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THE OLEOMARGARINE BILL.

SPEECH

OF

HON. HERMAN B. DAHLE,

OF WISCONSIN,

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IN THE

HOUSE OF REPRESENTATIVES,

THURSDAY, MAY 17, 1900.



WASHINGTON.
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SPEECH
OF
HON. HERMAN B. DAHLE.

The House being in Committee of the Whole House on the state of the Union, and having under consideration the bill (S. 3419) making further provision for a civil government for Alaska, and for other purposes—

Mr. DAHLE said:

Mr. CHAIRMAN: I will not enter into any general discussion of the pending bill (the Alaska code), but will take advantage of the rules and practice of the House and will speak on a measure of very great importance to the producers and consumers of dairy products of our country.

The magnitude of the dairy industry in my State, and especially in my district, emboldens me to address the House on the subject of suitable protection for that industry from unfair and ruinous competition. There is an old maxim to the effect that when the farmer is prosperous the country is prosperous, but that when the farmer is not prospering the country can not long prosper without him. The experience of generations has proven the truth of the saying. There can be no enduring prosperity unless it is based on the welfare of the men who till the soil.

There has been before the House for the greater part of this session a bill (H. R. 3717), introduced by Mr. GROUT, of Vermont, which I believe will do more to promote the legitimate prosperity of the agricultural interests of the country than any measure which has been before Congress for many years. It will not only promote the interests of the agricultural population, but will do so notwithstanding the assertions of those opposed to it, without injuring any legitimate industry which places reliable, pure products on a fair market and is free from fraud.

This bill, if passed, will serve two purposes. It will not only safeguard the interests of the producer of butter, but will at the same time protect the consumer from deception in the nature of

the food he buys, and enable him to buy butter if he wishes butter, and oleomargarine if he wishes oleomargarine, at the proper price for each commodity. The bill to which I refer has been extensively misrepresented. It simply provides that oleomargarine shall be sold as oleomargarine and not as butter, and that consumers seeking butter shall not be imposed upon. The bill seeks to place each industry on its own basis and make each stand or fall by its own merits. Can anything be more fair? What injustice is there in this proposition?

If the manufacture of oleomargarine is a legitimate industry, free from fraud, what wrong is there to it to require its product to be sold on the open market for what it really is, and not for something which it is not? We have heard a great deal during this session about this bill being an effort to crush a legitimate business. How can a legitimate business be crushed by a law which requires its product to be sold for what it actually is? The cry raised by the friends of imitation butter that the bill will ruin them is a confession that they depend on selling their imitation for butter to continue that enormous business and to reap the enormous profits they have been reaping.

The cry against this bill is a confession from the men engaged in the manufacture and sale of oleomargarine that their great profits, amounting in some cases to over 100 per cent, depend on fraud and the deception of the consumer. When has a more startling position been taken before a committee of this House by the representatives of any industry? The farmers of the nation come to us with a memorial for protection from fraudulent and ruinous competition with imitation butter, and the representatives of the manufacturers of that imitation come before us and demand that they be permitted to sell an imitation to deceive the consumer and to ruin the farmer.

We are asked to place each industry on its own basis: make each class of producers sell their product for what it is—butter as butter and oleomargarine as oleomargarine. We are asked to protect the consumer from being deceived as to the food he buys; to protect him from being given oleomargarine, or some other imitation, when he asks for and pays the price of butter. A more fair and just proposition was never laid before Congress.

The importance and necessity of some such legislation as this is readily seen, when it is remembered that the oleomargarine manufacture has doubled and more than doubled in the past four years. The oleomargarine factories of the United States produced 45,000,000 pounds of the imitation in 1897, and in 1899 the amount had risen to 83,000,000 pounds. Of this the greater part was consumed under the belief that it was butter.

Were it not that the greater part was palmed off as butter, this bill would not have received the support it has received from the farmers and butter consumers of the United States. Congress was not appealed to until every other method of protecting the dairy industry from this fraudulent and ruinous competition had been exhausted. A majority of the States of the Union have enacted laws forbidding oleomargarine being colored to imitate butter, but from the very nature of things these laws have been found insufficient to protect either the producer or consumer of butter. Oleomargarine manufactured in one State can be sold in another in violation of law, and the officials of neither State can successfully trace the shipment and effectively enforce the law.

