

MIXED FLOUR.

FEBRUARY 19 (calendar day, MARCH 2), 1915.—Ordered to be printed.

Mr. STONE, from the Committee on Finance, submitted the following

REPORT.

[To accompany S. 7682.]

The Committee on Finance, to which was referred the bill (S. 7682) to repeal sections 35 to 49, inclusive, of the act of June 30, 1898, concerning mixed flour, as amended by act of April 12, 1902, having considered the same, report the bill to the Senate with the recommendation that it pass.

In connection with the bill, the committee attaches hereto and makes a part of this report a communication from the Secretary of the Treasury, expressing the views of the Treasury Department respecting the proposed legislation. As indicative of the opposition to the bill there is attached hereto a letter from John H. Wiles, president of the Loose-Wiles Biscuit Co., of Kansas City, addressed to Senator William J. Stone. However, in view of the facts submitted to the committees of Congress, through hearings and through the communication of the Secretary of the Treasury, the committee has concluded to recommend the passage of the bill.

The letter of the Secretary of the Treasury, followed by a letter from Mr. Wiles, appears below.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, February 26, 1915.

Hon. WILLIAM J. STONE,
United States Senate, Washington, D. C.

MY DEAR SENATOR STONE: I am in receipt of your letter of the 25th instant, inclosing copy of bill (S. 7682) to repeal the act of June 13, 1898, as amended by act of April 12, 1902, introduced in the Senate by Mr. Cummins, of Iowa, and referred to a subcommittee, of which you are chairman, of the Finance Committee, together with letter from Mr. John H. Wiles, of the Loose-Wiles Biscuit Co., Kansas City, Mo., also report of hearings before the subcommittee on mixed flour of the Ways and Means Committee, which you submit for consideration with the request that you be fully advised whether this department approves or disapproves the proposed bill, and the reasons therefor.

The Commissioner of Internal Revenue informs me that under the act of June 13, 1898, as amended by act of April 12, 1902, the collections from special taxes of manufacturers, packers, and repackers of mixed flour at the rate of \$12 per annum, and from stamp tax at the rate of four cents per barrel imposed under said act for the 15 years ended June 30, 1914, only amounted to a total of \$54,542.77. From these figures it will be seen this has not in fact been a revenue measure, but it has, undoubtedly, effectively prevented the adulteration or misbranding of flour, and was the only law relating to flour serving this purpose prior to the passage of the act of June 30, 1906, known as the pure food law.

Under the operations of the mixed flour law the milling or mixing of wheat flour with the product of other grains or other materials has been discontinued, except in the manufacture of certain compounds for special purposes, such as pancake and health flours, with the result that the taxes imposed under this law have fallen upon manufacturers of these products, as shown by the records of the department.

Taking the collections in the past as showing its revenue-producing capacity, the repeal of this law would not appreciably decrease the revenues, but it is possible under the abnormally high prices of wheat and wheat flour at this time that the manufacture and sale of mixed flour may be revived to some extent, although it is not believed this business would attain such proportions that the taxes therefrom would be of any considerable amount.

Since the passage of the pure-food law, act of June 30, 1906, the mixed-flour law appears unnecessary as a measure to prevent the adulteration and misbranding of flour in so far as interstate shipments are concerned. The department, therefore, does not oppose the repeal of this law, nor is it deemed proper to attempt to answer the questions raised by those interested, which is a matter for Congress in its wisdom to decide.

Respectfully,

W. G. McADOO, *secretary.*

LOOSE-WILES BISCUIT COMPANY,
Kansas City, Mo., February 22, 1915.

Senator WILLIAM J. STONE,
United States Senate, Washington, D. C.

DEAR SENATOR STONE: Representative Vollmer, of Iowa, introduced bill H. R. 21453, to repeal the tax on mixed flour, and I am informed that Senator Cummins introduced a similar bill in the Senate on the 19th instant.

I learned that three or four manufacturers of corn products have organized an association known as the American Manufacturers' Association, with headquarters in Chicago, and that this association has mailed to Senators and Congressmen a brief giving reasons why the old law should be repealed, and I want to suggest that you investigate the conditions very closely, as I am persuaded the activity of those who are instrumental in having this law repealed is due entirely to mercenary motives and the hope of private gain rather than to especially benefit the consuming public.

As I understand it, the Spanish War tax bill of June 13, 1898, as amended by the act of April 12, 1902, places a stamp tax of 4 cents a barrel on certain mixed flour. It also provides for an occupation tax of \$12 per annum on any person, firm, or corporation engaged in the business of making, packing, or repacking mixed flours. This occupation tax is a good thing, as it enables the Government to know just what concerns are engaged in this industry of mixing flours, and if this occupation tax were repealed, or if the stamp tax of 4 cents per barrel were abolished, then it would throw down the bars, and a great many individuals, firms, and corporations would engage in the mixing of flours, and would greatly impose upon the consuming public. The average housekeeper who buys 25 or 50 pounds of flour at a time for domestic purposes would scarcely be able to detect if this flour contained a mixture of corn, and in reality the only reason for mixing at all would be to cheapen the product without giving the consumer the benefit of it. There are many unprincipled millers and individuals throughout the country who would take advantage of the repeal of the law, and would forthwith begin to mix wheat and corn flours and endeavor to sell them as straight wheat flours.

I understand that some of the manufacturers of corn products are making extraordinary statements as to the results to be derived from a repeal of the law, and they have pointed out that this law is a discrimination against the millers of corn products, that its repeal would have the effect of opening up a number of plants that are now closed, and would greatly stimulate the activity of other plants that are only in partial operation. Moreover, it is being represented that there is a strong desire throughout

the entire South for the repeal of the law in order to bring about the lower cost of flour, but I do not regard these claims or statements as having any reasonable foundation, but they are made entirely in the interests of a few concerns that would expect to derive a direct benefit from the repeal of the law, and in order that you might be fortified with the necessary data, would tell you that the American Manufacturers Association to which I have alluded consists chiefly of—

Corn Products Refining Co. (commonly known as the Glucose Trust, and against which the Government is now prosecuting an action for dissolution).

Clinton Sugar Refining Co., Clinton, Iowa, manufacturers of glucose and its by-products.

Hubinger Bros. Co., Keokuk, Iowa, manufacturers of glucose and by-products.

The Piel Starch Works, Indianapolis, Ind., manufacturers of starch.

In this association is also a small glucose concern at Edinburg, Ind., the name of which I have forgotten.

So far as I am able to determine from investigation up to this time, I really don't know of any other concerns that would directly profit by a repeal of the law.

Flour made of corn is being manufactured in a small way, and is easily obtainable by any concern who desires to use it, and if any special economy was to be derived from its use in connection with wheat flour to be made into bread, biscuits, and other similar food products, the manufacturers of these latter products could easily do their own mixing, and I therefore see no occasion whatever for a repeal of the existing law. On the contrary, if the law is repealed, it will throw the bars down, and make it possible for unprincipled dealers to greatly impose upon the consumers of flour. I therefore trust a full investigation on your part will bring about such facts and information as will make it consistent for you to oppose the passage of the new bills which have been introduced.

If I can obtain for you any further information on the subject, shall be very glad to do so, and would be interested in being kept advised as to the progress and consideration which the new bills are receiving.

Yours, very truly,

JOHN H. WILES.

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