

[COMMITTEE PRINT]

# ISSUES OF OLEOMARGARINE TAX REPEAL

A CLASSIFICATION OF THE ARGUMENTS  
FOR AND AGAINST REPEAL

DIGEST OF THE DEBATE OF H. R. 2445 IN  
THE HOUSE OF REPRESENTATIVES

AND

SUMMARY OF THE TESTIMONY IN RELATION TO THE BILL PRESENTED TO THE SENATE COMMITTEE ON FINANCE AT HEARINGS AND IN STATEMENTS SUBMITTED TO THE COMMITTEE

Prepared for the use of the Committee on Finance

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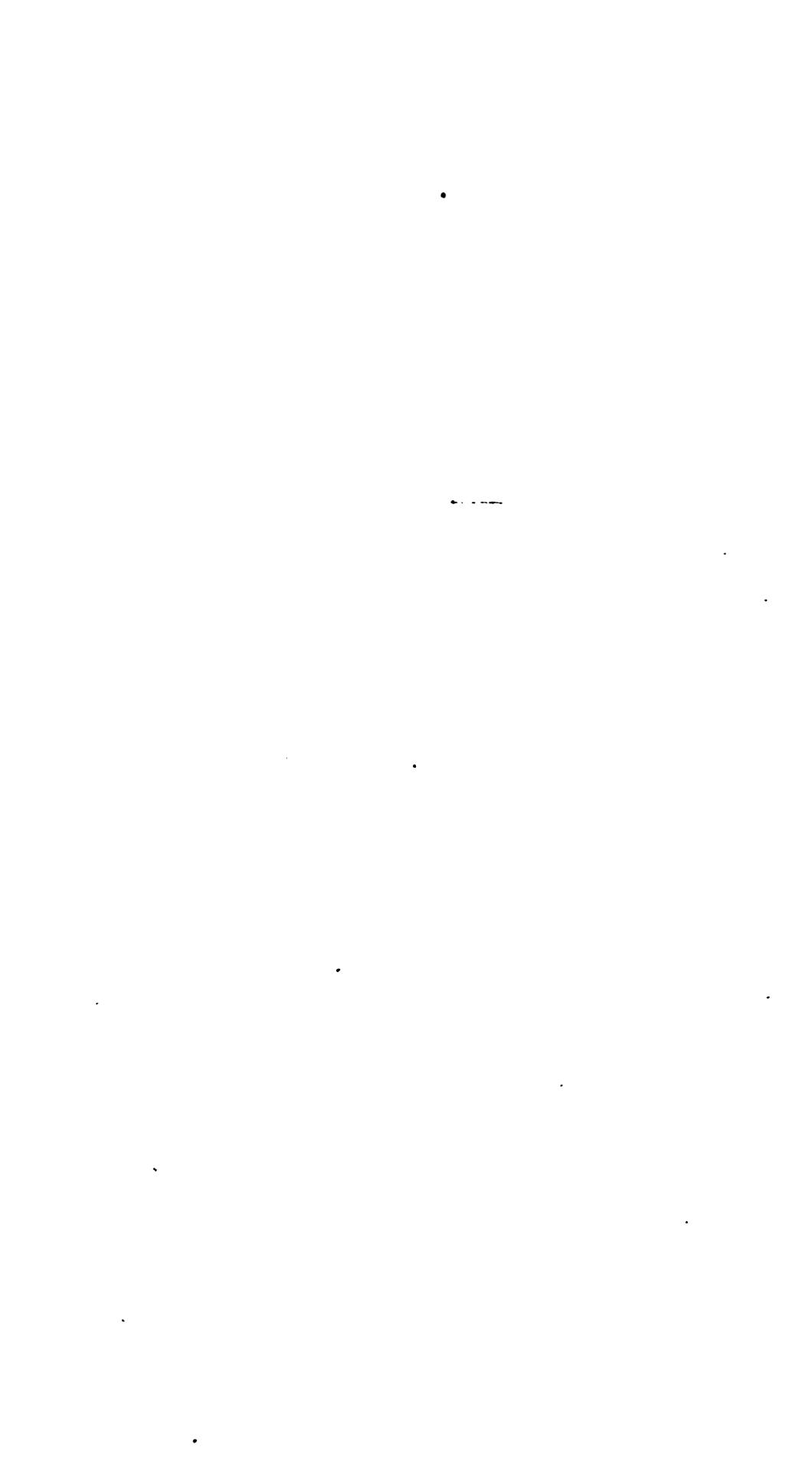
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## FOREWORD

The issues presented by H. R. 2245, to repeal the tax on oleomargarine have been covered extensively in hearings before the Committee on Agriculture of the House of Representatives, in debates in the House of Representatives, and in the testimony and statements presented to the Senate Committee on Finance.

To supplement the hearings before the Committee on Finance, the staff of the committee and the Legislative Reference Service of the Library of Congress have summarized and collated the arguments pro and con on H. R. 2245 before the House Committee on Agriculture, and have digested the debates in the House of Representatives on the bill, the testimony presented in the hearings before the Committee on Finance, and the statements presented to the Committee on Finance for inclusion in the record of these hearings. These summaries have been prepared for the use of the members of the Committee on Finance. They have been ordered printed for purposes of information and discussion.



# CLASSIFICATION OF ARGUMENTS FOR AND AGAINST TAXATION OF OLEOMARGARINE IN HEARINGS BE- FORE THE COMMITTEE ON AGRICULTURE, HOUSE OF REPRESENTATIVES, MARCH 8-12, 1948

[Page citations are to the printed hearings before the House committee]

## NUTRITION

### *For the tax*

Oleomargarine taxes protect the un-informed public against the sale of products having inferior nutritional qualities—

1. J. C. Mohler, Kansas State Board of Agriculture, p. 225.

### *Against the tax*

Fortified oleomargarine is just as nutritious as butter—

1. American Medical Association as quoted by Representative Orville Zimmerman, Missouri, p. 34.

2. Dr. H. J. Deuel, Jr., School of Medicine, University of Southern California, p. 52.

3. New York Academy of Medicine, as quoted by Dr. Deuel, p. 52.

4. Representative Omar Burleson, Texas, p. 104.

5. Representative Emanuel Celler, New York, p. 104.

6. William Rhea Blake, National Cotton Council of America, p. 151.

7. Lewis G. Hines, American Federation of Labor, p. 173.

8. Mrs. Rena Cohen, National League of Women Shoppers, p. 185.

9. Mrs. Florence Geiger, National Council of Jewish Women, p. 188.

10. Margaret F. Stone, National Women's Trade Union League of America, p. 190.

11. Mrs. Dennis E. Jackson, Consumers Conference, Greater Cincinnati, Ohio, p. 194.

12. Mrs. Gertrude Parks, District of Columbia Federation of Women's Clubs, p. 199.

13. Senator Burnet R. Maybank, South Carolina, p. 201.

14. Ella H. McNaughton, American Home Economics Association, p. 205.

15. Sylvia B. Gottlieb, Communications Workers of America, p. 206.

16. Harvey W. Brown, International Association of Machinists, p. 215.

17. American Association of University Women, Washington, D. C., p. 486.

18. American Association of University Women, Wisconsin division, p. 490.

## NUTRITION—Continued

*For the tax*

Oleomargarine is a good source of food, but it is not as good as butter—

1. Wilson F. Douglas, Cudahy Packing Co., p. 304.

"Scientific research shows that butter contains essential nutritional properties superior to those of substitute products"—

1. R. C. Beezley, from resolution of the Kansas State Board of Agriculture, p. 483.

"The first thing a doctor does when ulcers are diagnosed is to insist that the patient cease using foods cooked in vegetable fats. This is for the simple reason that vegetable fats do not dissolve at body temperature. A normally healthy person can digest vegetable fats, but many of us cannot. Animal fats, such as butter, will dissolve at body temperature."

1. Representative Charles R. Robertson, North Dakota, p. 485.

"Mother Nature put something into milk in the way of fatty acids that are not found in vegetable oils and which the scientists have not been able to duplicate as yet and probably never will be. These animal fats, naturally present in butterfat, contain a certain unidentified growth-promoting factor not present in natural or fortified vegetable-oil products. This growth-promoting factor in butterfat, which is not found in vegetable oils, is essential in the diets of infants and growing children."

1. J. C. Mohler, Kansas State Board of Agriculture, p. 225, from statement submitted by Charles W. Holman.

The Leichenger, Eisenberg, and Carlson study "is based on records ranging from 6 months to 24 months. Loose

*Against the tax*

Fortified oleomargarine has high nutritional value—

1. Representative E. A. Mitchell, Indiana, p. 119.

2. J. D. Henderson, American Association of Small Business, p. 123.

3. Miss Jean L. Whitehill, Consumers Union, p. 158.

4. Mrs. E. G. Chamberlain, National Federation of Settlements, p. 191.

5. John N. Hatfield, American Hospital Association, p. 203.

6. J. Roy Jones, Southern Association of Commissioners of Agriculture, p. 208.

7. Mrs. J. Fichtmueller, Jr., League of Women Voters of City of New York, p. 487.

"There are several so-called unsaturated or essential fatty acids which cannot be manufactured in the body and which must be taken along with the food \* \* \*. Margarine is an equally good source of such unsaturated fatty acids as is butter."

1. Dr. H. J. Deuel, Jr., School of Medicine, University of Southern California, p. 49.

"Cow's butterfat is not necessarily essential for children \* \* \* because the composition of such butterfat is entirely different from the fat obtained from human milk. 'Human milk fat in regard to its component acids has more resemblance to a typical margarine fat blend than to butterfat'."

1. Dr. Deuel quoting Hilditch and Meara from the British Biochemical Journal, p. 51.

"The results conclusively establish that growing children experience normal growth in height and weight when

## NUTRITION—Continued

*For the tax*

reference has been made, and is made in the conclusions of that study, referring to it as a 2-year study, but there is nothing to indicate how many or how few records actually ran to 2 years. In any case the duration is only a small fraction of a generation time, or for that matter, only a small fraction of the human growth period. The article is \* \* \* uninformative as to the complete diet."

1. Hugo H. Sommer, professor of dairy industry, University of Wisconsin, p. 402.

2. Statement by Ancel Keys, director of Laboratory of Physiological Hygiene, University of Minnesota, submitted by Hugo H. Sommer, p. 404.

*Against the tax*

their diets contain only fortified margarine as table fat, as shown by a comparison with children fed on similar diets with butter as the source of table fat and by comparison with standard height and weight tables \* \* \*. There is no evidence that there is any growth factor present in butter which is not present in margarine."

1. Dr. Anton J. Carlson (Drs. Leichenger and Eisenberg), University of Chicago, pp. 470-471.

## PROTECTION OF CONSUMER

*For the tax*

Colored oleomargarine cannot easily be distinguished from butter, and is not a substitute but an imitation.

1. Representative Clifford R. Hope, Kansas, p. 15.

2. Representative Reid Murray, Wisconsin, page 34.

3. J. C. Mohler, secretary, Kansas State Board of Agriculture, statement submitted by Charles W. Holman, secretary, National Cooperative Milk Producers Federation, p. 225.

4. H. W. Curtiss, Illinois Agricultural Association, p. 421.

5. A. B. Tarwater, Plainview (Tex.) Cooperative, Inc., page 424.

6. Oleo and Soybeans, Hoard's Dairyman, March 10, 1948, submitted by Charles W. Holman, p. 344.

7. Statement by Representative John Byrnes, Wisconsin, submitted by Representative Reid F. Murray, Wisconsin, p. 346.

The Food and Drug Administration finds itself powerless to enforce oleomargarine regulations where the product is produced, distributed, and consumed within the borders of any one State.

1. Charles W. Holman, secretary, National Cooperative Milk Producers Federation, p. 299.

2. Representative Charles R. Robertson, North Dakota, p. 485.

*Against the tax*

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

1. Representative W. R. Poage, Texas, p. 27.

2. Representative Orville Zimmerman, Missouri, p. 18.

3. Representative L. Mendel Rivers, South Carolina, p. 38.

4. Representative Robert J. Corbett, Pennsylvania, p. 109.

5. C. P. Key, master, South Carolina State Grange, p. 220.

6. Anna Lord Strauss, League of Women Voters, p. 155.

7. Jean L. Whitehill, Consumers Union, pp. 156-157.

8. Tyre Taylor, National Association of Retail Grocers, p. 162.

9. Lewis G. Hines, American Federation of Labor, page 172.

10. Donald Montgomery, Congress of Industrial Organizations, p. 179.

11. Mrs. Rena Cohen, National League of Women Shoppers, p. 185.

12. Representative Robert Nodar, Jr., New York, p. 200.

13. Ella H. McNaughton, American Home Economics Association, p. 205.

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

1. Representative W. R. Poage, Texas, pp. 29, 31.

2. Representative Thomas G. Abernethy, Mississippi, pp. 19-20.

3. A. Lee M. Wiggins, Under Secretary of the Treasury, p. 20.

4. Shoreline Times, as quoted by Representative Ellsworth B. Foote, Connecticut, p. 106.

## PROTECTION OF CONSUMER—continued

*For the tax*

A new package for oleomargarine now used by eight manufacturers facilitates coloring the product and eliminates greasy hands and utensils, eliminates wasted product, and colors without any streaks in 2 or 3 minutes.

1. Leo Peters (developed the package referred to), pp. 412-413.

*Against the tax*

5. Representative Brooks Hays, Arkansas, p. 107.

6. Edgar C. Corry, Jr., American Veterans of World War II, p. 153.

7. C. P. Key, master, South Carolina State Grange, p. 220.

8. Anna Lord Strauss, League of Women Voters, p. 155.

9. Jean L. Whitehill, Consumers Union, pp. 156-157.

10. Tyre Taylor, National Association of Retail Grocers, p. 164.

11. Lewis G. Hines, American Federation of Labor, p. 170.

12. Rena Cohen, National League of Women Shoppers, p. 186.

13. Gertrude Parks, District of Columbia Federation of Women's Clubs, p. 199.

14. Roy Jones, commissioner of agriculture, South Carolina, p. 209.

15. Clifford Patton, National Association of Consumers, p. 212.

16. N. B. Betzold, Durkee Famous Foods, p. 435.

17. Representative John L. McMillan, South Carolina, p. 382.

Coloring of oleomargarine in the home results in waste of time, effort, and of the product itself.

1. Representative W. R. Poage, Texas, p. 31.

2. Representative Robert J. Corbett, Pennsylvania, p. 112.

3. Representative Ellsworth B. Buck, New York, p. 117.

4. Representative Omar Burleson, Texas, p. 104.

5. Edgar C. Corry, Jr., American Veterans of World War II, p. 153.

6. Lewis G. Hines, American Federation of Labor, p. 171.

7. Rena Cohen, National League of Women Shoppers, p. 185.

8. Mrs. E. G. Chamberlain, National Federation of Settlements, p. 192.

9. Mrs. Dennis E. Jackson, Consumers Conference of Greater Cincinnati, Ohio, p. 194.

10. Gertrude Parks, District of Columbia Federation of Women's Clubs, p. 197.

11. Representative Robert Nodar, Jr., New York, p. 200.

12. Ella H. McNaughton, American Home Economics Association, p. 205.

13. Sylvia Gottlieb, Communications Workers of America, p. 207.

14. Clifford Patton, National Association of Consumers, p. 211.

15. Joseph A. Clorcty, Jr., American Veterans Committee, p. 215.

## EFFECT OF TAX ON PRICES

*For the tax*

Weakening or repealing the Federal tax on the sale of colored oleomargarine would result in great damage to dairy farmers and in increasing the cost of oleomargarine to consumers.

1. Charles W. Holman, secretary, National Cooperative Milk Producers Federation, pp. 293, 301.

2. Statement by Representative John W. Byrnes, Wisconsin, submitted by Representative Reid F. Murray, Wisconsin, p. 348.

*Against the tax*

Oleomargarine taxes interfere with most efficient utilization of national resources.

1. A. Lee M. Wiggins, Under Secretary of the Treasury, p. 8.

2. Representative Emanuel Celler, New York, p. 104.

3. Publication by the Department of Commerce of oleomargarine studies initiated by Paul T. Truitt, submitted by Charles W. Holman, secretary, National Cooperative Milk Producers Federation, p. 333.

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

1. Representative Brooks Hays, Arkansas, p. 107.

2. William Rhea Blake, National Cotton Council of America, p. 150.

3. Edgar C. Corry, Jr., American Veterans of World War II, p. 153.

4. Anna Lord Strauss, League of Women Voters, p. 155.

5. Jean L. Whitehill, Consumers Union, pp. 156-157.

6. Tyre Taylor, National Association of Retail Grocers, p. 162.

7. Lewis G. Hines, American Federation of Labor, p. 170.

8. John H. Hayes, American Hospital Association, p. 183.

9. Mrs. Rena Cohen, National League of Women Shoppers, p. 185.

10. Mrs. E. G. Chamberlain, National Federation of Settlements, p. 191.

11. Mrs. Dennis E. Jackson, Consumers Conference of Greater Cincinnati, Ohio, p. 193.

12. Mrs. Gertrude Parks, District of Columbia Federation of Women's Clubs, p. 197.

13. Representative Robert Nodar, Jr., New York, p. 200.

14. John N. Hatfield, American Hospital Association, p. 203.

15. Ella H. McNaughton, American Home Economics Association, p. 204.

16. Mrs. Lillian W. Crum, New York City Branch, American Association of University Women, p. 205.

17. H. Frances Boyer, National Education Association, p. 210.

18. Clifford Patton, National Association of Consumers, p. 211.

19. Harvey W. Brown, International Association of Machinists, p. 217.

20. Representative Emanuel Celler, New York, p. 104.

21. Representative Olin E. Teague, Texas, p. 482.

## EFFECT OF TAX ON PRICES—continued

*For the tax*

"The saving to the American housewife by the elimination of that small tax (1/2 cent per pound) would be immeasurably small. In fact, the taxes paid on all oleomargarines cut a small figure in the cost of living."

1. Merlin Hull, p. 431.

There will be a shortage of skim milk for the manufacture of oleomargarine if the tax is removed.

1. Representative John Byrnes, Wisconsin, p. 347.

2. Representative Charles R. Robertson, North Dakota, p. 485.

"If the 10-cent tax on the coloring process were abolished so that oleo could be packaged, handled, and in every other way resemble butter, it is certain that this reduction in the cost of placing colored oleomargarine on the market would not be reflected in the price that the consumer pays for the product."

1. A. B. Tarwater, Plainview (Tex.) Cooperative, Inc., p. 424.

2. Hugo H. Sommer, professor of dairy industry, University of Wisconsin, p. 406.

*Against the tax*

22. Mrs. J. Fichtmueller, Jr., League of Women Voters, City of New York, p. 487.

23. Woman's Club of Chevy Chase, Md., Inc., p. 488.

Repeal of the excise taxes on both colored and uncolored margarine made exclusively from fats and oils of domestic origin probably would result in a price for the colored product about the same as for the uncolored.

1. Charles F. Brannan, Acting Secretary, Department of Agriculture, p. 2.

If Federal laws were changed to remove the 10-cents-per-pound tax which now exists on colored margarine, we would sell colored margarine at the same price as uncolored.

1. Kraft Foods Co., Chicago, Ill., p. 505.

2. Capital City Products Co., Columbus, Ohio, p. 506.

3. Friedlman Manufacturing Co., Chicago, Ill., p. 506.

4. Kent Products, Inc., Kansas City, Mo., p. 507.

5. Shedd-Bartush Foods, Inc., Detroit, Mich., p. 506.

6. Durkee Famous Foods, Cleveland, Ohio, p. 514.

Any reduction in taxes accruing from the abolition of margarine taxes will be passed on to the consumer.

1. Miami Margarine Co., Cincinnati, Ohio, p. 506.

2. Churngold Corp., Cincinnati, Ohio, p. 508.

3. Wilson & Co., Inc., Chicago, Ill., p. 500.

## EFFECT OF TAX ON PRICES—continued

*For the tax*

"If the color tax is repealed, the white or uncolored product will practically disappear from the market. When this happens, it is only reasonable to assume that oleomargarine can and would be priced only enough under legitimate butter to give it a price appeal."

1. Hassel E. Schenck, Indiana Farm Bureau, Inc., p. 504.

*Against the tax*

4. Mrs. Tucker's Foods, Inc., Sherman, Tex., p. 510.

5. Vegetable Oil Products Co., Inc., Wilmington, Calif., p. 511.

6. Standard Brands, Inc., New York, N. Y., p. 514.

"You need have no concern regarding the possibility of margarine manufacturers trying to make exorbitant profits if the taxes were removed. This is a highly competitive business; profit margins have always been very low, and competition will definitely keep them low regardless of any change in the laws."

1. H. G. Bergdoll, Kraft Foods Co., p. 505.

2. David H. Blanton, Jr., the Blanton Co., St. Louis, p. 513.

## USE OF COLOR

*For the tax*

The Federal tax on colored oleomargarine is the consumers' protection against fraudulent sales of oleo as butter.

1. Minnesota Creameries' Association, resolution No. 1, p. 138.

2. Golden Guernsey Dairy Cooperative, statement submitted by Charles W. Holman, secretary, Cooperative Milk Producers Federation, p. 283.

3. "Colored oleo sold as butter," National Cooperative Milk Producers Federation, submitted by Charles W. Holman, p. 285.

4. Charles W. Holman, pp. 294, 295, 328.

5. H. W. Curtiss, Illinois Agricultural Association, p. 421.

6. Statement by Representative John Byrnes, Wisconsin, submitted by Representative Reid F. Murray, Wisconsin, p. 347.

7. Statement by Mrs. Stella E. Barker, Des Moines, Iowa, pp. 355, 358.

8. Kenzie S. Bagshaw, chairman, executive committee, the National Grange, pp. 374-375.

9. Representative Charles R. Robertson, North Dakota, p. 485.

10. Harley J. Credicott, president, Freeport Dairy Products Co., p. 383.

11. Leonard E. Koptitzke, Marion, Wis., president of the Wisconsin Cheese Makers Association, p. 401.

12. Hugo H. Sommer, professor of dairy industry, University of Wisconsin, p. 407.

*Against the tax*

Consumers prefer a yellow spread because it is more appetizing than a white one. When butter is not yellow, color is added. Similarly coloring of oleomargarine should be allowed without penalty.

1. A. Lee M. Wiggin, Under Secretary of the Treasury, p. 12.

Representative W. R. Poage, Texas, p. 27.

2. J. D. Henderson, American Association of Small Business, p. 123.

3. Ersel Walley, president, American Soybean Association, p. 127.

4. John W. Evans, American Soybean Association, p. 130.

5. Howard Roach, American Soybean Association, p. 133.

6. George M. Strayer, American Soybean Association, p. 135.

7. William Rhea Blake, National Cotton Council of America, p. 151.

8. Edgar C. Corry, Jr., American Veterans of World War II, p. 153.

9. Jean L. Whitehill, Consumers Union, pp. 156-157.

10. Mrs. Dennis E. Jackson, Consumers Conference of Greater Cincinnati, Ohio, p. 104.

11. Senator Burnet R. Maybank, South Carolina, p. 201.

12. John N. Hatfield, American Hospital Association, p. 203.

13. Sylvia B. Gottlieb, Communications Workers of America, p. 205.

14. J. Roy Jones, Commissioner of Agriculture, South Carolina, p. 209.

## USE OF COLOR—continued

*For the tax*

The only way oleomargarine can be made yellow is by coloring it. Natural oleo ends up in some shade other than yellow.

1. Statement by Representative John Byrnes, Wisconsin, submitted by Representative Reid F. Murray, Wisconsin, p. 347.

2. Statement by Wilson F. Douglass, director of laboratories, Cudahy Packing Co., p. 303.

3. Harley J. Credicott, president, Freeport Dairy Products Co., p. 383.

"The butter industry adopted the natural color of their product which during the lush grass season is yellow. To make it uniform the year round coloring is added at certain other seasons to maintain this same yellow."

1. Hassil E. Schenck, Indiana Farm Bureau, Inc., p. 504.

2. Hugo H. Sommer, professor of dairy industry, University of Wisconsin, p. 400.

3. Harley J. Credicott, president, Freeport Dairy Products Co., p. 383.

4. Charles W. Holman, secretary, National Cooperative Milk Producers Federation, p. 327.

Without internal-revenue regulation the sale of colored oleomargarine as real butter would most likely increase almost overnight.

1. Colored Oleo Sold as Butter, National Cooperative Milk Producers Federation, submitted by Charles W. Holman, secretary, National Cooperative Milk Producers Federation, p. 292.

*Against the tax*

## PROTECTION OF DEALERS IN OLEOMARGARINE

*For the tax*

In 1933 there were 102 retail dealers handling colored oleomargarine and in 1947 there were 5,102. In 1933, there were 103,501 who handled uncolored oleomargarine and in 1947 there were 265,984. I would be forced to conclude from this remarkable growth of handlers in that period that not only is it profitable for these dealers to handle the product or otherwise they would not pay the taxes, but that approximately one retail handler of food out of every two in the United States makes oleomargarine available in some form or another to the customers, so there cannot be a scarcity of retail dealers when over one-half of them in the United States are handling the product.

