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American Institute of Home Grown Fats and Oils

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THE SMITH-KLEBERG BILL

(S. 3203 and H. R. 8050)

LOIS P. DOWDLE, *Director*
American Institute of Home Grown Fats and Oils

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third of our population, or 40,000,000 people, do not buy butter because of the price. These people are entitled to a cheap, wholesome table spread, and it should be made available to them.

Chart III pictures very clearly the deficit in consumption of table spreads as compared with the requirements of an adequate diet.

Margarine Will Not Supplant Butter

No other food product in the world has been so legislated against as margarine. It has been discriminated against and practically outlawed by restrictive and prohibitory legislation designed to favor the dairy industry. The producers of other farm products have the same rights in the American market as the dairymen. The Constitution was not designed to foster one food product at the expense of another or to profit one farmer at the expense of another.

Here it should be pointed out that margarine will not supplant butter. Many students believe that to the profit of all classes of farmers the consumption of both butter and margarine can be greatly increased in this country. Our annual per capita consumption is approximately 18 pounds of butter and 2 pounds of margarine, a total of only about 20 pounds of table spread, while consumption in most European nations is much greater.

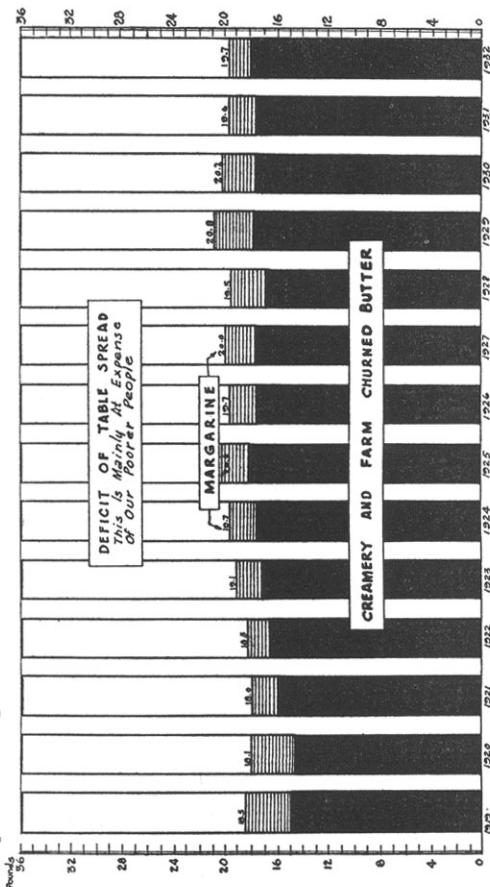
The production of creamery butter in the United States has increased from 760,030,573 pounds in 1916 to 1,736,140,800 pounds in 1933, an increase of 128%. The production of margarine in 1916 was 202,444,061 pounds. In 1933 it was 242,231,373 pounds, an increase of only 19.6%.

Chart IV will show that during the time for which we have definite records, from 1849 to 1933, a period of 84 years, margarine not only has not replaced butter, but on the contrary the per capita consumption of butter has steadily increased over the entire period.

Butter and margarine prices have a fairly constant ratio. Margarine usually sells at retail for approximately 50% of the retail price of butter. As a matter of fact, these two food products occupy entirely different price fields. Margarine is no more a competitor of butter than cotton is of silk, or than a Ford car is of a Lincoln.

Table IV in the Appendix gives the comparative figures on the production, per capita consumption, and retail price of butter and margarine over a period of 15 years.

Chart III—Per Capita Consumption of Butter and Margarine in United States 1919-1932 as Compared with an Adequate Diet of 36 Pounds Recommended by Bureau of Home Economics in U. S. Department of Agriculture Circular 296, "Diets at Four Levels of Nutritive Content and Cost."

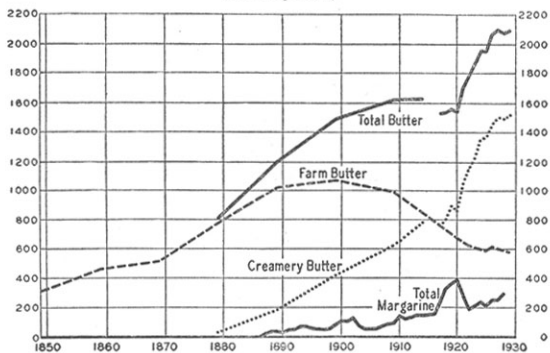


Black portion of chart indicates consumption of butter, shaded portion consumption of margarine, and white portion represents the deficit. Total consumption of table spread is indicated for each year.

(Courtesy, Institute of Cottonseed Oil Foods)

Chart IV—United States Production of Butter, Annually, 1849-1929, and of Margarine 1886-1929

(Million pounds)



(Courtesy, Food Research Institute, Stanford University)

Conclusion

In the introduction to "The Tariff on Dairy Products", published in 1933 by The Tariff Research Committee at Madison, Wisconsin, the following statement is made:

"If, however, as requested by some interests, legislation were enacted which would outlaw this product (oleomargarine) entirely, it is doubtful that the demand for butter would be proportionately increased. Many of the people who use oleomargarine do so because they cannot afford butter, and if they could not procure it, would resort to some other substitute, such as lard, or other animal or vegetable fats. If it were not available, some other types of fats and oils would be used as well as butter. The possibilities, therefore, of oleomargarine legislation are decidedly limited unless it is accompanied by higher purchasing power for those classes of our population who, because of limited means, are forced to use this substitute."

