

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.