1. Charles W. Holman, National Cooperative Milk Producers Federation, p. 326.

*Against the tax*

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

1. Tyre Taylor, National Association of Retail Grocers, pp. 162-168.

2. Edgar C. Corry, Jr., American Veterans of World War II, p. 154.

3. L. T. Newman, United States Wholesale Grocers' Association, p. 166.

## PROTECTION OF DEALERS IN OLEOMARGARINE—continued

*For the tax*

"At present oleomargarine is readily available, as witness results of a study recently announced that more than 80 percent of the Nation's families are using oleomargarine."

1. Mrs. Stella E. Barker, Des Moines, Iowa, p. 356.

*Against the tax*

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

1. Edgar C. Corry, Jr., American Veterans of World War II, p. 154.

2. Donald Montgomery, Congress of Industrial Organizations, p. 182.

License fees on handling of oleomargarine are discriminatory because small grocers cannot afford them and so do not carry the product.

1. Mrs. Florence Geiger, National Council of Jewish Women, p. 189.

2. Margaret F. Stone, National Women's Trade Union League of America, p. 190.

3. Mrs. E. G. Chamberlain, National Federation of Settlements, p. 191.

4. Ella H. McNaughton, American Home Economics Association, p. 205.

5. Clifford Patton, National Association of Consumers, p. 212.

6. Lewis G. Hines, American Federation of Labor, p. 171.

7. Representative John L. McMillan, South Carolina, p. 382.

8. Benjamin C. Marsh, People's Lobby, p. 487.

## PROTECTION OF PRODUCERS

*For the tax*

Removal of oleomargarine taxes would weaken butter prices and jeopardize the dairy industry.

1. Representative Reid F. Murray, Wisconsin, pp. 13, 34.

2. Charles W. Holman, secretary, National Coperative Milk Producers Federation, pp. 293-295, 301.

*Against the tax*

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

1. A. Lee M. Wiggins, Under Secretary of the Treasury, p. 8.

2. Representative W. R. Ponge, Texas, pp. 27, 28, 31, 35.

3. Representative Stephen Pace, Georgia, p. 14.

4. Representative L. Mendel Rivers, South Carolina, p. 38.

5. Mr. Clark W. Patton, American Association of Small Business, p. 124.

6. Representative Omar Burleson, Texas, p. 104.

7. Representative Emanuel Celler, New York, p. 104.

8. Representative Ellsworth B. Foote, Connecticut, p. 105.

9. Mr. William Rhea Blake, National Cotton Council of America, p. 150.

10. Representative Brooks Hays, Arkansas, p. 107.

11. Mr. Tyre Taylor, National Association of Retail Grocers, p. 164.

12. Mrs. Rena Cohen, National League of Women Shoppers, p. 187.

13. Mrs. Florence Geiger, National Council of Jewish Women, p. 188.

14. Margaret F. Stone, National Women's Trade Union League of America, p. 190.

## PROTECTION OF PRODUCERS—continued

*For the tax**Against the tax*

"We say, 'Let the public eat all the oleomargarine it wants.' That is fair competition. But we think the removal of the color laws would establish unfair competition for the dairy farmer."

1. Charles W. Holman, p. 343.

Ninety percent of the milk leaves the farms in fluid form but what it goes into depends upon the markets.

1. Representative Reid Murray, Wisconsin, p. 32.

If a bill is passed to repeal the Federal tax on colored oleomargarine, and supplemented by additional legislation repealing color prohibitions which exist in approximately 23 States it is quite certain that the number of dairy cows in the United States will be greatly reduced. There will most likely be a reduction in the price of butter and that will be reflected in a price reduction in cheese, evaporated milk, and fluid milk and cream for the table. The first reaction would be a decrease followed by relative scarcity.

1. Charles W. Holman, secretary, National Cooperative Milk Producers Association, p. 323.

The repeal of the Federal tax on colored oleomargarine would result in the reduction of the dairy farmer's income, and curtail the total quantity of dairy products, thereby bringing additional ills upon the consumer both as to quantity and costs.

15. Mrs. Dennis E. Jackson, Consumers Conference of Greater Cincinnati, Ohio, p. 193.

16. Representative Robert Nodar, Jr., New York, p. 200.

17. Sylvia B. Gottlieb, Communications Workers of America, p. 203.

18. Mr. J. Roy Jones, Commissioner of Agriculture, South Carolina, p. 208.

19. Mr. Joseph A. Clorey, Jr., American Veterans Committee, p. 215.

20. American Association of University Women, Washington, D. C., p. 486.

21. Mrs. J. Fichtmueller, Jr., League of Women Voters, city of New York, p. 487.

22. Woman's Club of Chevy Chase, Md., p. 488.

23. American Association of University Women, Wisconsin decision, p. 490.

The dairy farmer receives more for his product when its ultimate use is as fluid milk rather than as butter. Removal of oleomargarine taxes would result in a greater percentage of milk produced being used ultimately in fluid rather than in butter form.

1. Representative W. R. Poage, Texas, p. 29.

The effects of the Federal tax on colored oleomargarine are similar to the effects of the State excise taxes. "Margarine manufacturers, vegetable-oil extractors and refiners, soybean and cotton farmers are injured, but dairy farmers and butter manufacturers are not materially benefited. And more important is the fact that low-income consumers are forced to pay an unwarranted premium in order to have margarine in its most attractive form (colored), although manufacture of the colored product is no more costly than manufacture of the uncolored product."

1. Publication by the Department of Commerce of Oleomargarine Studies Initiated by Paul T. Truitt, submitted by Charles W. Holman, secretary, National Cooperative Milk Producers Federation, p. 332.

## PROTECTION OF PRODUCERS—continued

*For the tax*

1. Charles W. Holman, secretary, National Cooperative Milk Producers Federation, p. 294.

2. Statement of Representative John Byrnes, Wisconsin, submitted by Representative Reid F. Murray, Wisconsin, p. 347.

Butter has long been the balance wheel of the dairy industry; it is not possible in a well-organized industry to produce fluid milk, evaporated milk, cheese, and other skim-milk products to provide an adequate diet without the stabilizing influence of butter.

1. Charles W. Holman, secretary, National Cooperative Milk Producers Federation, p. 294.

There has been no important change in the production and sale of oleo nor in the relationship of oleomargarine and other competitive products, particularly butter, to warrant any change whatsoever in the Federal statutes.

1. Charles W. Holman, secretary, National Cooperative Milk Producers Federation, p. 293.

Replacing butter with vegetable oils is not to the American farmer's interest because the farmer gets a larger share of the consumer's dollar spent for butter than from the consumer's dollar spent for oleomargarine.

1. Charles W. Holman, pp. 298-299.

2. H. W. Curtiss, Illinois Agricultural Association, p. 421.

3. "Oleo and Soybeans," from Hoard's Dairyman, March 10, 1948, submitted by Charles W. Holman, p. 344.

4. Mrs. Stella Barker, Des Moines, Iowa, p. 357.

5. Harley J. Credicott, president, Freeport Dairy Products Co., p. 383.

*Against the tax*

## FEDERAL REVENUE

*For the tax*

Federal taxes on oleomargarine are not levied for the primary purpose of raising revenue, but for the purpose of providing funds for the administration and enforcement of the oleomargarine laws and to prevent deception in the manufacture and sale of the product.

1. Kenzie S. Bagshaw, chairman, executive committee, the National Grange, p. 375.

*Against the tax*

Federal revenue from oleomargarine taxes is negligible.

1. A. Lee M. Wiggins, Under Secretary of the Treasury, p. 7.

2. Representative Edsworth B. Buck, New York, p. 117.

3. Miss Anna Lord Strauss, League of Women Voters, p. 155.

4. Mr. Lewis G. Hines, American Federation of Labor, p. 170.

## SOYBEAN AND COTTONSEED MEAL

*For the tax*

"The price received by farmers for their butterfat affects the amount of money which dairy farmers have to

*Against the tax*

Cottonseed and soybean meal are in great demand as feed for cattle and poultry. Producers cannot afford to

## SOYBEAN AND COTTONSEED MEAL—continued

*For the tax*

spend for soybean meal. When butter-fat prices are good, they are in a better position to compete for the available supply of soybean meal and thus the soybean market is strengthened."

1. H. W. Curtiss, Illinois Agricultural Association, pp. 420-421.

No one can foresee at this time what the ultimate effect upon the soybean producers may be if the market in soybean meal is substantially reduced as a result of the repeal of the oleomargarine laws. Certainly, with fewer cows to consume the meal, there would have to be some readjustments downward of soybean acreages. Without an outlet for the soybean meal, it may prove difficult for the soybean producers to compete against imported oils.

1. Charles W. Holman, National Co-operative Milk Producers Federation, pp. 203-204.

The dairy farmer was a better customer of the soybean grower in 1947 than was the butter-substitute manufacturer.

1. R. C. Beezley, Kansas State Board of Agriculture, p. 483.

Financial harm could very easily develop to the soybean grower in partial loss of soybean meal used in dairy feeding, by the curtailment of many dairy herds by loss of part of the butter market.

1. Hassil E. Schenck, Indiana Farm Bureau, Inc., p. 504.

*Against the tax*

produce these meals unless there is a market for cottonseed and soybean oil too.

1. Representative W. R. Poage, Texas, p. 36.

"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."

1. Erel Walley, American Soybean Association, p. 127.

"The soybean meal in the bean must necessarily be sold at a price high enough to make up the balance of the cost of the beans including the cost of processing. We need cheap protein supplements, not only for our dairy cows, but also for all classes of farm livestock. It is easy enough to see that in order to have cheap dairy feed, it is necessary to keep the soybean oil at a reasonably good price."

1. David G. Wing, American Soybean Association, pp. 128-129.

"In order to supply the protein needed for our livestock economy we must grow soybeans."

1. Howard Roach, American Soybean Association, p. 133.

"Take away the favorable high-value oil market and you also take away the protein feed."

1. George M. Strayer, American Soybean Association, p. 135.

## PRICE OF VEGETABLE OILS

*For the tax*

"We \* \* \* have never been able to ascertain that any farm producer of cottonseed or of soybeans has gotten a penny more for this product because of the oleomargarine utilization than he would have had the oil gone into other uses. For example, only 5 percent of the farm returns from the production of soybeans is paid for by the oleomargarine industry, whereas the dairy farmers alone buy soybean meal worth

*Against the tax*

"The price of cottonseed depends primarily upon the price of oil; and \* \* \* the price of oil depends very heavily upon the market for margarine—so heavily that the margarine market can make it or break it."

1. William Rhea Blake, National Cotton Council of America, p. 149.

## PRICE OF VEGETABLE OILS—continued

*For the tax*

more than 2½ times that amount. Likewise, only 10 percent of the cotton farmers' income from cottonseed is paid for by the oleomargarine industry, whereas cottonseed meal sold for feed represents 11 percent."

1. Charles W. Holman, National Co-operative Milk Producers Federation, p. 208.

"The amount of cottonseed meal that is consumed right now in Texas \* \* \* amounts to at least as much as perhaps many times more to the cotton grower as this use of the cottonseed oil amounts to."

1. A. B. Tarwater, Plainview (Tex.) Cooperative, Inc., p. 425.

*Against the tax*

## IMPORTED VEGETABLE OILS AND COCONUT OIL

*For the tax*

Some of the oleomargarine-tax repeal bills provide for continuing the tax on all oleomargarine containing any imported oils. Such provision is contrary to our foreign-trade program.

1. Representative Clifford R. Hope, Kansas, p. 110.

2. Charles W. Holman, National Co-operative Milk Producers Federation, p. 293.

3. Charles E. Bohlen, for the Secretary of State, p. 481.

Cheaper foreign oils might replace domestic oils in oleomargarine and the soybean and cottonseed growers would be without a market for their oil.

1. Hassil E. Schenck, Indiana Farm Bureau, Inc., p. 504.

*Against the tax*

We are heartily in accord with the idea of protecting domestic oils.

1. Kraft Foods Co., Chicago, Ill., p. 505.

2. Friedman Manufacturing Co., Chicago, Ill., p. 506.

3. Kent Products, Inc., Kansas City, Mo., p. 507.

4. The Churngold Corp., Cincinnati, Ohio, p. 508.

5. Shedd-Bartush Foods, Inc., Detroit, Mich., p. 509.

6. Mrs. Tucker's Foods, Inc., Sherman, Tex., p. 510.

7. John F. Jelke Co., Chicago, Ill., p. 510.

8. Vegetable Oil Products Co., Inc., Wilmington, Calif., p. 511.

9. Standard Brands, Inc., New York, p. 513.

10. Durkee Famous Foods, Cleveland, Ohio, p. 514.

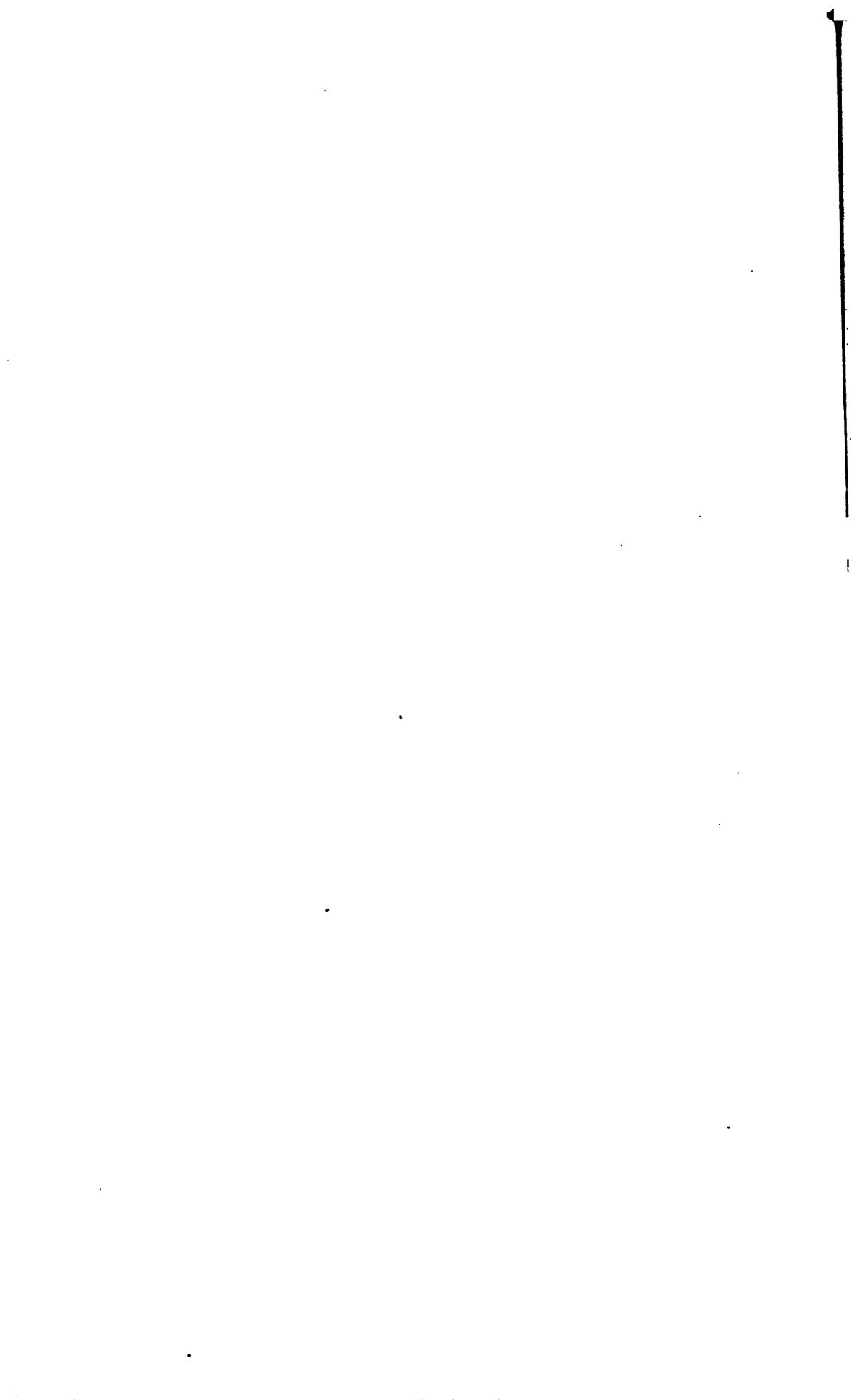
The enactment of pending legislation will definitely cause more domestic oils to be used in the manufacture of margarine notwithstanding trade agreements.

1. The Capital City Products Co., Columbus, Ohio, p. 506.

2. The Miami Margarine Co., Cincinnati, Ohio, p. 506.

3. The Blanton Co., St. Louis, Mo., p. 513.

[M. Loretta Stankard, Carl A. Hagen, General Research Section, May 14, 1948]



## **DIGEST OF THE DEBATE IN THE HOUSE OF REPRESENTATIVES ON H. R. 2245, REPEALING FEDERAL TAXES ON OLEOMARGARINE, APRIL 26-28, 1948**

The debate in the House of Representatives on April 26, 27, and 28, 1948, regarding the repeal of Federal taxes on oleomargarine is digested on the following pages. Page references are to the daily Congressional Record.

Among those Members speaking for the repeal of these taxes were: Abernethy of Mississippi, Buck of New York, Corbett of Pennsylvania, Dorn of South Carolina, Elsaesser of New York, Fallon of Maryland, Fletcher of California, Foote of Connecticut, Garmatz of Maryland, Gathings of Arkansas, Keating of New York, McGarvey of Pennsylvania, Mitchell of Indiana, Morton of Kentucky, Poage of Texas, Potts of New York, Rivers of South Carolina, Sabbath of Illinois, Twyman of Illinois, and Youngblood of Michigan.

Among the statements which were made in support of the repeal of these taxes were: Fortified oleomargarine is a nutritious food product; pure food laws protect the consumer of margarine and should be used rather than taxes for this purpose; there is a great consumer demand for colored oleomargarine to save the housewife the time and inconvenience incurred when it must be colored in the home; with the present high cost of living, anything which will lower food costs is important, and these taxes increase the price of a food which is used by 80 percent of American families; since consumers prefer their table spreads to be colored yellow, they should have them colored—butter manufacturers are permitted to color their product without stating this fact on the package, yet oleomargarine manufacturers must pay a punitive tax if they want to color their product; the fees, licenses, and regulations on manufacturers, wholesalers, and retailers of margarine are burdensome and prevent some dealers from handling the product; discrimination against one food product in favor of another is contrary to the spirit of free enterprise; and Federal revenue from the oleomargarine taxes is negligible.

Some Members spoke in favor of repealing the taxes on oleomargarine with reservations. These included Case of South Dakota, Combs of Texas, Cotton of New Hampshire, and Hill of Colorado. These Members would support repeal of taxes and permit colored oleomargarine to be sold, provided that it be in such shape (triangular, round, etc.) that it would be easily recognizable as oleomargarine and would not be mistaken for butter.

Among those Members speaking against repeal of these taxes were: Andersen of Minnesota, Andresen of Minnesota, Arnold of Missouri, Bennett of Missouri, Byrnes of Wisconsin, Clevenger of Ohio, Curtis of Nebraska, Davis of Wisconsin, Elliott of California, Gross of Pennsylvania, Gwynne of Iowa, Hoeven of Iowa, Hoffman of Michigan, Hull of Wisconsin, Jackson of Washington, Jensen of Iowa,

Keefe of Wisconsin, Lenke of North Dakota, MacKinnon of Minnesota, Michener of Michigan, Mundt of South Dakota, Murray of Wisconsin, O'Hara of Minnesota, Phillips of California, Robertson of North Dakota, Mrs. St. George of New York, Schwabe of Oklahoma, Stefan of Nebraska, Stevenson of Wisconsin, Talle of Iowa, and Vursell of Illinois.

Among the statements which were made in support of retaining these taxes were: Consumers must be protected from the deception that colored imitation oleomargarine is butter; the fact that oleomargarine is sold uncolored is the housewife's best protection against fraud and the new packaging process simplifies the home coloring process; elimination of these taxes would greatly increase the sales of oleo at the cost of decreasing the sales of butter, and this would seriously endanger the dairy industry since butter is the stabilizer of the industry; repeal of these taxes would cause reduction in the size of dairy herds which would bring about lower milk production, higher cost of all dairy products, soaring price of meat, shortage and high prices of hides and leather, and loss of stability in dairy farming which is an important element of agricultural life and which practices soil conservation and gives year-round employment to many people; the dairy industry is a greater outlet for soybean and cotton products (meal) than is the oleomargarine industry; if these taxes are repealed, uncolored oleo will disappear from the market and colored oleo will increase in price since there will be no lower-priced product competing.

#### FOR REPEAL

##### *Representative Thomas G. Abernethy (Mississippi)*

Mr. Abernethy maintains that the farmers of the South are not seeking an advantage by favoring repeal of the tax on oleomargarine but instead are pleading for a fair market. He pointed out also that consumers, generally, throughout America favor removal of the taxes. (April 26, 1948, p. 4989.)

##### *Representative Ellsworth B. Buck (New York)*

1. The tax on oleomargarine does not benefit public revenue.
2. The tax on oleomargarine does not benefit the dairy farmer. "Despite the tax, margarine sales have increased more than eightfold in the 61 years of the tax's existence. Meanwhile butter prices have recently reached the highest points in history and butter is still selling in my community in excess of \$1 per pound."
3. The tax does not benefit the cotton or soybean planter. The tax actually benefits no one; therefore it should be eliminated.
4. The tax does not harm the rich or the well-to-do who can afford servants but it does harm the large number of housewives who do their own work—"who must take time they can ill afford from their 14- to 16-hour day to add color which they and their families want but which has been denied them by the dairy lobby." (April 26, 1948, pp. 4977-4978.)

##### *Representative Robert J. Corbett (Pennsylvania)*

Mr. Corbett opposes the Hill amendment and all tax shackles on margarine. The proposal that the Congress legislate on the form of manufactured products is ill-considered. Anyone inclined to com-

mit fraud could melt the triangular margarine and form it into squares. If there is going to be anything done in the way of distinguishing one product from another, we should utilize the copyright laws just as we should utilize the pure-food laws to bring about the necessary controls. (April 28, 1948, p. 5107.)

*Representative W. J. Bryan Dorn (South Carolina)*

The tax on oleomargarine is unfair; it is undemocratic; it is un-American, and discriminatory on the farmers of the South and throughout the country. (April 26, 1948, p. 4981.)

*Representative Edward J. Elsaesser (New York)*

The punitive taxes and regulations on the manufacture, distribution, and sale of colored oleomargarine are imposed to benefit a certain group at the expense of our lower-income families.

There should not be any special privileges for margarine, either. Strict penalties should be imposed for any fraud or deception.

Butter is colored 8 months a year and this fact does not have to be printed on the packages, yet at the present time margarine can be colored only if a tax of 10 cents a pound is paid. (April 28, 1948, p. 5102.)

*Representative George H. Fallon (Maryland)*

"Nowhere in American economic life is there a more unfair violation of the economic spirit of the Nation than is presented by the cynical set of taxes which besets oleomargarine, and I feel strongly that this represents a national principle not in keeping with our democratic way of life." Butter itself is artificially colored 8 months a year, yet to color margarine requires a \$600 Federal license plus a tax of 10 cents a pound. This is too costly for millions of low-income families. (April 26, 1948, p. 4977.)

*Representative Charles K. Fletcher (California)*

Present taxes and coloring restrictions on oleomargarine are unfair and un-American and amount to a tremendous inconvenience and added cost to the housewife.

This bill has nonpartisan support which is an indication of the power of the voice of the long-suffering consumer and homemaker.

Recent scientific tests given by the University of Illinois College of Medicine proved that oleomargarine is just as healthful and nutritious as butter.

The coloring restrictions which make the housewife spend many needless hours in the kitchen to satisfy the greed of special butter interests should no longer be tolerated. I am convinced that removal of these taxes and coloring restrictions will do no harm to the butter industry. (April 28, 1948, pp. 5117-5118.)

*Representative Ellsworth B. Foote (Connecticut)*

At this time when the high cost of living is one of the vital issues of the hour it is especially unreasonable that margarine must be taxed by the Federal Government 10 cents per pound in the event that coloring is added to it and that the wholesaler and the retailer must get a permit in order to sell it. It is the only food product that I know of in the United States that is directly taxed in such a manner.

This tax is not levied for revenue purposes primarily, but for the

prevention of an alleged fraud and deception. The packages are plainly marked so the consumer can tell whether he is getting butter or margarine.

According to the American Medical Association, margarine can be substituted for butter in the ordinary diet without any nutritional disadvantage.

This tax works a hardship on the busy housewife who must take the time to color margarine herself. It affects organizations who operate on a rather restricted budget.

No one group should have a monopoly on any color. If the butter industry colors its product yellow, why should the manufacturers of oleomargarine be criticized for doing the same?

The farmer gets a very small part of the retail selling price of butter. The elimination of this tax will in no way affect the price that the farmers of this country are receiving and will continue to receive for their products.

This unjust, unfair, and discriminatory tax should be abolished. (April 28, 1948, pp. 5102-5103.)