Twenty years' experience has demonstrated that imitation butter of any kind can be sold by the dealer to his customers for butter if it be colored to imitate butter, and the substitution is difficult of detection. Any law which seeks to prevent the sale of colored oleomargarine as butter to the consumer by the retailer is very difficult of enforcement, and is on the whole impracticable. Experience in the State of Wisconsin has shown that the proper way to protect the legitimate butter industry is to so tax the manufacture of oleomargarine colored to imitate butter that its cost to the retailer will be equal to that of butter and the incentive to fraud is thereby done away with.

Under existing conditions the temptation to substitute the cheaper imitation for butter when sold to the consumer at retail is very strong. Both kind of goods look alike, and the unskilled consumer can not detect the difference. The dealer will get a profit of perhaps 2 or 3 cents a pound on the butter and twice as much or more on the oleomargarine. Both kinds of goods are kept in the same refrigerator.

The opportunity for substitution and fraud on the consumer is

more than the morals of many men can stand, and the result is that multitudes are given oleomargarine, costing the dealer from 10 to 15 cents a pound, in place of butter which was called for and which cost the dealer 18 to 28 cents a pound. The customer pays for butter. As long as the dealer confines his sales of oleomargarine as butter to known customers, whom he can rely on not investigating the nature of the goods they are supplied with, he is comparatively safe, and may continue his fraudulent practices for a long period of time and reap the large profits resulting from getting butter prices for a cheaper substitute. Against this condition of affairs the producers and consumers of butter are helpless unless Congress comes to their relief.

The present laws for the protection of the public from fraud in the sale of oleomargarine have failed, and it is because of the failure of these laws, State and national, that this Congress is appealed to. Thirty-two States have enacted statutes against the sale of colored oleomargarine. These statutes have been found unequal to the task of protecting the public, and twenty years of experience has shown that only a law which shall control the manufacturer and the nature of his product will accomplish the desired end. The evil must be met at its own source and freed from fraud before it gets into the great channels of trade. Human experience has demonstrated the insufficiency of State laws to protect the public from this fraud.

Experience has also shown that only a law which will clearly distinguish between butter and oleomargarine, in some way that the one can not be sold for the other and the public deceived, will meet this growing evil and avert the danger which threatens the legitimate dairy industry of the nation. Gentlemen may quibble, may talk of the rights of the oleomargarine manufacturer to deceive the consumer, but the fact remains that only a national color law will meet the evil.

As long as oleomargarine can be made and put on the market in imitation of butter, resembling pure butter in color, so long will it be sold as butter. In voting on this question we must take one horn of the dilemma; we must either allow this admitted evil to continue or we must stop the sale of an imitation for the pure article. The people of the United States demand this action, as

is shown by the multitude of memorials before the Committee on Agriculture. In another way, however, the public sentiment of the nation has been shown on this question. Over thirty States have enacted statutes intended to protect the people from deception in the nature of the food they buy under the name of butter. Not a single one of these statutes has ever been repealed. Can any more direct testimonial be desired of the nature of public sentiment on this question?

We have heard before the Committee on Agriculture a great deal of argument against the bill, during which much was said of oleomargarine as a food for the poor, because it is cheaper than butter. The representatives of the oleomargarine manufacturers have posed as the friends of the poor man. Now, if this statement of the representatives of the oleomargarine manufacturers is true, why do they wish to color their product and sell it at butter prices? How does the poor consumer benefit from the sale of oleomargarine when he pays butter prices for it? Would a law forbidding the coloring of oleomargarine prevent the poor from buying it? Would such a law in any way restrict his right and opportunity to consume it?

