

At the outbreak of the war in September 1939, prices of fats and oils advanced sharply, based on a brief speculative anticipation of increased exports to Europe. It became apparent that the belligerent countries had accumulated large supplies in this field, plans having been carefully made to control supplies, regulate prices, and to conserve foreign exchange. Europe was better prepared in this field than in 1914.

Our exports declined, domestic production increased, and prices reached low levels throughout 1940. However in 1941, and particularly in recent months, substantial gains have been recorded in the prices of most fats and oils. The principal factors in this rise are the growing strength in domestic demand resulting from increases in industrial activities and consumers' incomes; a lower rate of output for lard and greases; higher shipping costs for imports of oilseeds and oils and a lower volume of imports, partly because of the shipping situation; and Government lard purchases under the recently announced program for support and stabilization of hog prices. Our domestic consumption of all fats and oils this year will almost certainly establish a new record of over 10 billion pounds to supply a widening industrial and consumer demand.

While fats and oils prices are higher than last year's extremely low levels and are on a rising trend, the fundamental supply position does not justify any unwarranted speculative price spiralling. One of the National Defense measures has been the establishment of the Office of Price Administration and Civilian Supply. They are well aware of the sensitive tendency of prices of fats and oils to respond to events and rumors of events which of themselves have actually no relation to the intrinsic supply and demand situation.

A conference of manufacturers, distributors and government officials was called on May 2 by the Secretary of Commerce, because of the public interest in the business world with respect to the supply and demand of certain consumer goods, price movements, industrial capacities and supplies of raw materials. There were four round-tables, one of which was devoted to a discussion of the problems related to the distribution of food. Among the topics reviewed at the food round-table was the current fats and oils situation and the outlook as it affected supplies and prices from the producer to the ultimate consumer.

We all remember the aftermath of the 1914-1918 war when 35 cent lard dropped to 11 cents in two years, and 27 cent cottonseed oil became an 8 cent product in the same short period. The Office of Price Administration and Civilian Supply will be particularly concerned about any abnormal price fluctuations during the present emergency period that may not be justified by actual market conditions.

Our agriculture and our livestock industry produce a surplus of edible fats that are capable of considerable expansion for our own use and for export, but the increasing shortage of certain imported oils really represents a challenge to chemists in this industry to further exercise their talents in utilizing in the industrial field, wherever possible, domestic products to replace raw materials that we are unable to bring into this country in sufficient quantities for our needs.

If the chemists' laboratories can further their remarkable work in this direction, this will be an outstanding contribution to supplying our needs for National Defense.

Report of the Referee Board

FOR the year 1940-41 the Referee Board received 33 applications and issued 32 referee certificates. The program of collaborative tests included 5 samples of crude cottonseed oil and 10 samples of cottonseed, the same as in other recent years. Reports on the seed samples were again tabulated by Mr. R. T. Doughtie of the Bureau of Agricultural Economics. Tentative arrangements have been made with Dr. K. S. Markley to have the reports on the cottonseed oil samples tabulated next year at the Southern Regional Research Laboratory.

A single sample of crude peanut oil was distributed and reports were received from 47 collaborators. The agreement on this sample was good notwithstanding selection of a peanut oil showing relatively high loss. It seems likely that the difficulty of obtaining uniform samples was responsible for the experience which had caused us to feel that a peanut oil of this type would give discordant results by refining tests.

Five samples of crude soybean oil were also distrib-

uted during the past year to collaborators requesting same, this being the principal new activity of the Referee Board during the year. These samples, including all shipping expense, were generously contributed by The Procter & Gamble Company, A. E. Staley Manufacturing Company, Central Soya Company, Inc., Lever Brothers Company, and Archer-Daniels-Midland Company. Dr. R. T. Milner and Dr. T. L. Wheeler of the Regional Soybean Laboratory took care of the tabulation of the results. It still remains to work out a complete plan for adequate attention to soybean oil in our system of referee certificates.

We welcome this opportunity to express publicly our gratitude for all the assistance which has been mentioned in this report.

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