*Representative Edward A. Garmatz (Maryland)*

1. Oleomargarine is as easily digested as butter and scientific experiments indicate that the food value of fortified oleomargarine is equal to that of butter.

2. Oleomargarine taxes are discriminatory and tend to distort the competitive position of two competing industries. "In the case of oleomargarine, the taxing power is used as a punitive measure against one industry, to advance the interests of another." These taxes tend to burden consumers far in excess of the amount of the tax.

3. Oleomargarine should be given the same legal status as butter or any other wholesome food. The public is safeguarded against misrepresentation of the product by the pure food and drug laws.

4. The removal of the restrictions on oleomargarine would encourage greater use of the product for cooking and on the table which would result in improving the nutritional status of the average person. (April 26, 1948, p. 4976.)

*Representative E. C. Gathings (Arkansas)*

As pointed out by a member of the United States Wholesale Grocers Association before the House Agriculture Committee, many distributors do not handle margarine because of the taxes, license fees, and "the bother, worry, and expense of making out monthly reports." One member of the association reported that it cost him \$100 a month just to fill out the required Government forms. The regulations on wholesalers set forth 7 specifications of record keeping, 11 specifications for handling monthly reports, and more than 9 penalties of fines and imprisonment for various violations. The regulations occupy six printed pages of an Internal Revenue Bureau pamphlet. The burdens of the taxes, licenses, and regulations prevent thousands of retailers from selling margarine at all. This situation, therefore, denies millions of consumers who cannot afford to pay the high prices for butter an opportunity of purchasing the more reasonably priced margarine.

These taxes permit business discrimination within the framework of our highly cherished system of free enterprise. In addition, these taxes put injustices upon the consuming public, particularly that seg-

ment where every penny counts when it comes to setting a health-giving table.

Only 1 out of very 100 grocers stocks colored margarine, and only 1 out of every 50 stocks uncolored margarine.

The Treasury Department has stated that these taxes have little revenue significance. (April 26, 1948, pp. 4986-4988.)

*Representative Kenneth B. Keating (New York)*

The sole question it seems to me is: Is the continuance of this tax on margarine justified as a revenue-raising measure? We are told that the total revenue produced by this tax is inconsequential in the over-all revenue picture.

It has been conceded, however, that this tax today is for the protection of the dairy industry. There is no other industry which enjoys the advantage of having a tax imposed upon its competitor. This tax is an artificial restraint upon free competition. It causes a discriminatory price rise in a product not primarily used by those who can afford such discriminatory treatment, but rather by those of middle and lower incomes.

Margarine is a wholesome and nutritious product which can be used in place of butter and purchased at about half the price.

It is a violation of law to represent margarine as butter under the Federal Pure Food and Drug Act. If that act needs strengthening in order to achieve its purpose of preventing a fraud on the public, that is the method which we should pursue to prevent imposition.

This tax punishes not the margarine industry, but the public. It represents an unmoral and uneconomic use of the taxing power.

The dairy industry is an essential part of our economy. We should not consciously take a step to do it an irreparable injury. On the other hand, neither should we grant it a favoritism of an unjustified indirect subsidy.

By the enactment of this measure we will end a 60-year-old anachronism. (April 28, 1948, pp. 5115-5117.)

*Representative Robert N. McGarvey (Pennsylvania)*

Mr. McGarvey favors repeal of the Federal taxes on oleomargarine on the grounds that he represents a thickly populated industrial area in which the people favor repeal of the tax. The main issue, he maintains, is to relieve the American housewife of the burden of the "unfair and unjust Federal taxes on a product which she wants and needs." (April 26, 1948, pp. 4963-4964.)

*Representative E. A. Mitchell (Indiana)*

1. There seems to be no justification for the argument that oleomargarine is less sanitary than butter. Soybean and cottonseed oils that are used in the manufacture of oleomargarine are put through a refining process to remove all of the available decomposition. Records of the Department of Agriculture, Pure Food and Drugs Section, for the years 1930 to 1947, reveal that there were 705 prosecutions pertaining to butter for filth or other unsanitary conditions. During this same period there were only two seizures in oleomargarine for filth or decomposition.

2. The claim that the dairy farmer will be driven out of business if the tax on oleomargarine is repealed appears to be without justifica-

tion. In spite of the taxes, oleomargarine consumption has increased from 70,000,000 pounds in 1902 and 1903 to 750,000,000 pounds last year, or 10 times the amount which was consumed in 1902 and 1903. In spite of the increase in oleomargarine consumption the income of the dairy farmer has not suffered. "The only person who has suffered because of these taxes is the American housewife."

3. "The tax has not hurt the margarine business; it has not helped the dairy farmer; it will not hurt the dairy farmer by its removal. It will not aid the margarine business any more if it is removed. It will aid the American housewife." (April 26, 1948, pp. 4971, 4987.)

4. The percentage of restaurants and hotels that would deliberately defraud the public by substituting oleomargarine for butter is very small. The public is already protected against such fraud in 41 States which have laws "providing that if oleomargarine is used or served, such fact must be stated on the menu, on a placard on the wall, or on the dish itself. So the job is approximately 85 percent completed already." (April 28, 1948, pp. 5106-5107.)

*Representative Thruston Ballard Morton (Kentucky)*

"\* \* \* the basic problem involved has been obscured by acrimonious and emotional charges on the part of both proponents and opponents."

The consuming public advocates repeal of these taxes in order to get a cheaper and more convenient table spread. At the same time, the consuming public is very conscious of the important part that the dairy industry plays in the over-all economy and prosperity of this country.

If it is true that repeal of these taxes would mean a reduction of 20 cents per hundred in the price that the farmer receives for his milk, it indicates that butter plays too much of a part in the formula by which milk prices f. o. b. the farm are computed. "I am confident that the repeal of these taxes will not mark the end of prosperity in the dairy industry. Many people will always eat butter. The potential demand for other dairy products is enormous." (April 28, 1948, pp. 5101-5102.)

*Representative W. R. Poage (Texas)*

"Those of us who ask the repeal of these discriminatory taxes and license fees believe in free enterprise, and we believe that every group has the same right to enjoy a free market for its products. We believe in the freedom of the consuming public to buy the product they want." When the Government assesses a penalty on the purchase of margarine and does not assess a penalty on butter, it indulges in an inexcusable piece of favoritism. This tax-created quasi monopoly has failed to supply to the Nation adequate amounts of spread. Under these taxes, the American living standard, especially that of the low-income groups, has been lowered.

The farmer does not profit from the high prices charged for butter. When butter prices jumped, after the Agriculture Committee voted not to consider any repeal of the taxes on margarine, wholesale establishments which buy milk from farmers did not claim to have increased their payments to farmers by a single cent.

The farmer makes more out of the sale of fluid milk than of butter. The Nation needs more fluid milk, out of which it gets more nutritional value.

"We ask no advantage for margarine. We are willing to provide strict penalties for any fraud or deception. We say, 'Punish the dishonest dealer, not the innocent public.'"

There is no significant nutritional difference between butter and margarine. (April 26, 1948, pp. 4991-4993.)

Mr. Ponge opposed the Hill amendment and proposed another amendment striking out all of the taxes except a \$1 license fee on all public eating places which serve colored margarine and also requiring them to print that fact on the menu or serve the product in a triangular form. (April 28, 1948, p. 5117.)

*Representative David M. Potts (New York)*

Mr. Potts favors repeal of the Federal tax on colored oleomargarine for the following reasons:

1. The sole purpose of the tax on colored oleomargarine is to discourage housewives from purchasing it.
2. Sales of margarine will no doubt increase, but most likely to a lesser degree than opponents of the repeal would lead us to believe.
3. The tax on margarine is a limitation on the free competitive market in America.
4. Taxes on margarine are not for the purpose of raising revenue but to give to the dairy interests of America an unfair advantage having no place in the free-enterprise America.
5. It is claimed that the tax is imposed to raise revenue to prevent fraud in the marketing of margarine as butter. There is no more justification for burdening consumers with the operating costs of a Government agency charged with preventing fraud in the sale of colored oleomargarine than for the fraudulent sales of any other product.
6. The cost of preventing fraud in general should be borne by the people as a whole and not by the consumers of any one product.
7. We must not give a subsidy to dairy interests any longer at the expense of consumers. (April 26, 1948, pp. 4961-4962.)

*Representative L. Mendel Rivers (South Carolina)*

This oleo tax is certainly not sectional. The high cost of living knows no section or no city and this tax affects everybody in this country. This is not a southern bill; this is an all-American bill.

We have had abundant testimony that margarine is a healthful food. It is loaded with vitamins and it is good for children and growing people. One edible product grown on the farms of this Nation is being unfairly taxed on behalf of another.

The AMVETS testified before the Committee on Agriculture that the American housewives in 1947 spent twelve or thirteen thousand years mixing margarine. Because of the tax and license requirements, oleomargarine is not sold in many small grocery stores.

This tax is unfair and un-American and should be removed immediately. (April 26, 1948, pp. 4978-4979.)

Mr. Rivers opposed the Hill amendment, saying it cut the heart out of the bill. This amendment leaves the tax in effect; it still leaves the cumbersome bookkeeping in effect; it straddles the manufacturer, the wholesaler, and the rest of them alike with this additional cost. (April 28, 1948, p. 5117.)

Mr. Rivers opposed the Andresen amendment removing all taxes on the manufacturer, the wholesaler, and the retailer and leaving a

quarter-of-a-cent excise tax to be charged the manufacturer of the oleomargarine that is sold in white form. This amendment prohibits the sale of yellow-colored margarine. (April 28, 1948, p. 5119.)

Mr. Rivers opposed the Combs amendment on the ground that under it this product could be served as butter if the tax was paid (p. 5124).

Mr. Rivers opposed the Gross amendment saying that no boll weevil gets into the cottonseed (from which oil is pressed for oleomargarine manufacture) because the seed is not formed at the time the boll weevil is active (p. 5125).

*Representative Adolph Sabath (Illinois)*

Mr. Sabath favors repeal of the tax on oleomargarine. He introduced a bill on April 23, 1910, to eliminate the tax on butterine, and to regulate and provide supervision over the oleomargarine manufacturers. On January 20, 1912, he introduced a similar bill to repeal the tax. Mr. Sabath favors repeal so that a butter substitute will be available to consumers at prices they can afford to pay. (April 28, 1948, p. 5094.)

*Representative Robert J. Twyman (Illinois)*

The present punitive tax is outdated and should be removed. Margarine is a proper food and should be permitted the place it deserves. There will be no more violations of pure food laws without a tax than with it. There is still ample provision for penalizing any violators.

Removing the punitive tax from oleomargarine is not going to be detrimental to butter or the producers of butter. (April 26, 1948, p. 4970.)

*Representative Harold F. Youngblood (Michigan)*

"The bill to repeal taxes on oleo will not only help themselves but will benefit the Nation as a whole as well."

During the past decade the United States Government has paid out millions of dollars to farmers in the form of subsidies to continue an unbalanced program. If this practice is continued it may become necessary to subsidize the urban population by granting higher pay and thereby contribute to even greater devaluation of the American dollar. "In my opinion, all such subsidies are just another form of governmental control and bring more clearly before our eyes the specter of the hammer and sickle (sic)." (April 26, 1948, p. 4975.)

FOR REPEAL (WITH RESERVATIONS)

*Representative Francis Case (South Dakota)*

Mr. Case introduced an amendment to H. R. 2245. The amendment provides, "That section 2301 of the Internal Revenue Code is repealed insofar as it relates to oleomargarine sold in round or circular pats or prints."

This amendment would eliminate fraud and "avoids all of that argument about price and color. It puts everyone on notice \* \* \* that roundness may mean oleomargarine, and every person will then know what he or she is buying or getting." (April 28, 1948, p. 5107.)

*Representative J. M. Combs (Texas)*

It would be unfair to the consuming public and to the dairy industry to permit oleomargarine to be palmed off as butter since it so accurately duplicates the taste of butter.

Mr. Combs offered an amendment which would leave the Rivers bill as it is insofar as it repeals all taxes and regulations on manufacturers, sellers, handlers, and dispensers of oleomargarine, whether it is colored or not, provided that the Secretary of the Treasury shall see to it that those who sell oleomargarine colored yellow shall so manufacture, distribute, and dispense it that those who purchase it, whether on the table in a public eating place or in a grocery store, will know what they are getting. (April 28, 1948, p. 5123.)

*Representative Norris Cotton (New Hampshire)*

Mr. Cotton stated that he believes that the tax on oleomargarine is wrong, and the wrong approach to the problem. He is in favor of the Hill amendment which provides for selling oleomargarine in a triangular package. He stated that he would vote for the bill if the amendment is adopted. (April 28, 1948, p. 5106.)

*Representative William S. Hill (Colorado)*

Those who favor removal of the tax feel that the housewife should have the right to buy yellow oleomargarine without the 10-cents-per-pound tax, while those who oppose removal contend that if oleomargarine is permitted to be colored yellow and sold without a payment of a 10-cents-per-pound tax the yellow oleomargarine would be passed off to the public and served as butter. Mr. Hill, striving to find a middle ground where agreement could be reached, offered a bill as a substitute for H. R. 2245. This bill would reduce the tax on yellow oleomargarine from 10 cents a pound to one-fourth of 1 cent per pound if the yellow oleomargarine is prepared so that it will be cylindrical or triangular in shape instead of in a square or rectangular form, exempts hospitals from the definition of a manufacturer, and reduces the license fees of wholesalers and retailers who handle yellow oleomargarine. In this way, the consumer could have his oleomargarine the color he wants it, yellow, and still would be protected from fraud. (April 28, 1948, pp. 4962-4963; April 28, 1948, pp. 5104-5105.)

AGAINST REPEAL

*Representative H. Carl Andersen (Minnesota)*

Passage of this legislation will dislocate the dairy economy. It will tend to lower the price of butter, and if that is done farmers may simply sell their herds. With labor and feed costs high, farmers cannot afford to produce butter at a price under what they are receiving today.

Dr. Charles Mayo, of the renowned Mayo Clinic, has for years stressed the vital need our Nation has for sufficient whole milk to insure the proper development of our children. Passage of this legislation would reduce the supply of whole milk and all dairy products. Unfair competition from oleo will eventually take away so many of our dairy herds that scarcities of milk and butter will inevitably ensue. (April 26, 1948, pp. 4983-4984.)

*Representative August H. Andresen (Minnesota)*

1. This is an economic issue. One branch of agriculture is seeking to expand the sale of its products at the expense of another group. It is not intended to bring lower food prices to the people.

2. "The oleomargarine industry and the National Cotton Council, which represents the southern Cotton States, want to have oleomargarine colored yellow to make it look like butter so as to increase their sales and to increase the use and price of cottonseed oil. Fifty-three percent of the fat in oleomargarine is from cottonseed."

3. In the event that the tax is repealed, colored oleomargarine will not necessarily sell for the same price as now charged for uncolored oleomargarine. For example, an advertisement in a recent Washington Evening Star listed the price of a colored oleomargarine at 55 cents per pound. In the natural color it can be purchased for 40 cents per pound. The tax is only 10 cents per pound. In this case there was a price differential of 15 cents per pound between the colored and uncolored product.

4. If the tax were repealed it would not help very much because in 22 States in which two-thirds of the people reside the people would not be able to purchase colored margarine because those States have laws prohibiting the sale of colored margarine.

5. Repeal of the tax on oleomargarine will force dairy farmers throughout the Middle West to reduce their herds which will result in increasing the price of dairy products and meat.

6. "Dairying and soil conservation go together."

7. Mr. Andresen submitted an amendment which would repeal all license fees, manufacturers' taxes, wholesalers' occupational license fees, and the retailers' tax, and leave only a quarter-of-a-cent-a-pound tax on oleomargarine sold, to be collected from the manufacturer. It prohibits the sale of yellow-colored margarine. (April 28, 1948, pp. 5100, 5101, 5118.)

*Representative Wat Arnold (Missouri)*

Mr. Arnold opposes the repeal of the tax on oleomargarine for the following reasons:

1. If the oleomargarine tax is repealed the dairy industry will be sharply curtailed. Areas of higher cost of production might eventually be entirely without dairy herds. This would no doubt lead to concentration of the dairy industry in the Middle West and would tend to be a move away from the goal of having every section of the country as nearly self-sufficient as possible.

2. The dairy industry and the raising of feed for dairy cattle are important aids to the soil-conservation program.

3. "The repeal of the tax would result in tearing down one vital industry and giving prosperity to cotton and peanut growers. Cotton is an important crop. But margarine from cottonseed oil is but a byproduct and not the principal reason for growing cotton. The encouragement of planting more cotton in the South will again seriously dislocate our agriculture." (April 28, 1948, pp. 5098-5099.)

*Representative Marion T. Bennett (Missouri)*

The manufacture and sale of oleomargarine have been subject to regulation of one type or another in various parts of the world. In Canada, its use is completely prohibited.

It is contended that oleo is made from farm products, soybeans and cottonseed, and therefore anything that helps oleo should help the farmers. On the other hand, it has been stated that only two-tenths of 1 percent of farm income is traceable to oleomargarine.

Some of the arguments advanced by the dairy interests for retaining these taxes are:

"(1) Trivial benefits that might be derived from repeal of oleo taxes would be far outweighed by the damage to our agricultural economy and consumers' interests. \* \* \*

"(2) Repeal of the laws would open the doors to fraud on the consuming public.

"(3) Oleomargarine is not entitled to the color yellow, which is butter's historic trade-mark.

"(4) Repeal of the oleo laws would set the precedent for other imitation foods."

"\* \* \* the well-being and prosperity of my district is dependent on the welfare of the dairy farmer, and I am on his side." (April 26, 1948, pp. 4984-4986.)

*Representative John W. Byrnes (Wisconsin)*

This legislation is a crippling blow to the dairy industry without which this Nation could not long remain strong and prosperous. The purpose of this legislation is to increase the sales of an imitative product by legitimatizing its imitation.

Greatly increased sales of oleo will cause greatly reduced sales of the genuine product—butter. Higher milk prices and higher meat prices will follow. We cannot afford a decline in the total production of milk when the number of milk cows has already decreased so much while the population has increased.

This legislation would give full legitimacy to an imitative product; it would strike at farming closely associated with sound solid conservation practices; it would aid 26 margarine manufacturers and mean ruin to the 2,000,000 small butter producers; it should be soundly defeated. (April 28, 1948, pp. 5126-5127.)

*Representative Cliff Clevenger (Ohio)*

Mr. Clevenger, opposing removal of the tax, pointed out the unusual alinement of people and groups on this question of "oleomargarine colored yellow in imitation of butter." Some of the "strange bedfellows" are the Cotton South and the CIO, Harry Truman and Henry Wallace, and the Consumers' League and 26 big Wall Street corporations that make oleomargarine. Some groups expect the price of the product to go down, but the Cotton South hopes to get higher prices for its cottonseed oil. Both cannot happen; 5,000,000 farm families will be left out in the cold. (April 26, 1948, p. 4962.)

*Representative Carl T. Curtis (Nebraska)*

The consumers as well as the farmers are "due for a drubbing" if the present Federal tax on oleomargarine is removed. The consumers will suffer because the price of colored oleomargarine will tend to follow butter prices even more closely than at present. The tax collected at present on uncolored oleomargarine is well spent for the policing of the manufacturers and distributors of oleomargarine to protect the consumer from fraud. The regular cream check kept many farmers going during bad times. Oleo and butter cannot and never should be put into competition with each other. (April 26, 1948, p. 4964.)

*Representative Glenn R. Davis (Wisconsin)*

The passage of this legislation will lead to grievous abuses; attrition of our national supply of animal fats, deterioration of the American livestock industry, and depletion of our soil resources.

"How can the cost to any consumer be lessened by the removal of a tax when that tax is now being evaded simply by refraining from coloring oleomargarine yellow?"

Oleomargarine has imitated butter in body, texture, melting point, vitamin A content, and butter flavor. This Federal taxation preserves the right of the American people to be able to differentiate between butter and oleomargarine.

Unfair competition for the butter market would have a serious effect on the livestock industry, and there is no substitute for this industry when it comes to retaining and developing soil fertility. (April 28, 1948, p. 5115.)

*Representative Alfred J. Elliott (California)*

"I do not believe we are approaching this legislation in the right way. Here you have two great industries that should be partners. One reason why cottonseed is so scarce today is not because it is being used in the production of oleo, but because cottonseed is being fed to dairy and beef cattle. \* \* \*

"I am very fearful that the legislation we are about to adopt will, through the years, prove to be injurious to the dairy business. After all, by protecting the dairy industry we are preserving the welfare of the people on the whole because there is no substitute for milk and its byproducts. The dairy industry provides steady employment the year around in contrast to the seasonal employment of about every other form of agricultural endeavor." (April 28, 1948, p. 5111.)

*Representative Chester H. Gross (Pennsylvania)*

This legislation is wrong from an economic standpoint. It represents an assault on the dairy industry which has been the greatest mainstay to soil conservation and improved farming in America. We have now 2,000,000 less cows than we had 2 years ago. This is reflected in smaller milk supplies, dairy supplies, meat supplies, and in the smaller supply and higher cost of cowhides to the shoe manufacturers.

Cotton and certain other crops raised in the South are subsidized and so those farmers do not make the same effort as dairy farmers.

Mr. Gross, in an effort to safeguard the public health, offered an amendment prohibiting the use in the manufacture of oleomargarine of any cottonseed grown in areas other than those certified to be free from pink boll weevil worms. This amendment would help make oleomargarine a clean, safe, and appetizing product. The amendment was declared not germane.

Mr. Gross supported the Hill amendment (permitting oleomargarine to be colored yellow if it were molded in a triangular shape or any shape different from a square or a rectangle) saying that the dairy industry is entitled to that recognition and the housewife to that protection. (April 26, 1948, p. 4971; April 28, 1948, pp. 5125, 5108.)

*Representative John W. Gwynne (Iowa)*

1. The repeal of the Federal tax on oleomargarine will accomplish very little good for anyone and is certain to do positive harm to certain groups throughout the country as a whole.

2. "In spite of the great propaganda to the contrary, the repeal of the law providing for a 10-cent tax on colored oleomargarine will accomplish very little for the consumer. In the first place, it is the general opinion that the repeal of the tax will be followed by an increase in the price of oleomargarine substantially equivalent to the tax.

"In the second place, some 23 States now have laws either prohibiting the sale or manufacture of colored oleomargarine or putting drastic restrictions on the sale or manufacture. Those State laws will \* \* \* not be affected by any action taken in Congress."

3. "Any benefit that repeal of the tax would bring to the cotton States would be lost when competition begins in earnest with certain foreign oils. The cottonseed people cannot compete with these imported oils on any basis favorable to cottonseed."

4. Soil conservation is a necessary program in this country. The dairy industry makes a great contribution to the program of soil conservation. "If for no other reason, that is sufficient justification for the legislation now on the statute books designed to protect the dairy industry." (April 26, 1948, p. 4983.)

*Representative Charles B. Hoeven (Iowa)*

Independent research laboratories have established the fact that oleomargarine cannot be made yellow without adding color. Statements formerly made that a natural-yellow oleomargarine could be made from cottonseed and soybean oils if it were not necessary to bleach these oils to conform with the present Federal tax law on colored oleomargarine are without justification.

"The \* \* \* truth in this respect is that the oleomargarine industry would have to bleach their oils even if there were no oleo tax laws on the books. The oleo manufacturers are forced to bleach these oils to remove undesirable odors, flavors, and colors, like dirty white and green." (April 26, 1948, p. 4979.)

*Representative Clare E. Hoffman (Michigan)*

For years through protective tariffs we have protected and subsidized industries. Now, when it is proposed to continue protection to the farmers, it is said that the dairy farmers shall be discriminated against in favor of the industries of the South. Those who say they are acting in favor of the consumers are actually in favor of the cottonseed-oil interests. This is shown by the opposition to the Hill and Case amendments. Those who oppose these amendments are not content with permitting the oleomargarine people to take the butter market which has been built up by dairy interests. When a proposition (Hill and Case amendments) is offered which will prevent fraud, they object. (April 28, 1948, p. 5109.)

*Representative Merlin Hull (Wisconsin)*

In opposing repeal of the taxes, Mr. Hull pointed out that the present laws affecting oleomargarine, with but one slight amendment have been in effect for nearly 60 years and no other form of protection for the dairy farmer has been suggested.

People have been led to believe that they are being taxed unjustly. Actually, of the more than 600,000,000 pounds of all oleo made in this country last year, less than 18,000,000 pounds were taxed the 10 cents per pound on colored oleo.

It is alleged by Fortune magazine that over 40 percent of all the oleo made in this country is produced in plants owned by a British cartel which has monopolistic control over the palm oil, coconut oil, and other vegetable oils of the world. In a few months, foreign oils may begin to flow into our ports.

"The oleo manufacturers want to make their product yellow in order to imitate butter, and take over the tablespread market in America. The consumers will not gain, but the farmers will lose." (April 26, 1948, pp. 4992-4993.)

*Representative Henry M. Jackson (Washington)*

"The removal of all taxes on oleomargarine and granting oleo manufacturers complete freedom to sell their product, colored or uncolored, as imitation butter would be just as harmful and unfair to city consumers as to farmer producers."