No reasonable man will contend that it will. If the poor or any other class of consumers wish to eat oleomargarine instead of butter, this bill will not prevent them doing so. The dairymen and butter consumers of the country do not ask that any individual who prefers oleomargarine shall not be allowed to buy and consume it at his wish. Let butter be sold as butter, and the imitation as imitation. As said before, oleomargarine can be sold to the consumer for from 10 to 15 cents a pound.

This being so, how does the poor man benefit from the sale of oleomargarine when he is charged from 15 to 25 cents a pound for it, the regular price of pure butter? The bill lowers the tax on oleomargarine as such to one-quarter of a cent a pound, and if it is left uncolored, or is colored some other color than that of butter, the consumer, the poor consumer, will get it at its rightful price, and will be saved from 5 to 15 cents a pound of what he is now charged. Nothing shows the hypocrisy of the argument of the oleomargarine manufacturers more clearly than their unwillingness to sell their product for what it really is at its proper

price. They claim to be the friends of the poor man, and at the same time insist that they be allowed to sell him oleomargarine at butter prices.

This fact was shown in my own State within the past few years, when numerous convictions were had of retail dealers for selling colored oleomargarine against the State law. The oleomargarine was sold to the poor, but was sold as butter and for butter prices. In no case, as far as I am aware, was the imitation sold otherwise than as pure butter and for the best butter prices. This is the whole contention, this is the whole opposition to the bill. "We must be allowed to sell our product for butter," is the cry of the oleomargarine industry, "and we must color it to imitate butter to do this."

The enormous profits resulting from selling oleomargarine at butter prices has caused the bitter fight against this bill. The same enormous profits have caused the creation of a huge fund for the defense of dealers arrested charged with the violation of State laws in the sale of oleomargarine. The profits are so great that men are willing to take many risks of fine and imprisonment and the manufacturers are willing to spend large sums to keep the market open to their imitation butter.

One of the principal arguments used against this bill has been the importance of the oleomargarine industry and the large sums invested in the plants of the manufacturers. The bill, we have been assured, will seriously impair the prosperity of this business, and thereby injure a large established industry. The immensity of the dairy interests which are being undermined by the fraudulent sale of oleomargarine as butter has received but scant attention from the plausible gentlemen who have been before the committee. The importance of the oleomargarine business, except to the millionaire owners of the business, is a matter of opinion.

The importance to the country of the prosperity of the millions of farmers engaged in the production of butter is a matter of fact. The two classes of products can not live together. Pure butter or colored oleomargarine must give way. Either the sale of colored oleomargarine sold as butter must end, or the farmers engaged in the manufacture of butter must forfeit their prosperity. Which is the most important to the country? Can any

reasonable man sincerely believe that the prosperity of a handful of manufacturers, numbering 26 firms, to be of greater importance than the prosperity of 5,000,000 or more farmers who depend either wholly or partly on the butter market for their well-being? Is the piling up of a few colossal fortunes better to the nation than the prosperity of the farmers scattered over the smiling face of the country?

The farmer is the great consumer, and on his financial welfare depends, more than on any other, the well-being of the rest of us, and the fact, for fact it is, can not be too strongly dwelt upon, that either he must suffer serious loss or the sale of oleomargarine as pure butter must stop. In 1899 the oleomargarine product was over 83,000,000 pounds, and more than three-fourths of that was sold as butter. Every pound sold as butter displaced a pound of butter and took the value of that pound of butter from the pockets of the farmer. Were this done by legitimate competition there could be but little objection, but all this immense loss to the farmers of the country was caused by fraud, was caused by the consumer who wished to obtain the farmer's product being deceived and tricked into buying something he did not want at a price far in excess of a legitimate profit.

The sale of oleomargarine is steadily increasing at an average rate of 20 per cent a year, and if this continues, as it is most likely to unless some legislative safeguards are thrown about the consumer, the butter makers of the land will soon have to divide the market with this cheaper substitute, and the consumers will be sold more and more of an article they do not want in the guise of what they do want.

Considering the facts, aside from the exaggerations of the importance of the oleomargarine industry, it is easy to see how entirely insignificant the oleomargarine interest is when compared with the dairy interests of even a single State. If the injury which we are assured this bill will work to the oleomargarine business is to be made the test, we will readily appreciate the greater claim of the dairymen and consumers for protection. Much has been said before the committee of the immensity and importance of the oleomargarine industry.