The Honorable Henry A. Wallace, Secretary of Agriculture, has repeatedly declared that legislation intended to outlaw margarine will not benefit the dairyman, but that his problem is one of overproduction as long as the consumer's purchasing power is no greater than it has been during the past months. In his address at Farm and Home Week,

Wisconsin College of Agriculture, January 31, 1934, he brought out these facts very forcibly:

"As late as September some of the dairy interests repeated that they wanted no national production control plan unless it was hedged with tariffs and embargoes on oils and fats and strict oleomargarine regulation. . . . It should be recognized that such measures would have effects on dairy prices, the extent and duration of which are highly controversial questions. I would not be honest with myself or the dairy people if I did not state that I fear the results would be much less substantial than some dairy leaders believe. . . . When we speak of overproduction in the dairy industry we mean production of quantities of dairy products beyond the ability of consumer purchasing power to absorb at anything above distress prices to farmers."

Thus, we see that while the dairyman is suffering because he cannot find sale for all of his butter there are millions of our population who cannot buy butter because of the price and who have no opportunity to buy a cheaper table spread because of a licensing system that makes it impossible for the small independent grocer to sell margarine. It is to help the farmer whose income is reduced because of the flood of cheap foreign oil used in foods and to raise the standard of living for the underprivileged group of our citizens, who are not consumers of butter, that the Smith-Kleberg Bill was designed.

The fulfillment of the provisions of the Smith-Kleberg Bill will increase the purchasing power of three million or more producers of corn and hogs, beef cattle, cotton, and other crops. To increase the purchasing power of so vast a number will inevitably exercise a most favorable influence upon factory employment in industrial centers where dairy-men find the chief outlet for their products. It is a measure, therefore, in the interest of all classes. It seems entirely likely that the dairy interests have all but overlooked this vitally important fact.

STATES THAT HAVE ENACTED LAWS IMPOSING A TAX OF 10 CENTS OR MORE PER POUND ON MARGARINE CONTAINING ANY IMPORTED FATS OR OILS:

Colorado
Nebraska

Kansas
South Carolina

Minnesota
Wyoming

APPENDIX

Attitude of Statesmen, Educators and Representatives of Producers and Consumers

"It is just as logical to put a tax on Guernsey butter as against Jersey butter, to put a tax on maple sirup as against cane sirup. . . . Those who discovered oleomargarine and the process of making it pleasing and edible are entitled to our gratitude rather than to our tax. They have added to the possibilities of human support and food."

SENATOR ELLISON D. SMITH *of South Carolina.*

THE LAND O'LAKES NEWS, *published at St. Paul, Minnesota, the house organ of the Land O'Lakes Creameries, Inc., carried an editorial in January, 1933, in regard to the proposed passage of the Minnesota margarine law, from which the following is quoted:*

" . . . The general principles provided in the bill will provide for a tax of 10 cents per pound on oleomargarine provided it contained more than 50 per cent of fat other than animal fats. The bill will further require that the tax will be in full effect if any fats used in its manufacture are not produced in the United States.

"The ideas of the department (Minnesota Department of Agriculture) in preparation of this bill seem to be liberal and fair as it recognizes in taxing oleomargarine it should not discriminate against animal fats which is a product of our own farms or against domestic-produced vegetable fats. This we understand is the reason why the bill provides that the tax shall not apply if the fat content of the oleomargarine is at least 50 per cent animal fat. The bill aims to prohibit the sale of oleomargarine manufactured from oils not produced in the United States and is in line with the demands the Northwest farmers have made of Congress in asking a duty on the importation of oils and fats from foreign countries, as well as the Philippine Islands, without which the farmers in the United States are going to be continually faced with the most serious competition from the importation of these cheap oils.

"While the passage of this Act in Minnesota would not in itself cure the ills that the national legislative body has in its power to correct but refuses to do so, it is a good example that might be followed by other states . . ."

DR. E. V. McCOLLUM, *Department of Hygiene and Public Health, Johns Hopkins University, page 38, McCall's Magazine, November, 1924:*

"Although, as we have said, butter is one of the best sources of this vitamin (A) it is not essential to use butter to secure it. Milk is a rich source of vitamin A and if each person will consume about a quart of milk a day in some form and eat leafy vegetables and uncooked salads he will suffer no ill effects from leaving butter entirely out of his diet. In fact the homemaker who is obliged to practice economy in her food purchases will do better to spend her money on milk and green vegetables than on butter. Nothing can take the place of the first two foods, but a good butter substitute can safely replace butter if circumstances demand."

THE LEGISLATIVE COMMITTEE OF THE AMERICAN COTTON COOPERATIVE ASSOCIATION, in session in New Orleans, March 5, 1934, sent a letter to Congressman Marvin Jones, Chairman of the House Committee on Agriculture, part of which is quoted:

" . . . This bill (Smith-Kleberg Bill) is of particular interest to that part of American agriculture concerned with the production of animal and vegetable fats and oils. There is produced in this country practically equal quantities of creamery butter, factory hog lard and cotton oil; also large quantities of other animal fats and vegetable oils. The existing oleomargarine laws are unfair to all home grown fats and oils which compete with butterfat. To tax one group of American farmers for the benefit of another is obnoxious to the American spirit of fair play. In this instance the wholesome and nutritious products of more than one-half of all the farmers of the United States are being taxed out of the domestic market for no reason except that dairymen have felt that the outlawing of other farmers' products would increase the demand of their own. . . .