The dairy farmer has an investment to protect and in this sense is a small-business man, and like all small-business men, he is entitled to protection from powerful interests competing unfairly with his goods and services.

"\* \* \* Butter is the cornerstone of the dairy farmer's economic structure. To have enough milk to meet fluid demands in the slack season requires an excess of milk in the flush season. Much of this surplus must go into butter production. If butter could not be produced profitably, farmers would naturally have to reduce their herds, and the consequent shortage of milk in the slack season would be aggravated and tend to raise fluid-milk prices." On the other hand, tax removal would have inconsequential effects on the total sale of soybean and cottonseed oil since oleo represents less than 3 percent of cash farm income. In addition, the dairy cow has made a valuable contribution to soil conservation.

If these taxes are removed, uncolored oleo will probably go off the market and the price of colored oleo will increase more than any tax saving. "The consumer will not save, and the United States Treasury will lose, but the oleo manufacturer will increase his already exorbitant profit."

It has been predicted that we will lose another 2,500,000 head of dairy cattle in the next 3 years if the Federal taxes on oleomargarine are repealed. Meat prices will soar. (April 28, 1948, pp. 5127-5128.)

*Representative Ben F. Jensen (Iowa)*

Mr. Jensen maintains that the manufacturers of oleomargarine will propagandize their product to the end that many American people will be led to believe that real butter is unhealthy and that eventually the price of oleomargarine will be higher than that of butter. (April 26, 1948, p. 4987.)

*Representative Frank B. Keefe (Wisconsin)*

Mr. Keefe opposes repeal of the Federal tax on oleomargarine for the following reasons:

1. The housewife has no assurance that the price of colored oleomargarine will be reduced in the event that the tax is removed. The following example may be cited in proof of this point: In a Washington, D. C., store recently uncolored oleomargarine was selling for 41 cents per pound; colored oleomargarine was selling for 55 cents per pound, a differential of 14 cents, while the Federal tax on colored oleo-

margarine is only 10 cents per pound. It is apparent that there will be no reduction in price. "The price of oleomargarine will follow the historic price of butter all along the line."

2. In the event that the Federal tax on colored oleomargarine is repealed, oleomargarine manufacturers will most likely use imported copra oil which can be purchased for a fraction of what it costs to manufacture their product out of soybean or cottonseed oil.

3. The Federal tax on colored oleomargarine is the consumers' protection against the fraudulent sale of oleomargarine as butter.

4. The Federal tax on colored oleomargarine protects manufacturers of oleomargarine against misrepresentation of their product to the public. The law protects the producer as well as the consumer.

5. The enforcement of the tax collection is placed within the jurisdiction of the Bureau of Internal Revenue. The law providing for the tax on colored oleomargarine provides greater protection against fraud than the Pure Food and Drug Act because of the fact that this act covers only shipments in interstate commerce.

6. Taxes on uncolored oleomargarine are not burdensome. The cost of all these taxes, including license fees paid by retailers and wholesalers, to a family that consumes 3 pounds of oleomargarine per week (156 pounds per year), would amount to about 40 cents a year, or less than 1 cent a week.

7. The natural color of butter is always yellow. During some seasons the color is less yellow than in others. Color is added only for the sake of uniformity and not to imitate some other product.

8. "It is impossible to produce a natural yellow oleomargarine from domestic oils." In order to produce a yellow oleomargarine it must be colored.

9. Farmers are not benefited by the oleomargarine industry. During 1946 the American farmer could attribute only about two-tenths of 1 percent of his income to farm products used in the manufacture of oleomargarine.

10. Repeal of the tax on colored oleomargarine will not help the southern cotton farmers. Records reveal that dairying and other competing interests are more important as sources of cash income to the farmers of the South than oleomargarine.

11. Butter has long been the balance wheel of the dairy industry. Milk is a seasonable product with great surpluses accumulating during periods of high production. The bulk of butter is made during such periods. This butter can be stored away and used during periods of low milk production. Without the stabilizing influence of butter, consumers would be deprived of an adequate supply of fluid milk during periods when milk production is low.

12. "The dairy industry is the only type of farming that goes with a sound soil-conservation program. From that standpoint alone it is to the interests of all America to see that this great industry is not destroyed." (April 26, 1948, pp. 4964-4967.)

*Representative William Lemke (North Dakota)*

Mr. Lemke opposes the repeal of the tax on oleomargarine for the following reasons:

1. "There is only one reason why some of the manufacturers of oleo want to steal the trade-mark of butter, and that is to perpetrate a fraud upon the public. They want to color their product yellow

so that the consuming public will not know the difference between it and butter.”

2. The natural color of oleomargarine is not yellow.

3. “I have no objection to oleo provided it is offered in its natural color, or any other color except the trade-mark of butter—yellow. If anyone wishes to deceive themselves, and do not like the color white, let them have brown, green, or pink oleo, or any other color, but let this Congress not become an accomplice to a fraud—to deception.”

4. The dairy industry contributes a great deal toward the building of a balanced economy but the farmer and his family get less for providing the public with a balanced economy than those who work in the cities. (April 26, 1948, p. 4990.)

*Representative George MacKinnon (Minnesota)*

1. There is nothing in this legislation that would aid 90 percent of the consumers of oleomargarine in America. For this reason “this legislation should be opposed if for no other reason than the fact that it is not honest legislation.”

2. The reason that this legislation will not benefit the great majority of consumers is that 90 percent of the oleo that is consumed in this country is not subject to the 10-cent tax.

3. The removal of the 10-cent tax on colored oleo may not have the desired effect of reducing the price of oleo even in areas where it can be sold. Producers of oleo would probably sell the colored product exclusively and might take advantage of the opportunity to raise the price above that now charged for the uncolored product.

4. If the farmers’ market for butterfat is removed or seriously interfered with the result may be that the farmers will be forced to increase the price of milk. The price of meat would also be increased because dairy operations would be decreased.

5. “The net result of this legislation in the long run will be to increase the price of oleomargarine to the majority of consumers, to increase the price of milk, to increase the price of meat, and if that result is a benefit to the consumers I fail to see it. The only people in America who would benefit from this legislation would be the oleomargarine manufacturers and they would do so at the expense of the consumers and to the detriment of the dairy farmer’s honest market.”

6. “To permit the artificial coloring of oleomargarine and to permit the sale of oleomargarine under such circumstances that it cannot be distinguished from creamery butter is a fraud on the purchaser and is unfair competition which the farmers of this Nation should not be required to face.” (April 28, 1948, pp. 5112–5113.)

*Representative Earl C. Michener (Michigan)*

Margarine has been developed over the years into an imitation of butter. Its manufacture and sale is regulated in many States. The State laws did not happen overnight and are time-tested.

It is not fair competition to doctor and color margarine so the purchaser is deceived and does not know what he is getting.

The vegetable-oil industry and the dairy industry are to some extent interdependent. “For instance, in 1946 the cotton farmers received \$21,000,000 from oleomargarine manufacturers for cottonseed

oil, but during the same year the same farmers received \$31,000,000 from dairy farmers who fed cottonseed meal to their cattle; also soybean growers received \$23,000,000 from oleo manufacturers, while they received \$55,000,000 for soybean products fed to dairy cattle. (April 28, 1948, pp. 5099-5100.)

*Representative Karl E. Mundt (South Dakota)*

"\* \* \* it seems clear that the oleomargarine trust feels justified in spending vast sums of money in an effort to eliminate the tax upon colored margarine so that innocent consumers can be more readily deceived into accepting and using oleo instead of the more wholesome and nutritious product of butter." Since it seems apparent that the only reason the oleo trust wants to color its product yellow is to make it look like butter, there can be no valid objection to the maintenance of a tax upon such a coloration process.

There is nothing distasteful or repugnant about such foods as vanilla ice cream, angel food cake, and mashed potatoes which happen to be white in color.

"\* \* \* I think this legislation should be defeated and the tax on colored oleo retained since it helps protect the consumer against deception and adulteration and since it aids butter makers in their long fight to raise and maintain the standards of their product against unfair competition and against fraudulent imitation." (April 26, 1948, pp. 4970-4971.)

*Representative Reid F. Murray (Wisconsin)*

Fourteen of the largest dairy corporations in the United States made \$4,000,000 less than they did the year before. The manufacturers of oleomargarine are making two to seven times the profits of 1940. "If they are making three times as much oleo and up to seven times the net profit they did in 1940, I do not see why they have been so eager to obtain legislation that gives them still more favorable legislative consideration when they now have more legislative protection than is provided the dairy people."

The antilivestock attitude of the present administration is illustrated by its foreign-trade program. Funds received under section 32 of the AAA Act are used for disposing of surpluses and for finding new uses for agricultural products. The greater part of these funds are received from livestock products, yet the funds are spent to subsidize cotton and other nonlivestock and soil-depleting crops. The duty on livestock products has been lowered so as to increase their importation.

The consumer is being squeezed and must pay more while the farmer receives less for his products. The handlers of dairy products are just about the only corporations in the United States that showed less net income in 1947 than in 1946.

"Every drop of oil in every pound of oleo is subsidized out of the Federal Treasury. The dairy cow stands on her own four feet, but her products are compelled to compete with a federally subsidized imitation and not a substitute."

If this bill becomes law and if the price of oleomargarine is 10 or 15 cents higher than at the present time, the American housewife may feel she has been misled or used as an agent to mislead her Congressman in this question. The farmer, too, knows who his true friends are.

Millions of babies are raised on evaporated milk. Storage stocks of evaporated milk have decreased while there has been a 58-percent increase in baby numbers.

Iowa, Wisconsin, and Minnesota produce one-fourth of the milk of the Nation, yet farmers in some of the other States received from 70 to 90 percent more in 1947 than the farmers of these States.

"This oleo bill means higher fluid-milk prices; it means that the consumer, if he can still find it in the market place, will pay more for beef and veal; it means that milk-cattle numbers will be further reduced and cause higher prices for hides and shoes; and, finally, it means a body blow to soil conservation and soil-fertility conservation of our soils. All the housewife will have out of the passage of this bill will be an opportunity to pay more for oleomargarine."

The present Secretary of Agriculture has refused to even announce a support price for milk and dairy products, even though the House has passed a bill requiring him to do so. Yet he found plenty of time and plenty of money to spend on nonlivestock crops and even subsidized cotton both domestically and in foreign trade when cotton was above parity in price.

Domestically produced oils now have protection which amounts practically to an embargo. This is contrary to the objective of having more harmonious world relationships. (April 27, 1948, pp. 5017, 5036-5040; April 28, 1948, pp. 5120-5123.)

*Representative Joseph P. O'Hara (Minnesota)*

Mr. O'Hara stated that the tax on oleomargarine is necessary to protect the health of our people. "Without the help that this tax affords the enforcement machinery of the Government is going to be very seriously impaired." (April 28, 1948, p. 5114.)

*Representative John Phillips (California)*

1. There is no doubt that the American consumer prefers butter wherever possible. The American Dairy Association recently conducted a test with 7,850 patrons of a cafeteria which revealed that at 2 cents a pat for butter and 1 cent a pat for oleo, 93 percent of the cafeteria patrons chose butter. At 1 cent a pat for butter as against free uncolored oleo, 98 percent chose butter.

2. Governmental regulations and restrictions on the dairy industry and livestock industries have tended to penalize their output. The trend still continues. The dairy cow population has shrunk 11 percent since 1945.

3. Milk production this year is lower than last year and the trend has not yet been checked. This trend began "when butter was discriminated against by Government order during the war, and the present scarcity and high prices of butter are natural results."

"If the butter industry is now to be further injured by loss of part of its milk to yellow oleomargarine this trend will be accentuated." We will find milk even less plentiful in milk sheds around our industrial centers. Higher prices for milk will follow as a matter of course, due to the relationship between fluid-milk production and butter production."

4. Milk is a seasonal product. In order to have an adequate supply during seasons of low production the farmer must milk more cows than he needs during the flush seasons. It is during the flush seasons that the bulk of their butter is manufactured. This makes it possible

for the dairy industry to maintain a balanced output. Without the butter outlet farmers would cut their herds to the minimum so as to produce only enough milk to meet demands during the flush season which would result in a scarcity during the low-production seasons.

5. If milk production is reduced the consumer's milk bill would be increased by more than any possible saving in oleomargarine. Consumer costs would also be increased indirectly by the resulting increased costs of meat and leather products.

6. "The consumer is entitled to protection against imitation. The color requirements affecting oleo are among the means of affording that protection." (April 28, 1948, pp. 5128-5129.)

*Representative Charles R. Robertson (North Dakota)*

1. "This has been labeled 'a butter-oleo fight.' Herein lies the basic error in thinking which has resulted in bringing this matter up for consideration today. It is not a contest between butter and oleo; it is not a contest between the soybean or cotton farmer and the dairy farmer. It is a fight vital to every citizen of the Nation; and it is a fight between the entire public and the margarine interests."

2. Even if oleomargarine is the equal of butter in every respect it should not be permitted to imitate butter.

3. "The argument is not whether butter and oleo are on or near a par in nutritive and food value; the question is, Should we protect our dairy industry?"

4. Proponents of tax repeal claim that the tax on oleomargarine is a special-privilege tax, "subsidy," and "restraint of trade." Even if these claims are justified, it is evading the basic question, "Should we protect our dairy industry?" We have tariff to protect industry; tariff may be considered a special-privilege tax.

5. "We subsidize many farm products, including cotton and soybeans, I am told. We regulate many industries for the good of the Nation; regulation constitutes restraint of trade. But if these things are justified, then the cry is a cry of 'wolf,' and is merely designed to arouse emotion."

6. It is claimed by the oleomargarine interests that if the tax on oleomargarine is repealed it will reduce the cost of butter and the cost of margarine. There is no apparent basis in fact for this statement. "How can removal of a tax on margarine reduce the cost of butter? They are not competing today because of the wide variance of price between butter and oleo." The cost of butter is not high compared to other prices of products made from butterfat and milk. "The price the farmer receives for butterfat sold to the creameries to make butter is much lower than the price the same farmer would receive if he should sell this same butterfat to evaporators, cheese factories, or as fluid milk." In consideration of the fact that an hour of labor is required to produce a pound of butter, including all steps involved in the process of production and distribution, it hardly seems possible that it could sell for less than a dollar a pound. In consideration of these facts the repeal of the oleomargarine tax will not reduce the cost of butter or the price the consumer must pay for it.

7. The repeal of the tax on oleomargarine will reduce the price that the consumer must pay for uncolored oleomargarine only  $\frac{1}{4}$  cent a pound. No one pays the 10-cent tax on colored oleomargarine unless it is colored when it is purchased. The most that the removal of the 10-cent-per-pound tax on colored oleomargarine could do would be to

make colored oleo available to consumers at the same price as paid for uncolored oleo today. It is not likely, however, that this will be the case if the margarine interests can get the privilege of making their product appear like butter.

8. The time that would be saved by housewives if they could purchase colored oleomargarine instead of coloring it at home is not as important as the proponents of tax repeal would lead us to believe because of the fact that the majority of the housewives use more uncolored oleomargarine for cooking than they do for a table spread. For cooking purposes it does not matter whether it is colored yellow or whether it is white.

9. The tax on colored oleomargarine is the only protection that the housewife has in knowing whether she is buying butter or oleo. "The Pure Food and Drug people have no authority, except over interstate traffic, to regulate and prevent the sale of margarine as butter."

10. Butter in reality is the balance wheel of the dairy industry. Milk is not produced in the same quantity during all seasons of the year. A sufficient number of cows must be kept to provide an adequate quantity of milk to be used in fluid form, for the manufacture of cheese and other milk products during seasons of low milk production. During seasons of high milk production there is a surplus of fluid milk. It is during these seasons that the bulk of our butter is manufactured.

11. If dairy herds are reduced to the point of producing a sufficient quantity of dairy products for human consumption during the high productive period of the herds there will be a scarcity of dairy products during the low producing periods. As a result the price of milk will tend to skyrocket during periods of low production.

12. "The dairy industry is more important as a means of revenue to the farmers of every State than will be the sale of vegetable oils to margarine manufacturers even if they triple or quadruple their sales, completely pushing the use of butter from the market."

13. The dairy farmer is a better source of outlet for cotton and soybean products than the oleomargarine industry will ever be.

14. Beyond a doubt the dairy industry is worth protecting. The bill to repeal the Federal tax on oleomargarine should be defeated to avoid seriously crippling the dairy industry. (April 26, 1948, pp. 4982-4983.)

*Representative Katharine St. George (New York)*

1. "There is nothing unfair about continuing the taxes as they have been, as has been so well pointed out, as they have been for the last 60 years or more."

2. The repeal of the tax will result in undermining the standards of food products. "Imitations and substitutions would take over our food industries."

3. "Other imitations of butter are taxed now. Adulterated butter which, like oleo, is an imitation of good butter, carries the same per pound tax and the same manufacturers', wholesalers', and retailers' occupational taxes as does colored oleo. Renovated or processed butter carries the same per pound tax as uncolored oleo. There is no reason why an exception should be made for oleomargarine."

4. "Oleomargarine already has been given competitive privileges which are denied to butter. It may be 'fortified' with vitamins, flavored

with butter flavor, and preserved with benzoate of soda. None of these—nor any other extraneous substance—may be added to butter.”

5. “Uncontrolled and ruthless competition of a low-cost product in almost identical imitation of butter would hurt butter prices and drive many farmers out of dairying.”

6. In order to have an adequate supply of fluid milk in slack seasons, more than enough must be produced during seasons of high production. It is during the high-production seasons that the bulk of our butter is manufactured. Without a butter outlet, farmers would be forced to reduce their herds. As a result, there would be an insufficient supply of fluid milk during the seasons of low production.

7. Mrs. St. George stated that the Hill amendment seems to be satisfactory to the dairy farmers because it would make it impossible for oleo to pass as butter. (April 28, 1948, p. 5112.)

*Representative George B. Schwabe (Oklahoma)*

1. “The products of the farm are our basic commodities. Civilization depends more upon the production which results from labor on the farm, and particularly from food production, than from any other type of human activity. Food is the first essential and milk is perhaps the most universally needed item of good [sic]. From birth to the grave, we must have milk if our civilization is to survive.”

2. The repeal of the tax on oleomargarine will result in a decrease in our milk-cow population and a decrease in milk production. Butter is the balance wheel of the dairy industry. A large percentage of people living on farms in this country depend upon the sale of milk, cream, or butter as their chief source of cash income. “If this bill passes and milk cows move off the farm, the family simply will not have this highly desirable food and will not have the money with which to purchase a colored substitute.”

3. The dairy industry is essential to our soil-conservation program. The source of the best soil enrichment and fertilization will leave the farm with the sale of the cow. While the cow is on the farm the fertilizer is immediately available.

4. Cotton farmers will not benefit by the repeal of the tax to the extent claimed by proponents of repeal. “The dairy farmer in Oklahoma pays twice as much for cottonseed and soybean meals which are sold as dairy feed, as the value of the two oils sold for margarine. Similar situations exist in other States.”

5. A consideration of vital importance is that in 23 States there are heavy taxes on margarine. Before repeal of the modest Federal tax would benefit the consumers by offering margarine at a slightly less cost than is being paid today, it would be necessary for these States to remove their taxes on margarine.

6. “If this bill is to pass it should not be passed in its present form, but some of these amendments should be adopted. Otherwise, the adoption of this measure, in its present form, will do great injustice to the farmers of my State, and of every other State which has any considerable dairy industry.” (April 28, 1948, pp. 5124–5125.)

*Representative Karl Stefan (Nebraska)*

This legislation can easily result in the uncontrolled, ruthless competition of a low-cost synthetic product sold in almost complete imitation of butter. It will hurt butter prices and drive farmers out of dairying business to the detriment of agriculture in general and of business in our farming communities.

Prices of oleomargarine will rise and soybean and cotton growers will suffer because cheap foreign oils will be used in the manufacture of oleomargarine.

The tax upon yellow oleomargarine must be high enough to differentiate it from the uncolored product. These taxes, including occupational taxes on handlers of oleo, are necessary for the enforcement of oleo regulations. No Federal law prohibiting the sale of yellow oleomargarine would be effective because such a law could not reach within State borders unless it were enforced by a Federal tax. (April 28, 1948, p. 5094.)

*Representative William H. Stevenson (Wisconsin)*

Oleomargarine manufacturers know that housewives would not buy their product in its natural "telltale" grey color and so try to color it to imitate butter. Butter is made from unadulterated cream; it contains no foreign oil, no cottonseed, coconut, or soybean oils; it does not have to be artificially impregnated with vitamins; it does not have to be adulterated to look like something it is not. The attempt of the oleo interests to destroy the dairy industry is not new. In all parts of the world the manufacture and sale of oleo have been subject to regulation and taxation of one form or another.

It is often contended that oleo manufacture is a good thing for the farmers of this country. Actually, less than two-tenths of 1 percent of the total cash income from the products of the farm is received from farm products utilized in the manufacture of oleo. All the cottonseed oil used in oleo manufacture accounted for only about one-half of 1 percent of the cash income of the cotton farmer. The cotton farmer receives approximately four times as much cash income from cottonseed oil used in vegetable shortening and from cottonseed byproducts sold as dairy feed as he receives from the entire oleo business. The average farmer in the Cotton Belt actually receives 24 times as much today from the sale of his dairy products as he receives from the sale of cottonseed oil and other ingredients of oleomargarine. In 1946 less than 14 percent of the total soybean oil production was used in the manufacture of oleo, and only 5 percent of total cash farm income from soybeans was derived from the sale of oleo products.

There were 47 plants licensed to produce oleo in 1947. These plants were owned by 25 corporations, 4 of which were the Big Four meat-packing companies. The bulk of oleomargarine is produced by five or six large corporations.

If the Federal tax on colored oleo is repealed, you will see the price of colored oleo go up considerably in every State where the sale of colored oleo is not prohibited.

If oleo does displace butter as a spread it will mean practically the destruction of the dairy industry. This will mean less milk and cream, less meat, and less hides and leather for the American public.

Production of oleomargarine is increasing while per capita milk production per day is at its lowest point in 10 years. (April 26, 1948, pp. 4972-4975.)

*Representative Henry O. Talle (Iowa)*

"The Federal margarine taxes have helped us to protect our dairy farmers against unethical competition and the consuming public against fraud and deception." It is contended that removal of these

taxes would materially reduce the cost of living. As a matter of fact, the present tax of one-fourth cent per pound on uncolored margarine plus the license fees would not cost the average family as much as a penny a week if margarine were substituted exclusively for butter on the American table. And color may be added to this product by the purchaser easily, quickly, and at no cost, if desired.

"I do not object especially to the removal of the tax of uncolored margarine. I do, however, strenuously oppose the removal of the tax on butter-colored margarine." Margarine now attempts to imitate butter in every way. If color is added, the deception will be complete. Any action that lessens the demand for butter will curtail the production of milk and this would have an adverse effect on the production of hogs, cattle, and poultry. A decrease in livestock and dairy farming and an increase in crop farming would be hard on the soil. (April 26, 1948, pp. 4987-4988.)

*Representative Charles W. Vursell (Illinois)*

The 26 oleomargarine corporations which produce nearly all of that product sold in the United States are taking advantage of the high cost of butter and other foods under the guise of reducing the cost of living, so that they can sell yellow oleo to imitate butter.

This is a fight for greater profits led by the comparatively few oleo manufacturers in the country, and by the cotton lobby of the South. Millions of dollars have been spent in a Nation-wide propaganda campaign by these groups.

If oleo is colored yellow to imitate butter, there will be no protection for the people eating 65,000,000 meals each day in restaurants and public eating places.