The fact is that the entire oleomargarine business, as measured by the value of the plants, machinery, and fixtures of the 26 fac-

ories, is not equal to the value of the plants, machinery, and fixtures of the 252 dairy plants of my district alone. Think of it! The entire value of the plants, machinery, and fixtures of the oleomargarine factories of the United States not equal to capital invested in dairy plants in one Congressional district of four counties.

One of the largest oleomargarine manufactories in the country is that of William J. Moxley & Co., of Chicago. According to the last statement by this firm to one of our most reliable mercantile agencies, the value of this plant, fixtures, and machinery is \$30,850.63. There are 26 such factories in the United States, the majority of them smaller and with less capital than this one and with less invested in machinery and fixtures.

The Moxley plant being worth \$30,000, it is fair to estimate the average value of the oleomargarine plants, machinery, and fixtures at \$25,000. There are 26 oleomargarine manufactories in the United States, and at the average value of \$25,000 the total value of these plants would be \$650,000. That is the value of the plants, machinery, and fixtures of the oleomargarine factories of the United States.

How does this compare with the value of the creameries of a single State, or, better still, a single Congressional district? If it is a business of such magnitude as has been urged, surely it must be worth more than the creameries of four counties comprising the Second Wisconsin district. There are 252 creameries in my district, worth on an average \$2,700, making a total value for the creameries of the district, taking only the values of the plants, machinery, and fixtures, \$680,000, or \$30,000 more than the entire value of the plants, machinery, and fixtures of all the oleomargarine factories of the United States.

This oleomargarine business, because established, now comes before us and argues that it is of such importance and has so much money invested in it that it has the right to undermine and fraudulently ruin one of the oldest legitimate agricultural industries of the country. It defends itself against this bill on the ground that it is so important, and yet it has less money invested than is invested in the legitimate dairy industry of a single Congressional district.

In the State of Wisconsin there are 951 creameries, with an average value of \$2,700, making a total value for the State in plants, machinery, and fixtures of \$2,567,700. Set against this sum the value of the plants, machinery, and fixtures of the oleomargarine factories of the country, which was given before as \$650,000, and you can readily see the insignificant amount invested in the imitation business when compared with the legitimate industry.

The representatives of the oleomargarine manufacturers have laid great stress on the amount of money invested in their business as the reason why it should be allowed to continue its fraudulent practice. If the amount invested is the test, how small a voice should the oleomargarine business have in this discussion as compared with the colossal amount invested in butter making in my State alone, not counting the other great dairy States of the Union.

This method of measuring the relative importance of the two industries is the best one, for it precludes the consideration of watered stock, overcapitalization, and exaggerated values. The average statement as to the value of the oleomargarine business is unreliable because of the impossibility of knowing the exact conditions of the business. In order to make the investment of the industry look large, the representatives of the oleomargarine industry figure in immense outstanding accounts, large amount of cash on hand, great quantities of stamps kept in the offices of the concerns.

The Moxley Company claims total assets at \$291,581.16. This is made up, however, chiefly of cash on hand, stamps, bank deposits, and outstanding accounts. Its plant, machinery, and fixtures are worth but \$30,850.63 on its own statement; and the actual value of the plant, with the fixtures and machinery considered, is the only true way to measure the two industries. Were the stock kept on hand by the dairymen to be known and the value of their outstanding accounts capable of being measured, they would show a sum so immense the amount claimed for the oleomargarine industry would sink into insignificance.

The necessity of some Federal legislation for the protection of the consumer and the legitimate butter producer can not be more clearly shown than by the immense quantity of oleomargarine

sold, colored like butter, in the States where such sale is absolutely prohibited. I can speak more knowingly, Mr. Speaker, of my own State, where I am somewhat familiar with the conditions, and the efforts that have been made to enforce the law. Some years ago a statute was passed absolutely forbidding the sale of oleomargarine colored to resemble butter.