"Coupled with the need for a fair opportunity for open competition for all home grown fats and oils in the domestic market the technological processes of manufacturing have greatly improved the quality and wholesomeness of oleomargarine. Hence, we maintain there is no justification for continued discrimination against these domestic producers on grounds which were once thought to be justifiable.

"Furthermore, the limited food budgets of millions of unfortunate and underprivileged citizens necessitate the recognition of their right to buy unhampered and without penalty or prejudice wholesome home grown food fats under nationwide competitive conditions.

" . . . The cotton, peanut and livestock producers of the United States have for many months made an earnest and fair-minded study of oleomargarine legislation. This study has resulted in a demand for the immediate removal of the unfair discriminations from which their products are suffering. We therefore respectfully urge the House Agricultural Committee to favorably report the Kleberg Bill. In these contentions we are joined by the great masses of organized consumers. In the concerted effort which more than three million American farmers are making to amend the laws referred to, we assert that we have no desire to injure the dairy industry. We are asking no discrimination against them in our favor. We ask only that the discriminations from which we are suffering shall be removed. We believe that with the larger use of oleomargarine there will be relatively little reduction in the consumption of butter, but on the contrary we believe that millions of American citizens who are now undernourished and unable to buy butter shall find it to their advantage from the standpoint of nutrition, health and economy to consume large quantities of wholesome oleomargarine made from home grown animal and vegetable fats.

"We therefore ask that the House Agricultural Committee give prompt and serious consideration to the Kleberg Bill."

Very sincerely yours,

N. C. WILLIAMSON
U. B. BLALOCK
C. G. HENRY
C. O. MOSER

Legislative Committee.

THE AMERICAN FEDERATION OF LABOR *has consistently opposed anti-margarine legislation. One of their spokesmen, in speaking before the Senate Committee on Agriculture, said:*

" . . . 20,000,000 American people are living in poverty. These poor people are often victims of malnutrition. They are unable to buy the kind of food that would enable them to render good health. These people, being unable to purchase butter, have to resort to a substitute; so they have oleomargarine. . . . You are taxing the breakfast, dinner, and supper tables of millions of unfortunate people who are already unable to live as Americans should live and as we want them to live."

"It is a legislative crime to tax the food of the poorest and then get up and say in the next breath 'we will not tax the poor.'"

SENATOR MILLARD E. TYDINGS *of Maryland.*

"But I stand for margarine from the point of view of those who believe in butter, and in greatly increasing the manufacture of butter. One product, however, is not more needed than the other; and hence I agree with the Senator from New York that we want a product that those can reach who cannot reach butter at the price it brings now and should bring."

Former SENATOR FRANCIS E. WARREN *of Wyoming.*

"From the very moment that oleomargarine entered the field as a food product in competition with butter, a systematic persistent effort was made to arouse the hostility of the consuming public against it. I do not hesitate to say that never in the history of the world has a food product been so persistently and outrageously misrepresented as oleomargarine."

Former POSTMASTER GENERAL BURLESON, *when representing the State of Texas in Congress.*

"I believe the oleomargarine industry has a place among the industries of the country. The question of competition with the dairy industry, whereby the output of the dairy industry is limited because of the sales of oleomargarine should not enter into the question, so long as such competition is fair. Many laws have been passed providing for such fairness of competition.

"To prohibit the manufacture of oleomargarine would take away from a number of people a cheap spread for bread which is nutritious and wholesome. It is true that vitamins are lacking in vegetable oils, but at times the spread in price between butter and oleomargarine exceeds 20 or 25 cents per pound, and when this is true or when butter sells for a higher price than 50 cents per pound, sales of oleomargarine increase rapidly. This indicates that

many families must do with little or no butter at such times, and it surely is better for children to have the fats of oleomargarine than to have neither fats nor vitamins when eating dry bread.

"We have every sympathy for the dairy industry and believe that those interested in dairying should be protected in every way. It should not be necessary, however, to prohibit manufacture of other food products having nutritional value."

PRESIDENT CHARLES A. LORY, *State Agricultural College,
Fort Collins, Colorado.*

"No form of sales tax can be levied upon articles consumed by the little man that will not increase his difficulties in playing the game of life. The right of the little man to live is not related by blood or marriage to any form of sales tax."

Former GOVERNOR GARDNER, *of North Carolina.*

"This bill puts a tax on the poor man's butter. It operates against the man or woman who can least afford to pay. In all my years in the Senate I never have seen so vicious a bill. . . . If we are going to tax someone, let's tax someone who can afford to pay."

STATE SENATOR WOODRUFF, *in the Michigan Legislature.*

THE AMERICAN NATIONAL LIVESTOCK ASSOCIATION *urged* "immediate passage by Congress of Kleberg Bill placing tax of 10 cents a pound on margarine made of fats and oils produced outside of United States."

PROFESSOR MARTHA S. PITTMAN, *Professor of Food, Economics and Nutrition, Kansas State Agricultural College, Manhattan, Kansas, in a letter to the Institute of Margarine Manufacturers in 1924:*

"In our Food Department we teach that oleomargarine is a good, clean, wholesome food—probably cleaner than much butter. We regard it as the equivalent of butter in energy value, but somewhat lower in content of vitamin A. Coefficients of digestibility are nearly the same for the two fats. Oleomargarine has the advantage in cost, but most people prefer the flavor of good butter if they can afford it.