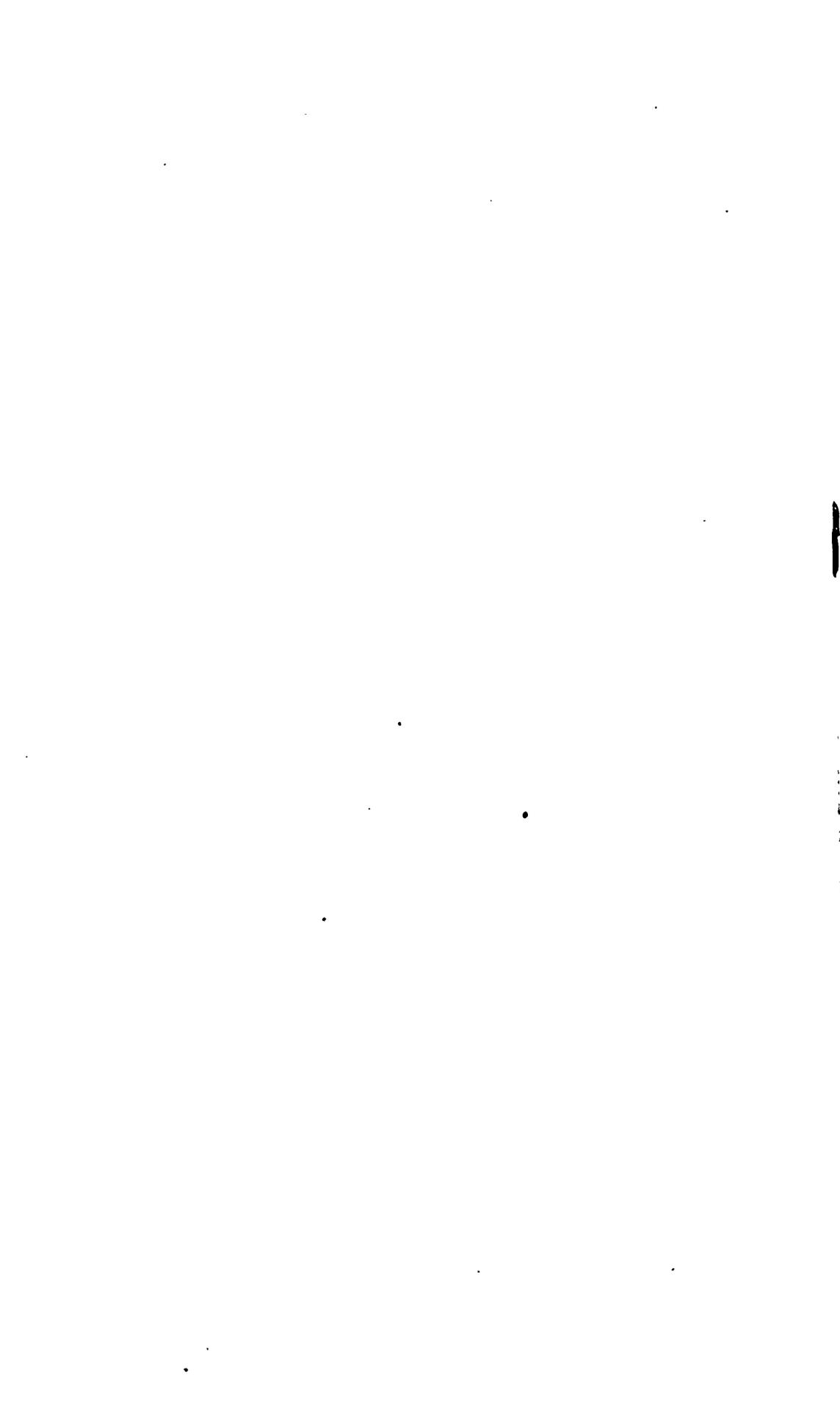
"There is little question, if oleo is allowed to compete with butter in color as the repeal of this law would permit, that the price of oleo will be raised by the manufacturers, guaranteeing them millions of dollars that otherwise would be saved to the consumers who are now buying oleo, if the Federal law is kept on our statute books unchanged."

This proposal to repeal the tax, if adopted, will strike a heavy blow against the dairy interests and result in still smaller herds and higher prices for the scarce milk. The whole course of agriculture in the Northern States would be changed. Repeal of the tax would bring disaster to the dairy business which employs more people and produces more farm income than any other segment of agriculture. If this legislation passes, there will be less food for the American people and less food to ship abroad.

Twenty percent of the total income of agriculture in the Nation is derived from dairy products. This income will be endangered and meat and hides will become scarcer and more expensive if this legislation is passed. Dairy farming preserves the fertility of the soil and aids soil conservation.

"During flush milk production the manufacture of butter is a necessary outlet for surplus milk which cannot be sold in bottles. Butter continues to be the product upon which the dairy farmer largely relies for tax money when the bottom falls out of other markets." (April 26, 1948, pp. 4979-4981.)

[Loretta Stankard, Carl Hagen, General Research Section, May 20, 1948.]



## DIGEST OF TESTIMONY BEFORE THE SENATE COMMITTEE ON FINANCE, MAY 17, 1948

*Dr. Anton J. Carlson, department of physiology, University of Chicago*

As a scientist who has devoted many years to the study of the value of oleomargarine as a food, I can state that, based upon scientific knowledge and considerations of human nutrition, there is no justification for the existing Federal taxes and license fees on oleomargarine.

Science today knows that margarine is a fine, wholesome, nutritious product, and when compared to butter, butter and margarine are nutritionally equivalent. This has been confirmed by many research people and has been attested to by many outstanding scientific organizations.

The extensive and painstaking research work of Dr. Deuel and his coworkers clearly establishes that butter does not contain any nutritional superiority over margarine in any respect whatsoever.

From a nutritional point of view, letting the consumer have her margarine yellow, the color she wants it, serves a valuable purpose. At the same time, in view of the many applicable Federal, State, and local laws, there can be no legitimate concern over fraud.

The removal of these discriminatory taxes is definitely in the interest of proper and adequate nutrition for our people.

*Mrs. E. G. Chamberlain, National Federation of Settlements, Inc.*

The National Federation of Settlements is made up of 219 settlement houses and neighborhood centers in 70 cities. The settlements use margarine in their nurseries and camps and encourage its use in the homes of the families that are under the protection of the settlements.

The tax on margarine is unnecessary. It is a tax upon a staple and necessary item of food. It is a tax on lower-income groups who are among those most in need of adequate caloric nutrition of the type afforded by an economical table spread.

Butter production has declined since prewar. This does not seem such a hardship. It has been accomplished by an increase in the supply of milk. A decrease of butter in the diet results in nutritional loss readily made up by margarine, enabling the purchaser to add other food and farm products to the market basket.

We ask that all taxes and restrictions on margarine be removed.

*Mrs. Rena Cohen, National League of Women Shoppers*

Margarine legislative progress in this session of Congress has been most heartening.

Margarine tax repeal would be good news to the consumer.

There is an important principle involved here—our right to buy what we want in the form we want it.

We are adequately protected from fraud by the Federal Trade Commission and Pure Food and Drug Administration. Taxation is not the answer.

These taxes are hampering free competition.

We don't like home coloring.

*Hon. Robert J. Corbett, a Representative in Congress from the State of Pennsylvania*

Margarine taxes have no justification and are un-American. Margarine should not have to plead for a right to compete in a free enterprise system. We can see no reason why a product which has proved to be nutritional and wholesome has got to be continually kept under shackles by some other product. All of these shackles should be removed.

We do not take much stock in this fraud argument, because with the 40 to 45 cent differential now we do not feel that taking the 10-cent tax off yellow margarine is going to turn the hotel and restaurant managers of the United States into crooks.

Total production of margarine and butter in 1947 was only about 50 percent of the recommended consumption. When we have not even been able to reach a satisfactory minimum in this country, let alone in the world, we just cannot justify a continued restriction.

New Jersey has repealed its prohibitions on the manufacture and sale of margarine. Massachusetts' repealer is in conference now. Maryland has eliminated it by judicial interpretation. We are very confident that when most of the State legislatures meet next year these prohibitions are going.

*Willard B. Earnsey, Jr., Council on Government Relations, American Hospital Association*

The American Hospital Association represents 4,000 hospitals, 85 percent of the Nation's general-hospital beds, and 55 percent of its mental, tubercular, and other long-term illness beds.

Hospitals serve meals to more than 2,000,000 people every day—nearly 2,000,000,000 meals last year. Average daily census of hospitals in 1946 was 1,239,454. Hospitals also had to feed about 830,000 employees. Normal consumption of butter or margarine would have approximated 37,500,000 pounds.

A hospital must pay a manufacturer's license fee of \$600 per year for the privilege of mixing color into oleomargarine. This and the 10 cents per pound tax practically prohibit use of oleomargarine in hospitals. This curtails the amount of service we can give in hospitals and adds to the expense of patients. Thus, it is a tax upon distress.

If there were any question as to the relative food values of oleomargarine and butter, we would not be here. Hospitals do not desire to serve oleomargarine to every patient; adequate and proper food is a necessary part of hospital care.

Hospitals today are pinched by inflationary conditions. We must eliminate all unnecessary cost while providing the finest quality of hospital service. The present tax has forced us to buy a luxury food where in many cases a utility food would be preferable.

Hospital food is prepared by highly trained people who are able to choose on the basis of known food value. They should be free to make this choice on the basis of what is best for the patient.

*J. William Fulbright, a United States Senator from the State of Arkansas*

Production of butter last year was approximately 1,400,000,000 pounds, and production of margarine was 725,000,000 pounds. Total butter production declined approximately 29 percent from 1936 to 1946. There was more milk available for butter manufacture, but the percentage made into butter decreased from approximately one-third in 1936 to one-fifth in 1946.

Even if it were true 62 years ago that these taxes were needed to protect against possible fraudulent sale of yellow margarine as butter, that is certainly not true today. Nowadays the Federal pure food laws and the pure food laws in 47 States guarantee the proper labeling and standard of purity of food products including margarine. If there are any doubts on that score, the already extensive labeling and marketing requirements can be further strengthened.

From 1930 through 1947 butter was seized for violations of the Federal Food, Drug, and Cosmetic Act 2,292 times, and margarine was seized only 21 times.

Margarine wants to be known as margarine, labeled as margarine, sold as margarine. The Federal Food, Drug, and Cosmetic Act prohibits adulteration or misbranding of food from manufacture until its sale to the consumer, and certainly guarantees, as fully as is possible under the Constitution, that margarine in interstate commerce shall be sold for exactly what it is. The Federal Security Administrator has established a "Definition and standard of identity for oleomargarine," prescribing its ingredients and labeling requirements.

The recent Supreme Court decision in *U. S. v. Sullivan* makes it clear that the prohibitions on misbranding and adulteration under the Federal Food, Drug, and Cosmetic Act extend to the final sale of the article of food. It is true that these provisions do not protect the consumer in purely intrastate cases, although these cases are very limited and are not properly matters for the consideration of Congress at any rate. The whole question of misbranding and adulteration should be handled directly through regulations under the pure food laws and not through a tax.

Repeal of these taxes will in no way affect the power of the States to regulate margarine.

There is nothing in Federal tax law now which would prevent a restaurant owner from purchasing colored margarine and serving it as butter. The laws of 40 States require that public eating places give notice to their customers when they serve margarine. The Federal Food, Drug, and Cosmetic Act could be amended to prohibit restaurants serving artificially colored oleomargarine without a conspicuous sign or a prominent notice on the menu to that effect. It would be an intolerable burden on the ordinary restaurants to require them to make a distinctive imprint on each pat of margarine served. I do not specify exactly the notice restaurants must give when serving margarine, because this might result in two notices, one under the State law and one under the Federal law.

The name oleomargarine, indicating the use of oleo oil is today a misnomer. Ninety-eight percent of the fats and oils used in margarine today are vegetable. The more accurate name is margarine.

Ninety-nine percent of all margarine now is fortified with 15,000 units of vitamin A, the content always being shown on the label.

The only basic difference between margarine and butter is that margarine is vegetable fat, butter an animal-fat product. They are equally nutritious. Report after report by medical associations and nutritional scientists declare margarine to be a nutritious, high-quality food. More than 95 percent of all margarine is now made of domestic ingredients.

Butter has no copyright, patent right, or any other right to any particular color. If coloring oleomargarine helps to perpetrate a fraud, then the coloring of butter is actually a fraud because it makes the consumer believe that fall or winter or white butter is June butter, which is generally considered the best.

In addition to the taxes, Federal Regulation No. 9 of the Bureau of Internal Revenue imposes very burdensome restrictions on those engaged in the manufacture and distribution of margarine. The \$600 tax on manufacture of colored margarine has been interpreted to include private hospitals, private charitable institutions, public eating places, and others which buy and color margarine.

Both margarine and butter are colored yellow to meet food habits. We are accustomed to yellow table spreads just as we are used to white milk.

The fundamental reason for the margarine laws in 1886, 1902, and 1931 was a desire to protect the butter industry against competition. Antimargarine legislation has made margarine more expensive for the manufacturer to make and the consumer to buy, and it has made it less attractive to users.

The American people, on an average, bought about 6 pounds less butter per person in 1946 than they did in 1936, but they did not fill this nutritional gap with a corresponding increase in margarine purchases. The fact is that butter has been taking itself out of the market.

Antimargarine legislation has failed to aid butter producers. It has simply prevented margarine from occupying the market for table spreads which butter could not fill.

Of the farmers owning dairy cattle, a little more than one-fifth receive some income from butter manufacture.

Butter is no longer a desirable "price stabilizer" for milk products.

It is not to the economic interest of farmers to "protect" butter production at the inevitable expense of milk production. Sale of the dairyman's product as butterfat is a sale at the lowest price for that product, and sale of fluid milk is the highest.

As a result of declining butter production, in certain sections butter today constitutes a minor factor in the dairy industry.

*Lewis G. Hines, national legislative representative, American Federation of Labor*

At this time a law that artificially boosts prices and bars the consumption of nutritious margarine is unconscionable. It has been conclusively proved that high-quality margarine, when fortified with vitamins A and D, has the same nutritional value as high-quality butter. If anything, we need a law requiring vitamin fortification of natural butter and labeling of the exact nutritional content of the butter.

There are full powers and penalties necessary to prevent colored margarine being sold fraudulently as butter under the Food, Drug, and Cosmetic Act of 1938 without the retention of the present restrictive taxes. Excessive license fees have prevented two-thirds of the Nation's grocers from selling this low-cost food. The 10-cent tax had driven colored margarine almost completely off the market.

The dairy industry does not need protection. The dairyman makes substantially more money and employs less labor when he sells his milk to whole-milk markets. Even at a dollar a pound, butter is not coming back, and the farmers don't care. Today fluid-milk and whole-milk products are up 50 percent over prewar, while butter is down almost 40 percent. In 1946 Wisconsin dairymen received only 1.36 percent of their total cash income from the sale of butter. If the dairymen no longer care to turn out sizable amounts of butter, we should encourage rather than discourage the production and sale of other table fats, such as margarine, for the sake of the health of our people. Efficient utilization of our resources calls for the lifting of these restrictive fees and taxes.

*Robert C. Jackson, Washington representative, National Cotton Council of America*

The National Cotton Council represents cotton farmers, ginnermen, warehousemen, merchants, spinners, and cottonseed crushers. Its membership extends throughout the 18 cotton-producing States.

Nearly 1¼ million of our farms and more than 5 million of our farm people depend heavily upon cotton for existence. On an average, cottonseed brings about one-fifth as much income as cotton lint. During the last completed crop year, oil accounted for about 55 percent of the market value of cottonseed. During 1947 margarine alone took 32 percent of all cottonseed oil consumed in this country and was the biggest single user of the oil. Any legislation that restricts the margarine market hurts the cottonseed producer and, therefore, the whole cotton industry.

Antimargarine laws weigh most heavily upon the neediest cotton farmers, because it is usually the seed money on which the farmer relies to carry him and his family from the end of one crop to the beginning of another.

Removal of antimargarine laws would permit expansion of the domestic margarine market for cottonseed products, while retention of them would prevent that expansion and leave cotton producers particularly vulnerable to the expected drop in the demand for edible oils. Markets which margarine could and should exploit are not being supplied today. Per capita consumption of needed, nutritious table fats has been steadily going down.

Federal license fees on wholesalers and retailers of margarine are particularly burdensome to the small independent rural merchants who comprise the chief food outlets in most of the cotton States.

Margarine laws are wrong in principle. They penalize the farmer who produces cottonseed, soybean, or peanut oil for the ostensible benefit of the farmer who produces butter. We believe that a tax on rayon is justified if a tax on margarine is justified but we do not believe in the principle of internal domestic tariffs on one American product for the benefit of another.

*J. Roy Jones, Commissioner of Agriculture for South Carolina and vice president of the Association of Southern Commissioners of Agriculture*

The Association of Southern Commissioners of Agriculture is a good-will organization, composed of the State commissioners of agriculture in 13 of the principal cotton-growing States. Each commissioner functions under constitutional authority and statutory regulations and serves all the people of his State.

Margarine is an important market for the vegetable and animal oils and fats produced in the States.

Years ago the association resolved that the existing taxes and restrictions, whether State or Federal, imposed on the sale of margarine should be removed and it has since been consistently and continuously working with that end in view. Taxes on margarine are discriminatory and class legislation.

The association is as much interested in the success of the dairy farmers as in the success of the cotton and peanut farmers and livestock raisers. Butter and margarine are both needed in the market basket of the food program of our Nation and both should be available on their respective production merits.

The taxes on margarine deprive many consumers of an accepted wholesome food.

The coloring of margarine and butter neither detracts nor injures its quality. Margarine should not be singled out and penalized for the same color that goes into butter. Some dairy products are used in the manufacture of margarine; the association has faith in both butter and margarine.

The taxes on margarine have long since served their purpose and, therefore, the removal of said taxes from the tax laws of the Nation is urged.

*Mrs. Robert Lamkin, legislative chairman, Arlington Branch, American Association of University Women*

Opposition to the taxes on oleomargarine has been on the American Association of University Women legislative program since 1943. Current Federal legislation on margarine violates the basic principles of a freely competitive economy. It denies to the American citizen his right to take full advantage of the market.

Special-privilege legislation, regardless of the original need for it, should be taken off the books when the need disappears.

Well-established custom has conditioned the consumer to a yellow product, and homemakers resent time and energy spent in working color into margarine, while butter's golden color is often supplied by the producer.

The mechanics of complying with licensing requirements frequently prove too much for the small retailer.

We urge repeal of all restrictions on the manufacture and sale of margarine.

*Burnet R. Maybank, a United States Senator from the State of South Carolina*

The American people are no longer willing to tolerate the existence of such a restraining hand on the manufacture of margarine—a product which has every right to take its deserved place and stand on

its own merits with other products in its field. Its nutritional value is an established fact, controlled and labeled by our Pure Food and Drug Administration standard of identity.

Margarine is denied the use of the color yellow simply because the dairy industry has misused its enormous political influences to drive a competitive product off the counter.

The purchase of margarine by our low-income families 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.

*Mrs. Ella H. McNaughton, national chairman of legislation for the American Home Economics Association*

Members of our organization are women who have had specialized training for work in foods, nutrition, and family economics. In our jobs as homemakers, we work to raise the living standards of American families. Discriminatory taxes, such as those on margarine, tend to lower living standards.

Both butter and margarine are good foods. Taxing margarine is a misuse of the purposes of taxation. Removal of this tax would aid the consumer in combating the high cost of living. The tax is passed on to the consumer, and by removing the tax we should also be able to lower the price and make margarine available to many who have not been able to obtain it.

*Donald Montgomery, Congress of Industrial Organizations*

Housewives who cannot afford butter should not be penalized because they use a substitute for butter. They should be permitted to buy a substitute that is colored and flavored to suit their taste.

Repeal of oleo taxes will open channels of distribution, stimulate competition, and reduce the price of oleo. Today it sells for half the retail price of butter, although the raw materials cost only a third as much as butterfat.

Congress can protect consumers against misrepresentation of oleo by appropriating enough funds for effective enforcement of the Food, Drug, and Cosmetic Act.

The dairy industry's concern over misrepresentation of oleo is fraudulent. Among all foods, only butter, cheese, and ice cream are allowed to use artificial color, artificial flavor, and chemical preservatives without so stating upon the label.

If restaurants are required to display "We serve oleo" signs, this good principle should be applied to all foods served in restaurants, including the so-called processed cheese.

The color yellow doesn't belong to the butter trade. Food coloring is a full-fledged industry, recognized and regulated by law. Artificially colored foods are commonplace.

Oleomargarine is a substitute for butter, just as the automobile is a substitute for the horse and buggy; the rubber tire for horseshoes; the drop forge for the blacksmith; and gasoline for oats. But government does not discriminate against these substitutes.

Dairy farmers are producing less butter since the war. They are finding more profitable use of their milk in whole-milk products. Better for consumers, too.

CIO does not blame dairy farmers for putting less of their milk into butter, but asks that farmers who grow cotton, soybeans, and peanuts have full opportunity to produce vegetable oils to make up for the shortage of butter.

*Elliott H. Newcomb, national executive director of AMVETS*

In these critical times, with pressure upon food, resources, and family budgets, discriminatory tax laws should not favor one food product against another solely in the selfish interests of a few. This is the basic fault of the Federal antimargarine law.

The margarine tax is a serious barrier within the food trade, and constitutes a dangerous precedent for discriminatory legislation favoring one business or product against another.

It is absurd and ridiculous that special occupational taxes should be levied on the handlers of oleomargarine, placing them in the company, in the United States Code, with handlers of narcotics, marijuana, liquor, and firearms.

*Mrs. Louis Ottenberg, member of national board, National Council of Jewish Women*

The discriminatory margarine laws constitute the only case where restrictions on the production and sale are placed on one domestic product for the benefit of another competing product. This is clearly not fair or just legislation, and it deprives large groups of our population of the opportunity to purchase a nutritious and much needed food.

The nutritional value of margarine has been established by studies made by such scientific agencies as the New York Academy of Medicine and the National Research Council. With the price of butter fluctuating between 85 cents and \$1 a pound, a housewife needs no elaborate statistics to know that she not only should but must buy margarine in order to provide a well-balanced diet for her family.

Repeal of these laws will indicate to the States that the Federal Government recognizes the unfairness and undesirability of these discriminations and thereby encourage them to take similar action.

I would, personally, have no objection to some indication in restaurants as to whether they are serving margarine or butter.

*Hon. S. Mendell Rivers, a Representative in Congress from the State of South Carolina.*

My bill is simple and to the point. Beginning on July 1 the tax on margarine is repealed. The bill does not affect the duty on imports of margarine or the internal revenue tax of 15 cents per pound on imported margarine. It is my opinion that the bill will not repeal certain sections of the Internal Revenue Code relating to manufacturers and dealers of margarine packaging and marking it in certain prescribed ways. Nor would it affect the Pure Food and Drug and the Federal Trade Commission laws applicable to margarine. My bill merely places the manufacture and sale of margarine on the same footing with other edible products.

Today margarine is no longer a substitute for butter. It is the equal of butter. It contains 79.4 percent fats and oils, 17.2 percent milk, 2.98 percent salt, 0.231 percent glycerine derivatives, and 0.231 percent lecithin. Sodium benzoate, an approved preservative, is sometimes used to the extent of not more than one-tenth of 1 percent.

If used, a declaration must be made on the label. If vitamin concentrates are added, the margarine must by law contain not less than 9,000 USP units of vitamin A per pound.

The American housewife today pleads that the un-American tax on margarine be removed. In addition to the taxes, there are hidden costs for manufacturers, wholesalers, or retailers of margarine because of the punitive Federal statutes.

I think consumption of margarine last year was over 700,000,000 pounds, compared with between one and two million pounds of butter. I believe that if the tax were removed the price of margarine would be reduced to the consumer. Colored margarine sells for around 50 cents a pound, and uncolored margarine sells for around 40 cents a pound.

*Harold O. Smith, Jr., executive vice president, United States Wholesale Grocers' Association, Inc.*

Treasury regulations specify for wholesalers of oleomargarine 7 points of record keeping, 11 points of report making, and 9 major penalties for possible violations of the record and report requirements and other extensive and technical regulations.

The greatest burden of report making falls on the wholesaler. He is required to make monthly reports in great detail of shipments of oleomargarine incoming from manufacturers and shipments and deliveries outgoing from his warehouse to retail grocers and other outlets.

It costs wholesale grocers from \$60 to \$100 a month for clerical work to make out the required monthly reports. This is several times the amount of his annual occupational license fees of \$200 for uncolored margarine and \$480 for colored margarine.

The wholesaler can hardly make a move without placing himself in jeopardy of nine severe penalties for possible violations of the multitudinous regulations. These penalties run from fines of \$50 to \$2,000 and imprisonment from 30 days to 2 years.

The wholesaler in handling margarine is not handling a poisonous or dangerous product but a wholesome food and should not be subjected to these costly and laborious requirements.

*Miss Anna Lord Strauss, president, League of Women Voters of the United States*

The League of Women Voters has long favored repeal of the Federal taxes and license fees on the manufacture, distribution, and sale of margarine. In 1947, the margarine tax represented two-hundredths of 1 percent of the money collected by the Bureau of Internal Revenue.

These taxes provide a major hindrance to the sale of a nutritious, low-cost product, and protect one industry from the competition of another product.

The Federal Food, Drug, and Cosmetic Act provides an adequate safeguard against the sale of harmful foods in interstate commerce. Every State but one has a State food and drug law.

*George M. Strayer, secretary, American Soybean Association*

Soybean production in the United States has grown in 25 years from nothing to the point where the crop stands second among all cash grain crops in the great Midwest area, exceeded only by corn.

Sale of milk for butter manufacture is the least remunerative of all uses into which that milk goes. Returns for a group of typical northeast Iowa farms for the month of February show 97 cents per pound for butterfat going into butter production; \$1.17 per pound for butterfat going to evaporators; \$1.21 for butterfat going to cheese factories; and \$1.21 for butterfat going for sale as fluid milk.

Butter is too cheap for the man who produces it; too high-priced for the man who must buy it. Margarine made from soybean oil is needed to supplement the declining butter production.

Margarine is now the second largest market for soybean oil in America, in 1947 using approximately 20 percent of the total production. Of all oils going into margarine, 43 percent consisted of soybean oil.

The price of soybeans is determined by the prices received for the two end products, soybean oil and soybean oil meal. A lower price for soybean oil means a higher price for meal or a lower price for soybeans. Margarine comprises the only field for expanded usage of soybean oil in a high value field. Expansion of usage in that field is necessary if we are to continue the production of low-cost protein feeds.

