industry and the margarine industry save on the single issue of butter. Margarine does not compete with fluid milk, with ice cream, with cheese and other dairy products.

It also must be borne in mind that butter furnishes the least profitable use for the dairyman's products. Or to put it another way, butter is his loss leader. He gets less for butter than for any other use of his milk.

The average price paid for standard—3.5 percent—milk sold as fluid milk or cream during the 10-year period, 1938-47, was about \$1.05 per pound of butterfat. During the same period the same milk used for butter brought per butterfat pound, only about 54 cents. The prices paid for milk for use in ice cream, cheese, and other products fell between these two levels.

In other words it was twice as profitable during this period for the dairy farmer to sell his milk for whole milk use as it was for him to divert it to butter manufacture.

I am advised that this week Texas processors are paying \$5.60 per 100 pounds, basis 4-percent butterfat, for milk used for fluid grade-A distribution; \$3.10 basis for milk for making cheese and condensed milk; and only \$2.20 (including allowances for the value of skim milk) for milk used for butter production. It undoubtedly costs somewhat more to meet the requirements for grade-A milk, but certainly nothing like twice as much.

I do not believe it is possible at the present time for the dairy farmer to produce milk and sell it at \$2.20 per 100 pounds without losing money and, yet, that is exactly what the butter people have been able to sell the dairy industry and the dairy industry has been sufficiently gullible to fall for the propaganda that the butter market absorbs the surplus of the over-all milk production and that if margarine replaces this surplus, it is going to mean the destruction of the dairy farmer.

Such a conclusion is as absurd as it is illogical. I am convinced that, if the dairy industry did not have any market for low-grade milk used for butter manufacture, the industry as a whole would be in much better condition than it is today. First, it would necessitate a little original thinking and planning for better merchandising of milk products from those areas where grade-A markets were not immediately available.

All of us know that the real food value of milk is not in its approximately 4-percent butterfat. Further, there are many other foods that could be substituted for the fat itself and at much less cost. As you know, the real food value of milk is in the serum solids or the solids, not fat. It is here that the dairy industry has its greatest opportunity to develop markets for milk products so that the consumer will get the benefit of the full food value of milk and not just that represented by the small percentage of fat in the milk.

The dairy farmer actually finds nothing in the expansion of the margarine industry that will deprive him of any income. For that reason, I cannot see why anyone who is really interested in dairying will take that part of whole milk which produces the very lowest revenue for the dairy farmer and expend their energy fighting for that product which contributes practically nothing to the net

profits of the dairy industry and absorbs the energy of the dairy industry that should be directed toward a better marketing of milk in more profitable forms where the consumer can get the full nutritive value of the product.

The real interests of the dairyman lie in expanding his markets for fluid milk, for cream, for cheese, and for other use except butter.

Today, many dairymen who do not sell a single pound of milk to be used for the manufacture of butter have been deceived by the butter propaganda to the point where they are all excited about margarine. To them, I say that the margarine fight is giving the dairy industry generally a black eye and that, furthermore, the advertising given margarine is increasing its use among those able to buy butter, far more than outright repeal would do. Repeal would only enable the low-income family which can never buy much butter, to buy more margarine in its most acceptable form. This dog-in-the-manger attitude of the butter industry has actually driven thousands of butter customers to use margarine.

Now, as to the facts about the effects of repeal of the Federal antimargarine laws upon the dairy industry:

During recent years the butter market has been reduced approximately one-third. Total butter production, in 1940, was 2,240,000,000 pounds. In 1946, it was 1,505,000,000 pounds. It rose somewhat during 1947-- to 1,638,000,000 pounds—but the recovery was temporary and the decline set in again in 1948, when approximately 1,530,000,000 pounds were produced. Has this decline in butter production resulted in the disruption of the dairy industry? Has it been accompanied by a loss of revenue or by a reduction in total milk production? Finally, has it resulted in the slaughter of great numbers of cattle?

The facts speak for themselves fairly and convincingly. There has been no disruption of the dairy industry as a result of the decline of butter production. Total cash receipts to farmers from the sale of dairy products has increased from \$1,345,000,000 in 1939 to more than \$4,000,000,000 in 1947. There has been, of course, a rise in prices generally during this period, but this general price rise cannot possibly account for the proportionately much greater increase in dairy income. Two other factors are important: First, dairy farmers were diverting milk from the low-price butter market to the higher-priced whole-milk markets; second, total milk production, far from decreasing as a result of the decline in the butter market, has increased from 106,792,000,000 pounds in 1939 to approximately 116,300,000,000 pounds in 1948. In general, milk production has steadily increased since the turn of the century. Butter has declined.

And, finally, there has been no total decrease over this period in the number of dairy cattle despite the butter lobby's charges. Records of the Bureau of Agricultural Economics show that in 1939 there were 24,600,000 dairy cows and heifers 2 years old and over. On January 1, 1949, there were 24,450,000.

Dairymen and livestock breeders generally agree there is a certain periodic cycle in the numbers of cattle and livestock. Thus in 1945 the number of milk cows and heifers 2 years old and over had reached 27,770,000. This represented an increase of more than 3,000,000 since 1939. But, butter production during the same 5-year period had declined more than 500,000,000 pounds. In other words, from 1939 to 1945—butter production decreased approximately 23 percent while total number of dairy cattle increased 17 percent.

But from January 1, 1945, to January 1, 1949, there was a decrease in milk cow numbers from 27,770,000 to 24,450,000. Butter opponents of margarine-tax repeal have used this short-period comparison to buttress their contention that the number of dairy cows, already low, would be further decreased by tax repeal.

More objective dairy economists point out that there are several factors which account for this decline in numbers of dairy cattle over such a short period. One is the cycle previously mentioned. This was at its height late in 1944. The downward swing began that year and apparently still continues, although it should be noted that the most recent report indicates a slight increase in the number of heifer calves. This natural development has been accentuated by another factor, a rapid increase in meat prices, which has made it profitable for farmers to dispose of their less productive dairy cattle for slaughter. Reduced feed supplies accompanied by high feed prices curtailed livestock feeding operations in many cases and prompted marketing for slaughter and closer culling of herds. Labor costs were up, and dairying, particularly farm butter manufacture, requires considerable farm labor.

There is absolutely no evidence nationally that declining butter production was responsible for this reduction in dairy cattle numbers. As a matter of fact, the decline in total butter production during these 3 years was less precipitate than it had been during the previous 5. In 1945 national butter production was 1,701,000,000 pounds. In 1947 it was 1,638,000,000 pounds, a decline of approximately

4 percent. Total dairy cow numbers, on the other hand, declined a little more than 9 percent.

TABLE I.—Milk cow numbers, 1919-49—cows and heifers, 2 years old and over

Year:	Number	Year—Continued	Number
1919.....	21, 545, 000	1935.....	26, 082, 000
1920 (low point).....	21, 455, 000	1936.....	25, 196, 000
1921.....	21 450 000	1937.....	24, 640, 000
1922.....	21, 851, 000	1938 (low point).....	24, 466, 000
1923.....	22, 138, 000	1939.....	24, 600, 000
1924.....	22, 331, 000	1940.....	24, 926, 000
1925 (high point).....	22, 575, 000	1941.....	25, 478, 000
1926.....	22, 410, 000	1942.....	26, 313, 000
1927.....	22, 251, 000	1943.....	27, 138, 000
1928 (low point).....	22, 231, 000	1944.....	27, 704, 000
1929.....	22, 440, 065	1945 (high point).....	27, 770, 000
1930.....	23, 032, 000	1946.....	26, 695, 000
1931.....	23, 820, 000	1947.....	26, 098, 000
1932.....	24, 806, 000	1948.....	25, 030, 000
1933.....	25, 936, 000	1949 ¹	24, 450, 000
1934 (high point).....	26, 931, 000		

¹ Preliminary.

Source: Bureau of Agricultural Economics, Bureau of the Census.

TABLE II.—Milk production,¹ and production per cow, 1924-48

Year	Milk production on farms (million pounds)	Milk production per cow (average, in pounds)	Year	Milk production on farms (million pounds)	Milk production per cow (average, in pounds)
1924.....	89, 240	4, 167	1937.....	101, 908	4, 396
1925.....	90, 699	5, 218	1938.....	105, 807	4, 558
1926.....	93, 325	4, 379	1939.....	106, 792	4, 589
1927.....	95, 172	4, 491	1940.....	109, 502	4, 625
1928.....	95, 843	4, 510	1941.....	115, 268	4, 711
1929.....	98, 988	4, 579	1942.....	118, 884	4, 740
1930.....	100, 158	4, 508	1943.....	117, 785	4, 606
1931.....	103, 029	4, 450	1944.....	117, 992	4, 678
1932.....	103, 810	4, 307	1945.....	121, 594	4, 797
1933.....	104, 762	4, 180	1946.....	119, 713	4, 891
1934.....	101, 621	4, 033	1947 ²	119, 360	5, 000
1935.....	101, 205	4, 184	1948 ²	116, 319	.....
1936.....	102, 410	4, 316			

¹ Excludes milk sucked by calves and produced by cows not on farms.

² Preliminary.

Source: Bureau of Agricultural Economics.

A careful study of the relationship between total milk production and number of dairy cattle in recent years reveals a significant trend. Total milk production, 1939 compared to 1948, increased 9.5 percent. The number of dairy cattle decreased but 0.6 percent. This emphasizes the fact that the least efficient dairy cows have been culled and the better producers retained, and that more efficient farming practices have been followed. Average production per cow has reached new heights. In our over-all economic picture, this is a healthy factor, and this greater efficiency has powerfully offset the recent decline in cows.

Thus we see that even if margarine tax repeal should fulfill the asserted fears of the butter interests and result in a drastic decrease in butter production, there is no reason why cow numbers should thereby decrease. Indeed there is no reason why they should not be increased to a level sufficient to fill all our whole-milk needs in the future.

The reasons for the decline in butter production are simple. The dairymen get less for milk sold for the manufacture of butter than for any other use of his product.

The figures tell the story clearly and illustrate the basic reason for the decline in butter production. Tables III and IV indicate the dairymen's return for milk sold as butter and for other uses during 1947, as compared with 1940.

TABLE III.—Butter as a source of dairy income, 1940 and 1947

Area	Total dairy cash income (1,000 dollars)		Cash income from farm butter sold (1,000 dollars)		Cash income from cream sold to plants and dealers as butter-fat (1,000 dollars)		Total butter cash income (1,000 dollars)		Butter cash income (percent share of total cash income)	
	1940	1947	1940	1947	1940	1947	1940	1947	1940	1947
United States.....	1,520,346	4,050,266	18,857	30,727	350,577	568,576	369,434	599,303	24.30	17.75
North Atlantic.....	376,074	899,573	4,070	6,617	4,616	6,143	8,696	12,760	2.31	1.47
North Central, East.....	427,908	1,238,447	2,340	2,564	74,484	79,889	76,823	82,433	17.95	6.66
Ohio.....	70,148	202,786	690	792	9,561	13,762	10,251	14,354	14.61	7.18
Indiana.....	47,879	133,333	300	355	10,136	13,167	10,436	13,522	21.80	10.13
Illinois.....	72,860	182,620	510	468	13,273	19,326	13,785	19,794	18.92	10.84
Michigan.....	72,324	206,822	660	814	17,592	23,483	18,552	36,297	23.65	12.56
Wisconsin.....	164,697	510,686	190	135	23,621	8,151	23,801	8,286	14.45	1.62
North Central, West.....	284,646	758,732	1,398	1,362	190,976	371,667	192,379	373,029	67.58	49.16
Minnesota.....	89,191	242,056	210	74	64,839	92,238	65,049	92,313	72.93	38.14
Iowa.....	69,430	178,734	180	178	52,064	124,624	52,264	124,812	75.28	70.62
Missouri.....	37,398	127,595	405	502	14,123	21,806	14,530	23,306	38.85	17.48
North Dakota.....	18,380	43,671	168	144	15,304	38,170	15,472	38,314	84.18	87.73
South Dakota.....	15,398	34,213	102	72	12,246	27,216	12,348	27,288	80.19	79.76
Nebraska.....	24,376	57,489	145	144	16,086	36,210	16,231	36,354	66.04	63.24
Kansas.....	30,273	78,974	158	148	16,292	31,403	16,490	31,651	54.44	41.12
South Atlantic.....	90,882	253,928	4,443	8,585	4,597	10,414	8,840	19,009	9.73	7.49
South Central.....	143,001	400,256	3,814	10,482	34,785	55,259	40,599	63,721	28.39	16.42
Texas.....	48,445	116,053	2,295	4,158	10,480	12,378	12,775	16,536	26.37	13.80
West.....	197,855	538,330	792	1,107	41,330	45,224	42,112	46,331	21.28	8.61

Source: Bureau of Agricultural Economics.