"We feel that with limited income it is much wiser to use freely of milk and fruits and vegetables and substitute oleomargarine for butter than it is to buy butter at the expense of other items."

Groups Favoring Restrictions on Imported Fats and Oils

The following associations and other groups have recently gone on record through their spokesmen or by resolutions in favor of limiting the importation of fats and oils or of levying an excise tax on foreign oils used in foods:

- American National Livestock Association, August 14-15, 1933.
- Panhandle Livestock Association, 1932.
- American Cotton Cooperative Association, March, 1932; March 5, 1934.
- National Cottonseed Products Association, February, 1932; January 9, 1934.
- North Carolina Cotton Growers' Cooperative Association.
- Arizona Cattle Growers' Association, February 16-17, 1932.
- Kansas Livestock Association, March, 1934.
- Institute of Cottonseed Oil Foods, August 5, 1932; February, 1934.
- Texas and Southwestern Cattle Raisers' Association, March, 1932 and 1934.
- Institute of Margarine Manufacturers.
- Oregon Cattle and Horse Raisers' Association, June 2-3, 1933.
- National Soybean Oil Manufacturers' Association.
- Nevada State Farm Bureau, January or February, 1933.
- National Dairy Union.
- American Association of Creamery Butter Manufacturers.
- National Cooperative Milk Producers Association.
- Wisconsin State Chamber of Commerce and the Council of Agriculture.
- National Grange (Legislative Program).
- American Farm Bureau Federation, December, 1933.
- Legislature of the State of Minnesota (Memorial to Congress).
- Minnesota Farm Managers' Association (Resolution to Congress).
- National Farmers' Union (Program submitted to Congress).
- Legislature of the State of Wisconsin (Resolution to Congress).
- National Retail Grocers' Association.
- Mid-South Cotton Cooperative Association.
- North Carolina Cotton Cooperative Association.
- Southwestern Irrigated Cotton Growers' Association.
- Oklahoma Cottonseed Crushers' Association.
- National Association of Retail Meat Dealers.
- National Corn Association.
- Texas Cottonseed Crushers' Association.
- American Shorthorn Breeders' Association.
- Texas Cotton Ginners' Association.
- Arkansas Wholesale Grocers' Association.
- Pacific Cottonseed Products Corporation.
- Mississippi Cotton Ginners' Association.
- Kansas Livestock Association.
- South Carolina State Legislature.
- Chamber of Commerce, Suffolk, Virginia.

TABLE I
MARGARINE PRODUCTION
SOURCE: U. S. DEPARTMENT OF AGRICULTURE (CALENDAR YEARS)

Year	DOMESTIC FATS MARGARINE		NUT MARGARINE		TOTAL MARGARINE
	Pounds	% to Total Margarine	Pounds	% to Total Margarine	
1916.....	200,502,129	99.0	1,941,932	1.0	202,444,061
1917.....	269,098,725	92.5	21,804,207	7.5	290,902,932
1918.....	266,562,549	75.0	88,973,966	25.0	355,536,515
1919.....	228,618,539	61.6	142,698,848	38.4	371,317,387
1920.....	174,518,000	48.1	188,590,000	51.9	363,108,000
1921.....	110,576,181	52.2	101,290,842	47.8	211,867,023
1922.....	109,564,000	59.2	75,512,000	40.8	185,076,000
1923.....	128,798,601	57.1	96,779,155	42.9	225,577,756
1924.....	127,900,649	55.8	101,130,426	44.2	229,031,075
1925.....	117,905,702	50.9	113,705,634	49.1	231,611,336
1926.....	117,445,160	49.2	121,148,679	50.8	238,593,839
1927.....	118,978,872	43.6	153,622,976	56.4	272,601,848
1928.....	111,620,494	36.3	196,313,190	63.7	307,933,684
1929.....	120,598,282	35.2	221,632,084	64.8	342,230,366
1930.....	95,875,811	30.7	215,879,084	69.3	311,754,895
1931.....	56,872,031	25.6	165,081,377	74.4	221,953,408
1932.....	41,070,636	20.8	156,645,412	79.2	197,716,048
1933.....	42,519,896	17.6	199,711,477	82.4	242,231,373

TABLE II
DECLINE IN PRODUCTION AND CONSUMPTION OF NEUTRAL LARD
SOURCE: U. S. DEPARTMENT OF AGRICULTURE

This Table shows decline in production and consumption of neutral lard (used for margarine). The exports of neutral lard also have decreased due to increase in use of vegetable oils in margarine in European countries.

Year	Production of Neutral Lard	Consumption of Neutral Lard	Exports of Neutral Lard
1919.....	90,031,605	70,714,145	22,957,137
1920.....	77,690,234	44,590,390	23,238,071
1921.....	63,110,364	29,490,281	23,950,789
1922.....	49,431,962	29,344,859	20,497,006
1923.....	60,960,546	31,230,340	24,128,923
1924.....	68,323,719	29,770,088	27,364,974
1925.....	46,628,612	26,096,239	18,854,194
1926.....	46,422,813	23,634,489	18,116,371
1927.....	48,116,413	24,717,607	20,396,671
1928.....	52,991,078	25,659,123	23,749,830
1929.....	43,508,182	28,480,058	18,539,431
1930.....	26,957,258	16,847,813	13,531,125
1931.....	22,762,078	12,120,637	9,588,125
1932.....	17,731,898	15,227,259	5,951,227
1933.....	17,707,404	12,338,103	5,106,701

Foreword

THE American Institute of Home Grown Fats and Oils was organized to promote fuller understanding by the public of the value and usefulness of home grown fats and oils. By increasing the market outlet for millions of pounds of these fats and oils, an increased income will be received by farmers and ranchmen for their products from which these fats and oils are derived.