I know from personal knowledge that the most strenuous efforts have been made by the State dairy and food inspector to enforce this law, and numerous convictions were had for its violation. In each of these cases colored oleomargarine was sold to consumers who asked for butter, and they were charged butter prices. In spite, however, of the stringent State law, and the earnest efforts of the State authorities to enforce it, 714,742 pounds of yellow oleomargarine were sold in Wisconsin in 1899. This is from the report of the Secretary of the Treasury.

Notwithstanding this report and the undisputable evidence of the sales it offers in Wisconsin, you may travel the State over and you will not find a pound of oleomargarine for sale as such. Over half a million pounds sold in the State, and not a pound offered on the market as oleomargarine. Requests in several cities of the State for oleomargarine by would-be consumers was met by the statement from dealers that there was no oleomargarine on the market in Wisconsin. The conditions in Wisconsin are but a sample of the conditions prevailing all over the United States, and demonstrate most effectually the necessity for a Federal law for the protection of the legitimate industry.

The experience of many years, both among the officials whose duty it is to enforce the law and among men of large experience in the marketing of dairy products, has also taught the necessity of such legislation as the pending bill. I have had some correspondence with various firms of long experience in the dairy markets in various States, firms which as a merchant and manufacturer I have intrusted with my own goods. They are unanimous in saying that only a Federal law taxing colored oleomargarine, so that its cost to the retailer will be equal to that of butter, will be effective. I quote from some of these letters:

Potter & Williams, Buffalo, N. Y.:

Your esteemed favor of May 10 is to hand and noted. In reply we would say that from our point of view there is no question but what Mr. GROUPE'S

bill should become law. The laws of the State of New York governing the sale of oleomargarine are in all probability as prohibitive as the laws of any State in the Union, nevertheless the oleomargarine manufacturers find a way of getting around our law, with the result that thousands and thousands of pounds are sold all over the State of New York, not sold as oleomargarine, but sold for butter and colored to look like butter. Our present law forbids the coloring of oleomargarine, and when it is uncolored it is almost as white as lard, but in defiance of the law the goods are colored to resemble butter and are sold for butter.

One of our nearest neighbors was apprehended this spring with something over 500 packages of oleomargarine on hand. His sales previous to the time of his apprehension amounted to thousands and thousands of packages, all of which he sold for butter. He also claims that he bought it for butter. We understand the fines due the State of New York from this one man alone amount to about \$16,000, but as yet nothing has been done. Whether the manufacturers of the oleomargarine are protecting him or not we do not know, but at all events the State authorities are not bothering him any now.

During the time our neighbor was handling oleomargarine every package of it took the place of a package of pure butter and affected the demand for pure butter to just that extent. We and all others who were dealing honestly in the pure article during the time that our neighbor was handling oleomargarine were practically put out of business. We could not compete with him in price, and apparently his goods were just as good as any pure butter.

Up to the present time the manufacturers of oleomargarine appear to have been strong enough to defeat the object of all State laws so far as they interfered with the sale of oleomargarine. At the present time no one knows when he buys a pound of butter at the retail store whether he is really taking home butter or oleomargarine.

Mr. GROUT'S bill, of course, is in the interests of dairymen, but at the same time it is also in the interest of every person who desires to deal honestly in honest goods, and in the interest of every family in the United States.

A. H. Barber, commission merchant, Chicago:

I surely think that the Grout bill will be a great benefit to all the farmers who are interested in the dairy business. I think that at least seven-eighths of all oleomargarine is sold over the counters by the retailers as butter, and if these goods were made uncolored they could not be pawned off to the consumers for butter. The manufacturers and the wholesalers, I think, as a usual thing sell it to the retailers as butterine or oleomargarine.

It is a fact that the sale of oleomargarine has driven the dairymen quite largely out of business, as the prices on genuine butter have been so low the past two or three years that but very few factories are getting much more than half the amount of milk they formerly did. This past winter butter has ruled higher than formerly, on account of the smaller production of butter. If the Grout bill should become a law, it would stimulate the dairymen to increase their herds, and the consequence would be a larger production of butter, and the prices of dairy products would rule at a remunerative price to the farmer.