TABLE IV.—Milk use in butter, 1940 and 1947

Area	Total milk produced on farms (million pounds)		Delivered to plants or dealers as cream (million pounds)		Used in butter churned on farms (million pounds)		Total use for butter (million pounds)		Percent butter use of all milk	
	1940	1947	1940	1947	1940	1947	1940	1947	1940	1947
United States.....	109,502	119,366	33,044	21,001	8,129	6,268	41,173	27,269	37.60	22.84
North Atlantic.....	17,351	18,852	390	218	524	384	914	602	5.27	3.19
North Central, East.....	30,621	35,525	6,556	2,838	585	338	7,144	3,176	23.33	8.93
Ohio.....	4,594	5,325	870	453	156	90	1,026	573	22.33	10.76
Indiana.....	3,225	3,664	898	450	78	51	976	501	30.26	13.67
Illinois.....	5,188	5,444	1,297	750	176	97	1,473	847	28.39	15.56
Michigan.....	4,949	5,697	1,549	871	144	86	1,693	957	34.21	16.80
Wisconsin.....	12,665	15,396	1,945	284	31	14	1,976	298	15.60	1.94
North Central, West.....	27,712	27,730	18,640	13,877	1,242	717	19,882	14,594	71.75	52.63
Minnesota.....	8,405	8,415	6,140	3,403	121	35	6,261	3,438	74.49	40.86
Iowa.....	6,611	6,520	4,907	4,422	140	84	5,047	4,506	76.34	69.11
Missouri.....	3,386	4,108	1,402	900	260	190	1,682	990	49.68	24.13
North Dakota.....	2,115	1,961	1,553	1,473	218	122	1,771	1,595	83.74	81.34
South Dakota.....	1,746	1,489	1,294	1,068	120	56	1,414	1,124	80.99	75.49
Nebraska.....	2,589	2,404	1,695	1,459	186	122	1,883	1,581	72.73	65.77
Kansas.....	2,890	2,838	1,649	1,252	175	106	1,824	1,360	63.78	47.92
South Atlantic.....	6,587	7,919	437	397	1,882	1,622	2,319	2,019	35.15	25.50
South Central.....	14,534	15,477	3,372	2,063	3,448	2,880	6,820	4,943	46.92	31.94
Texas.....	4,192	3,950	1,010	466	800	644	1,810	1,110	43.16	28.10
West.....	12,687	13,862	3,646	1,608	445	327	4,094	1,935	32.27	13.96

Source: Bureau of Agricultural Economics.

The composition from margarine has had little, if anything, to do with this drop in butter production.

For example, per capita butter consumption in the United States decreased 6.4 pounds between 1940 and 1946, but during the same period per capita margarine consumption increased only 1.4 pounds. Between 1946 and 1948 per capita butter consumption decreased only 0.1 pound and margarine increased 2.4 pounds.

Nineteen hundred and one was the last year in which yellow margarine was sold in the United States without the payment of special discriminatory taxes. In 1901 the American people consumed 19.9 pounds of butter per capita and 1.6 pounds of margarine. The imposition of the tax on colored margarine did reduce its consumption sharply. In 1902 the use of margarine fell to 0.9 pound per capita and for the following 3 years it was almost consistent at 0.6 pound per capita—or just about one-third of what it had been; but how did this ruin of the margarine industry help the dairyman? His butter sales dropped from 19.9 pounds in 1901 to 17.5 pounds per capita in 1902 and never in any year since that date has the per capita sale of butter equaled the amount sold in competition with yellow margarine. In 1948 they were only 10.5 pounds per capita.

The truth is that, in spite of all the claims of the butter interests that the increased sale of margarine would ruin the dairy industry, there is absolutely no proof that the sale of more margarine would in any manner reduce the sale of butter, itself. These prophets of disaster simply assume a great break in the use of butter and from that point they begin to conjure up all kinds of evil. Before we accept their conclusions, let us look a little more closely at their assumptions.

TABLE VI.—Margarine and butter per capita consumption, 1924-48

Year	Margarine	Butter	Year	Margarine	Butter
1924.....	2.0	17.9	1937.....	3.1	16.4
1925.....	2.0	17.9	1938.....	2.9	16.4
1926.....	2.0	18.4	1939.....	2.3	17.3
1927.....	2.3	18.0	1940.....	2.4	16.9
1928.....	2.6	17.4	1941.....	2.7	16.3
1929.....	2.9	17.2	1942.....	2.7	16.4
1930.....	2.6	17.2	1943.....	3.7	12.9
1931.....	1.8	18.0	1944.....	3.6	13.4
1932.....	1.6	18.1	1945.....	3.8	11.8
1933.....	1.9	17.8	1946.....	3.8	10.6
1934.....	2.1	18.2	1947.....	5.0	11.2
1935.....	3.0	17.1	1948 ¹	6.2	10.5
1936.....	3.0	16.4			

¹ Preliminary.

Source: Bureau of Agricultural Economics.

The implications of these figures are clear. Many people stopped buying butter. Some new people bought margarine. But, actually, in 1946, the American people consumed 5 pounds per person less total table fats than they had consumed in 1940; in 1948, 2.6 pounds—to their definite nutritional loss. The basic reason for this was nonavailability of any more butter, and legal restrictions on the amount of margarine that could be made. If this still substantial gap in today's supplies of table fats, compared to prewar supplies, means anything, it is that there is much room for both butter and margarine. Butter production has not suffered from margarine, because supplies are still insufficient even by the comparatively modest prewar standards. Butter production has declined because whole-milk markets have demanded the milk.

The most striking evidence that this is so comes from the dairy industry itself. Not only has there been expressed the growing feeling that butter is no longer an adequate base for milk prices, but challenging statements have been made by leaders in the industry. I refer particularly to the editorial in the American Milk Review recently which concluded, after rehearsing the salient points of the strong case for unrestricted margarine, that by antimargarine legislation "the butter industry and the dairy industry as a whole is doing itself more harm than good. We believe that only by aggressive salesmanship, only by enlightened and dynamic merchandising, can this be accomplished," the editorial finished.

In 1940, about 37.60 percent of all milk went into butter; in 1947, only 22.84 percent.

Furthermore, the data graphically indicate that certain areas and States have little interest in the butter-margarine controversy as such. Wisconsin, for example, sold 15.60 percent of its milk for the manufacture of butter in 1940; in 1947, less than 2 percent—1.94 to be exact—of Wisconsin's milk went into butter.

Another indication of the same tendency is the continuing small amount of butter in commercial stocks of dairy products. As table VII shows, on January 1, 1949, of all dairy products in storage—in terms of milk equivalent—butter comprised only 18.69 percent. This is of special interest in view of the claim still made that butter is the basic hold-over outlet for milk. On January 1, 1949, butter ranked third as a dairy storage item. American cheese ranked first, with 35.07 percent, milk equivalent; evaporated milk was second, with 25.26 percent. This, too, is part of a trend that has been going on for some years, and is also reflected in the trend in the milk marketing areas away from butter as a base price factor in fixing class I milk prices—a movement signaled by the adoption of a new economic price base altogether in the Boston area last year, more recently by the abandonment of the butter-powder base in favor of a stipulated price in the Philadelphia area last August, and by demands from New York State groups that the same action be taken in that major milk-supplying area. It is not necessary to go into the various ramifications of this subject to demonstrate emphatically that butter is simply not the major dairy outlet, base, interest, balance wheel, and so on that it is claimed to be by a small group whose eyes remain fixed to this declining aspect of the otherwise flourishing dairy industry.

TABLE VII.—Commercial stocks of cream and specified manufactured dairy products (milk equivalent) as a percentage¹ of total commercial holdings, 1947-49

Month	Butter	American cheese	Other cheese	Evaporated milk	Condensed milk	Dried whole milk	Cream	Total
1947—January	21.77	31.86	9.30	10.66	0.52	5.60	10.99	100
February	15.46	36.90	10.89	13.16	.45	5.97	17.17	100
March	11.04	41.15	12.16	14.30	.52	6.61	14.22	100
April	9.56	43.64	12.63	15.90	.72	7.84	9.81	100
May	9.26	44.47	11.97	16.80	.58	6.95	9.97	100
June	12.12	38.51	9.05	20.86	.49	6.80	13.17	100
July	23.31	29.20	6.69	21.16	.35	4.16	15.13	100
August	30.03	27.21	5.72	19.24	.37	3.09	14.34	100
September	31.20	29.79	5.51	18.24	.41	2.71	12.14	100
October	30.40	32.39	5.46	16.72	.49	2.72	11.82	100
November	31.92	33.34	5.27	14.16	.45	3.31	11.65	100
December	25.84	38.94	6.20	13.59	.52	3.92	10.99	100
1948—January	17.83	48.03	6.94	12.71	.77	4.15	9.57	100
February	13.44	53.53	8.00	10.19	.94	5.40	8.50	100
March	9.15	58.20	9.79	9.75	1.23	5.97	5.91	100
April	4.90	63.31	8.57	10.65	1.32	6.54	4.71	100
May	5.69	58.45	8.08	12.59	1.31	7.58	6.30	100
June	14.39	40.98	6.13	15.32	1.07	8.84	13.27	100
July	24.52	32.19	5.79	17.05	.67	4.42	15.36	100
August	29.69	30.01	4.80	17.14	.51	3.86	13.69	100
September	31.03	29.31	4.89	17.66	.49	3.87	12.75	100
October	29.85	28.87	4.49	21.13	.54	3.61	11.61	100
November	28.41	28.39	4.50	22.89	.49	4.01	11.81	100
December	25.31	29.44	4.69	24.83	.68	4.12	10.93	100
1949—January	18.69	35.07	5.67	25.26	.76	3.85	10.71	100

¹ Computed on basis of table of actual amounts.

Source: Bureau of Agricultural Economics.

Finally, we have the experience of other countries which have no restrictions upon the sale of yellow margarine. Any comparisons of value must, of course, include countries which have substantial dairy industries.

Table VIII gives the experience of four countries. All have important dairy industries and, for that matter, important margarine industries.

If there was anything in the contention of the butter interests that repeal would destroy the dairy industry in this country, why did repeal of the prohibitions against yellow margarine not destroy the dairy industry in the countries mentioned?

There is no answer to this question save the obvious one that repeal of the Federal antimargarine laws will work no injury upon the dairy industry. It is a question whether repeal would do any real damage to the butter industry. Regardless of what would happen in this field, I think it is time for the dairy industry to shake the butter industry off its back and let butter stand on its own.

TABLE VIII.—Per capita consumption of butter and margarine in countries where yellow margarine is sold

	1938		1946	
	Butter	Margarine	Butter	Margarine
	Pounds	Pounds	Pounds	Pounds
Netherlands.....	11.9	15.7	11.9	15.4
Belgium.....	16.8	16.2	14.3	16.3
	1936		1946	
United Kingdom.....	25.0	8.7	10.7	15.3
	1939		1946	
Sweden.....	24.0	21.0	31.0	8.0

Coming a little closer home, let us look at the actual effect of State law against the sale of yellow margarine. Have such laws ever put a dollar in the dairyman's pocket? The facts are that South Dakota has State laws prohibiting completely the sale of yellow margarine. In South Dakota butterfat brought only 74 cents in 1947, the last year for which I have the figures. In the adjoining State of Nebraska the State law prohibits the sale of yellow margarine only in public eating places, and butterfat brought 79 cents in 1947. Passing to Nebraska's southern neighbor, we find that Kansas has no State laws against the sale of colored margarine, but in Kansas the dairy farmer received an average of 83 cents for his butterfat in 1947.

Similar comparisons can be drawn all over the country. Iowa adjoins Missouri; Iowa prohibits the sale of yellow margarine, and her dairy farmers got only 82 cents for their butterfat in 1947. Their neighbors in Missouri, who met the competition of yellow margarine, got 90 cents for their butterfat during the same period.