No commodity, either butter or margarine or any other commodity, has a monopoly on the color yellow. Both products have the same right to use artificial coloring for standardization purposes.

Present butter production supplies only two-thirds of the table spreads we use, only one-half as much as formerly used, and only one-third as much as needed, yet the present laws require the extraction of 10 cents per pound tribute to Government on all that which the butter industry cannot supply.

The American Soybean Association recommends the immediate removal of Federal taxes, license fees, and restrictions on the manufacture, distribution, and sale of margarine made from the soybean oil, cottonseed oil, corn oil, peanut oil, and other fats and oils grown on the farms of America. Removal of Federal taxes will benefit both the consumer and the producer of fats and oils.

*Tyre Taylor, general counsel, National Association of Retail Grocers*

These taxes should be repealed because—

1. They impose an unjust and unnecessary burden on consumers.
2. They unfairly penalize independent retail food distributors.
3. Removal of these taxes will not endanger public health or morals.
4. They are a serious and detrimental contradiction of our competitive-enterprise system.

*Ersel Walley, president, American Soybean Association*

Public sentiment demands the repeal of restrictive taxes and license fees on margarine.

The American housewife wants a yellow table spread, whether it be butter or margarine.

Annually since 1941 the American Soybean Association has gone on record favoring the repeal of all taxes—State and Federal—restricting the manufacture, distribution, or sale of margarine made from domestically produced fats and oils.

The American farmer buys on a protected market. Soybean producers feel they must have similar protection for their products.

The immediate removal of Federal taxes on yellow margarine will benefit the producers of cottonseed, soybeans, peanuts, corn, and dairy products, including butter.

Current per capita consumption of table spreads is between 15 and 16 pounds, as compared with correct nutritional levels of 30 to 35 pounds.

Yellow butter and yellow margarine are complementary, not competitive, and the cream and soybean oil in many cases are produced on the same farm.

Increasing percentages of dairy products are going into whole-milk or high-value uses; decreasing percentages into butter. This trend is to be encouraged and fostered.

The expansion of soybean acreage to the point where for the first time in recent history the United States was self-sufficient in edible oils during the war years, at the same time making available larger quantities of protein than ever before in history should be recognized. Considering the uncertainties of the future, we cannot afford to allow soybean acreage to go downward.

To keep the soybean industry strong we must have a free market for soybean oil in the edible field, a market unhampered by taxes and restrictions.

*Miss Marian Weir, National Association of Consumers*

The NAC is a politically nonpartisan, nonprofit, noncommercial organization devoted to the advancement and protection of the economic welfare of Americans as consumers.

Margarine has the same right to be freely sold as any other legitimate product, and consumers have the same right to buy margarine, colored as they prefer it, as they have to buy any other product in the form they prefer.

There is no danger that margarine will be passed off as butter on anything more than a trivial scale. This legislation must continue to be essentially the uncluttered measure which is now before this committee.

The low-income consumers are the people who from a nutritional point of view require more table fats. 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 the Federal license fees entail.

*Jean L. Whitehill, Consumers Union of the United States, Inc.*

Consumers Union, a nonprofit, consumer technical organization of more than 150,000 consumers throughout the United States, strongly urges favorable action on the Rivers bill (H. R. 2245).

The rising cost of food makes a reasonably priced, readily available table spread a necessity. Food costs have risen from 35 percent before the war to nearly 45 percent of the typical family budget.

Housewives cannot buy margarine in half the Nation's grocery stores because of the present tax situation. Our present consumption of butter and margarine falls far short of the Government's standard for an adequate diet, and it will remain short unless you act to make margarine more available in ready-to-use form, that is, colored.

Chemical tests by Consumers Union showed that the margarines tested met or exceeded the minimum requirements of the Food and

Drug Administration Standard of Identity, and that they were suitable for cooking purposes; and taste tests indicated that they were palatable.

We are unconvinced by claims that yellow is the exclusive right, patent, or natural trade-mark of butter, since under many conditions butter must be made an acceptable shade by the addition of "butter color."

The possibilities of fraud and deception if taxes are removed seem to us to be greatly exaggerated. We wholeheartedly approve the labeling requirements of the Food and Drug Administration for margarine and would like to see them extended to butter.

It seems a fair assumption that the price parallel between margarine and butter will be maintained if taxes are repealed and margarine will remain in its comparative price position.

The consumer needs and wants a chance to choose freely the table fat that best suits her needs and her pocketbook. A Gallup poll published in March showed 69 percent of all people queried were for removal of taxes on margarine.

*Hon. A. Lee M. Wiggins, Under Secretary of the Treasury*

The origin of oleomargarine taxes was associated with an effort to prevent the widespread, fraudulent sale of oleomargarine as butter. Use of a taxing power for regulation is justified when the regulatory ends cannot be achieved in other ways. However, these ends require only the imposition of a token tax, but nothing more. There remains little, if any, need for oleomargarine taxes for regulatory purposes.

If the Congress considers that there is still need for use of the Government's tax-collecting agency for regulation of the marketing of oleomargarine, this could be done by retaining only a nominal tax at the rate of, say, one-tenth or one-fourth of 1 cent per pound, and correspondingly reduced occupational taxes. It is, however, the Treasury's view that as a general rule excise taxes should be used only for revenue purposes. The revenue produced by the taxes on oleomargarine is relatively little.

These taxes place a burden on consumers which falls with particular weight upon low-income groups. Where consumers with equal preference for oleomargarine and butter are unable to purchase 40-cent oleomargarine and are obliged to pay 90 cents for butter, the indirect burden of these taxes approximates the 50 cents difference between the selling price of these items.

While the Treasury is concerned only with the tax aspects, it may be appropriate to observe that oleomargarine taxes may interfere with the optimum utilization of our resources.

State-imposed taxes and prohibitions are so far reaching that even in the absence of Federal taxes oleomargarine would continue to be unavailable to consumers in many parts of the country. Nonetheless, it is the Treasury's view that the Federal taxes should be repealed. Such action would eliminate one instance of overlapping Federal and State taxation and would directly benefit consumers in the majority of the States.

## DIGEST OF TESTIMONY BEFORE THE SENATE COMMITTEE ON FINANCE, MAY 18, 1948

*Mrs. Stella E. Barker, Educational Director for the Iowa State Restaurant Association*

If oleomargarine taxes were to be repealed, the resulting fraud would soon reach the proportions of a national scandal. In 159 restaurants chosen at random, one out of three served products later identified by tests as oleomargarine or butter substitutes.

It is the right of every one of the 65,000,000 restaurant customers per day in this country to be assured that they are getting the food they ask for and are willing to pay for. Their only sure protection is the retention of the present laws concerning the sale of oleomargarine.

Where yellow oleomargarine is readily available its substitution for butter is easily accomplished.

I do not believe it would be practical to require restaurants to put a special imprint on the pat of butter or oleomargarine.

*Lawrence E. Benson, president, Benson & Benson, Inc.*

This is a preliminary report, based on 608 interviews between May 1 and May 9, of an opinion survey on butter and oleomargarine. In my opinion these results will not vary by more than 6 or 7 percentage points from the finding of the larger survey we are now doing

- Use----- 32 percent of people use only butter.  
21 percent use only oleo.  
47 percent use both, with oleo use somewhat greater.
- Taxes----- 45 percent do not know that there is any tax on oleo; 30 percent know there is a difference in the tax on yellow and white oleo; 25 percent do not know that the taxes on white and yellow oleo differ.  
Only 3 percent of the people know the tax on white oleo is one-fourth cent per pound; 11 percent guess wrong, naming amounts ranging from one-tenth to 15 cents per pound; 86 percent do not know what the tax is on white oleo.  
Only 12 percent know the tax on yellow oleo is 10 cents per pound; 6 percent guess wrong—from 1 cent to 35 cents per pound; 82 percent do not know what the tax is on yellow oleo.  
68 percent say the 10-cent tax on yellow oleo should be repealed.  
20 percent say if the 10-cent tax is repealed yellow will cost more than white oleo.
- Color----- 62 percent say that it is unimportant to them whether or not they can buy yellow oleo.  
52 percent would not object to oleo colored some tint beside yellow or white.
- Fraud----- 67 percent say people would know whether they were being sold oleo or butter in a store; 23 percent say they would not know; 10 percent are not sure.  
55 percent believe that if yellow oleo is sold, some restaurants would serve their customers oleo and claim it was butter.  
66 percent say restaurants should inform people whether oleo or butter is served.  
51 percent say it would not matter to them whether they were served butter or oleomargarine when eating in a restaurant; 49 percent say it would matter to them.

*John Brandt, president, National Cooperative Milk Producers Federation*

Repeal of the oleomargarine tax would deal a blow to the right of the dairy industry to a long-standing trade-mark, which is the color yellow. There is not any question, in regard to the relative merits of oleomargarine and butter, but what the consumer would choose butter at the same price. The advertising and manufacturing methods of oleomargarine are a direct attempt to confuse the public and imitate butter.

We in the dairy business claim that we have a common-law right and a trade practice established for many years in the use of the color yellow in the manufacture of butter.

The first laws passed regulating the use of the color yellow in butter were passed at the demand of the consumer.

Oleomargarine manufacturers are permitted to use practices that the butter people could not use in the manufacture of butter.

If oleomargarine taxes were repealed I think the consumers would pay more.

Consumers buying oleomargarine for what it is, uncolored, are only paying one quarter of a cent a pound tax. The consumers can easily color the oleomargarine if they want to.

Agricultural prosperity and soil fertility follow right in the path of the dairy cow. We fail even in our best efforts to conserve soil if we neglect the dairy cow.

The dairy cow is by far a better customer of the cotton and soybean raiser than is the human appetite.

The price of milk would rise if we dry up the source of sale of butter, which is the basic price stabilizer of the entire dairy industry.

There has been a gradual decline in the number of cows on the farms in our main butter-producing States. It started during wartime and had its roots partly in the more advantageous production of beef.

Oleomargarine sales would increase with tax repeal due to the special advantage in advertising and merchandising and even in its sale through fraudulent methods.

When butter is selling again in the 50- and 60-cent price range, the 10-cent oleomargarine tax will be quite an advantage.

Butter at present price levels is no higher from the standpoint of its relationship to earnings and other products than other food or clothing items.

Total milk production is already on the decline, and has been for the last 2 years.

Repeal of the oleomargarine taxes is going to be a merchandising advantage to the manufacturer rather than a saving to the consumer. There is now a rather uniformly higher price for colored than there is for uncolored oleomargarine, and more than the 10-cent tax.

If the interest is in the consumer, why not repeal the import duties on oleomargarine of foreign manufacture?

Oleomargarine manufacturers can stay within the State and avoid all of your Federal regulations.

Manufacturers of oleomargarine and filled milk claim they have as much food value as butter and milk, but they have never been able to prove conclusively that they are right.

No means except the taxing power of the Federal Government can effectively fight fraud in the substitution of yellow oleomargarine for butter.

Repeal of these laws would seriously damage an important segment of American agriculture and threaten the Nation's dietary standards. To have enough milk to meet fluid demands in the slack season requires more than enough milk in the flush season. Some of this excess must go into butter.

Cotton growers and soybean farmers would not get a penny more for their cottonseed and soybean oils through the repeal of oleo legislation.

Other imitations of good butter are taxed and oleomargarine should not be an exception.

Repeal of the oleomargarine laws would set the precedent for other imitation foods. Such actions would establish the philosophy that an imitation food product achieves full legal legitimacy if it is nutritionally equivalent to the product it imitates.

*M. H. Brightman, Executive Secretary of the Dairy Industry Committee*

Milk is produced on about 75 percent or 41½ million of our farms in every State. The great bulk of the butter is made from milk produced on family-sized farms. Any curtailment of this market would bring about a decrease in the dairy cattle population. Butter may be termed the "economic stabilizer" of the dairy industry, and thus to a great extent of our total economy. In 1947 United States farmers received approximately 13 percent of their total cash farm income from the sale of milk and milk products.

The dairy cow is a most essential contributor to good farming and sound conservation practices in maintaining the fertility of the soil. The dairy industry is an integral part of our economy, and action which would adversely affect it will have repercussions on industries directly or indirectly dependent on it, as well as every consumer.

The dairy industry is confronted with a very serious problem of producing sufficient milk and milk products for our greatly expanded population and also to assist western Europe, but our cow numbers and milk production are not keeping pace with our marked increase in human population. Any discouragement of our dairy farmers will tend to still further decrease milk production.

It is essential that the integrity of milk and all other dairy products be protected against the substitution of imitation products of any description.

History has demonstrated that those countries that have developed an animal-product economy, and particularly dairying, have produced the most prosperous, energetic, and efficient peoples in the world.

*Donald M. Cresswell, chief, crop reporting and information, Pennsylvania Department of Agriculture*

Pennsylvania was one of the first States to enact legislation relating to the manufacture and sale of oleomargarine. The present Pennsylvania law prohibits the manufacture or sale of oleomargarine when colored in imitation of yellow butter. It provides for the licensing of manufacturers, wholesalers, retailers, restaurants, hotels, and board-

ing houses that use oleomargarine. This is essential to adequate supervision in the sale of the product. Our law provides protection for the consuming public.

The Federal act requires the payment of a stamp tax for handling oleomargarine. The records then tell where oleomargarine is moved and sold. We in Pennsylvania consider continuation of such records to be highly desirable.

When any food product is made to appear to the eye as another article of food it is a matter of great importance to consumers as well as regulatory officials. That is why it becomes necessary to have governmental regulation and control.

Every step in the manufacture, advertising, and sale of oleomargarine points to the fact that the real object is to sell it to consumers in place of the product it tries to imitate.

*Rich L. Duncan, secretary-manager, Falls Cities Cooperative Milk Producers' Association*

We have been influenced by and dependent on the price of Chicago 92-score butter in our price-setting determinations and formulas. Our producer milk-price curve has followed the curve of butter prices very closely. In 23 of the 29 areas covered by Federal milk-marketing orders, a butter plus skim-milk-powder formula determines the milk producers' pay price as one of the basic price alternates. As demand for butter slackens our milk prices in fluid-milk markets will drop approximately 5 cents per hundred for every 1 cent drop in the butter price.

Total dairy cattle on American farms January 1 were 25,165,000 head, or 3.6 percent less than January 1, 1947. The calf and heifer crop for replacements is running low. Milk and butterfat prices are not as high above parity as are beef and hog prices. Milk production was down 6 percent in January, compared to January 1947.

Babies are dependent on our fluid and evaporated milk. In 1947 the country experienced the highest birth rate on record. Should the dairy farmer be discouraged at such a time and oleomargarine be exalted?

We have had orderly marketing procedure since we received our Federal milk-marketing order. Should this be upset now?

*Joseph W. Fichter, master, Ohio State Grange, and chaplain of the National Grange*

When city residents become fully informed about the issues they will be as much opposed to repeal of the Federal tax on oleo as the farmers are. The choice is between soil conservation and short-sighted waste.

Repeal would threaten impoverishment to the dairy industry, the chief fertility-building enterprise on our farms, and encourage expansion of oil crops, the greatest erosion and fertility-robbing enterprises. Repeal would throw the gates wide open for deception. All tax-removal benefits would be completely absorbed by the international fats and oils cartel interests.

Dairying is the source of about one-fourth of the gross income received by Ohio farmers, and it is a big operation in nearly all of the States.

To carry on successful crop rotation and prevent erosion more and more legumes must be planted. The dairy cow is by far the most

efficient converter of these legumes and pasture feeds to highly nutritious human foods.

During the spring and early summer months the normal market is not able to consume all the whole milk, and the surplus must be made into butter. In this way butter helps to stabilize the dairy industry and the consumer is benefited because the needs for fluid milk can be met the year round. Farmers need encouragement to increase milk production rather than the discouragement of removal of the tax from oleomargarine.

Soybean growers are beginning to realize that income from sale of soybean oil for oleo manufacture is small compared to income from sale of soybean-oil meal to dairy farmers.

Dairy farmers rightly contend that the one distinct identification of oleomargarine (a white color) should remain. If butter were not generally recognized as a superior product, no deception would be undertaken.

If this bill is passed, oleo consumers in 20 States will save only one-fourth cent per pound. There is no guaranty, however, that this reduction will be passed on to the consumers. The price of oleo in grocery stores increased 4 cents per pound during the last 2 weeks.

If we are wise, we shall check the present tendency toward indifference to farming before it is too late.

*Charles W. Holman, secretary, National Cooperative Milk Producers Federation*

Findings of the Benson poll show that women who want oleomargarine can and do buy it, tax or no tax. Only 23 percent of the people polled feel that the yellow color actually makes a great deal of difference to them.

No congressional or governmental authority or agency has analyzed oleomargarine repeal measures with the Nation's welfare in mind, including effects on milk supplies, nutritional standards, and national resources. Further investigation is necessary before any action whatever is taken.

Eliminations of the taxes and license fees will leave the regulations on the statute books, but we think it quite likely that the ultimate effect of this bill would be virtually to wipe out the Federal regulation of oleomargarine.

We are proposing three amendments to the bill: (1) Retain the 10-cent tax on colored oleomargarine but repeal the one-fourth-cent tax on uncolored oleomargarine, and reduce the occupational taxes to \$1 per year; (2) repeal the 15-cent tax on imported oleomargarine; and (3) repeal the 3-cent-per-pound tax on the first domestic processing of coconut, palm, and palm kernel oils.

Retention of the 10-cent tax on butter-colored oleomargarine is necessary because the public interest is endangered by unregulated production and sale of yellow-colored oleomargarine. The 15-cent special tax on oleomargarine imports gives the oleomargarine manufacturers a special protection absolutely without equal in the tariffs or other taxes on other fats and oils, or on dairy products. Since the economic balance within our domestic agriculture is being disturbed, we are now advocating that the processing and import taxes be taken off.

The \$1 occupational tax on oleomargarine vendors which we propose would include restaurants, and every vendor of oleomargarine would be required to display a sign saying "Oleomargarine served here," and place the same words on each menu card.

*Glen M. Householder, Pure Bred Cattle Association*

The slaughter of milk cows during the first 4 months of 1948 was unprecedented in the history of the country.

Dairy farmers sense the impending disaster which will most surely visit the industry should Congress be high-pressured into granting the oleo trust the unfair advantage they seek.

The Purebred Dairy Cattle Association is unalterably opposed to any change in the present statutes regulating the sale of oleomargarine. The national dairy herd already had declined 1,605,000 animals during the past 3 years.

Oleomargarine is a cheap, synthetic, conglomerate imitation from a coconut cow. It is the considered judgment of the breeders of registered dairy cattle that an era of oleomargarine bootlegging (at wholesale level) will be touched off, the magnitude and scope of which will make the Volstead days seem mild and harmless by comparison.

*Louis Koenig, chairman, chemistry and chemical engineering department, Armour Research Foundation*

So far as we know, there is no way in which soybean and cottonseed oils can be hydrogenated to the consistency necessary for oleomargarine without losing practically all of the original yellow color which the oils have.

It is our opinion, at least that there can be no confusion between the color of ordinary commercial butter and that of hydrogenated soybean or cottonseed oil.

It happens that in going to the stage necessary for the proper plasticity of the product, you automatically bleach in most cases below even the statutory requirement.

A yellow-colored margarine can be produced possibly from palm oil. Our experiments have not covered that.

Partially hydrogenated material, that is, material not hydrogenated to the consistency now used, will have a color somewhere between the two samples which I showed.

*Henry Lepper, Food and Drug Administration*

The oleomargarine standard under the food and drug law permits the addition of an artificial butter flavor called diacetyl and also permits artificial yellow color. It has never been established that there is anything harmful in diacetyl. Its addition is to give the flavor of butter. The effect of the yellow color is to make the product have the same shade as butter. The color must be examined and certified for food use by the Food and Drug Administration. The same coloring matter is used in butter when it is off color.

I would say, "No"; consumers cannot readily distinguish between butter and oleomargarine which has been artificially flavored and colored.

Under the Food and Drug Act there are means at the present time in the labeling requirements for distinguishing between butter and oleomargarine.

Under the Food and Drug Act there are no provisions for notice in public places of the sale of oleomargarine.

Enrichment of oleomargarine with vitamins is almost universally done. There is nothing detrimental to public health by these vitamins. No; butter is not enriched with additional vitamins. The vitamin content of butter varies seasonally.

It would be practical for the Food and Drug Administration to enforce a regulation requiring posting of notice that oleomargarine was being served. It would be a question of manpower. In the light of the Supreme Court decision in the Sullivan case it is believed that the Food and Drug Act can be interpreted to reach the distribution of the product at the table in the restaurant.

I would say there are five or six hundred persons in the Food and Drug Administration whose business it is to investigate violations.

I understand that the Internal Revenue Bureau would not have any responsibility in regulating oleomargarine if the tax were removed entirely.

In 1940 I opposed the addition of artificial flavor to oleomargarine. I no longer feel that the use of diacetyl actually gives the consumer a belief that butter is present in oleomargarine. Of course we do recognize that oleomargarine is a butter substitute. Naturally the addition of artificial color to white oleomargarine makes it resemble butter and removes one of the distinguishing features between the two products.

I frankly feel that insofar as interstate commerce is concerned, the fraud and deception in the sale of oleomargarine as butter can be controlled. Of course, that has nothing to do with the sale of the product made in a State and maintained and kept within its boundaries.

I would say that if the tax regulation were removed there would be a greater enforcement burden placed on the Food and Drug Administration.

A statement was made here that you could not make an oleomargarine naturally yellow from oil. That is not a fact.

As to requiring that oleomargarine be made a deeper yellow than butter, I do not believe the information is now available to set in legal terms what that deepest color is.

In Denmark the Government requires the addition of a certain percentage of a very easily identified oil to expedite the enforcement of the oleomargarine regulations, and makes the identification of the product simple and easy without great expense.

*R. G. Lytle, general manager, North Carolina Milk Producers Federation*

Perhaps some changes may be needed in the present oleomargarine law, but to completely remove the present regulation with nothing in its place would strike a blow at both the consumer and the dairy farmer. The oleomargarine interests could offer their product as butter and steal the hard-won markets from our butter industry.

If the Congress feels that some change is necessary an interim committee should be appointed to study carefully where the middle ground really is. To pass the present bill would strike a blow at the budding new dairy industry in North Carolina.

In North Carolina we can make our small quantities of surplus milk into butter, but what outlook is there for butter if oleomargarine is

not clearly labeled for the benefit of the public? The bottom would be knocked out of the butter market.

Allowing oleomargarine unrestricted access to the butter market without regulation to prevent deception and fraud certainly doesn't safeguard the individual rights of milk producers or consumers.

*George W. McLatchey, American Butter Institute*

The Federal Food and Drug Administration cannot adequately protect the consumer against fraud in the sale of oleomargarine for butter. The Food and Drug Administration has approximately 200 inspectors, and opportunity for inspection while goods are in transit is quite inadequate.

Only Federal regulation of oleomargarine that has jurisdiction within State boundaries is adequate. It is to maintain this control that the dairy industry opposes the repeal of Federal taxes on oleomargarine.

The economics of the dairy industry throughout most of the country require a butter market to accommodate milk surpluses. Any possibility of savings from tax-free oleomargarine would inevitably be outweighed by milk and meat price increases many times as great if dairy herds are reduced in number.

Butter manufacturers and cream producers do not seek to deprive anyone of oleomargarine. They seek only to protect their markets and their customers against fraud and deception. Oleomargarine colored yellow in imitation of butter is an incentive to fraudulent sale.

From 1911 to 1926 there were 29,846 convictions of fraud in selling oleomargarine for butter. During the past 10 years there have been only four cases referred to the Department of Justice for prosecution for violation of the oleomargarine tax laws. It is common knowledge that the Bureau of Internal Revenue prefers to settle cases out of court. The incentive to defraud is considerably lessened by the present prospect of high penalties.

Under Government discriminations against butter production during the war, butter production declined and has not yet recovered in the seven main creamery-butter States. In the United States as a whole the sale of more milk in the form of milk products and less butter has not injured the dairy farmer, but I think it has in the seven main creamery-butter States.

One and one-quarter million farm families sell fluid milk for which butter is the balance wheel. Butter is the form in which the butterfat content of surplus milk can best be stored.

It has been estimated that we will lose another 2½ million milk cows within the next 3 years if butter is subjected to unfair competition from colored oleomargarine. The butter market should be encouraged rather than discouraged at this time, for reasons of national defense and security.

Dairying is essential to the preservation of the topsoil. An injury to the dairy industry would jeopardize diversified farming.

Only 25 percent of the butter made is ever colored.

In January and February of this year a national research organization found that oleomargarine sales surpassed butter sales for the first time. Before the war oleomargarine enjoyed only 23 percent of the combined market. It is evident that Government taxes and restrictions have not hindered the increasing sales of oleomargarine.

American consumption of visible fats is far in excess of the recommended minimum.

*Hon. Reid F. Murray, a Representative in Congress from the State of Wisconsin*

The dairy industry is in bad enough shape now without injecting oleomargarine tax repeal into the situation. United States milk production has been going down every single month since last July. The passage of the Rivers bill will be a great backward step for American agriculture.