An important opportunity to enlarge the market for these home grown fats and oils will be afforded by restoring the margarine industry to a domestic fats and oils basis. This will make possible the manufacture, distribution, and use of a wholesome, palatable, nutritious, low-cost, table spread for the millions of underprivileged American people with limited food budgets who are not now buyers of table spreads of any kind.

To accomplish these purposes the American Institute of Home Grown Fats and Oils is urging the passage of the Smith-Kleberg Bill and working definitely for its fulfillment. No other food product in the world has been the object of so much adverse and unjust legislation. Although margarine is a wholesome food product and of particular importance to the masses of our population whose food budget is limited, it has practically been outlawed by restrictive and prohibitive state and federal legislation. Such laws are discriminatory as between domestic products of equal wholesomeness and legitimacy. They not only are un-American but are contrary to sound policy and wholly indefensible. When enacted into law, the Smith-Kleberg Bill will go far toward correcting this injustice.

TABLE III.

DIGEST OF FEDERAL AND STATE MARGARINE LAWS AND TAXES

FEDERAL LICENSE AND TAX PROVISIONS

STATE LAWS AND TAXES

States	Manu- fac- turer's License	WHOLE- SALER'S LICENSE		RETAILER'S LICENSE		PER POUND TAX		Color Pro- hibited	Use in State Insti- tutions Pro- hibited	LICENSE				Special Taxes and Remarks
		Col- ored	Uncol- ored	Col- ored	Uncol- ored	Col- ored	Uncol- ored			Manu- facturer	Whole- saler	Retailer	Hotels and Restaurants	
Alabama . . .	\$600	480	200	\$48	\$6	10c	1/4c	yes						
Arizona . . .	600	480	200	48	6	10	1/4							
Arkansas . . .	600	480	200	48	6	10	1/4	yes						
California . . .	600	480	200	48	6	10	1/4	yes						
Colorado . . .	600	480	200	48	6	10	1/4	yes						
Conn.	600	480	200	48	6	10	1/4	yes						
Delaware . . .	600	480	200	48	6	10	1/4	yes						
Florida	600	480	200	48	6	10	1/4	yes						
Georgia	600	480	200	48	6	10	1/4	yes						
Idaho	600	480	200	48	6	10	1/4	yes						
Illinois	600	480	200	48	6	10	1/4	yes						
Indiana	600	480	200	48	6	10	1/4	yes						
Iowa	600	480	200	48	6	10	1/4	yes						
Kansas	600	480	200	48	6	10	1/4	yes						
Kentucky . . .	600	480	200	48	6	10	1/4	yes						
Louisiana . . .	600	480	200	48	6	10	1/4	yes						
Maine	600	480	200	48	6	10	1/4	yes						
Maryland . . .	600	480	200	48	6	10	1/4	yes						
Mass.	600	480	200	48	6	10	1/4	yes						
Michigan . . .	600	480	200	48	6	10	1/4	yes						

10¢ lb. if contains imported fat.
10¢ lb. if contains imported oil or fat

10¢ lb. if contains imported oil or fat.
10¢ lb., colored; 5c lb. uncolored

5c lb.
10c lb. if contains imported fat or oil
10c lb. Declared unconstitutional
by Supreme Court of U. S.

1 1/4% of wholesale price to be paid
by all who sell margarine
10¢ lb. if contains pure oil
10¢ lb. if contains

Licenses repealed in 1932 (\$100
wholesale; \$5 retail)