In the Northeast, New York prohibits the sale of yellow margarine. New York dairymen got only \$1.24 for butterfat, while it brought \$1.60 at the same time in Rhode Island where yellow margarine is legally sold.

If we go back for a period of years we find the same kind of relation between prices in States that prohibit the sale of yellow margarine and neighboring States which have allowed its sales. Taking the 10-year period 1938 through 1947, we find the following:

States prohibiting sale of yellow margarine	Average price per hundred, 4-percent butterfat basis	States allowing sale of yellow margarine	Average price per hundred, 4-percent butterfat basis
Wisconsin.....	\$3.84	Indiana.....	\$3.92
Iowa.....	3.28	Missouri.....	3.60
South Dakota.....	3.06	Kansas.....	3.32
New York.....	4.96	Rhode Island.....	6.40
Wyoming.....	3.88	Texas.....	4.68
Utah (10 cent tax).....	4.28	Nevada.....	4.44

To say the least, these figures certainly do not establish the validity of the butter peoples' assumption that the sale of yellow margarine hurts the dairy industry.

What the dairy people need is some dynamic salesmanship. Who is there to say that pure fluid milk is not a better beverage than any soft drink? What if the dairy industry would devote its energies to opening new markets for its most profitable outlets rather than spending its energy and money in trying to keep somebody else's product from competing on equal terms for consumer acceptance? Coca-Cola has shown what can be done, simply by pushing one's own product. If the dairy people would share in the most profitable part of the great American market, let them devote themselves to the expansion of the market for fluid milk.

Let them make their product attractive, dependable, and acceptable. Let them seek new outlets, and let them see that the consumer is supplied at a fair price. Even with today's high prices any eating place should sell milk for 10 cents per glass and show a handsome profit as well as pay the producer far more than he can possibly get by the sale of milk for butter, even when butter is 90 cents per pound.

Were I not an outsider, I would be tempted to suggest to the dairymen that they possibly need some new leaders—some leaders who were interested in the welfare of the men who feed and milk the cows, rather than simply in the least profitable of all outlets for milk. And I might even wonder if the butter people themselves might not do better to spend more time on the merits of their own product than to expend so much effort to keep the public from buying the product the public wants.

Representative POAGE. I will simply call the attention of the committee to the obvious fallacy of at least a portion of that assumption, in that it assumes, of course, that by the increase in the sale of margarine—which is another assumption, one in which I concur; that if we pass this bill there will be more margarine used—there will therefore be less butter consumed.

On its face, that might appear to have some reasonable basis. But I would call the committee's attention to the experience of other nations of the world. I do not know how we can judge the future except by the experience of those who have tried this same procedure.

The nations of Europe, almost without exception, allow the sale of colored margarine on an equality with butter. And I would call the committee's attention to the fact that in the Netherlands, certainly a great dairy country, this has long been the situation. I have the figures both before and after the war.

Before the war the Netherlands consumed, per capita, 11.9 pounds of butter and 15.7 pounds of margarine. That is just a little more butter than we consumed in the United States, but it is five times as much margarine as we were then consuming in the United States. In other words, the people of that dairyland, consumed five times as much margarine as the people of the United States consumed per capita, but they did not reduce their consumption of butter.

Since the war, the figures are rather similar. They have reduced their consumption of margarine somewhat. Their consumption of butter remains the same. But in each event, they are consuming more butter per capita than we consume in the United States. The same figures, substantially, are true as to Belgium.

In the United Kingdom, the consumption of butter before the war was some 25 pounds per capita, and the consumption of margarine was 8.7 pounds per capita, both substantially larger than in the United States. Since the war, the consumption of butter in the United Kingdom was 10.7 pounds, which is just a fraction more than in the United States, and the consumption of margarine was 15.3 pounds.

In Sweden, the consumption of butter since the war has been 34 pounds per capita, which is three and a half times, approximately, what it was in the United States, and the consumption of margarine is 8 pounds, which is just a fraction more than in the United States.

So we see that in those countries where yellow margarine is sold without restriction, the people actually consume more butter per capita than they do in the United States.

Now, what has been the experience of the American States where they have imposed restrictions upon the sale of margarine? Has it actually helped the dairyman?

I would like to invite the committee's attention to the comparison of the figures on the price of butterfat in some of those States that have imposed burdensome restrictions upon the sale of yellow margarine and those that have not.

Last year I compared the great State of Wisconsin, a great dairy State, with the State of Illinois, an adjoining State. Some of my colleagues criticized the comparison, and suggested that it was unfair, in that Chicago provided the great market for butterfat from both Wisconsin and Illinois; and since it costs more to move milk from Wisconsin into Chicago it was an unfair comparison. I thought there was some justification in that, so I have sought to provide possibly a more equitable comparison.

I invite the committee's attention to the fact that in the State of Wisconsin in 1947, which is the last year for which we have the actual prices figured, a hundred pounds of milk with 4 percent butterfat, which was the standard used, brought, in the State of Wisconsin, \$3.84. Now, then, I skip, not to Illinois, where the comparison would be even more striking, but, since there may be some merit in the contention that Chicago is the great market, I skip to Indiana, which is located almost exactly with the same relationship to the great market that Wisconsin is. Wisconsin has almost complete prohibition against the sale of margarine, as the committee is well aware. The State of Indiana has no State laws against the sale of margarine whatever, and it has only the general Federal tax.

In the State of Indiana the price of milk was \$3.92 at the same time that milk was bringing \$3.84 in Wisconsin. Does that look as if the imposition of prohibitions against the sale of margarine had ever put a dollar in the pockets of the dairyman or even in the pockets of the butter manufacturer? Remember that these figures are based upon 4-percent butterfat figures.

Let me cite the committee to the State of Iowa, which has a complete prohibition, or a practical prohibition, on account of their tax, against the sale of margarine. Last year they received, 82 cents per pound for butterfat in the State of Iowa, while in the State of Missouri, an adjoining State of about the same population, which provides, I think, a fair comparison, and where there is no prohibition against the sale of margarine except the Federal provisions, milk producers received 90 cents.

The same comparison could be drawn beginning with South Dakota, where there is a complete prohibition of the sale of margarine, and where butterfat brought 74 cents; in Nebraska, an adjoining State, where there is a prohibition only on the sale of yellow margarine in public eating places the price was 79 cents; and in Kansas, an adjoining State where there is no prohibition the price was 83 cents per pound of butterfat.

And I might skip to the East and point out that in the great State of New York, which undoubtedly has as great markets as any place in the world, butterfat brought \$1.24 per pound, at the same time that it was bringing \$1.60 in the State of Rhode Island; with Rhode Island having no control over the sale of margarine, and New York having a prohibition against the sale of yellow margarine.

I just submit that the experience of our States and of other nations does not justify the conclusion to which the opponents of the House bill have jumped.

But I do not want to dwell upon this economic situation. I think that too much has been made of the economics of this legislation already. It has not been my purpose at any time to place this debate upon an economic basis, because I think there are much more important issues involved. I think that there are some fundamentals of government involved in this question of the repeal of any discrimination against the sale of any wholesome food product. I think the whole question of free enterprise is involved. If we believe in free enterprise, we must believe in competition. If we are sincere in our protestations that we believe in the right of goods to meet on the market place and of the consumer to spend his money for the article of his own choice, then we must believe that it is immoral and wrong for the United States Government to step in and to say to one wholesome food product that "We are going to brand you with the band of shame and of crime, and place upon you restrictions that are not placed upon a competitive food."

I am not here to tell this committee that margarine is a superior food to butter. I am not here to try to engage in a discussion of the relative merits. In my own family we use both margarine and butter; and frankly I cannot tell the difference. Personally, I can see no practical difference between the two. But there are many people in the United States who much prefer butter and who tell me they feel that there is a decided difference, and it seems to me they have a perfect right to buy butter any time they want to. I think that that is one fundamental on which we must agree; that is, that any wholesome food has a right to be sold in the market place, and the consumer has a right to buy, without governmental interference, any wholesome product for which he or she wants to spend his own money.

And as a corollary to that, I think that the second proposition must be that the consumer has a right to know that he or she is purchasing the identical product for which she thinks she is spending her money. The bill, as sent here by the House, does both of those things.

In the first place, it removes all of the discriminatory taxes and regulations of all kinds against the sale of colored margarine, or white margarine, for that matter, in interstate or intrastate commerce; of course, leaving to every State in the Union the right to impose restrictions if they see fit to do so, as Wisconsin has done.

The legislation very specifically provides that it will in no wise interfere with the legislation of those States that want to impose restrictive legislation. But basically the United States Government recognizes in this bill that it is no proper function of the Federal Government to deny one food product the right to compete for the favor of the consumer as against another. And in the second place, it recognizes the corollary, and that is that the consumer has a right to know what she is buying.

It is perfectly clear that there is no deception on the ground of color when margarine is sold in a carton, a cardboard carton, on which is stamped the word "oleomargarine," and this bill retains the requirement that you stamp it "oleomargarine." Every individual serving of it under this bill must be stamped, identified, as oleomargarine, with one exception, and that is the result of the Hill amendment, which was placed in the bill on the floor of the House. There, too, the requirement is, in effect, retained, but the margarine is allowed to identify itself by shape rather than by the printed word.

Ninety-three percent of all margarine is sold in the grocery stores. The margarine buyer buys it by the label, not by the color. She does not even look at the color of it until she gets it home.

In public eating places only could there be any possible deception on the basis of color.

Under the bill as it is presented to this committee there is provision that any public eating place that serves colored margarine must first put the public on general notice that they use it, either by posting a notice or by printing it on the menu. Then, Second, they must give additional specific notice with each individual serving of colored margarine or serve it in a triangular form, the triangular form being the Hill amendment.

So, in any event, any person in the United States who buys colored margarine will, with the passage of this bill, be definitely notified of the fact that it is margarine she is getting, and not butter. So if anybody wants butter and thinks he is getting butter, he is definitely protected under this bill.

Not so under the proposed substitute. I don't mean to pass upon the substitute for this committee, but I understand that it is in substance but a duplication of the original Granger-Andresen legislation which made no provision whatever for identification, which made no provision for assuring that the public will know what they are buying, but which brands a wholesome food product as an evil and a dangerous thing, one which is not entitled to move in interstate commerce. If it is not entitled to move in interstate commerce, there must be something inherently wrong in it. Although it may be their intention, certainly the proponents of this legislation will hardly come before you and tell you that they do it simply because they are afraid of competition. They will dress up their objections in the white habiliments of some public good and suggest to you that they are trying to prevent an evil befalling the American people.

Mr. Chairman, if colored oleomargarine which differs from the white oleomargarine only in that it contains the same harmless coloring matter that butter does, is so evil, if it becomes so evil to move in interstate commerce, then I submit that it is of such an evil that our pure-food laws should prohibit it everywhere, that we should not allow it to be sold. We should treat it as we treat a habit-forming drug. We should treat it as we treat those dangerous drugs that debilitate the mind of man. We should not allow it to move with any freedom whatsoever. We should not say that our Government has allowed the people to partake of an evil simply because of the revenue that we derived for some 80 years, nor should we say that we are going to stop this thing simply at State lines. We should say we are going to put a stop to this evil.

But the proponents of this amendment will not come before the committee and suggest that there is a positive evil in the coloring matter that is in margarine because it is exactly the same coloring matter that they put in their own product, and they say that the white oleomargarine is not harmful. They say it is perfectly all right to ship the white margarine. But they say it becomes evil and it becomes harmful to the American people only when you put in the same substance that they put in their own butter.

Mr. Chairman, to my mind that does not make a very logical argument. If that coloring matter is harmful in margarine, it is

harmful in butter. If it deceives the public in margarine, it even more greatly deceives the public in butter. I call the committee's attention and particularly the distinguished Senator from Illinois, who I know comes from a rural section, to the fact that this butter that receives the same coloring matter is at many stages of the year different shades of yellow going down almost to a white. Mankind through the long experience of years has found that in nature that yellow in the butter indicates some desirable characteristics. Undoubtedly primitive man had no knowledge of the existence of vitamins, but he did know that yellow butter had something in it which was desirable. Through the advance of science we now know that what has happened is that that yellow butter which is produced in the summertime when the cow is eating a substantial amount of green food, contains a substantial amount of carotene, the yellow coloring matter that comes from green food. That carotene has associated with it vitamins that are healthful to the human body. According to the Department of Agriculture normal summer butter, which will be naturally a dark yellow, will contain as high as 19,000 units of vitamin A per pound, whereas the average winter butter, which will normally be almost a white color, will contain as low as 9,000 vitamin units per pound.