If the byproducts of butter-making had the same comparable parity and the same financial support as is extended to some of our other crops, the price of butter would not be over 50 to 60 cents per pound at Chicago wholesale now.

If you leave the subcommittee of the House Agriculture Committee alone, they will bring out a bill that will satisfy the soybean people and the cottonseed people, and satisfy everyone who is interested in this problem.

If you legislatively give oleomargarine equal consideration with butter, you might just as well say that filled milk is just as good as evaporated natural milk.

I do not know how you expect to hold the price of dairy products down if you are going to knock in the head over 2,000,000 of our cows, as we have done already. The first step is not to kill off more dairy cows, which the passage of the Rivers bill will do.

If you leave the dairy people alone, they will work out a program that will be fair to everybody concerned.

*Ancher Nelsen, State senator, State of Minnesota*

In the Minnesota Legislature I opposed a bill to tax white oleomargarine 15 cents a pound because I felt it was unfair for the farmers to put a tax disadvantage against any competitive product if it was sold as it was intended to be sold, as oleomargarine.

I know that we have no patent right to any color, but I think we have a moral right and that is why the people want a yellow oleomargarine, because they like our butter.

As far as the taxes are concerned the butter people have lost their fight. I am willing to concede this if it can be arranged that the public will know what they are eating when they eat oleomargarine. I think this situation can be compromised.

*Albert J. Nelson, National Creameries Association*

If the southern farmer were fully acquainted with the facts, he would conclude that oleomargarine tax repeal is less concerned with his welfare than it is with the welfare of those who seek to exploit him.

The dairy farmers have no desire to restrict the sale of oleomargarine if it is sold for what it is and is not colored yellow.

The immediate effect upon butter of removing all barriers to sale of yellow oleomargarine might not seem very serious on the face of it. But butter is the end product which must absorb all surpluses, and the loss of its market in times of surplus affects every dairy farmer.

Butter prices are high because the supply of milk is short. Milk production is down because the costs of its production make it unprofitable. If our markets are further restricted by turning over our butter business to oleomargarine manufacturers, there is going to be

a further reduction in dairy herds, with the inevitable result that the consumer will pay far more for fluid milk and other dairy products.

There must be an overproduction of milk during about 7 months of the year to provide a sufficient supply during the remainder of the year. Butter is the only satisfactory surplus product to meet this situation. Destroy the market for butter and you destroy the dairy industry.

Relatively few people are employed by the oleomargarine industry compared with the labor employed on our dairy farms, in our dairy factories, and in the distribution of dairy products.

*Leo Peters, Evanston, Ill.*

I am the inventor of a package which packages margarine in a plastic film with the color on the inside. To color it a woman just squeezes it and kneads. She can break the color capsule simply by a little pinch. It takes about 2 minutes to color the package. The color is in a gelatin capsule.

This package costs the consumer today 2 cents more than the old-style package.

I will sell all my patent rights on this package for \$1 if the oleomargarine industry will agree voluntarily with the Government never to produce or sell any more yellow-colored oleomargarine for domestic use.

At the beginning of 1947 the margarine industry association decided not to make any more attempts to change the Federal regulation on margarine. In the summer of 1947 my package made a serious impact on the national market. Some of the manufacturers who were not using it became alarmed. On December 4 the margarine manufacturers discussed raising money to change the Federal regulation. I realized that I was contributing to a fight which in my estimation would be harmful to the dairy industry.

It has been stated that oleomargarine manufactured from cottonseed and soybean oils is a natural yellow if it is not bleached. Those statements were not true.

At present there are eight licensees of my patent.

If this market is taken away from the dairy farmers I do not like to contemplate what will happen to literally hundreds of thousands.

*Paul Potter, Paul Potter and Associates, industrial relations consultants to the dairy industry*

Some union leaders foresee employment upsets in the dairy industry as a result of repeal of oleomargarine taxes, while others believe that oleomargarine colored yellow in imitation of butter will cost more or even encourage fraudulent sales at butter prices.

There are approximately 4,000 creameries in the United States engaged in the manufacture of butter, employing over 40,000 workers. This is in contrast to 26 manufacturers of oleomargarine whose plants employ less than 2,000 workers and who can increase production without greatly increasing employment. At least 72,000 milk and dairy products drivers and salesmen derive salaries or commissions from the sale of butter.

Labor receives more from the consumer's purchase of a pound of butter than does the manufacturer. Butter prices have advanced in line with workers' increased earnings.

The dairy farmer in 1947 received 76 percent of the retail price of butter. The oleomargarine industry, in sharp contrast, returned only 30 percent of the consumer's dollar to producers of oil.

Rather than encourage imitations of butter Congress could investigate ways and means of making butter more readily available, in larger amounts, at prices within the reach of the wage earners of America.

*Milo K. Swanton, executive secretary, Wisconsin Council of Agricultural Cooperatives*

Over 95 percent of the oleomargarine purchased is taxed at only one-fourth cent per pound. Sixty-eight percent of the people say the color of oleomargarine is unimportant. Over 1,160,000 dairymen depend on butter as the most profitable outlet available to them. When a consumer buys oleomargarine the farmer gets only 31 percent of the sale price.

Machinery of the pure food and drug law administrators is inadequate to prevent Nation-wide fraud if oleomargarine taxes are repealed. Oleomargarine sales have more than doubled since 1941 under the present laws. Oleomargarine is now sold in 265,000 stores, an increase of 100,000 outlets since 1941.

The public lacks information on the oleomargarine taxes.

Oleomargarine made from soybean oil is naturally gray-green, and oleomargarine made from cottonseed oil is off-white.

A recent survey shows that in cities where yellow oleomargarine is sold, its price is as much as 27 cents per pound higher than white oleomargarine, although the tax is only 10 cents.

*Hon. Edward J. Thye, a United State Senator from the State of Minnesota*

There are 65,000,000 meals served daily in public eating places in the United States—65,000,000 opportunities to defraud the public daily by serving a colored substitute that would resemble butter.

The 10-cent tax on yellow oleomargarine simply attempts to regulate and identify the product. The present tax laws are regulatory.

If this is a tax question, then the dairy producing group is entitled to have this tax considered when we make a study of all excise tax adjustments and inequities at one time.



## **DIGEST OF MEMORANDA SUBMITTED TO THE SENATE COMMITTEE ON FINANCE, MAY 17-18, 1948**

### **MEMORANDUM, "BUTTER HAS NO TRADE-MARK RIGHT TO THE COLOR OF YELLOW," SUBMITTED BY SENATOR SCOTT W. LUCAS**

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. A producer of butter can have a trade-mark for his brand, but butter as a commodity on the market cannot possess a trade-mark right.

The law has been long settled that color alone may not be the subject of a trade-mark. The validity of a mark and its right to registration may not depend upon color alone.

Margarine was first yellow naturally, and over the years some yellow margarine has been made and sold.

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.

### **MEMORANDUM, "FEDERAL REGULATION OF OLEOMARGARINE," SUBMITTED BY THE NATIONAL COOPERATIVE MILK PRODUCERS FEDERATION**

Transactions in interstate commerce or affecting or burdening interstate commerce could be regulated as effectively without the use of special taxes as with them. A Federal statute drawn to come within recent Supreme Court decisions interpreting the interstate commerce clause might fail to reach some intrastate transactions now subject to regulations under the taxing power, but nevertheless it would provide a substantial measure of control. The logical place for new regulations would be under the food and drug laws.

Oleomargarine, particularly when it is colored butter yellow, is indistinguishable by the average consumer from real butter. It lends itself readily to confusion, deception, and substitution. The power of Congress to regulate interstate commerce items which present opportunities for confusion, deception, and substitution was considered by the Supreme Court in the Filled Milk cases. The Filled Milk Act, which prohibits the shipment in interstate commerce of filled milk, was held not to transcend the power of Congress to regulate interstate commerce nor to infringe the fifth amendment of the Constitution.

### **MEMORANDUM ON THE NUMBER OF PEOPLE EMPLOYED IN MARGARINE MANUFACTURING AND RELATED INDUSTRIES, SUBMITTED BY THE NA- TIONAL ASSOCIATION OF MARGARINE MANUFACTURERS**

There are 4,619 persons engaged in the direct operations in manufacturing margarine in the United States. In addition, it is estimated that there are approximately 15,000 to 20,000 other persons,

including independent wholesalers and jobbers, engaged in the sale and distribution of margarine.

In 1947 margarine used approximately 29 percent of total cottonseed oil. Twenty-nine percent of the persons employed on farms producing cotton is 1,450,000. Twenty-nine percent of the persons employed in the cotton-ginning industry and in mills that crush cottonseed into oil are 27,231.

In 1947 margarine used approximately 15 percent of total soybean-oil production. Fifteen percent of the total labor force on farms raising five or more acres of soybeans is 225,000. Reliable figures on the labor force engaged in soybean processing and distribution are not available.

In 1947 margarine used 19 percent of all vegetable oils produced in the United States. No estimate of the number of persons engaged in refining this oil is available.

Persons were also employed in producing cartons for margarine, skim milk for margarine, minor oils used in margarine, and also salt, vitamin A concentrate, and other minor ingredients.

**MEMORANDUM, "PROBABLE ECONOMIC EFFECTS ON THE DAIRY-INDUSTRY OF REPEAL OF ANTIMARGARINE LEGISLATION," SUBMITTED BY SENATOR J. WILLIAM FULBRIGHT**

There has been an almost total failure to clothe the bare statement with substantiating proof in arguing that repeal of antimargarine legislation will have dire consequences for the dairy industry.

Margarine has not driven butter off the market. The real reason for the decline in butter production and consumption has been, and is now, the higher returns from bottled fluid milk, cheese, ice cream, and so forth. The average price received by the dairy farmer from 1936 through 1946 for butterfat sold as fluid milk or cream was approximately 7½ cents per pound, for cream sold as butterfat, about 37 cents.

A great many people still prefer butter and will buy it regardless of whether margarine taxes and restrictions are removed or not. Prior to the wartime era, margarine was used primarily by the lower-income groups.

Of course, margarine production is likely to expand greatly, and there will most certainly be some substitution. But we must remember that there is a table-fat deficit which butter, apparently, cannot fill and which margarine has hitherto been prevented by legislative handicaps from filling.

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 \$1,118,000,000 in 1939 to \$3,716,000,000 in 1946. In 1946 there were 24,940,000 dairy cows and heifers 2 years old and over. On January 1, 1948, there were 25,165,000. From 1940 to 1945 butter production decreased approximately 25 percent, while total number of dairy cattle increased 11 percent.

There is no relation between butter decline and reduction in dairy-cattle numbers in the past.

It is perfectly possible to build up the land and at the same time plant crops such as corn, cotton, soybeans, and many others. At the same time, bad grazing practices as practiced by some few dairy farmers can and do strip the land and injure the soil. Surely, the dairy farmers must give soy and cotton farmers credit for as much good sense in soil conservation as they themselves claim. Butter, except in favorable areas, can be a wasteful and costly use of land and labor.

Between 1936 and 1946 total milk production increased 16 percent, and total butter production declined 32.5 percent. If we had attempted to produce enough butter in 1947 to make the per capita consumption of 10 years ago possible, it would have been necessary to divert 13½ billion pounds of milk from whole-milk uses to butter manufacture.

It is possible for the fluid and whole-milk markets to expand while butter production is declining. This is exactly what has been occurring in recent years.

Increased production for subsidiary whole-milk markets shows a number of more satisfactory outlets than butter for so-called surpluses of milk, whether seasonal or resulting from economic depression. Compared with the 1935-39 annual average, production of ice cream in 1946 had increased 173 percent; cheese, 64 percent; evaporated milk, 51.5 percent; condensed milk, 35 percent; and dried whole milk, 893 percent.

Federal antimargarine laws are antipathetic to the traditions and practices of our free-enterprise system and to the traditions and practices of a free people.

MEMORANDUM, "RESTRICTIONS ON THE SALE OF MARGARINE IN PUBLIC EATING PLACES," SUBMITTED BY SENATOR J. WILLIAM FULBRIGHT

State (or U. S. A.)	Sale of colored margarine prohibited	Annual license and fee	Notification stipulated in law	Pure food and drug law exists	Excise taxes included in cost of margarine	
					Colored	Uncolored
					Cents	Cents
Federal Government.....	Coloring by server: \$600 annual license fee.			Yes.....	10	4
Alabama.....			Yes.....	Yes.....		
Arkansas.....			Yes.....	Yes.....		
Arizona.....				Yes.....		
California.....	Yes.....	\$2	Yes.....	Yes.....	X	
Colorado.....			Yes.....	Yes.....		
Connecticut.....	Yes.....	3	Yes.....	Yes.....	X	
Delaware.....	Yes.....			Yes.....	X	
District of Columbia.....			Yes <sup>1</sup> .....	Yes.....		
Florida.....			Yes.....	Yes.....		
Georgia.....				Yes.....		
Idaho.....	Yes.....		Yes.....	Yes.....	10	5
Illinois.....	Yes.....		Yes.....	Yes.....	X	
Indiana.....			Yes.....	Yes.....		
Iowa.....	Yes.....		Yes.....	Yes.....	X	5
Kansas.....			Yes.....	Yes.....		
Kentucky.....				Yes.....		
Louisiana.....			Yes <sup>1</sup> .....	Yes.....		
Maine.....	Yes.....		Yes.....	Yes.....		
Maryland.....	Yes.....		Yes.....	Yes.....		
Massachusetts.....	Yes.....		Yes.....	Yes.....		
Michigan.....	Yes.....		Yes.....	Yes.....		
Minnesota.....	Yes.....		Yes.....	Yes.....		
Mississippi.....			Yes.....	Yes.....		
Missouri.....			Yes.....	Yes.....		

Footnotes at end of table.

MEMORANDUM, "RESTRICTIONS ON THE SALE OF MARGARINE IN PUBLIC EATING PLACES," SUBMITTED BY SENATOR J. WILLIAM FULBRIGHT—Continued

State (or U. S. A.)	Sale of colored margarine prohibited	Annual license and fee	Notification stipulated in law	Pure food and drug law exists	Excise taxes included in cost of margarine		
					Colored	Uncolored	
					Cents	Cents	
Montana.....	Yes		Yes	Yes			
Nebraska.....	Yes		Yes	Yes			
Nevada.....				Yes			
New Hampshire.....	Yes		Yes	Yes			
New Jersey.....			Yes	Yes			
New Mexico.....							
New York.....	Yes		Yes	Yes			
North Carolinas.....	Yes		Yes	Yes			
North Dakota.....			Yes	Yes	10	10	
Ohio.....	Yes		Yes	Yes			
Oklahoma.....				Yes			
Oregon.....	Yes		Yes	Yes			
Pennsylvania.....	Yes	2	Yes	Yes			
Rhode Island.....				Yes			
South Carolina.....			Yes	Yes			
South Dakota.....	Yes		Yes	Yes	X	10	
Tennessee.....			Yes	Yes	10		
Texas.....			Yes <sup>1</sup>	Yes			
Utah.....			Yes	Yes	10	5	
Vermont.....	Yes		Yes	Yes			
Virginia.....			Yes	Yes			
Washington.....	Yes		Yes	Yes	X	15	
West Virginia.....				Yes			
Wisconsin <sup>2</sup> .....	Yes		Yes	Yes	X	15	
Wyoming.....	Yes		Yes	Yes			
State totals <sup>3</sup> .....		24	4	40	47	4	7

<sup>1</sup> Federal pure food and drug laws apply.

<sup>2</sup> Wisconsin licenses include:

Hotel.....	\$25
Restaurant.....	25
Boarding house (3 or more boarders in license period).....	5
Bakery.....	5
Confectionery.....	5
Users of margarine purchased from out-of-State dealers.....	1

<sup>3</sup> Exclusive of Federal Government and District of Columbia.

MEMORANDUM, "USE OF THE COLOR YELLOW BY THE BUTTER INDUSTRY," SUBMITTED BY THE NATIONAL COOPERATIVE MILK PRODUCERS FEDERATION

Yellow is the trade-mark of butter as a broad general principle, not in a technical, legal connotation.

The butter industry has for many years been building up the good will of the American public toward yellow butter. The oleomargarine industry has chosen the color butter yellow with the manifest purpose of substituting its product for butter in the already established butter market.

Congressional enactments respecting oleomargarine in 1886, 1902, and 1931 are evidence of the intent of Congress to accord the dairy farmer a preemptive right to the color yellow.

## SUMMARY OF STATEMENTS SUBMITTED TO THE SENATE COMMITTEE ON FINANCE, MAY 17-18, 1948

### *Akron Milk Producers, Inc., Akron, Ohio (I. H. Steffy, president)*

1. There is no need for coloring oleo to imitate butter and thus cause fraudulent practices. Color does not add any nutritive value and many housewives use margarine without adding the coloring.

2. Since coconut oil is now available, the use of soybean and cottonseed oil by oleo manufacturers will be reduced.

3. The Federal tax has nothing to do with the availability of oleo as a food. "If sold on its own merits the tax has no influence upon its price."

4. Repeal of the tax would lessen the incentive to continue dairy farming and would thus contribute to inadequate nutrition of the American people.

5. Nobody is being hurt by the present tax on oleo. Its repeal would hurt both consumers and dairymen.

### *American Association of University Women, New York City Branch (Mrs. Lillian W. Crum, president)*

1. American women using margarine (84 percent) should not be compelled to accept the inconvenience, waste of time, and loss of food in coloring it.

2. It is unfair that one food should bear the burden of taxation and restriction when none of its competing products are so penalized.

3. Margarine is the nutritional equivalent of butter, and is recognized by the Federal Government as one of the seven basic foods.

4. Margarine is a product of American agriculture, drawing its ingredients from 44 of the 48 States.

5. Discrimination against a pure, wholesome, and inexpensive food product is contrary to the American tradition of free competition.

### *American Dairy Association of Arizona, resolution adopted May 12, 1948 (A. E. Banks, president)*

1. It is necessary to protect the public from fraudulent sales of oleo-margarine as butter.

2. Permission to use the yellow color of butter would mislead the public, work undue hardship against dairy farmers, and would permit oleo manufacturers to infringe upon the good will and consumer acceptance created by butter.

### *American Dairy Association of Oklahoma (Earl J. Evans, president)*

1. The present margarine taxes harm no one. They are not burdensome to manufacturers, handlers, or consumers. Modern packaging allows a housewife to color margarine easily, quickly, and without waste.

2. Repeal of the present laws would open the door to fraud, especially among bulk handlers and restaurants.

3. Repeal would damage an important segment of American agriculture and threaten dietary standards. Many farmers would be driven out of dairying with a consequent reduction in the supply of fluid milk.

4. Butter has more right to the color yellow than does oleomargarine since butter is always yellow (though the shade varies), while oleo may be gray or green depending upon the oils used.

*Arizona Dairymen's League (Harold Bowles, executive secretary)*

1. There is no objection to the repeal of the oleo tax if butter can be protected from the fraudulent use of oleo, and if oleo can be made to sell on its merits alone and not trade on the merits of butter.

*Arizona Milk Producers, Phoenix, Ariz. (Nat M. Dysart, vice president and manager)*

1. "The production of milk and cream is controlled by sanitary ordinances, both local and State, and butter which enters into interstate commerce must be manufactured from milk and cream meeting stringent requirements of the Pure Food and Drug Administration." Oleo, on the other hand, is produced from vegetable seeds, in the handling of which no sanitary controls are exercised.

2. The addition of chemical preservatives, flavoring, and commercial vitamins are permitted in oleomargarine but prohibited in butter. The only materials entering into the manufacture of oleo which meet the standards of butter manufacture are skimmed milk and salt. Because of these differences, butter costs more to produce than oleo.

3. It is in the interests of both producers and consumers to prevent the fraudulent sale of oleo for butter.

4. "The only purpose of adding color to oleo is to make of it a better imitation of butter."

5. If the tax on colored oleo is removed, it is reasonable to suppose that colored oleo packed in bulk will be made and sold. Such packages, if properly labeled could be shipped any place in this country without violation of Federal pure food and drug laws. Unscrupulous operators could buy and repack such oleo in forms and wrappers which would deceive the purchaser.

*Capital City Products Co., Columbus, Ohio (F. J. Curtin)*

1. Mr. Joseph Fichter, master of Ohio grange, had no right to infer that four Ohio margarine manufacturers are opposed to H. R. 2245.

2. This company is 100 percent in favor of H. R. 2245. In Ohio a law is being initiated by petition to permit the manufacture and sale of yellow margarine in Ohio.

*Challenge Cream and Butter Association, Los Angeles, Calif. (L. E. Evans, general manager)*

1. Permission to color oleomargarine yellow would lead to fraud and deception.

2. Repeal of the tax would damage butter markets and consequently the cow population would be reduced. This would create a shortage of all dairy products and an increase in their price.

3. Repeal of the tax would not result in decrease in price of oleo but rather an attempt by the oleo manufacturers to obtain for themselves some of the differential now existing between oleo and butter.

*The Churngold Corp., Cincinnati, Ohio (S. M. Blakemore)*

1. The statement of Mr. Joseph Fichter, master of Ohio Grange, that four Ohio margarine manufacturers oppose repeal of Federal margarine taxes because they cannot manufacture yellow margarine in Ohio under State law is absolutely untrue.

2. Ohio margarine manufacturers and consumers expect repeal of Ohio margarine laws by referendum petitions and ballots within the next year and a half. All four Ohio margarine manufacturers favor H. R. 2245.

*Colorado Dairy Products Association, Inc. (Ammon Bradshaw, executive secretary)*

1. The color "yellow" should be definitely retained as the identifying color of butter. Nature provided for it and made it that way.

2. Oleomargarine should be sold for the product it is, on its own merits, uncolored, or at least not colored yellow.

*Communications Workers of America*

1. Modern margarine is as nutritious as its table-spread rival, butter.

2. The Pure Food and Drug Act specifically provides for adequate labeling to prevent fraud.

3. It is the very essence of the American free-enterprise system that inventive genius is rewarded by a free market in which to sell improved products, but the present taxes on margarine prevent advanced scientific methods from benefiting the public.

4. There are several types of butter on the market which are almost as white as margarine. Should we, then, make the butter industry pay a tax on white butter, which looks like margarine, in order to be sure that the housewife who wants margarine does not get fooled into buying butter.

5. Requiring the coloring of margarine in the home is a simple but effective way of stunting the growth of the industry.

6. If colored margarine were available in convenient quarter- or half-pound packages, many more families would enjoy the benefits of this lower-priced food product.

*Consolidated Badger Cooperative, Shawano, Wis. (George Ruppel, manager)*

1. Repeal of the oleomargarine tax would violate the spirit of the Pure Food and Drug Act which protects the consumer from fraudulent substitution of adulterated butter.

2. Margarine would be served as butter in public eating places.

*Consumer Conference of Greater Cincinnati (Mrs. Dennis E. Jackson, president)*

1. Restrictive legislation on margarine is in the interest of a single industry, the dairy industry, which is contrary to the principles of democracy.

2. It is contrary to practices of competition and free enterprise.

3. It is contrary to the wishes of the people.

4. Removal of restrictions is not contrary to dairy interests since margarine is made of surplus skim milk.

5. Federal and State laws will see that the public knows whether it is buying butter or margarine.

6. Margarine is the only food product carrying a Federal tax per pound and license fees for marketing a pure-food product.
7. Added cost of 12 to 15 cents a pound is inflationary.
8. Present laws cause a waste of materials and time in coloring.
9. They force the removal of natural yellow color of oils used, a discriminatory practice.
10. Same coloring is added to butter with no mention of its presence.
11. Margarine is equal to butter nutritionally.
12. The public is not getting a fair deal. There are more users of margarine than of butter.

*Co-Operative Pure Milk Association, Cincinnati, Ohio (Robert Schiering, president)*

1. The House Agriculture Committee decided that no further action should be taken on legislation to repeal Federal taxes on oleomargarine this session. This committee acted wisely in deferring action on the oleomargarine tax repeal question, which will diminish the income of dairy farmers in this Nation, until a full and complete long-range agricultural program could be perfected and adopted.
2. The tax on uncolored oleomargarine is only one-fourth of a cent a pound. The average person in the United States uses approximately 12 pounds of such fats each year. So the tax actually averages only 3 cents per person per year, not a very large item in the cost of living.
3. Government figures show that since 1941 the sales of oleomargarine have more than doubled and that retail outlets have increased more than 64 percent.
4. Oleomargarine actually has some competitive advantages over butter in that it may be fortified with vitamins, flavored with butter flavoring, and preserved with benzoate of soda. None of these may be added to butter sold in interstate commerce.
5. For the protection of the consumer and the producer of butter, oleomargarine should be identified by any color except "butter yellow," so that it will be easily recognizable on sight.