	\$600	\$480	\$200	\$48	\$6	10c	1/4c	yes	yes	\$1	\$1	\$1	10c lb. unless 65% is animal fat and remainder domestic fat
Minnesota...	600	480	200	48	6	10	1/4	yes	yes	100	100	10	10c lb. unless 65% is animal fat and remainder domestic fat
Mississippi	600	480	200	48	6	10	1/4	yes	yes	1,000	400	400	
Missouri...	600	480	200	48	6	10	1/4	yes	yes	100	25	1	15c lb. unless 50% animal fat and remainder domestic fat
Montana...	600	480	200	48	6	10	1/4	yes	yes	1000	100	2	<i>10 lb. if contains foreign oil</i>
Nebraska...	600	480	200	48	6	10	1/4	yes	yes	10	5	2	10c lb.
Nevada.....	600	480	200	48	6	10	1/4	yes	yes	10	10	5	10c lb.
New Hamp.	600	480	200	48	6	10	1/4	yes	yes	1000	500	100	\$10 for boarding houses
New Jersey.	600	480	200	48	6	10	1/4	yes	yes	10	10	5	10c lb. if contains imported fat or oil
New Mexico	600	480	200	48	6	10	1/4	yes	yes	5	5	5	10c lb.
New York...	600	480	200	48	6	10	1/4	yes	yes	5	3	2	<i>10 lb. if contains foreign oil</i>
N. Carolina.	600	480	200	48	6	10	1/4	yes	yes	1000	500	100	10c lb., colored; 5c lb., uncolored
N. Dakota..	600	480	200	48	6	10	1/4	yes	yes	5	3	2	15c lb. on every distributor
Ohio.....	600	480	200	48	6	10	1/4	yes	yes	1000	500	100	6c lb.; \$1 per year on consumers; \$5 per year on bakers, confectioners, boarding houses
Oklahoma...	600	480	200	48	6	10	1/4	yes	yes	1000	500	100	10c lb. on margarine containing less than 20% animal fat.
Oregon.....	600	480	200	48	6	10	1/4	yes	yes	10	10	5	
Penna.....	600	480	200	48	6	10	1/4	yes	yes	10	10	5	
Rhode Is....	600	480	200	48	6	10	1/4	yes	yes	1000	500	100	
S. Carolina.	600	480	200	48	6	10	1/4	yes	yes	5	3	2	
S. Dakota..	600	480	200	48	6	10	1/4	yes	yes	5	3	2	
Tennessee..	600	480	200	48	6	10	1/4	yes	yes	5	3	2	
Texas.....	600	480	200	48	6	10	1/4	yes	yes	5	3	2	
Utah.....	600	480	200	48	6	10	1/4	yes	yes	5	3	2	
Vermont....	600	480	200	48	6	10	1/4	yes	yes	5	3	2	
Virginia....	600	480	200	48	6	10	1/4	yes	yes	5	3	2	
Washington.	600	480	200	48	6	10	1/4	yes	yes	5	3	2	
W. Virginia.	600	480	200	48	6	10	1/4	yes	yes	5	3	2	
Wisconsin..	600	480	200	48	6	10	1/4	yes	yes	5	3	2	
Wyoming...	600	480	200	48	6	10	1/4	yes	yes	1000	500	25	

TABLE IV.
 PRODUCTION, PER CAPITA CONSUMPTION AND RETAIL PRICE OF
 BUTTER AND MARGARINE

Year	PRODUCTION (1,000 pounds)		PER CAPITA CONSUMPTION POUNDS		AVERAGE RETAIL PRICE PER POUND	
	Butter	Margarine	Butter	Marga- rine	Butter	Marga- rine
1918.....	1,532,718	326,528	14.0	3.11	57.7
1919.....	1,581,573	359,216	14.8	3.28	67.8	38.5
1920.....	1,561,535	391,283	14.7	3.49	70.1	38.9
1921.....	1,738,917	281,081	16.1	2.58	51.7	30.2
1922.....	1,824,609	190,950	16.5	1.73	47.9	27.5
1923.....	1,899,921	209,182	17.0	1.85	55.4	28.4
1924.....	2,000,548	239,698	17.4	2.11	51.7	29.7
1925.....	1,993,103	215,402	17.4	1.87	54.8	30.4
1926.....	2,069,638	248,046	17.82	2.12	53.1	30.4
1927.....	2,097,712	257,156	17.62	2.17	55.6	28.3
1928.....	2,078,146	294,699	17.34	2.48	56.5	27.4
1929.....	2,178,248	333,121	17.61	2.75	55.1	27.2
1930.....	2,168,596	349,123	17.67	2.82	46.1	25.5
1931.....	2,227,452	277,791	18.25	2.24	35.4	20.0
1932.....	2,051,730	215,183	18.00	1.74	27.4	15.2

BUTTER and margarine of all kinds are manufactured articles, but strictly the products of agricultural industry, one as much as the other.

"I have invested in the dairy industry at the present time \$80,000. I would blush with shame to try to add one penny to the value of my product by denying my brother farmer the right to sell edible meat, fat or oil that he could grow and find a market for."

—DR. HARVEY W. WILEY, *the Father of Pure Food and Drug Legislation*, September 3, 1924.

THE SMITH-KLEBERG BILL

(S. 3203 and H. R. 8050)

Reasons for and Provisions of the Bill

The Smith-Kleberg Bill, introduced in the Senate by Senator Smith of South Carolina as S. 3203 and in the House by Mr. Kleberg of Texas as H. R. 8050, will immediately increase the market for our beef fat, pork fat, cottonseed oil, corn oil, peanut oil, and soybean oil, and make more readily available to the underprivileged groups of our population a wholesome, palatable, nutritious, low cost food product.

The authors of the bill seek to accomplish these purposes by an amendment to the margarine law that will place the margarine industry back on a domestic fats and oils basis by levying a tax of 10 cents per pound on margarine containing any imported fat or oil. It will also repeal the wholesale and retail dealers' license fees or taxes imposed on them for permission to sell margarine. In addition, it provides for a high standard of fat content; for rigid inspection under the Meat Inspection Act to insure purity and wholesomeness; for sale of margarine to the consumer only in the original manufacturers' package; and it prohibits false and deceptive advertising by means of labels, newspapers, radio, or through the use of the mails.

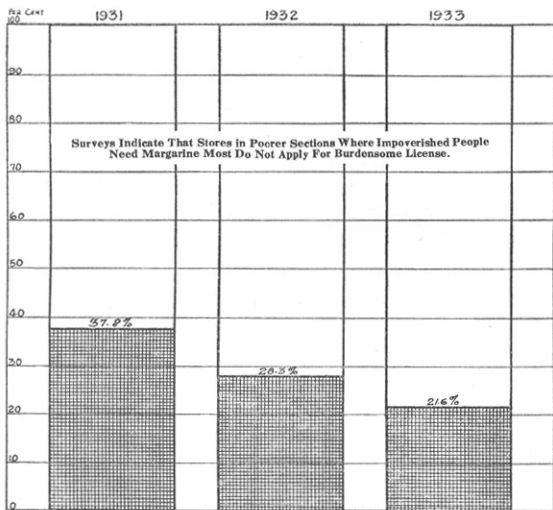
There are over a billion pounds of domestic edible fats and oils in storage in this country today. There are two principal causes for this huge surplus, namely, production at home and enormous imports.