So, man throughout the ages has learned that that yellow color represents a more desirable type of butter than whiter butter, and the people who sell butter know it, too. The people who sell butter use the same coloring matter in that butter that is used in margarine. By using it in butter so as to make the winter butter, the butter that is low in vitamins, have the appearance of a butter that is high in vitamins. When you use coloring matter in margarine you are not fooling anybody because your vitamins are the same whether you have used a lot of coloring matter or whether you do not, because vitamins are placed in all margarine in the manufacturing process and the coloring matter has never been associated with the vitamin content of margarine and it is not today.

Coloring matter in margarine could not be calculated to deceive the public as to the vitamin content, whereas coloring matter in butter unquestionably does deceive the public as to the desirability of the butter. Yet the very gentlemen who will suggest to you that the inclusion of some of the same coloring matter in the margarine is an evil will say it is perfectly all right in butter.

Now I come here not to condemn the butter people. I am not here to ask that you do anything about the butter situation. I am asking only that you apply the same rule to another healthful food product. I am only asking that you give to the product of vegetable oils the same fair treatment, the right to compete on equal terms with the product of the dairy people. If the industries, including the butter industry of this Nation, cannot stand on honest competition, then we are inevitably going to fall to the policy pursued in eastern nations where somebody sitting up in some legislative or control position makes all decisions for the public as to how they can best spend their own money. I think it will be a sad day for the United States to come to the conclusion that even this learned committee, even this distinguished body and the body at the other end of the Capitol, is smarter than all of the people combined. I submit, Mr. Chairman, that there are two fundamentals involved, the right of the public to

spend their own money for whatever they want to buy and the right of the public to know that they are getting whatever they spend it for.

Mr. Chairman, I greatly appreciate the opportunity to be with you.

Senator HOEY. We are glad to have had you.

Eugene Hubbard. Is Mr. Hubbard present?

Senator LUCAS. Mr. Chairman, I want to take this opportunity to apologize to the previous witness, who came from Illinois, for my sudden disappearance from the committee. I had a very important conference, a hearing that I just had to go to.

Senator HOEY. I announced that.

Representative POAGE. That is quite all right, Senator.

STATEMENT OF EUGENE R. HUBBARD, VICE CHAIRMAN, INTERNATIONAL CONFERENCE OF DAIRY EMPLOYEES, A TRADE DIVISION CHARTERED BY THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN AND HELPERS, A. F. OF L.

Mr. HUBBARD. My name is Eugene R. Hubbard.

Senator HOEY. Identify yourself, what you are connected with, and so on.

Mr. HUBBARD. I am with the International Conference of Dairy Employees, a member of the International Brotherhood of Teamsters of the American Federation of Labor.

I am appearing before your committee today on behalf of local unions whose members are employed in dairy plants throughout the United States and Canada. This appearance is pursuant to a resolution adopted in Chicago, Ill., on March 2, 1949, in a meeting of several hundred officials of these local unions, who were attending sessions of the International Conference of Dairy Employees. While I am an officer of this conference, I am also secretary-treasurer of the Milk Wagon Drivers and Dairy Employees Union, Local 246, whose members are employed by dairy companies here in Washington, D. C., as well as in Alexandria and other nearby communities.

Our conference is affiliated with and chartered by the International Brotherhood of Teamsters, which is the largest union in the American Federation of Labor. The resolution I present to you today was adopted in a meeting called by our executive vice president, Dave Beck, of Seattle, and our international president, Daniel Tobin, of Indianapolis. We consider the pending legislation in regard to regulating the making and sale of oleomargarine so important in its possible effects on the entire dairy industry and upon the future welfare of our members working in the industry, that we interrupted our business deliberations to permit a discussion of the matter. As a result of the discussion, a resolution expressing our views was adopted and I was designated by the conference executive committee to appear before you today. I thank you for the opportunity you have provided for this. I believe it is the first time that representatives of local dairy unions in the dairy industry have appeared to express their views on this matter.

We concur with the stand of the American Federation of Labor, for the repeal of excise taxes on the manufacture and sale of oleomargarine in interstate commerce. But we are also very much in favor of

prohibiting the adding of yellow color to oleomargarine so that it can be sold in place of butter, and thereby not only deceive the public but open the way for a few big manufacturing companies to make exorbitant profits on the sale of a cheap product.

We understand there are less than 30 companies manufacturing oleomargarine and that 5 giant corporations make more than two-thirds of all the oleomargarine produced. This is in sharp contrast to the 3,500 local creameries and the 40,000 dairy plants scattered over every State of the land, which produce butter and dairy products in which butterfat is a principal ingredient.

We fail to understand how this Congress could permit the unrestricted sale of oleomargarine colored yellow in imitation of butter. We recognize that oleomargarine is a good food, and if sold as such is economical for many families who are seeking to economize in buying food. However, we also know that today butter is a good buy for the housewife. The prices, in fact, are so low that we understand the Government is now having to support parity prices for butter. The price of butter automatically influences the price of milk and other dairy products produced by millions of dairy farmers over the country.

The members of our unions are interested in protecting the dairy industry, as well as the consumer, in any legislation this committee recommends for passage. Our members drive thousands of truck which pick up milk and cream, processed in thousands of plants over the country, and our members also deliver the product to consumers in their homes, to stores, restaurants, hotels, and all other eating places.

We are also interested in protecting the dairy industry in the United States from losing its business to a few oleomargarine manufacturers because the dairy industry probably operates more motor-trucks than any other industry. It is one of the largest purchasers of manufacturing equipment and supplies, all of which furnish employment for union members in great numbers. We understand the dairy industry purchases about 30,000 trucks a year for replacement purposes alone, and most of these trucks are operated by members of the teamsters union. Many more of our members are employed in the servicing of these trucks and there are thousands more of our men who load and unload them at warehouses and in dairy plants.

We might seem a bit selfish in wanting to preserve the jobs and income of our union members, but we think it is in the public interest to safeguard the dairy industry. Its many plants are located in almost every sizable community throughout the country, and its commerce is an important economic factor to a large part of our population. It should be safeguarded from unjustified and harmful competition through an imitation of the natural color of butter, by which it has always been identified in the minds of consumers.

Oleomargarine manufacturers employ a relatively small number of workers, most of whom, according to our information, are unorganized. On the other hand, the dairy industry has for many years employed many thousands of the members of the teamsters union, as well as using the machinery and trucks produced by the members of many other unions.

It seems reasonable for our unions to oppose legislation that would dislocate or jeopardize the dairy industry for other important reasons.

Milk is the largest single source of income to farmers, and prosperous farmers are good customers for the products of organized labor.

In addition, we understand that about 40 percent of our beef and veal supply comes from dairy herds. There is no advantage to our members or to consumers in general in risking the scarcity and higher prices of those foods in order to get a few pennies of advantage in buying cheap oleomargarine.

Our members also are consumers. While they economize in their living costs, they do not wish to sacrifice the welfare of their families who should get plenty of milk and butter, and other dairy products. In order to get plenty of these, farmers must be encouraged to keep their herds and maintain ample production. This means they need a good market for butter, which is made from their surplus milk and cream, and which is also used in pricing all other dairy products.

We understand that about three-fourths of all farmers in this country milk dairy cows. We believe that union wage earners and farmers have something in common in maintaining a proper protection against unfair competition.

I submit at this time two resolutions adopted by organizations of the international teamsters union, meeting in Chicago. The first resolution was adopted February 28, 1949, by the Mid-States and East Coast Dairy Conference, comprising officers of local unions in the Middle West and Eastern States whose members are directly engaged in procuring, manufacturing, and distributing butter and other dairy products. The second resolution was adopted on March 2, 1949, by the International Conference of Dairy Employees, which includes the unions already mentioned and, in addition, all others in the west and south.

Both resolutions urge the passage of legislation to remove excise taxes on oleomargarine, and prohibit its manufacture or sale in commerce, with yellow color added to imitate butter. The amendment to H. R. 2023, introduced by 26 Senators on April 4, 1949, now before this committee, has our recommendation. It is not in conflict with resolutions adopted by the American Federation of Labor on this matter.

Mr. Chairman, the resolution by the Mid-States and East Coast Dairy Conference, International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers, A. F. of L., in regular session in the Hotel Morrison, Chicago, Ill., February 28, 1949, is as follows, and with your permission I will read it into the record.

Whereas, in response to a widespread demand of the people, the Congress of the United States is considering measures to repeal the so-called oleomargarine tax; and

Whereas such repeal will meet with the favor of American citizens in the low-income brackets since it will bring this commodity down in price, thereby reducing the cost of living to persons who need it; and

Whereas there is danger that oleomargarine, if there be no regulatory legislation, could easily be sold as a butter substitute of the same color as butter; and

Whereas the dairy industry furnishes steady employment at good wages for many thousands of union employees throughout the Nation, engaged in the procuring, processing, and distribution of butter, as well as the building of motor-trucks, equipment, and supplies used in the dairy industry; and

Whereas there are more than 3,500 local creameries and 40,000 dairy plants located in thousands of small communities in every State, both in the North and South, whose employees' welfare is involved in protecting butter against unfair competition; and

Whereas yellow oleomargarine resembles butter so closely that it cannot be distinguished from butter by consumers and therefore invites substitution and fraud, making it necessary that the consumers be protected by prohibiting oleomargarine to be colored yellow; and

Whereas any such substitution or fraud would benefit approximately 28 large corporations in the United States who manufacture oleomargarine and would so benefit at the expense of consumers; the millions of dairy farmers who produce butter, and thousands of families of union employees in the dairy industry: Now therefore be it

Resolved, That the Mid States and East Coast Dairy Conference comprising officers of local unions of International Brotherhood of Teamsters whose members are directly engaged in procuring, manufacturing, and distributing butter and other dairy products, in regular session assembled in Chicago on February 28, 1949, respectfully urges upon the Congress, in its consideration of the repeal of existing oleomargarine taxes, that it enact at the same time regulatory measures to prevent the sale of oleomargarine colored as butter, so that the public may distinguish between these two products; and be it further

Resolved, That copies of this resolution be submitted to the President of the United States, the Secretary of Agriculture, the Representatives and Senators in Congress; and be it further

Resolved, That this conference send representatives to appear before the House and Senate Agricultural Committees to emphasize the importance of protecting the dairy industry and its employees by proper legislation.

(The resolution of March 2, 1949, follows:)

RESOLUTION WITH RESPECT TO LEGISLATION PENDING IN CONGRESS TO REGULATE THE PRODUCTION AND SALE OF OLEOMARGARINE. ADOPTED BY THE INTERNATIONAL CONFERENCE OF DAIRY EMPLOYEES, A CHARTERED TRADE DIVISION OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN AND HELPERS, AFFILIATED WITH THE AMERICAN FEDERATION OF LABOR, IN REGULAR SESSION ASSEMBLED, AT THE HOTEL MORRISON, CHICAGO, ILL., ON MARCH 2, 1949

Whereas, in response to a widespread demand of the people, the Congress of the United States is considering measures to repeal the so-called oleomargarine tax; and

Whereas such repeal will meet with the favor of American citizens in the low-income brackets since it will bring this commodity down in price, thereby reducing the cost of living to persons who need it; and

Whereas there is danger that oleomargarine, if there be no regulatory legislation, could easily be sold as a butter substitute of the same color as butter; and

Whereas the dairy industry furnishes steady employment at good wages for many thousands of union employees throughout the Nation, engaged in the procuring, processing, and distribution of butter, as well as the building of motortrucks, equipment, and supplies used in the dairy industry; and

Whereas there are more than 3,500 local creameries and 40,000 dairy plants located in thousands of small communities in every State, both in the North and South, whose employees' welfare is involved in protecting butter against unfair competition; and

Whereas yellow oleomargarine resembles butter so closely that it cannot be distinguished from butter by consumers and therefore invites substitution and fraud, making it necessary that the consumers be protected by prohibiting oleomargarine to be colored yellow; and

Whereas any such substitution or fraud would benefit approximately 28 large corporations in the United States who manufacture oleomargarine and would so benefit at the expense of consumers; the millions of dairy farmers who produce butter; and thousands of families of union employees in the dairy industry: Now therefore be it

Resolved, That the International Conference of Dairy Employees, comprising officers of local unions of International Brotherhood of Teamsters whose members are directly engaged in procuring, manufacturing, and distributing butter and other dairy products throughout the United States and Canada, in regular session assembled in Chicago on March 2, 1949, respectfully urges upon the Congress, in its consideration of the repeal of existing oleomargarine taxes, that it enact at the same time regulatory measures to prevent the sale of oleomargarine colored

as butter, so that the public may distinguish between these two products; and be it further

Resolved, That copies of this resolution be submitted to the President of the United States, the Secretary of Agriculture, the Representatives and Senators in Congress; and be it further

Resolved, That this conference send representatives to appear before the House and Senate Agricultural Committees to emphasize the importance of protecting the dairy industry and its employees by proper legislation.