*The Cudahy Packing Co., of Chicago, Ill. (F. W. Hoffman, president)*

1. From the standpoint of the welfare of all segments of our economy, no change need be made with respect to the Federal tax on oleomargarine.
2. The dairy farmer is entitled to the protection provided by the Federal tax on oleomargarine. The present laws are not unfair or unjust.
3. The consumer is not hurt by these laws. The tax of  $\frac{1}{4}$  cent per pound is small. The license fees paid by the retailer, wholesaler, and the manufacturer are very small when passed on to the consumer. The total cost of all these taxes to a family that consumes 3 pounds of oleomargarine a week does not exceed 40 cents a year.
4. There is no reason why oleo cannot be served white, which is its natural color, but if the consumers prefer to color it, modern packaging enables them to do so without waste of time or product.
5. "The oleomargarine industry has not been hurt by these laws \* \* \*. If any hurt has come to the oleomargarine industry it has been self-inflicted."
6. Other industries such as food, drugs, clothing, and shelter have been successful in bringing about a change in living habits without

resorting to a complete imitation of competing articles and oleomargarine should do the same without imitating the color of butter.

7. The uncertain benefits that might accrue to soybean and cotton farmers if these laws are repealed are insignificant compared with certain disastrous effects on the dairy industry.

8. About 25 percent of our dairy farmers depend almost entirely on the sale of cream for butter manufacture to maintain their dairy cows. If the oleo laws were repealed over a million of this type of farmer would be forced to sell most of his cows. The permanent reduction in this segment of our cattle population would have a serious effect on our milk and cream supply and our meat supply.

9. The present 10-cent tax on colored oleomargarine reduces the incentive for fraud and protects the consumer against the fraudulent sale of oleomargarine as butter.

*The Dairy Commissioner of the State of Minnesota (excerpts from the first biennial report)*

1. Oleomargarine and related products have been manufactured and disposed of for years. There has been sufficient opportunity to test, by observation and experience, the general character of these products and the methods adopted in conducting the business of the manufacturer and sale of such butter substitutes, so as to enable the State legislature to determine as to the necessity of police regulation and restriction. It is easy to introduce cheap and unwholesome ingredients into the manufacture of oleo products, and the product can easily be passed off upon the consumer as butter without detection of fraud.

2. In view of the history of the establishment of Minnesota law regulating oleo, it appears that effective curbs need be retained to protect not only the dairy industry, but the consuming public who want and pay for genuine butter.

*Dairymen's Co-operative Sales Association, Pittsburgh, Pa. (W. W. Bullard, president)*

1. The use of butter flavor and color in oleo would deceive the purchaser and would lead to fraud practiced on the consumer.

*Dairymen's League, New York, N. Y. (H. H. Rathbun, president)*

1. Oleo industry wants to sell a product in imitation of butter to cause consumers to believe the product is butter, and to enable stores to sell their product as butter.

2. Public should be safeguarded against deception by color or by sale in triangular or round packages.

3. Some form of licensing under the tax power is imperative to permit inspection and to prevent fraud and deception in sales.

4. The sharp competition of oleo at a lower price would depress the price of butter and discourage the production of milk, thus detrimentally affecting the entire milk industry, which is vital to the Nation.

*Denver Milk Producers, Inc., Cooperative (Walter C. Moore, manager)*

1. Taxes on oleomargarine do not seem to have injured producers of this product since production has more than doubled since 1941 and now is 54 percent of the combined butter and oleomargarine sales.

2. Unscrupulous dealers might put oleomargarine in cartons labeled butter.

3. Repeal of the present act will have serious effects on dairy farmers and raise the prices of all dairy products.

*District of Columbia Federation of Women's Clubs (Mrs. Harvey W. Wiley, legislative chairman)*

1. Since the Federal Security Administrator signed a definition and standard of identity for oleomargarine in 1941, it must be considered a specific substance, not a substitute for butter.

2. Oleomargarine is penalized to aid butter, which has color added during 8 months of the year.

3. Federal and State food laws would prevent adulteration, fraud, or misbranding for oleo as they do for other foods.

4. It is illogical, unjust, and unwise to deny oleo producers the right to sell a product for which there is a market.

*Durkee Famous Foods, Cleveland, Ohio (telegram)*

Joseph Fichter, master of Ohio Grange, does not reflect views of Ohio margarine manufacturers. Initiative now under way in Ohio to remove ban on manufacture and sale of yellow margarine.

*Enid Cooperative Creamery Association, Enid, Okla. (Ralph T. Goley, manager)*

1. The consumer is entitled to buy either oleo or butter with the feeling of assurance that there will be no confusion, no parading in false colors, no uncertainty. Labeling the package does not identify oleo on the table.

2. Dairy farming maintains soil fertility.

3. The dairy industry consumes much of the cottonseed and soybean meal produced in the United States.

4. Other imitations of butter, such as adulterated or processed butter, carry the same per pound tax as oleo. There is no reason why an exception should be made for oleo.

*Farmers Cooperative Creamery Association, Keosauqua, Iowa (C. M. Reece, manager)*

1. Oleo manufacturers want to color their product yellow so that they can sell it for more nearly the price of butter.

2. If taxes are lifted the price of oleo will soon be relatively higher than that of butter.

3. Repeal would damage the dairy industry and our national economy "far beyond calculation."

*Gem Valley Dairymen's Cooperative Association, Inc., Thatcher, Idaho (John W. Chatterton, manager)*

1. Oleomargarine should not be allowed to pass as a substitute for butter. It should also be subject to the same rigid inspection at the source and all the way through the processing as is applied to butter manufacture.

*General Dairy Equipment, Inc., Minneapolis, Minn. (H. L. Solic)*

1. Although oleomargarine manufacturers are allowed to add vitamins to their product, butter manufacturers are not allowed to do so.

2. Renovated butter carries that label depressed into the product not less than one-eighth of an inch and is subject to a special tax. Oleo should be treated in the same manner.

*Illinois Dairy Products Association, Inc., Chicago Ill. (M. G. Van Buskirk, executive secretary)*

1. It would be disastrous to the dairy industry and would affect the general economy of the country if all restrictions were removed from oleo. Butter should be permitted to retain the protection of its natural color, yellow.

*International Association of Machinists (600,000 members) (Harvey W. Brown, international president)*

1. The 10-cent tax on food still within the reach of the low and moderate income groups is as oppressive a tax as can be imagined.

2. The nutritive value and digestibility of oleomargarine are equal to those of butter. There is no growth factor present in butter which is not present in margarine.

3. The per capita consumption of milk is lower than would be desirable. If people were not discouraged from using margarine there would be more whole milk to go around.

4. Repeal of the taxes might reduce the price of butter and other milk products which at present feeds "the high cost of living at a particularly vulnerable spot."

*Iowa Creameries Association, Inc., Ames, Iowa (J. S. Quist, executive secretary)*

1. "\* \* \* the unrestricted sale of butter imitations will seriously affect the agricultural economy of the North Central States and indirectly the entire Nation."

2. Eighty percent of all butter produced in the United States is produced in the North Central States. Dairying is a part of the farm business for most of the farms in this area, and on many farms it is the only enterprise.

3. "\* \* \* markets for surplus dairy products are long distances from the places of production and processing. Of all dairy products, butter alone can be shipped long distances and stored efficiently so as to reach the far markets and be available for leveling off the seasonal production fluctuations."

4. Dairy cows are essential to good land-use practices.

*Iowa Holstein Breeders' Association, Inc. (Ernest M. Wright, president)*

1. When dairying is curtailed, soil conservation suffers.

2. To permit coloring of oleomargarine is to encourage fraud, misrepresentation, and trickery. It deprives the American consumer of adequate protection from unscrupulous manufacturers.

3. Soybean farmers are not in favor of the legislation proposed.

4. The dairy business is more important than any other business in our economy.

*Kentucky Margarine Consumers Committee (Garnett Bale, chairman)*

1. Margarine is a nutritious, low-cost food subject to the regulations of the Federal Food and Drug Administration.

2. The Federal excise taxes on colored and uncolored margarine and retail and wholesale licenses are discriminatory, unwise, and unfair.

3. The effect of these restrictions is to deny or make difficult the purchase of this needed food by housewives, and particularly low-income groups.

4. These restrictions do not promote better national health, a sound farm economy, or encourage interstate commerce.

5. These taxes cannot be justified as a revenue measure.

6. These restrictions tend to keep prices high and contribute to inflation.

*Lagomarcino-Gruppe Co., wholesale foods, Burlington, Iowa (G. D. Parker, vice president)*

1. Mr. Carol Walz, owner of rural store, Lowell, Iowa, expresses the attitude of the territory, saying: "I sell more margarine than butter and 80 percent of it goes to farmers, and these farmers are in favor of repeal."

2. Butter lobby does not speak for the farmers of Iowa, even if they claim to do so. Problem should be settled from a viewpoint of right or wrong.

*Linwood Creamery, Wichita, Kans. (J. G. Vess, Jr., procurement manager)*

1. Any tax or law designed to protect the American public from fraud certainly is not discriminatory. Nor has the tax discriminated against the sale of oleo, which is now at an all-time high.

2. Oleo will be palmed off as butter, especially in restaurants.

3. A decrease in the dairy industry, which would result from repeal of oleo taxes, would also cause depletion of soil fertility.

4. A substantial percentage of American farmers who own dairy cows depend upon their cream checks for their ready cash. "These farmers will receive a stunning financial blow, while 22 big corporations will profit."

5. Repeal of oleo taxes will save the housewife very little in the purchase of oleo itself. The total grocery bill will be raised by the increase in the price of fluid milk, cream, cheese, ice cream, and meat. This will be caused by the reduction in dairy herds. Forty percent of the beef and veal supply comes from dairy herds. The price of leather will also increase.

*Maryland and Virginia Milk Producers Association, Inc. (B. B. Derrick, secretary and treasurer)*

1. For more than 60 years dairy farmers and consumers have been protected against the fraud and deception incident to the unhampered manufacture and sale of this synthetic substitute for butter which competes with it so unfairly in the market place.

2. These taxes are the only method by which effective control may be maintained, the public protected, and the farmer insured of a market for his product.

*R. McCann, director, extension service, Colorado*

1. Taxes, license requirements, and other regulations of oleomargarine are controls necessary to prevent substitution of one food product for another.

2. Every milk product is closely interrelated and any distress on one is soon felt in all others.

*McDonald Cooperative Dairy Co., Flint, Mich. (W. A. McDonald)*

1. In time, American agriculture will so change that the people of America will be cereal-eating people instead of meat-eating people if the oleomargarine tax is repealed.

2. Anything that hurts the dairy industry will hurt agriculture.

*Miami Margarine Co., Cincinnati, Ohio (J. P. Whitehurst)*

1. We favor immediate enactment of H. R. 2245, and Ohioans are using every bit of initiative to repeal Ohio prohibition against manufacture and sale of yellow margarine.

2. Mr. Joseph Fichter, master of Ohio Grange, had no right or authority to indicate that Ohio margarine manufacturers are opposed to H. R. 2245 because of the present law.

*Milk Drivers and Dairy Employees Union, Local No. 471, Minneapolis, Minn. (Gene Larson, chairman, Minnesota Conference of Dairy Workers)*

1. The consuming public should be able to detect oleomargarine from butter without a laboratory test.

2. If oleo is colored like butter, it invites fraud, particularly in public eating places and bulk sales.

3. Successful imitation would seriously damage the future of dairy workers and dairy farmers in Minnesota.

4. Oleo today is sold at exorbitant prices in relation to the cost of ingredients and processing.

5. Successful imitation by oleo would principally benefit approximately 24 large business combines, and would injure the consuming public and the millions of dairy workers and dairy farmers.

*Milwaukee Cooperative Milk Producers (Charles Dineen, secretary)*

1. To prevent soil erosion, farmers must get a fair price for livestock products to induce them to keep more land in grass. Butter cannot be produced in competition with oleo.

2. Oleo manufacturers could pay the tax for coloring their product and still make "plenty of money."

3. Removing the tax would lead to a number of frauds in the manufacture and sale of foods, such as the use of vegetable fats to make cheese and ice cream.

*Minnesota Dairy Industry Committee, St. Paul, Minn. (W. S. Moscrip, president)*

1. "The present regulatory measures controlling the manufacture and sale of oleomargarine were passed, not as an industry-protection measure, but to protect the general public from fraud."

2. The consumer is being misled in the belief that oleo will be made available at a lower price if the present taxes are repealed.

3. Butter is an essential part of the dairy industry and its place cannot be taken by the sale of market milk or other production.

4. "Butter is a concentrated form of dairy food which can be shipped practically everywhere in the United States for 2 cents per pound. Many remote localities could not possibly ship market milk or cream."

5. It is absolutely necessary for the welfare of the dairy industry and the consumer to have a means of storing production during high-production seasons for use in low-production seasons and butter is the best means of doing this.

6. "Two-thirds of the value of milk is in the solids, not fat. Last year 1,000,000,000 pounds of dry milk were sold in the United States, most of which did not contain butterfat. If there is not a ready market for the butterfat, this most important food product will not be available for the public."

7. It is estimated that in 1947, 68 percent of cows and heifers slaughtered in the United States under Federal inspection came from dairy herds. Approximately 40 percent of the total beef produced in the United States in Federal-inspected packing plants in 1947 came from dairy herds.

8. The dairy cow is indispensable in maintaining soil fertility and food production.

9. If the oleomargarine tax is repealed it will be a fatal blow to the dairy industry of this country.

10. The only reason that oleo propagandists insist on the yellow color is so that oleo may be manufactured, sold, and consumed in imitation of butter.

*William J. Murphy, dairy commissioner, State of North Dakota, Bismarck, N. Dak.*

1. If the taxes on colored oleomargarine are removed, the consumers will undoubtedly be victims of the fraudulent sale of oleomargarine as butter.

2. Yellow is the natural color of butter. All butter made contains yellow in varying degrees.

3. Butter is the stabilizer of the dairy industry, providing a steady year-round market for butterfat and especially during the seasons of high milk production.

4. If the unrestricted sale of oleo, colored yellow to resemble butter, is permitted there will no doubt be a drastic curtailment in milk production as a whole and especially in the major butter-producing States. This will result in a shortage of milk during the seasons of low production.

5. Cotton farmers' income from cottonseed cake and meal is about seven times greater than their income from oil used to manufacture oleomargarine. Soybean farmers' income from meal was over four times greater than the value of oil used in the manufacture of oleomargarine.

6. "This isn't just a question of butter versus oleo \* \* \* the issue involved is the protection of our great dairy industry, the consuming public, and maintaining the fertility of our soil."

*National-American Wholesale Grocers' Association, New York, N. Y.*  
(*M. L. Toulme, executive vice president*)

1. Present taxes and licenses obstruct the free movement of wholesome food products manufactured from raw materials produced in the United States.

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

1. The trivial benefits that might be derived from the repeal of Federal oleomargarine taxes would be far outweighed by the damage to our agricultural economy and to the consumers' interests.

2. Repeal of these laws would open the doors to fraud upon the consuming public.

3. Repeal of the laws would seriously damage an important segment of American agriculture and threaten the Nation's dairy standards.

4. Repeal of the oleo laws would not benefit any segment of American agriculture.

5. Repeal of the laws would be costly to consumers.

6. Other laws already give oleomargarine a disproportionate competitive advantage over butter.

7. Other imitations of good butter are taxed; why should oleo be exempted?

8. Oleomargarine is not entitled to the color yellow.

9. Repeal of the oleo laws would set the precedent for other imitation foods.

*National Education Association (400,000 members) (H. Frances Boyer, Legislative-Federal Relations Division)*

1. Tax on oleo increases the cost of living of teachers already subsisting on a near-poverty level.

2. It is offensive to the principle of justice and fair play which "lies at the very base of the American way of life."

*National Women's Trade Union League of America (Mrs. Margaret F. Stone, chairman of legislation)*

1. The repeal of unjust and restrictive taxes on oleomargarine would tend to lower the price of milk and make other milk products more plentiful and within reach of the average consumer.

2. Protection of one domestic producer against another is a direct attack on our competitive system.

3. Margarine is the nutritional equal of butter, and pure-food laws protect the consumer.

4. These taxes prevent many grocers in small communities from carrying margarine.

5. With the high cost of living, many families cannot afford butter but can afford the less expensive margarine where available.

*The North Fork Creamery Association, Hotchkiss, Colo. (Harry Hulteen, manager)*

1. The tax on oleomargarine protects the butter manufacturer and the consumer.

2. Yellow is the natural color of butter. When oleo is colored yellow it is then masquerading as butter.

3. If the oleo manufacturer is given a free hand by repealing the tax, consumers will be defrauded on a large scale.

4. The dairy industry in the United States is necessary for the health of the people. If the oleomargarine industry is successful in getting this tax repealed the dairy industry will be seriously damaged.

*Ohio Farm Bureau Federation (Perry L. Green, president)*

1. In States where oleomargarine may be colored to imitate butter, the price has been increased several cents a pound.

2. Oleo should be marketed solely on its own merits.

3. There should be safeguards to prevent fraud.

*The Ohio Milk Producers Federation, Inc., Cleveland, Ohio (J. W. Hartsock, secretary)*

1. The most outstanding reason for denying yellow color to oleomargarine is to protect consumers against fraud.

2. Yellow is the natural color of butter. Color is added to butter during some seasons only for the sake of uniformity, but never to imitate another product.

3. Substitution of colored oleomargarine for butter offers a good opportunity for fraud.

4. Milk is a seasonal product. Production is highest in the spring and summer months. If we are to have an adequate supply of fluid

milk in the fall and winter months, there must be some means of utilizing the excess production during the flush seasons. It is during the flush season that the bulk of our butter is manufactured. Because butter is the balance wheel of the dairy industry, it is one of the basic factors in pricing milk in large fluid-milk markets.

5. The dairy industry is an important aid to our soil-conservation program.

*Ord Cooperative Creamery Co., Ord, Nebr. (Emil A. Babka, manager)*

1. Butter production was the only regular source of cash income in the worst days of the drought and depression. If it had not been for this income which was assured by the tax difference between oleo and butter many of the farmers would have had to leave the country.

*R. E. Owen, Spokane, Wash., "representing the dairy interests of the Inland Empire of the State of Washington and northern Idaho"*

1. Removal of the tax would have no effect on the price of oleomargarine but would open the way for "privileges to be reaped thereafter."

2. Repeal would be a blow at the entire dairy industry which provides 35 percent of all farm income.

3. There is a long record of fraud and deception connected with this butter substitute.

*The People's Lobby, Washington, D. C. (Benjamin C. Marsh, executive secretary)*

1. Congress must facilitate adequate diets and remove every barrier to a health-insurance program.

2. There is less than one-third enough butter for an adequate diet. At the same time, the consumption of oleo is held down by taxes and license fees. There should be freedom for margarine to substitute for nonexistent butter.

3. One man-hour will produce 13.3 pounds of soybean oil but only 1.5 pounds of butterfat.

4. The shift away from butter gives dairymen a larger income, and consumers greater nutritional value. The dietetic vacuum left in spreads for bread should be filled by making available larger quantities of oleo at a fair price.

*Progressive Farmers of Wisconsin (Herbert Tubbs, president)*

1. The effects of the proposed oleo legislation would upset the whole basic economy of the Nation.

2. Butter has food nutrients not included in oleomargarine.

3. Fraudulent practices upon the public would result from permitting yellow coloring.

4. The reduction of dairy herds would force the prices of livestock products higher and add to the inflation spiral.

5. The cottonseed and soybean oil now used in the manufacture of oleo would be replaced by coconut oil.

6. The tax on oleo does not restrict its sale.

*Pure Milk Products Cooperative, Fond du Lac, Wis. (William O. Perdue, general manager)*

1. Repeal of the oleo tax would jeopardize the huge investment of dairy farmers.

2. There is no real reason why oleo should be colored like butter unless manufacturers desire to pass it off as butter. Yellow, furthermore, is not the natural color of oleo.

3. The American people should be protected against substitutes which they do not want.

4. Repeal would not reduce the cost of living but might raise it since oleo manufacturers will probably raise the price.

5. "Butterlegging" will again flourish if restrictions are removed.

6. The filled-milk (product of skimmed milk and cottonseed oil) will be invited to take over the evaporated-milk industry if repeal is voted.

*Pure Milk Products Cooperative, Osseo, Neillsville, and New Richmond, Wis., locals (George Zemple, Art Mauers, Ronald Casey)*

1. Repeal would result in great financial loss to the dairy farmer and cause a corresponding reduction in the production of milk.

2. Yellow color should be maintained for butter only.

*Rotary Club of Ord, Nebr. (Ed. F. Beranek, president)*

1. The necessary work and expense connected with the production of butter is much greater than that required for oleo.

2. The manufacture of butter is almost the only source of cash income of many farmers. Anything which would make the production of butter unprofitable would seriously affect these people.

*Rutherford County (N. C.) Milk Producers Association (Jack Camp, Jr., and J. J. Hamlin, Jr., cochairmen)*

1. It would give oleomargarine an unfair advantage in competition with butter if it were allowed to be colored to imitate butter.

2. Dairying is a fundamental and basic industry which will be very valuable to the South, where it is just getting started, if it is not subjected to unfair competition.

3. Dairying is important for soil conservation, a major problem in the South.

4. The dairy industry contributes many times more money to the producers of cottonseed, soybeans, etc., than does the oleo industry. The dairy industry also increases farm income as cotton and other crops are forced out for various reasons.

*Paul A. Schulze Co., manufacturers and distributors of butter, St. Louis, Mo. (Paul A. Schulze)*

1. Increased oleo sales would disturb the equilibrium of a profitable return to the farmer producing butterfat.

2. Tax repeal would reduce the production of butter even more than the increased use of whole milk has already done. This would "not be the best for the industry or farmers all over the country."

*United Paperworkers of America, CIO, locals 262 and 264, and the Labor Council of Knox County, Ohio, composed of all the unions in the county (Henry Brown, president, local 262)*

1. The tax on the manufacture of oleomargarine is necessary to provide the funds for policing the industry to assure the customer the best possible product for the price paid.

2. People want the privilege of coloring their own oleomargarine at a definite savings to themselves.

3. In States where colored margarine is sold the prices are much higher.

4. There would be great possibility of fraud if colored oleomargarine were sold.

*Upper Snake River Valley Dairymen's Association, Inc. (E. S. Trask, general manager)*

1. Repeal would not reduce the cost of living but would save the housewife a little trouble.

2. The most progressive countries in the world are those which use plenty of dairy products.

3. The reduction of agricultural income would have an immediate and permanent effect upon the national economy.

4. The dairy industry is essential to prevent soil depletion.

*Vigo Cooperative Milk Marketing Co., Inc. (625 farmers), Terre Haute, Ind. (F. L. Hammack, manager)*

1. The real issue is the legalizing of imitation foods, about which little would be known by the consumer.

2. The strangulation of the dairy industry would cause a great economic reaction, including a significant rise in unemployment.

3. The health, intelligence, and strength of our Nation is dependent upon an adequate supply of livestock products.

4. To decrease livestock population and step up grain farming would hasten soil depletion.

5. Man cannot fully duplicate the products of nature, the market for which could be wrecked by imitation products.

*Western Jersey Interim Committee (Cliff Fairfax, secretary), Tacoma, Wash.*

1. Dairying will do more to prevent soil erosion, retain soil fertility, and build up agriculture than any other farm commodity, and should therefore be protected against the repeal of the oleomargarine tax.

*Wisconsin Cooperative Creamery Association, district 4, manufacturers of butter and cheese, Cumberland, Wis. (S. B. Cook, fieldman)*

1. Repeal of the oleo taxes would disrupt the accomplishments of the dairy industry during all the past years.

2. Oleomargarine would be sold as butter and it would be difficult for the consumer to tell the difference.

3. \* \* \* We feel that the 10-cent tax on colored oleomargarine is only a protection to the consumer. There is no objection to it being sold in its natural color, white.

4. Soybean and cotton products used in concentrates in dairy feeds are of more value than the oils which might be used in oleo, of which the main ingredient is copra oil from the coconut.

5. Butter is naturally yellow. For years we have not used any color in the manufacture of butter here.

*Wisconsin State Department of Agriculture (Milton H. Button, director)*

1. A reduced demand for butter will mean a decrease in the number of dairy cows. This will mean a reduction in the amount of fluid milk and meat available. The accompanying rise in prices would more than offset the tax saving on margarine.

2. The substitution of vegetable fat for butterfat in our diet will greatly reduce progress in grassland farming which is essential to the conservation of our soil resources.

3. Placing a further financial handicap on the most stable segment of agriculture will hasten the movement of people from the farm to the city. This would upset the balance of our population structure.

4. Fraud and deception can be expected if oleo is allowed to resemble butter in all respects.

*Wisconsin State Grange (William E. Seffern, master)*

1. Repeal of the tax would legalize deception of the consumer. Even if nutritional equality could be established, this should not be the basis for permitting imitation and deception.

2. Package labeling will not provide adequate protection since it is not served from the package. Laboratory analysis should not be necessary to detect oleo from butter.

3. Every attempt must be made to maintain the present economic position of our farm people if the Nation is to remain safe and secure.

4. Repeal legislation would encourage soil-depleting crops.

5. The rise in prices of dairy and livestock products would far offset any possible saving.

*W. D. Wright Produce Co., Hobart, Okla. (P. O. Wright, vice president)*

1. Leave the tax as it is or forbid the manufacturer to color margarine yellow.