Our government is limiting or planning to limit the production of cotton, hogs, corn, milk, and cattle. The fats and oils obtained from these products, therefore, actually have been and are being greatly reduced in quantity. But this limitation of home grown fats and oils will not help the situation as long as foreign fats and oils are permitted to be imported in unlimited and unrestricted volume.

Foreign fats and oils are coming into this country in ever increasing quantities, duty free or almost duty free, and are displacing our domestic fats and oils in the manufacture of foods. This is especially true of such products as margarine, vegetable shortening, and cooking compounds. During the calendar year 1933, 160 million pounds of im-

Chart I—Percentage of Total Retail Food Stores Operating under Federal Margarine License in United States.

YEARS ENDING JUNE 30TH.



(Courtesy, Institute of Cottonseed Oil Foods)

During the year ending June 30, 1933, only 21.6% of all the retail food stores in the United States sold margarine. The taxes on grocery men in the form of licenses prevented them from selling the product. Therefore, 78.4% of all retail food stores handled no margarine.

On the basis of average distribution it may be estimated that margarine was therefore not available to 78.4% or 98,500,000 of our people.

ported oils were used in the manufacture of margarine alone. This took the place of 160 million pounds of domestic fats and oils.

Table I in the Appendix shows the shift of margarine from a domestic fats and oils basis to cocoanut oil and shows how the market for our home grown fats and oils has decreased. Table II for example shows the decline in the use of pork fat in the manufacture of margarine.

Present Margarine Laws are Discriminatory and Unsound

The federal margarine law, passed in 1886 and amended in 1902, imposed a tax of 10 cents a pound on artificially colored margarine and $\frac{1}{4}$ cent a pound on the white, or naturally colored, product. Later, when a process was developed for making a naturally yellow-colored margarine by the inclusion of yellow beef fat, yellow cottonseed oil or yellow palm oil, the law was further amended in 1931 by placing a 10-cent tax on every pound of margarine of a deeper shade of yellow than 1.6 degrees (which is almost white) as measured by the Lovibond tintometer.

Another provision of the law imposes annual license fees of \$600 on margarine manufacturers, \$480 on wholesale dealers, and \$48 on retail dealers, except that the wholesaler must pay only \$200 and the retailer only \$6 if nothing but white margarine, or that subject to the $\frac{1}{4}$ -cent a pound tax, is handled. Arduous regulations as to inspection, labelling, packing, and misbranding are also contained in the federal law.

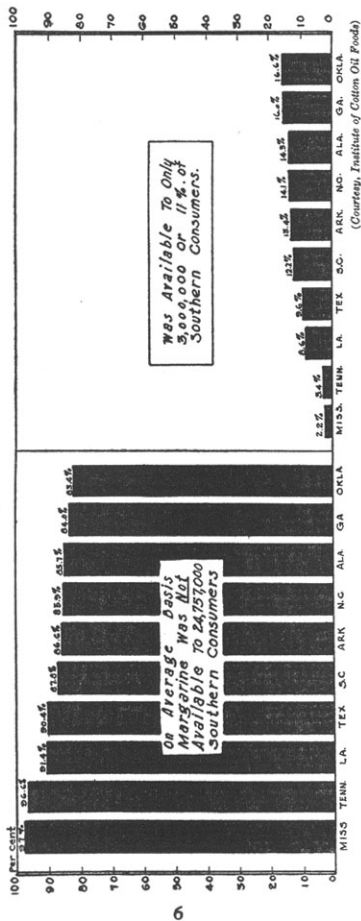
Such discriminatory legislation makes it impossible for the small corner groceryman to sell margarine and has the effect of taxing food out of hungry mouths. Of the total number of retail food stores in the United States in 1930 only 40.9% were licensed to sell margarine. By 1933 this percentage had dropped to 21.6%. In the 10 Southern states an average of only 11.1% are able to sell margarine due to prohibitive license fees, because of the reports to federal authorities of sales, and because of the system of inspection required.

Charts I and II illustrate these facts in detail.

Restrictions on Use of Margarine in Government Institutions

In addition to these licenses and taxes, certain prohibitions are in effect in regard to the sale of margarine to government institutions. The *War Department* cannot use margarine "for other than cooking purposes, except to supply an expressed preference therefor or for use where climatic or other conditions render the use of butter impracticable."

Chart II—Margarine Forced off the Market by the Governments' Restrictive, Discriminatory License System.



Of the 107,855 retail stores in the cotton belt 95,877 or 89% handled no margarine in 1933. Only 11,978 or 11% submitted to Margarine License System of Taxation.

The *Navy Department* is required to give at least two ounces of butter per day to each man in service. This law enacted a long time ago does not prohibit the use of margarine in the Navy, but the fact that so much butter is required for each man has had the practical effect of eliminating margarine from the diet.

The Appropriations Act for the *Veterans' Administration* carries a proviso, "that no part of this appropriation shall be expended for the purchase of oleomargarine or butter substitutes except for cooking purposes."