Senator LUCAS. Could I ask one question of the witness?

Senator HOEY. Senator Lucas.

Senator LUCAS. How many members of the teamsters union are employed either directly or indirectly in the handling of milk?

Mr. HUBBARD. We have more than 100,000 members in the dairy branch of the International Brotherhood of Teamsters.

Senator LUCAS. More than 100,000 members who are directly or indirectly handling milk?

Mr. HUBBARD. Yes, sir; distributing it to homes and bringing it in from the farms and unloading it at warehouses and places.

Senator HOEY. Thank you very much for your testimony.

Mr. HUBBARD. Thank you, sir.

(The following was received for insertion in the record:)

APRIL 13, 1949.

HON. WALTER F. GEORGE,

*Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:*

Several producers and consumers of butter in Chicago have requested us to secure and submit information to your committee regarding sale of oleomargarine in Chicago. As your committee is aware, the sale of oleomargarine uncolored is permitted in Illinois.

The Chicago Daily News of April 11, 1949, carried a two-column advertisement of the National Food Department Stores, a chain of grocery stores enjoying a substantial patronage from Chicago area consumers. The advertisement was headed: "Another important reduction in your cost of living * * * down go margarine prices at National—Lowest price in years!"

A carton of Swanson's Swanco oleomargarine was displayed, with a price of 19 cents per pound. Other parts of the advertisement offered Allsweet and Parkay at 27 cents per pound, Keyko Reg. Margarine at 23 cents per pound, and the following brands at 20 cents per pound: Color bag margarines; Durkee's Color Easo; Good Luck Mix Kwik; Blue Bonnet Yellow Quick; and Del Rich Ee-Zee Mix.

In view of the active participation in the present hearings on oleomargarine on behalf of removal of all restrictions on the sale of oleomargarine, of the able Senator from Arkansas, Hon. William J. Fulbright, we submit the following facts regarding the manufacturers of oleomargarine obtained by us from reliable sources:

A. Swanco oleomargarine is made and sold nationally by C. A. Swanson & Sons, Omaha, Nebr., who also have substantial interests in Arkansas, and one of whose owners, Mr. Gilbert Swanson, is a brother-in-law of Senator Fulbright.

B. Unilever, Ltd., is a world-wide cartel, including Lever Bros., Inc., and manufactures approximately three-fourths of all oleomargarine consumed in Europe outside of Russia and approximately 40 percent of all the oleo consumed in the world. Lever Bros., Inc., has purchased the Jelke Oleomargarine Co. in Chicago, and spokesmen for this company indicate it is expected to become one of the largest oleo manufacturers in the United States, should favorable legislation be enacted in Congress.

Respectfully submitted.

PAUL POTTER & ASSOCIATES,
By PAUL POTTER.

Senator HOEY. Congressman Andresen is here. We will hear you now.

**STATEMENT OF HON. AUGUST H. ANDRESEN, UNITED STATES
REPRESENTATIVE FROM THE STATE OF MINNESOTA**

Representative ANDRESEN. I am August H. Andresen, member of Congress from the First District of Minnesota.

Senator HOEY. Mr. Congressman, I am not inquiring for the purpose of trying to restrict you, but about how long will your statement be?

Representative ANDRESEN. With the increased attendance of the committee I believe I can be very brief.

Senator LUCAS. I regret that the other members are not present.

Representative ANDRESEN. I do, too, not so much to hear me, but to hear the other witnesses.

I am glad to have the chance to come over here, Mr. Chairman, and particularly to address you and the other distinguished gentlemen, because the State of North Carolina is one of the coming dairy States of the Union. I have talked with a good many dairy farmers from your State, and I know what they are doing, and it is adding very much to the economy of your State, as it does to any other State where they go into dairy farming, and it is hard work.

Mr. colleague, Mr. Poage, has addressed your committee, and says that he has refrained from discussing the economic factors involved in this legislation. I am very much against Mr. Poage's bill which is up for consideration by your committee. I cannot say I am very strong for the dairy bill that is before the committee. It is a compromise measure. If I had my way, I would outlaw the coloring of oleomargarine yellow to imitate butter. But as legislation goes, and the bill which was reported by the committee of Agriculture of the House prohibited the sale of yellow oleomargarine in interstate commerce.

That bill was defeated, and you have before you the Poage bill.

The tax is not an issue. That was claimed to be an issue last year. I always maintained it was never an issue, that the color yellow was the issue, and that is the issue today. The fight is an economic fight. It is an economic fight to see who is going to get the spread market of the country which the dairy farmers of the United States have had as far back as we can remember and which the oleomargarine industry is trying to take away from the dairy farmers in order to make more money. The cotton farmers and the soybean farmers are expecting to profit by it, through increased sales of yellow oleomargarine.

If it were not for the fact that oleomargarine at the present time is made principally out of cottonseed oil, with a little soybean oil, this issue would not be before Congress. If oleomargarine were made out of the best vegetable oil for oleomargarine, coconut oil, we would not have this fight between the two branches of agriculture in the United States. There is nothing in this legislation to prohibit the oleomargarine manufacturers from using coconut oil if coconut oil becomes cheaper than cottonseed or soybean oil, and they will, because I have never found any industry in the United States that did not charge all the traffic would bear for their product under our competitive system.

I am going to discuss the economic aspect of the Poage bill and what it means to 2½ million dairy farmers in the United States, including those in your State, Mr. Chairman.

The dairy farmer has had the historic market for butter in this country. Twenty-seven percent of the milk that leaves the farm must go into butter because it cannot be sold in any other form. If oleomargarine succeeds in capturing the spread market in the United States, butter consumption will go down and our farmers will be forced to liquidate at least 25 percent of the milk cows in this country, at a time when the Secretary of Agriculture is asking for production of 150,000,000,000 pounds of milk, whereas this year we probably will produce only 116,000,000,000 pounds of milk.

We will not only decrease the milk-cow population of this country if the oleomargarine industry succeeds in capturing the spread market—which is their intention—but we will also bring about a situation that eventually will mean higher milk prices to the people and higher beef and veal prices also to the people, because 40 percent of the meat that is produced in the United States comes from our dairy farms.

The average consumption of butter has been around 16 pounds per capita. In 1939 oleomargarine consumption was around 2½ pounds. Butter was around 16 pounds per capita. As oleomargarine consumption increased from 2½ pounds up to 6 pounds, a little over 6 pounds, what it was last year, butter consumption decreased from 16 down to about 10½ pounds.

Senator LUCAS. Why do you think the consumption of margarine has increased and that of butter has decreased?

Representative ANDRESEN. The increase of oleomargarine consumption began with a regulation issued by Mr. Paul McNutt when he was Federal Security Administrator, which permitted the injection of vitamins into oleo, that is shark-liver oil, which gives them the vitamin content, and the addition of diacetyl, which is the butter flavor. So the oleo industry, claims that they have a product that has the texture of butter, that looks like butter, and that is just as nutritious as butter. I don't agree with that last one. All they lack now is the color yellow and the unrestricted right to sell yellow-colored oleomargarine in the country.

It is pretty hard to conceive that people would suddenly turn from butter to oleomargarine, but the price element does have a factor in it, and the dairy farmers of the United States just couldn't compete with the tremendous amount of money that the oleo industry has spent to sell its product to the people and to bring about this drive upon Congress to repeal the tax.

When I have to take my choice, of course it is with the dairy farmers of the United States because I recognize that these 2½ million dairy farmers are a very important segment of our agricultural economy and of the economy of the country. They mean more to the country than 24 oleomargarine manufacturers.

My colleague, Mr. Poage, also indicated that he was just talking on the merits, that we should have the free-enterprise system, that we should permit the sale of any good food product without taxing it and without restriction. I agree with him on that, but the product of oleomargarine today is a synthetic product, legalized by regulation of the Federal Government, and the group that is manufacturing that product is now trying to legalize its unrestricted sale and to capture the butter market. There is no question that this is an economic fight, and the cotton farmers hope to profit by it because the National Cotton Association and the Association of Southern Oils are also backers of

the oleo legislation. The oleomargarine industry did not appear before our committee over in the House. I don't know why. Maybe they did not want to be cross-examined. Nevertheless, they did not appear there, and we did not have an opportunity to cross-examine them. Of course, we recognize they would not be on the dairy farmers' side.

My colleague from Texas has also cited to you, Mr. Chairman, what took place in certain European countries prior to the war, about the sale and use of yellow-colored oleomargarine and the sale and use of butter. All I can say to that is, look what has happened to those countries over there. Here we are appropriating billions of dollars every year to rehabilitate them. I visited all those countries, and I know they are coming back in the dairy industry. Take Denmark, which is the principal butter-producing country in Europe. They export their butter to England, and now they are going to bring in about 50,000,000 pounds to the United States to the further detriment of our American farmers. You cannot get away from the economic angle of this because it is purely an economic angle. So I am pleading with this committee to consider the economic aspects of this fight, which in my opinion will seriously jeopardize our agricultural economy, which will injure the dairy farmers of the country, and in the end the people will pay much more for dairy products and for meat and the other things which we try to have agriculture supply in abundance.

If we were to leave it to the ladies to decide this question, we could take the vote in the House. There were three ladies who supported the dairy farmers, two Republicans and one Democrat, a lady from Connecticut. Then there were two ladies who supported the oleo side of this controversy, the lady from California and the lady from New Jersey. So if we were to leave it to the women in the House to decide the issue, there wouldn't be any question how it would be decided.

The consumers of the country, Mr. Chairman—

Senator LUCAS. There is at least divided opinion.

Representative ANDRESEN. Divided opinion? Not if we believe in majority rule.

Senator LUCAS. It is divided according to the facts you gave us there.

Representative ANDRESEN. There were three on the dairy side and two on the other side.

Senator BYRD. What would you say about the Senate? We have only one lady in the Senate.

Representative ANDRESEN. You may have another one here after next year.

Senator FULBRIGHT. Would you be willing to leave it up to the lady in the Senate?

Representative ANDRESEN. I am glad to see the distinguished Senator come in. His State also will be a great dairy State one of these days unless we let the oleomargarine industry take over.

Senator FULBRIGHT. It is a great one now, and growing very rapidly.

Representative ANDRESEN. Yes; and I think you should encourage it—

Senator FULBRIGHT. I am.

Representative ANDRESEN. Because it is the best thing that ever happened. Let me in conclusion say again—I am glad that we are getting a little audience here—the issue is vital. I am not talking here making a political speech. I don't have to do that.

Senator LUCAS. You could.

Representative ANDRESEN. I could, but I don't have to do it. The welfare of 2½ million dairy farmers means more to me and the economy of our country than it does to a certain group of oleomargarine manufacturers who put over this drive to secure the passage of legislation that will permit the unrestricted sale of oleomargarine in this country. People can eat all the oleo they want to. Let them eat it for what it is and not as an imitator of butter. The fight is over the color yellow. I hope this committee will bury the oleo bill that you have before you, that we can forget about it, and that agriculture in the United States can stand together and work for the greatest industry that we have, which is the basis of all new wealth in the United States.

I thank you very much.

Senator HOEY. Thank you.

Senator BYRD. Are you against any legislation at all?

Representative ANDRESEN. I think we ought to forget about it. I do not think this should be the No. 1 piece of legislation to put through by the party in control, irrespective of the promises that they made the people prior to November 2.