Pitt, Barnum & Co., New York:

The State law prohibits the sale of butterine and oleomargarine in our State, but, beyond all doubt, there is lots of it sold—and it is sold as genuine butter. Our State dairy commissioner is watching it very closely, and has prosecuted a number of cases successfully. There can be no doubt but that the unlawful sale of butterine and oleomargarine has its effect upon the demand and price of pure butter in the sections where they are selling it on the quiet.

T. L. Brundage, commission merchant, Cleveland, Ohio:

Since receiving your letter I have had a conversation with Mr. Reynolds, who was deputy dairy commissioner for a time, and he tells me that he is satisfied that, from the investigations he has made, fully one-half of the oleomargarine sold is sold to the customers for butter, and of course so far as the influence of such sales are concerned on the price of pure butter it must certainly have a great effect, and it can not be otherwise, and as so much of it is being used the demand for butter is very much smaller. I do not think that it is sold to the retailer for butter, but it is the retailer that sells it to the consumer for butter. The retailer without doubt knows what he is handling, and the consumer is the one who suffers, and the dairy industry is crippled and injured also.

Earl Brothers, Chicago:

We find that the sale of colored butterine, or oleomargarine, is certainly injurious, and also know that it hurts the sale of butter.

Mr. Speaker, the Republican party has a traditional policy of protection to American industries from destructive foreign competition. To that policy the great party to which we belong is committed heart and soul. Protection is the cornerstone of Republican policy. Is it consistent to protect the manufacturing industries of the United States from destructive foreign competition and leave the greatest industry of America, that of agriculture, open to the onslaughts of an insidious foe from behind?

Can we justify ourselves before the people in our policy of protection if we leave the farmers of the United States at the mercy of a fraudulent business, which is demoralizing one of the principal agricultural industries of our country? Is it not as worthy, and, indeed, as necessary, to protect this great agricultural industry from ruinous and fraudulent competition at home as well as from injurious competition with underpaid labor abroad?

The dairymen of the United States are protected from Canadian competition by a tariff. The injury that the Canadian butter makers could do the dairy industry of the United States, however, is slight when compared with the ravages being made in the legitimate dairy industry by the ruinous competition of the oleomargarine dealers selling their imitation as butter. If the General Government felt it its duty to protect the dairymen of the country from Canadian competition, how much more is it the duty of the Government to now step in and protect them from this new danger, compared with which the Canadian competition is a mere incident.

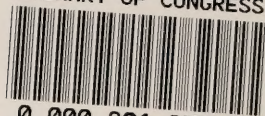
The real danger to the dairy industry is from within, not from

without, the United States. The Government protects the iron industry with a tariff of \$4 a ton on pig iron, \$1 a ton on iron ore, seven-twentieths of a cent a pound on steel rails, and a half a cent a pound on structural steel. Lumber is protected by a tariff of from \$1 to \$2 a thousand feet; shoe leather, 20 per cent ad valorem; chinaware, 55 per cent; brick, 45 per cent; and many others, examples of which might be multiplied.

All this protection is practical, because the danger to these industries is from foreign competition with its underpaid labor. These industries have nothing to fear from imitations at home. Brick can not be easily imitated by some cheaper substitute. Steel rails can not be made from the waste slag of iron foundries. Shoes can not be made from the leather scraps of harness shops. They have nothing to fear from an imitation made of far cheaper materials, but which can not be detected by the consumer. The position of butter is unique. It can be successfully imitated in taste and appearance so that the consumer is unable, without making a chemical test, to recognize the true from the false.

This being the case, it becomes the duty of the Government to protect the public from imposition in the nature of the food it buys, and at the same time protect the farmers of the nation from the danger which is staring them in the face. Congress has defended the American farmer when he was threatened from without by comparatively harmless foes. Shall it now desert him when he is threatened from within by a stalwart enemy? Shall Congress, after its long career as the friend of the American farmer, desert him in his hour of need? Let us join in saying "No," by voting for the Grout bill.

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