The Appropriations Act for the *Interior Department* carries a proviso that "No part of this appropriation shall be expended for the purchase of oleomargarine or butter substitutes, except for cooking purposes."

Discriminatory State Laws

In addition to the federal regulations, margarine is taxed in many states in varying amounts, from 5 to 15 cents a pound. In about 20 states, additional license fees must be paid by wholesalers and retailers, ranging from \$25 to \$1,000 for the wholesaler and from \$5 to \$400 for the retailer.

Laws prohibiting the use of margarine in various state institutions and preventing the sale of any colored margarine have been passed in numerous states.

Table III in the Appendix gives a digest of these federal and state laws in effect March 10, 1934.

Such Legislation is No Longer Necessary

When the facts about margarine and the unjust laws affecting it are first presented, the question naturally arises, "How could this kind of thing happen? What justification was there in the first place for such laws? Are they necessary now?"

In the early days of the margarine industry there seems to have been some substitution of margarine for butter. Being cheaper than butter, there was a temptation to pass it off as butter. The first margarine laws were designed, therefore, to protect the butter manufacturer and to safeguard the consumer against fraud. The first federal law affecting margarine was passed in 1886. Some of the best constitutional lawyers in Congress at that time were of the opinion that the federal government had no right under the Constitution to exercise police power,

holding that police power was a prerogative of the individual states. They argued that Congress could, under its taxing power, regulate the manufacture and sale of the product through the imposition of a tax on margarine and special taxes on manufacturers, wholesale and retail dealers. Congress, therefore, passed the Act of 1886, which, on its face, is a tax measure but in reality is also a regulatory measure.

In 1906 Congress changed this theory of police control in the passage of the Federal Food and Drugs Act and the Meat Inspection Act. No taxes were imposed on the products regulated by these two acts, nor did Congress impose any special taxes on the manufacturers of and dealers in such products. These two acts, together with the Federal Trade Commission, make it wholly unnecessary to continue regulating the sale of margarine by the imposition of taxes on the product itself or on dealers.

The Smith-Kleberg Bill places all margarine manufacture under the Meat Inspection Act, which act enforces rigid inspection and strict adherence to established standards of purity and quality and to laws affecting the manufacture and sale of the product. The Bill also goes much further than any previous measure in controlling labelling and advertising. Under this law margarine must be sold in the manufacturer's original package, which makes it impossible to sell it as any other product. Severe penalties are provided to prevent violations of the provisions of the Bill.

Food Value of Margarine

As to its wholesomeness and food value, there has never been any basis for the restrictive laws against the manufacture and sale of margarine, nor for discrimination against it as a constituent of the diet. Scientific investigators and students of nutrition have always recognized margarine as a wholesome and nutritious food.

The principal products used in the manufacture of margarine are beef fat, pork fat, soybean oil, peanut oil, corn oil, coconut oil, cottonseed oil, milk, butter, and salt. Each manufacturer has his own formula which contains one or more of the fats named. Churned in well ripened milk, washed, and salted, the finished product makes a palatable table spread of unquestioned wholesomeness and purity.

But what of its nutritive value? Dr. Eddy, of Teachers' College, Columbia University, and of the Bureau of Foods, Sanitation and Health of the Good Housekeeping Magazine, says in writing on this subject:

"The margarine manufacturer makes much use of the undoubted fact that fats are burned as fuel in our bodies and that pound for pound one fat yields essentially the same number of calories as any other. The nutrition student knows this to be true. When she calculates the calories in pie crust all she asks is the percentage of fat, not the kind, for the kind is inessential from the calorie viewpoint."

Moreover, Dr. McCollum of Johns Hopkins, writing of the food value of various fats used in the diet, stated that one kind of food fat is "digested with practically the same ease and completeness as any other kind of food fat."

Quoting Dr. Eddy again, we find he makes the following statements with regard to vitamin A:

"Much has been made in competitive trade of the potential lack in margarine of this vitamin A. Some manufacturers have met the difficulty by incorporating in the churning product a vitamin A concentrate. They have made their margarine like butter in both taste and vitamin A content. Others have relied on the common sense of their purchasers, given them a wholesome fat and frankly admitted its lack of vitamin A but trusted to the user to supply that lack by other articles of diet . . .

"If I liked the taste of margarine and its price suited my pocketbook, even total absence of vitamin A in it would not deter me from its use, for all I need do is supply that one lack by selection of rich vitamin A sources. I do the same thing in feeding milk to babies. I know that milk does not supply enough vitamin C for the baby, so I add orange juice to his milk quota. I do not condemn milk as a bad food because on milk alone the baby can develop scurvy. Need I then say more on this topic? Diets must be built with intelligence, the diet must be complete in all food factors necessary to health, but the individual ingredients need not all be complete foods."

Dorothy Fetter and Dr. A. J. Carlson, of Chicago University, made a thorough study of the vitamin content of certain brands of margarine. In an article in the American Journal of Physiology for February, 1931, entitled, "The Vitamin A Content of Some Margarines", they said among other things:

"As tested on rats the animal fat margarine churned in whole milk is equal to butter in vitamin A content. The margarine with cocoanut oil as the fat content is very deficient in vitamin A. As tested by the cure of rickets in rats the oleo oil-lard-milk margarine studied is superior to butter in vitamin D content."

Consumer Interest

The consumer has a definite and vital interest in margarine legislation. This is acutely true when purchasing power is lower than usual. Moreover, students of social conditions agree that approximately one-