Senator BYRD. You are opposed, I suppose, to the so-called Granger amendment also?

Representative ANDRESEN. The Granger bill, which stops the sale of yellow-colored oleomargarine in interstate commerce, is a bill that the dairy industry has agreed to. If you will put that bill through, I am willing to stand by it because it repeals the tax. With me, I was never in favor of the tax because the fight was always over the color yellow and the effort of the oleomargarine industry to steal the butter market away from 2½ million dairy farmers in this country.

Senator LUCAS. Of course, a similar bill passed the House last year, did it not?

Representative ANDRESEN. No; the Poage bill is better in that respect than the Rivers bill, which passed the House last year. The Poage bill does make an attempt to identify yellow-colored oleomargarine when sold in eating places. The Rivers bill did not do that, but I am opposed to the Poage bill.

Senator LUCAS. While it was in our Democratic platform at Philadelphia, nevertheless last year you gentlemen were in power and you did manage to pass out a bill from the House and we passed a bill here before this committee and it went to the floor of the Senate. I think we took care of the defect that you are talking about now in the bill which we passed through this committee. Of course, we did not pass it through the Senate. We never did get around to it.

Representative ANDRESEN. Of course, the bill that came over here was somewhat patterned after the bill that was approved by the committee last year. The Federal Security Administrator says it is going to cost \$5,000,000 to make one inspection of every eating place in the country a year. One inspection, of course, is nothing. I am not going into the enforcement angle of it because it is going to be difficult

to enforce, at the best. You will have to have an army of inspectors. There is no question about it. In the Granger bill, which was reported by the House committee but was defeated in the House, it is left to the respective States under our States' rights belief that the State can regulate the sale of that product within the State itself.

I will be satisfied if you will report and pass in the Senate the Granger bill as reported by the House Committee on Agriculture. That will remove the tax and leave it to the States to determine what they want done within the States.

Senator LUCAS. The Granger bill is in line with the amendment that has been offered by these 26 Senators.

Representative ANDRESEN. That is right. I think Senator Wiley has a bill on that.

Senator HOEY. Thank you very much, Congressman. We are glad to have had you.

Representative ANDRESEN. Thank you, sir.

Senator HOEY. We will add in the record a statement from Ralph Wells, soybean processor, who was unable to be present today to testify.

(The statement referred to is as follows:)

STATEMENT OF RALPH WELLS, SOYBEAN PROCESSOR, MONMOUTH, ILL.

Gentlemen of the Senate Finance Committee, I wish to file the following discussion on the merits of H. R. 2023, a bill intended to repeal taxes on manufacture, distribution and sale of margarine colored white, and various other restrictions now in effect as a small processor of soybeans and speaking for some six other small processors in the State of Illinois.

As a pioneer in the business of expelling oil from soybeans, our plant having been built very early in the development of this young and modern food-production industry, I wish to point out some facts now pertinent to your action on H. R. 2023. When we first entered this business, back in 1935, less than 15 percent of our end product, soybean oil, was used for edible purposes. Today the food industry, consuming as it does vast quantities of all kinds of vegetable oils for salad oil, shortening, and margarine, takes well over 90 percent of the Nation's production of soybean oil.

The culture of soybeans, largely an experimental and a forage crop before the World War II, quickly became very essential to the conduct of the war. Every plant in the Nation was placed under Government contract in 1942 and production of the valuable oil and soy flour stimulated to the utmost to furnish food for our soldiers and our starving allies. Under this stimulus housewives and their families found margarine was not only palatable, nutritious, and wholesome, but could be had for one-half or less the cost of table butter. Great advancement has been made in the manufacture of margarine until now the product offered the consuming public is safe, economical, tasty and delightfully nutritious even though compelled by law to be bleached and sold white.

In Illinois, the soybean crop has become economically our third most important field crop, its value exceeding that of any other grain except corn. Now, when our Department of Agriculture is becoming greatly concerned over surpluses of both corn problems as they are a natural alternative crop in our section for either wheat or corn.

The Nation as a whole last year produced a crop of over 185,000,000 bushels of soybeans valued at \$400,000,000. Since fully 90 percent of the soy oil produced from these crops must find outlet in food products, the processors join with some million farmer producers of the bean crop in insisting that one of their end products, margarine, be given a fair deal and be allowed to sell on its merits in a free market after the American way of competitive free enterprise. This can be brought about only by the removal by Congress of the obsolete, discriminatory, and unfair taxes and prohibitions against yellow margarine. This H. R. 2023 does. This is already possible in 30 States where all such restrictions are no longer allowed.

Much has been said by the dairy interests concerning the maintenance of fertility of our soils, in which we all have vested interest, for the support of the future civilization as found in America. This is an important and vital considera-

tion today. The growing of soybeans however has been charged with undue depletion of soils, especially when destructive erosion is permitted. Modern methods have not only completely eliminated any excuse for allowing erosion of the land but, on the contrary, soybean culture can be made not only soil improving but soil building, as revealed by previous testimony before this committee. All this, too, can be accomplished now without any sacrifice in yields or income and our farmers are fast learning how to do it.

Prohibition of coloring on interstate trade and sale of this established economical food item is unfair to the vast number of producers of soybeans, injurious to the now numerous processors who have invested millions in equipment for processing of beans, and especially a hardship on the millions of family consumers of the products. Today with all costs of feeding a family at such high levels, with prospects of diminishing incomes among so many families especially in the lower brackets where economy is so necessary, the obligation lies heavily on our lawmakers to help and not hinder the American housewife in solving these imminent economic problems. She is certainly entitled to her choice of a table spread for her family. Protected by the pure-food laws of our country, the guards against fraud and deceit of wholesome, meritorious, enriched margarine should be made available to her and the entire consuming public on a fair, competitive basis as would be provided by this pending legislation.

As processors of soybeans we respectfully and most earnestly urge passage of H. R. 2023.

Senator HOEY. It lacks 20 minutes to the time for the Senate to convene and we would not be able to hear additional witnesses now. The committee will reconvene at 2 o'clock to hear further testimony.

(Thereupon, at 11:35 a. m., the committee recessed until 2 p. m. the same day.)

AFTERNOON SESSION

(Whereupon, at 2 p. m., the committee reconvened, pursuant to the taking of the noon recess.)

Senator MILLIKIN (presiding). The meeting will come to order.

First, I wish to place in the record two telegrams I have received, the first from Piggly Wiggly Western; the second from Millers Grocerteria Co., Denver, Colo.

HON. EUGENE B. MILLIKIN,
Senate Office Building, Washington, D. C.:

I have been told that statement has been made that current hearing before Senate Finance Committee there is price spread of more than 30 cents per pound between white and yellow margarine. In this market the normal spread on the same brands between yellow and white is not more than 10 to 12 cents per pound, we feel that if Federal taxes and licenses were removed increased competition would readily prevent any profiteering and the price to consumer would definitely reflect in full the removal of the taxes and licenses we would appreciate your support in removing all taxes and support the Poage bill.

PIGGLY WIGGLY WESTERN.

HON. EUGENE D. MILLIKIN,
Senate Office Building, Washington, D. C.:

We have been advised that statements have been made at the hearings on oleomargarine before Senate Finance Committee that the usual spread between white and yellow margarine in Denver is 32 cents per pound. I would like the record on this point to be clarified since we sell large quantities of both white and yellow margarine. In every instance in our stores the spread between white and yellow margarine of the same brand never exceeds 12 cents per pound. We pay 11 cents per pound more for yellow margarine in quarter pound prints than for white margarine in solid prints. We must pay \$48 per store Federal tax to sell yellow margarine as against \$6 Federal tax to handle only white margarine. I am satisfied based on my many years experience in trade that if Federal taxes on yellow margarine were removed competition would see to it that the price of the product would be low and consumers would get entire benefit of tax removal.

MILLERS GROCERTERIA CO.
Jos. H. Leyden.

I have received copy of the following letter from C. K. Enstrom to Mr. Palmer Hoyt, of the Denver Post:

APRIL 6, 1949.

Mr. PALMER HOYT,
Editor and Publisher, the Denver Post, Denver, Colo.

DEAR MR. HOYT: The dairymen and butter manufacturers are not asking for special privileges; they merely want an even break. They are not in favor of a special tax on oleomargarine although this tax did serve a purpose by helping to eliminate some of the fraudulent practices, which often appeared in the oleomargarine industry. Butter has been known since time immemorial by its yellow color. Ethyl gasoline is colored red and protected by patents issued on that basis. Yellow cabs are the only cabs which may lawfully use the yellow color and designation. Is the yellow color in this instance protected because of creative genius? Should not butter have the same protection? Oleomargarine may have a preservative added, sodium benzoate, to prevent development of rancidity. Such practice in the butter industry would be unthinkable and unlawful, and I cannot understand the attitude of the Federal Food and Drug Administration in permitting this special privilege.

The housewife has been led to believe that by buying colored oleomargarine she is receiving the equal of butter. Nothing could be further from the truth, even though it be fortified with vitamins. In purchasing oleomargarine she is getting nothing but vegetable oils of high melting point which do not, in a nutritional sense, resemble the animal product, butterfat, any more than the "incomplete" proteins of plants resemble the "complete" proteins of animal tissue. The only similarity is in appearance when colored yellow.

The housewife has not been told that every time she buys oleomargarine she is merely contributing to a higher price for meat, milk and all other agricultural products, which are closely tied up with dairy farming. She should be told that she is dependent upon dairy herds for 40 percent of her beef and veal and all milk. Production of milk cannot be completely controlled, and much of the surplus must be churned into butter. Nearly 27 percent of all milk produced normally is churned into butter. If there is no butter market the consumer will have to pay a higher price for milk in order to pay the farmer for his surplus milk which will have to be diverted to animal feed at a very low price.

If the yellow color of butter is not protected, a large percentage of our 2,500,000 dairy farmers will be dealt a body blow by being forced to slaughter millions of dairy cows. Simple economics tells us that the laws of supply and demand control price trends, and the slaughtering of these animals will be responsible for a big jump in meat prices. The ordinary consumer does not realize that most veal and many of the cheaper cuts of meat are from dairy animals. Beef animals are generally not slaughtered for veal; and milk cows, which are no longer profitable producers, make up a considerable portion of the cheaper cuts of meat. Veal, hamburger, and beef for stew may become a thing of the past or at least will not be recognizable by price.

An important factor which is generally overlooked by the consumer is the value of dairy farming in maintaining soil fertility. Here in the Grand Valley, we have come to realize that we must have more dairying if we are to maintain the present agricultural productive capacity or increase it to any extent. We find that more farmers are trying to get back into the dairy business because they need a cheap fertilizer as well as a stable income, and these people must have a market for their milk or cream. Our whole soil-conservation program will fall apart at the seams if the balance wheel of the dairy industry, "butter," is thrown off balance, and all the irrigation water in the West will not be of any benefit. Perhaps the press can explain to the people of this State what percentage of Colorado products is used in manufacturing oleomargarine.

I do not believe that the housewife thought she was being abused by not finding colored oleomargarine on the market until the press continually tried to inform her of such. She actually was being protected. The only logical conclusion is that a hidden, sinister motive exists, much to the discredit of part of the press. Could it be that the potential of millions of dollars in advertising has been the underlying cause? The dairyman cannot afford the outlay of such sums. Let us not be an accessory to furthering the chances of legalizing fraud by allowing oleomargarine to be colored yellow. Any other color will do as well.

In conclusion, permit me to inform you that dairy interests are not playing the role of "the big, bad wolf" as the press has implied through editorials. The wolf is, in this case, clothed in a fabric of vegetable oils and represents 28 oleomargarine

manufacturers, which have backed with millions of dollars one of the most potent, vicious congressional lobbies ever to exist. You could recognize the two concerns, who control 82 percent of the vegetable oils by their names mentioned in daily radio serials. Vegetable oil prices can be juggled at will, and everyone will lose. In the dairy industry, our two largest corporations control approximately 6¼ percent of the entire volume of business. I think that it would be wise to consider the role of our 2,500,000 dairy farm families by protecting the yellow color of butter, and let prosperity and lower food prices continue to follow the dairy cow.

Sincerely yours,

C. K. ENSTROM.

Senator Young, please.

