

OIL & FAT INDUSTRIES

The Editor's Page

Butter vs Margarine

AS WE go to press, the country is in the midst of a situation without precedent in recent history. The best creamery butter can be purchased at retail in chain stores for thirty-four cents a pound, even in metropolitan centers. The dairy interests have raised their usual cry, that they cannot sell their production because of the competition of margarine. They overlook entirely the fact that the general index of all commodity prices has fallen markedly during the year just past, and is continuing to decline. All through the course of this decline, the creamery interests have been storing butter in large quantities, with the purpose of artificially maintaining higher prices, and with the hope that the trend would reverse and permit them to increase their profits. The trend, however, has failed to bend to their will, and they find themselves facing the coming season of large butter production with the largest carryover stocks on hand of any similar time during recent years.

Of necessity, then, they must dispose of these stocks at what they will bring, to make room in the cold stores for the incoming production. How convenient it is for them to seize the occasion for an attack on their ancient ogre, the margarine manufacturer, and lay all their troubles at his door.

He, on the other hand, goes steadily on his way, producing a clean, wholesome, nutritious foodstuff, of products which are either grown on American farms or refined in American factories by American workmen. His output is distributed to the consumer promptly after manufacture, at a price based on current prices of his raw materials, unaffected by market speculation in his commodity. No enormous stocks of margarine can be discerned reposing in cold storage awaiting market advances for disposition. The manufacture of margarine is conducted in the cleanest type of manufacturing establishments in the country, under the constant supervision of the Department of Agriculture and the Bureau of Internal Revenue,

as well as that of the Sanitary Officers of the various states.

It is not to be wondered at, then, that the production and sale of margarine in this country is growing steadily and surely, solely on the merits of the product, in spite of the restrictive legislation, the unfair attacks and the vituperation of those whose special interest lies in attempting to deprive the American public of the right to purchase this wholesome food.

Juggling Credit

Credit established through ratings published by the commercial reporting agencies is quite frequently abused. This is particularly true in the case of firms which buy to the limit from one raw material house, stall off paying their bills for four to five months, then, when the seller becomes reluctant to grant them further accommodations, switch to another source of supply of the same raw materials, with whom they repeat the same tactics. In each case the purchases are made possible through the tacit approval of a credit agency which furnishes reports of the buyer's financial rating in published or other form. These conditions indicate that credit rating is not always a true criterion of credit risk. Many firms with little or no rating are better credit risks than some of the larger ones whose ratings in the credit books run to five or six figures.

Where and when competition for business is keen, which is equivalent to saying almost everywhere and all the time, unscrupulous buyers are repeatedly playing one competitor against another for the purpose of obtaining more and more material on credit. If one seller cuts off a buyer because old bills are unpaid, the threat to turn to his competitor for materials is frequently used by the buyer as a means of coercing him. Sometimes it makes him hesitate in pressing his demands for payment, although, for all he may know, he himself may have been the threat used to victimize a previous supplier.

Misery loves company, and some folks enjoy sitting by to watch a competitor go over the same rough road which they have just traveled themselves. It is this policy which makes this form of credit juggling possible. When a questionable buyer threatens to switch over to Bill Jones, your competitor, because you press him too hard for past due bills, the sensible thing to do is to notify Jones of the true facts in the case and then let him take the business if he wants it. Let the other fellow know that this buyer is not honest. Publicity is the greatest enemy of this type of fraud, which thrives on secrecy. Last, but not least, when a new big customer comes to you find out why he has switched from your competitor. A frank exchange of facts can do a lot to eliminate this particular form of "credit jumping."

1929 Margarine Production

NEW JERSEY ranked third among the states of the Union in the production of margarine last year, according to figures just made public by Dr. J. S. Abbott, secretary of the Institute of Margarine Manufacturers.

"New Jersey's margarine output was 32,123,016 pounds in 1929," said Dr. Abbott, "or about one-tenth of Uncle Sam's entire margarine production which amounted to 333,121,016 pounds. Illinois led the states in margarine production last year with a total of 152,099,550 pounds. California was second with an output of 37,332,982 pounds and Ohio fourth with 31,161,528 pounds. Then came Kansas with 20,258,240 pounds, Missouri with 11,246,611 pounds, Maryland with 9,022,434 pounds, Wisconsin with 8,570,657 pounds, and Michigan with 4,564,070 pounds. The remaining production was accounted for by Colorado, Florida, Indiana, Louisiana, Massachusetts, Nebraska, Oregon, Rhode Island, Tennessee, Texas and Washington."

America's margarine consumption showed an increase of 13 per cent over the year previous, Dr. Abbott pointed out, and was due to the growing tendency of families in the United States to budget their table expenses and whittle down the family food bill by using margarine. From a dollars and cents standpoint, it is shown, the margarine industry is important to farmers both in the cattle and dairy sections, as well as to those who raise cotton and peanuts. The total financial return to farmers from the sale of their products for the manufacture of margarine runs into millions of dollars a year.

Trade Code Criticised

In Congress recently, Representatives Patman of Texas and Brand of Georgia requested an investigation by the House of Representatives of the alleged "cottonseed oil trust." Charging Edward A. McCulloch, former Chairman of the Federal Trade Commission, with neglect of duty and malfeasance in office, Mr. Patman said there are from 4,000,000 to 6,000,000 tons of cottonseed raised annually, and that the farmers as the result of a trade practice conspiracy to keep down the prices are being deprived of from \$8 to \$15 a ton on their cottonseed. He gave figures and statements on which he based a declaration that as a result of the "conspiracy" in violation of the law the purchasing power of the farmers of the cottonseed producing states is being reduced from \$50,000,000 to \$75,000,000, or more annually.

The code of trade practices which was adopted at the Memphis meeting has been regarded throughout the industry as one of the most carefully prepared of the earlier codes, and one which had been subjected to every type of government suggestion, in order that it might be fair to all concerned and improve not only the condition of the industry itself but that of the producers of its raw material.

The Chickasha Cotton Oil Company reports for the six months ended Dec. 31 net profit of \$448,121 after depreciation and taxes, etc.

Foreign Trade Opportunities

The Bureau of Foreign and Domestic Commerce of the Department of Commerce announces that its representatives in all parts of the world have forwarded the following trade inquiries of interest to our readers. In writing the Bureau in reference to any of these inquiries please mention that you saw it in *Oil & Fat Industries*.

No.	Location	Material	Purchase or Agency
43497	France	Lard	Agency
43561	Germany	Lard, tallow	Agency
43538	Switzerland	Cottonseed oil	Agency
43481	Scotland	Cottonseed oil	Purchase
43477	Cuba	Corn and bean oil	Agency
45566	Portugal	Oleomargarine	Agency
43478	Cuba	Oleomargarine materials	Purchase
43621	Germany	Lard	Agency
43750	Austria	Castor, coconut, fish oils, animal fats.	Purchase
43752	Germany	Tallow and bone grease	Purchase