STATEMENT OF HON. MILTON R. YOUNG, A SENATOR IN CONGRESS FROM THE STATE OF NORTH DAKOTA

Senator YOUNG. Mr. Chairman, I am informed that sales of dairy products accounts for 6 percent of North Dakota's farm income. Sales of North Dakota farm products used in oleomargarine account for only 5,000 of 1 percent of my State's total farm income. It seems to me that these figures illustrate better than anything else the comparative importance of the arguments on either side of this butter-oleomargarine controversy.

Cows are milked on 5 out of every 6 North Dakota farms, and dairying is a commercial enterprise to more than three-quarters of the farmers in the State. It naturally follows that a very large number of my constituents would be adversely affected by declining dairy prices. The economic status of so large a portion of the populace cannot fail to be of concern to the whole State, since a loss of farm income is reflected immediately in falling business for the tradespeople serving our rural areas. Eventually, all business in the State must feel the pinch.

Agriculture is the leading activity in North Dakota, and accounts for 63 percent of all employment within the State. There is a direct connection between butter prices and the incomes of these people, and especially of the 53,000 North Dakota farmers who sell farm-separated cream.

In North Dakota practically all such cream is churned into creamery butter. The margin between wholesale prices and the price paid to farmers for butterfat is very narrow. In 1947, good quality butter sold wholesale for 69 cents a pound in Chicago, the Nation's leading butter market, and North Dakota dairymen received 57 cents for the butterfat in every pound of butter supplied by my State.

Thus, the creamery had a margin of only 12 cents per pound to cover its costs of manufacture, packaging, and distribution, a mark-up of 21 percent over the cost of the fat.

It is evident that this slim margin can easily be wiped out by unfair competition from a synthetic product. The mark-up on oleomargarine is nearly 55 percent over the cost of its ingredients, and this differential has financed the high-pressure propaganda campaigns of the oleomargarine manufacturers who now seek the removal of all Federal restrictions on the manufacture and sale of their product.

The dairy farmers have a large investment in North Dakota, and it is this investment in the hands of thousands of small farmers that I must think of now. The dairy farmer has investments not only in his cows, but also in specialized barns, milkhouses, and equipment.

Official figures as to the total in my State are not available, but cost-of-milk-production studies give an estimate of \$164,298,000. That is a lot of money to risk on the possibility of cheaper oleomargarine for city people.

The 102 plants producing butter in North Dakota in 1946 had an average production of about 500,000 pounds per plant. I call your attention to the fact that those small manufacturing enterprises are intensely local in character. They are widely distributed throughout my State, employ local people, and support pay rolls that are spent locally.

It is certain repeal of Federal restrictions on yellow oleomargarine would benefit no North Dakota farmer or businessman. It is certain that North Dakota farmers as a whole would suffer loss. The farmer gets less of what the consumer spends for a pound of oleo than he gets for any product for which oleo may be substituted. The farmer's share of the consumer's oleo dollar has always been one of the lowest among all food products.

At 1947 prices the farmer got 12.8 cents out of every pound of oleomargarine sold, and 15.6 cents out of every pound of shortening, with which oleo competes. He got 22.7 cents out of every pound of lard sold, and lard must also compete with oleomargarine. When a pound of butter was sold at retail, 59.7 cents found its way back to the farmer, but now butter, too, finds oleomargarine invading its market.

Every pound of oleomargarine sold in place of butter cost some farmer approximately 47 cents last year. Every pound of lard displaced by oleo reduced agricultural income by 10 cents, and every pound of shortening that lost out to oleo represented an additional cut of 3 cents.

In these days of declining agricultural income, it is clear to me that the Congress cannot afford further encouragement of the oleomargarine industry at the expense of the American farmer.

Senator MILLIKIN. Thank you very much, Senator.

Senator YOUNG. Thank you, sir.

Senator MILLIKIN. Congressman Corbett, we are glad to have you here.

STATEMENT OF HON. ROBERT J. CORBETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Representative CORBETT. Thank you, Senator.

I have a very brief statement here.

I am Robert J. Corbett, a Representative in Congress from the Thirtieth District of Pennsylvania. During my four terms in the House I have actively sought the repeal of the taxes and other legal discriminations imposed on the makers, sellers, and consumers of yellow margarine.

During the Eightieth Congress, and this is the Eighty-first Congress, I have introduced legislation to accomplish this objective. To that end I have appeared before this committee and the House Committee on Agriculture and carefully followed the testimony presented.

Senator MILLIKIN. Congressman, may I ask what part of Pennsylvania is represented in your district?

Representative CORBETT. I represent four wards of the city of Pittsburgh and the burroughs and the townships adjacent to it within the county of Allegheny.

Because of this activity and study I feel somewhat qualified to present a summary of the basic issues involved and because your committee is soon to conclude its public hearings I trust that such a summary may be of some value.

My summation of the issues in this controversy is as follows:

The taxes and other unfair restrictions on the manufacture and sale of yellow margarine are repugnant to our free-enterprise system.

There can be no possible justification for laws which seek to force a consumer to purchase one product in preference to another.

There is no evidence that the dairy industry will be adversely affected by the lifting of restrictions on the manufacture and sale of yellow margarine.

The Wiley bill will seriously interfere with States' rights.

The Poage bill will permit the consumer to buy what he wants, the way he wants it, without having to pay a punitive tax for exercising that right.

The increased competition for the margarine market which must inevitably follow the passage of the Poage bill will result in lower prices to the consumer.

The Poage bill provides for more protection for the consumers and the dairy interests than the Wiley bill.

These conclusions do, I believe, cover all the main issues involved and I am more than willing to offer substantiating evidence wherever it is necessary.

As a very definite illustration of how deeply the consuming public resents the raw deal they have been getting as regards yellow margarine I should like to read to you a copy of a brief resolution that was recently mailed to me. This resolution was passed by the Congress of Clubs and Clubwomen of Western Pennsylvania, Inc. It is a group made up of over 25,000 women. I am very familiar with the activities of this club because in years gone by my mother was one of the organizers. It is a club which actually meets, and its membership are dues-paying individuals, and hence I believe a whole lot more confidence should be placed in their statements than is normal in statements of this kind. They wrote to me as follows:

DEAR SIR: At the quarterly meeting on March 3, 1949, of the Congress of Clubs and Club Women of Western Pennsylvania, Inc., the following resolution was passed:

It was resolved that the Congress of Clubs at its third quarterly meeting, March 3, 1949, which was attended by presidents and delegates of clubs, representing 25,000 women in western Pennsylvania, pledge to buy and serve margarine wherever possible until our legislature acts on legislation now pending to remove all taxes and restrictions from margarine.

We respectfully request that you give your support to this legislation.

Respectfully,

KATHERINE CIBSNA,
Recording Secretary.

Mr. Chairman, I appreciate this audience that you have accorded me and I sincerely hope that you will soon agree on a bill similar to the Poage bill and that the Senate will concur with you so that we will finally and for all time be rid of the legal discriminations which have been placed on a wholesome American food.

Mr. Chairman, that concludes my brief statement here, and I would only like to emphasize in closing that my interest in this legislation is almost 100 percent from the consumer point of view. The ladies and gentlemen of my district feel that they should have the privilege of going to their store and purchasing with their own money the commodities that they care to take to their home.

I appreciate this opportunity to be heard, and I thank you.

Senator MILLIKIN. Thank you very much for coming, Congressman.

Representative CORBETT. Thank you, sir.

Senator MILLIKIN. Mrs. Margaret Stone, please.

**STATEMENT OF MRS. MARGARET F. STONE, CHAIRMAN OF
LEGISLATION, NATIONAL WOMEN'S TRADE-UNION LEAGUE,
WASHINGTON, D. C.**

Mrs. STONE. Senator Millikin, I represent the National Women's Trade-Union League of America. I am Mrs. Margaret F. Stone, the chairman of legislation.

For a number of years the National Women's Trade-Union League has supported the repeal of all restrictions against the free manufacture and sale of oleomargarine. We not only oppose the discriminatory taxes and license fees now required, but we also oppose the unjust restrictions on the sale of colored margarine.

The facts as to the high cost of living are well known by all, and it is axiomatic that the lower-income groups cannot afford to buy butter in their daily diet. We have in oleo a nutritious substitute which could be made available to low-income groups if the restrictive taxes were removed. Scientific tests have shown that the nutritional value of margarine is equivalent, as far as we know nutrition now, to that of butter. The conclusion of three physicians of the department of pediatrics, University of Illinois College of Medicine, who recently completed a test on 255 children, was as follows:

Growing children experience normal growth, in height and weight, when their diets contain only fortified margarine as table fat, as shown by comparison with children fed on similar diets with butter as a source of table fat.

Furthermore, margarine is manufactured under United States Pure Food and Drug Administration standards of identity, and the consumer is protected against fraud in the same manner as he is in the case of every other food product regulated by the Federal pure-food laws and the pure-food laws in 47 of the 48 States.

What our members fail to understand is why butter should have a monopoly on one color when no other food product has that kind of monopoly. This state of affairs has been going on now for more than 60 years, and now that the facts are widely known as to the unreasonableness of the taxes against oleo, the National Women's Trade-Union League urges prompt repeal of these taxes as provided in H. R. 2023, already passed by the House of Representatives.

The argument of the butter interests that sale of colored margarine will ruin the sale of butter is, to us, a false argument and one that reflects on their own product. The large number of persons who would be benefited by the availability of margarine at a price they could afford are not able to buy butter anyhow, so the sale of margarine to them would not be competing in any way with the sale of butter.

Furthermore, there will always be those who prefer butter and are able to pay for it, so it is high time that consumers receive some con-

sideration in the matter and should have free choice of either nutritious food.

May I just add a personal note, Senator?

Senator MILLIKIN. Surely.

Mrs. STONE. I have four children, and during the war we had very little butter, but two of the children liked margarine and two of them will not eat anything but butter, so when we don't have butter, they just eat bread plain. So I feel perfectly sure from my own experience that there will always be plenty of sale for butter even though margarine is allowed to be sold colored.

Senator MILLIKIN. Thank you very much for coming.

Mrs. STONE. Thank you very much for this opportunity.

Senator MILLIKIN. Is there anyone in the audience who wishes to testify? We are waiting for Senator Cordon and for Senator McCarthy. Senator Cordon is supposed to be on the way.

(Brief recess.)

Senator MILLIKIN. Senator Cordon, will you give us the benefit of your time?

STATEMENT OF HON. GUY CORDON, A UNITED STATES SENATOR FROM THE STATE OF OREGON

Senator CORDON. Mr. Chairman, I regret that I have held the committee up. We had a little item come to the Appropriations Committee on a hurry-up call this afternoon at 1:30, of around \$590,000,000, and it was necessary to take some time that I had not expected to devote to that purpose.

Senator MILLIKIN. Was it a Colorado appropriation?

Senator CORDON. Unfortunately, it was not, although Colorado will be one of the beneficiaries.

Senator MILLIKIN. I am glad to hear that.

Senator CORDON. Mr. Chairman, I appear in support of the amendment in the nature of a substitute for the pending bill upon which I have appeared as a sponsor. The bill is H. R. 2023. The amendment was introduced by Senator Wiley, of Wisconsin, and a number of other Senators. I shall not take the time of the presiding officer nor burden the record with a general discussion of this matter. I suspect that has been gone into rather fully.

I come from a State, Mr. Chairman, where the average agricultural income percentagewise arising from dairy products is substantially that of the United States as a whole; namely, 14 percent of the agriculture income of the State of Oregon arises from dairy products.

This morning I had the opportunity of listening to a presentation by the Secretary of Agriculture with reference to a proposal made by that Department for a new approach to the farm support policy of the United States. As a part of his presentation, he presented the subcommittee with a table showing "Cash farm income from specified commodities—total of percentage distribution, United States, for 1949."

The first item in that list, and the largest, of the commodities, is cattle and calves, the cash receipts for which was \$5,131,000,000, or 16.5 percent of the total agricultural income of the United States for that year.

The second and next highest commodity was dairy products, with a total of \$4,507,000,000, or 14.5 percent of the total national income from agriculture.

Upon my inquiry, the Secretary agreed that if there were eliminated from the first item the cows and calves which come from dairy herds and which are sold for meat, the dairy item would head the list.

It may be interesting, Mr. Chairman, to have the whole table introduced into the record. I will ask that that be done.

Senator MILLIKIN. I am sure that will be a valuable contribution, and it will be put in the record.

(The table referred to follows:)

Cash farm income from specified commodities: Total and percentage distribution, United States, 1948

Commodity	1948 ¹		Commodity	1948 ¹	
	Cash receipts	Percentage of total		Cash receipts	Percentage of total
	<i>Millions of dollars</i>			<i>Millions of dollars</i>	
Cattle and calves.....	5,131	16.5	Potatoes.....	499	1.6
Dairy products.....	4,507	14.5	Soybeans.....	475	1.5
Hogs.....	4,110	13.2	Cottonseed.....	402	1.3
Poultry and eggs.....	3,061	9.9	Sheep and lambs.....	402	1.3
Wheat.....	2,767	8.9	Citrus fruits.....	287	.9
Cotton lint.....	2,126	6.8	Oats.....	273	.9
Truck crops.....	1,228	4.0	Flaxseed.....	267	.9
Corn.....	1,073	3.5	Total cash receipts all commodities.....	31,019	100.0
Tobacco.....	1,012	3.3			
Deciduous fruits.....	901	2.9			

¹ Preliminary.

Source: Bureau of Agricultural Economics.

Senator CORDON. Now I will call attention to another table furnished by the Secretary of Agriculture headed "Relative importance of 14 leading food products in urban retail food costs, December 1948." Dairy products, 18.8 percent, with 10.3 percent of that in fluid milk. That is a very important factor and one I expect to emphasize; 5.6 percent was in butter. Other dairy products, 2.9 percent, making the 18.8 percent of the total cost in the retail stores in urban areas.

I will ask, Mr. Chairman, that that table in its entirety be placed in the record.

Senator MILLIKIN. It will be placed in the record.

(The table referred to follows:)

Relative importance of 14 leading food products in urban retail food costs, December 1948

Commodity	Relative importance December 1948 ¹	Commodity	Relative importance December 1948 ¹
	<i>Percent</i>		<i>Percent</i>
Dairy products.....	18.8	Potatoes.....	3.2
Fluid milk.....	10.3	Chickens.....	3.2
Butter.....	5.6	Fruits and vegetables canned.....	3.2
Other dairy products.....	2.9	Sugar.....	2.9
Beef and veal.....	15.1	Lamb, leg.....	2.9
Bread and flour.....	10.2	Apples.....	2.4
Pork and lard.....	8.7	Oranges.....	2.3
Eggs.....	5.8	Fats and oils, excluding lard.....	2.2
Fresh vegetables excluding potatoes.....	5.5		

¹ Relative importance in Index of Retail Food Costs as reported by Bureau of Labor Statistics.

Source: Bureau of Agricultural Economics.

Senator CORDON. Mr. Chairman, I am not here with any brief in opposition to the manufacture, distribution, and sale of oleomargarine. It has been determined to be a nutritious food product. My opposition goes not to oleomargarine as a food product, but to oleomargarine in interstate commerce colored to imitate butter. I would not even object to that solely because it is an imitation, Mr. Chairman, because we have many imitations on the market at this time. I object because it is an imitation that so nearly approximates butter itself in coloration, if it be permitted to be colored, in flavor itself, which I think comes largely because in order to make the deception more complete, it is even churned in good old cow's milk, that the deception is so complete that the closeness of the resemblance between the two products is such that buyers will presently begin the habit of purchasing oleomargarine in the place of butter. It can be produced for a fraction of the cost of the production of butter.

On the other hand, Mr. Chairman, the people of the United States—and parenthetically, I like to hope that the Congress is still legislating for the people of the United States as a whole—have of their number engaged in the dairy business an uncounted number of farmers more than those engaged in the manufacture of oleomargarine. There is hardly a small farm in the whole expanse of the United States that does not depend for a part of its immediate cash receipts upon the old dairy cow. Wherever you go, you find that cash money comes from the housewife's work in the poultry field and the dairy field.

Let us assume that oleomargarine may be sold without let or hindrance in interstate commerce, colored to resemble butter, flavored to resemble butter, advertised as the finest substitute for butter and as something even better than butter, and that as a result of high-powered salesmanship there is a sharp drop in the market for butter. If it affected only those in the dairy business, it would be bad enough. That alone would be reason enough to protect butter as a commodity from any type of deception, such as is here intended, and I use the word "intended" advisedly. But if that were the only extent of the injury, that would be bad enough.

Mr. Chairman, all of us who come from areas where dairying is a reasonably considerable part of the agricultural economy, and particularly we who at least produce the average of 14 percent of our agriculture income from dairying, and those who produce on up above 14 percent of their agricultural income from dairying, we know, Mr. Chairman, that butter as such is to a very great extent a byproduct of the dairy farm.

I read you the figures, 10 percent of all receipts come from fluid milk, approximately half of that from butter. The main market for the dairy farmer is his fluid milk, and the one essential in the food of this country, above and beyond every other, is fluid milk. I think no one can dispute that statement.

It may be asked, that being the case, why worry about butter and its substitute? Mr. Chairman, it is also well known that the amount of milk given by dairy cattle varies with the season. It is also well known that the absolute minimum necessity of this country for fluid milk must be maintained at all times and at all hazards. That means that the level of production for the needs of the people of the United States must be at the lowest point of the dairy cow. You cannot keep fluid milk in a deep freeze for months, as you can many other

products. You must then have an adequate supply at the time of lowest production of the dairy herds of the United States. That means that, at the points of highest production, Mr. Chairman, there is not a market for the fluid milk. The boys in oleo have given us a little market now that they churn oleo in milk, but it is minor. We must have some way of utilizing the peak production of milk if we are to maintain the necessary maximum at low production. That is where butter comes into the picture. Butter will fill that gap. Skim milk we can use on the farm. It can be used in the manufacture of certain commodities. But the price of skim milk is such that you cannot take care of that maximum supply without having a terrific rise in the price you pay for fluid milk.

Mr. Chairman, I think those facts are well known. I simply want to suggest, with reference to them, that it is unthinkable in this country that we can drop below our absolute necessity for fluid milk. That must be maintained. How can it be maintained if we lose our butter market to a substitute, whether entirely—and we won't do that, of course—or partially, and we will do that, and we know that, because if the manufacturer of oleomargarine did not know it, he would not be interested in coloring his oleomargarine yellow. He could color it green. I would be quite content to have him put it on the market green, or red, white, and blue. But he colors it yellow to take the butter market, and when he colors it yellow he knows that he is going to invade further the butter market, and that means—and you cannot get away from it—a drop in butter production or a drop in price of butter to the extent that the increased cost of the over-all production of the fluid milk must be made up somewhere else, and it will have to be made up in the increased cost of fluid milk.

Mr. Chairman, you may remember, I think most of us do, the years of the war when we had a special support price, a subsidy on fluid milk. I say to you, Mr. Chairman, that if we permit interstate commerce in colored oleomargarine, no matter how we may seek to avoid a deception made by the color itself, if we do that we are going to be compelled either (1) to pay an exorbitant price for fluid milk that the people in this country who need the milk, the people with the families and the little children, cannot pay; or (2) we are going back to a national butter subsidy. When we go back to that, we are going to find, as we found in the war, that the costs will go into the untold hundreds of millions of dollars.

The amendment, Mr. Chairman, is but a partial answer to this problem. There is nothing in it that prohibits the coloration of oleomargarine under State laws. The amendment itself takes care of all of the tax troubles which have been the bone of contention and the reason that has always been advanced, plausible but sophistical, as to why oleomargarine taxes should be removed. Those taxes are removed under the amendment which I support. The only thing in the way of a prohibition left, Mr. Chairman, is a prohibition against the sale in interstate commerce of precolored oleomargarine, and that does not go to any color but good old dairy cow-butter yellow; none other.

That means that, if the amendment be adopted, we will regain, perhaps, a little of our State sovereignty. Within each State the people may determine whether oleomargarine shall be sold colored in that State. But at least the people of each State will have an opportunity to determine that within their own economy; and I say to you, Mr. Chairman, that is indispensable. I suspect you will hear on that subject from my friend the junior Senator from Wisconsin. I shudder to think what would happen in the State of Wisconsin if oleomargarine, precolored, may go free in interstate commerce into that State. I do not like to think what would happen in my State of Oregon. But, in any event, the people of every State will have the legal right to determine the question for themselves. To me, the compromise offered is more than a concession. It comes perilously close to capitulation.

I hope, Mr. Chairman, that we may be able to secure the adoption of our amendment.

Senator MILLIKIN. Thank you very much, Senator Cordon.

Senator CORDON. Thank you.

Senator MILLIKIN. Senator McCarthy?

**STATEMENT OF HON. JOSEPH R. McCARTHY, A UNITED STATES
SENATOR FROM THE STATE OF WISCONSIN**

Senator McCARTHY. Mr. Chairman, I have very little to add to what has been said here before. I might say that our dairy farmers are not interested in taxing oleomargarine. As a whole, we feel that if the housewife wants to buy oleomargarine she should be able to buy it without paying a tax on it.

The thing that disturbs us very much, however, is this very obvious attempt by the oleomargarine manufacturers to make it possible and very easy for them to imitate butter. I tune in to a radio program here in Washington off and on, a program advertising oleomargarine, a rather unusual program. You hear them refer to it as "country fresh" oleomargarine. You hear them over and over. There is nothing country fresh about oleomargarine, of course. It is part of this picture of deception.

You go down to a grocery store and you see oleomargarine in a package the same size as butter with a picture of a cow on the outside of it. I think that not only the dairy farmer but the housewife as well is entitled to protection from this sort of thing. I think the housewife is entitled to know that what she is buying is oleomargarine if it is, or that it is butter if she is buying butter. The same is true as far as the dairy farmer is concerned. If the dairy farmer has the assurance that no one can pass oleomargarine off as butter, he does not give a tinker's dam about the tax on oleomargarine.

Other than that, Mr. Chairman, I do not think I have anything to add to this. The substitute we have offered does, I think, protect both the farmer and the housewife.

Senator MILLIKIN. Thank you very much, Senator McCarthy.

(The following statement was submitted for the record:)

STATEMENT OF SENATOR OLIN D. JOHNSTON, UNITED STATES SENATOR FROM THE
STATE OF SOUTH CAROLINA

I believe the discriminatory taxes on oleomargarine should be repealed because I am a firm believer in free enterprise and believe that every producer has the same right to enjoy a free market for his products. The sole purpose of the tax on colored oleomargarine is to discourage American housewives from purchasing it. The iniquitous tax on oleomargarine is a direct threat to the free competitive market in America. Because of the taxes on colored oleomargarine this food is not sold in many of our small grocery stores. There is no justification for such a discriminatory tax in America. Why should we levy a Federal tax on one food product and not tax the others? The answer is a simple one. Special interests have been successful in retaining this unfair tax and as a result, the consumer must bear the tax burden. The Americans are rebelling against these taxes. They are no longer willing to tolerate such outmoded and iniquitous taxes. Many of our low-income families are forced to purchase a substitute for butter through economic necessity. But regardless of whether the consumers buy margarine through choice or necessity, it is the consumers right to purchase colored oleo if they so desire.

If the economic conditions of a family are such that they cannot afford to purchase butter, why should they be penalized because they use a substitute?

It is a matter of common knowledge that the nutritional value of oleomargarine is comparable to butter, and medical science has shown that where growing children using margarine alone in their diet for all purposes in which fat is necessary, have no difference from butter. I do not have to stress the interest the cotton farmers and soybean farmers in this issue. The cotton producers have been discriminated against for years and this discrimination has cost them millions upon millions of dollars.

The price of cottonseed, from which the sharecroppers and other small cotton producers get the bulk of their spendable income, depends primarily upon the price of oil which is necessary in the production of margarine. Similarly, it is of vital importance to the soybean areas which center in the Middle West. Almost as much soybean oil as cottonseed oil is used in the production of margarine.

There is no logical reason to discriminate against margarine in favor of butter. This is wrong—we should not wait any longer to rectify it. I believe this measure should be submitted to the United States Senate upon its merits. I have no fear of the results of this body.

Senator Millikin. Is there anyone in the audience who wishes to testify?

(No response.)

Senator MILLIKIN. The public hearing is closed.

(Thereupon, at 2:50 p. m., the hearing was closed.)

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