

# Candy a Casualty

With two basic materials already rationed, cut in volume (which will raise hob with earnings) now seems inevitable.

It's a rare trade association meeting these days that doesn't bear more resemblance to a wake than to the happy get-togethers of yesteryear. Last week's convention of the National Confectioners' Assn. in New York City was no exception. The sugar shortage is only the beginning of the confectioners' troubles.

• **Trouble with Materials**—Virtually all the candy manufacturers' raw materials have been getting out of hand—and the situation will be still more out of hand before ever it settles down. The major raw materials for making candy are sugar, chocolate, vanilla, nuts, corn syrup, and gelatin.

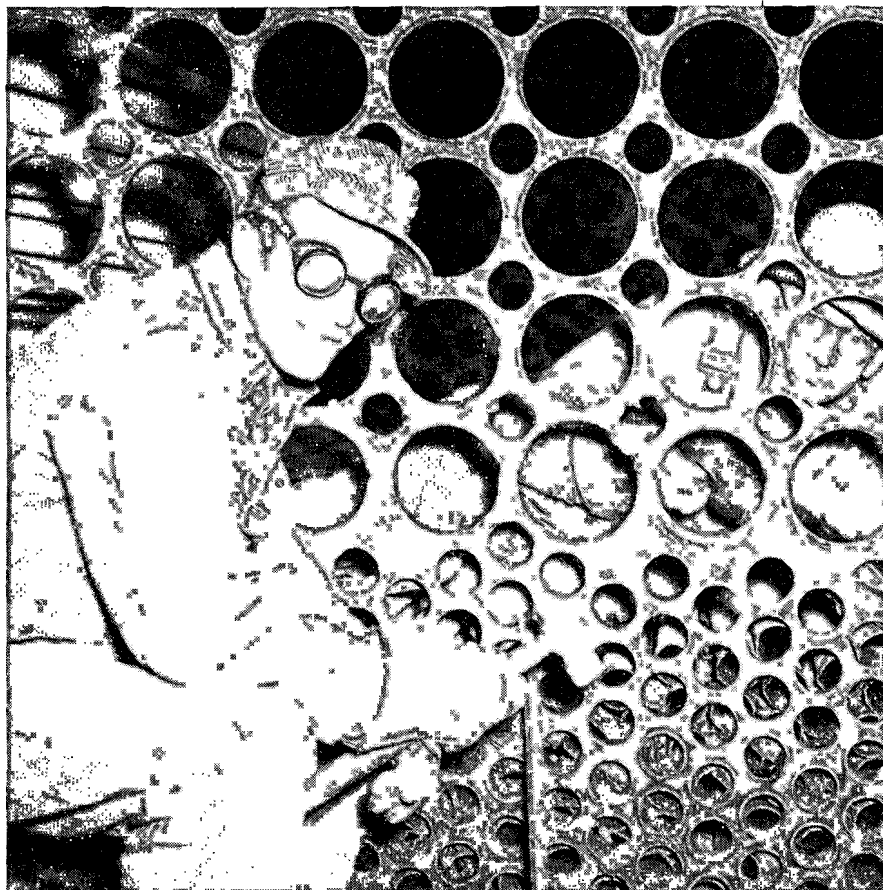
Not all of these are imported, but there is a disturbing aura of deep-sea shipping about at least three of them. With the scarcity of bottoms for anything not utterly essential to the war effort, the time has come when the war is about to make itself felt in the candy trade. Volume of candy consumed by the U. S. public was \$253,000,000 (wholesale value) in 1935, was \$365,000,000 in 1940, and is estimated as \$400,000,000 for 1941.

• **Changes in the Lineup**—In 1942-43, the candy addict will find in his favorite shops fewer fudge types of confections, fewer bonbons, fewer and thinner-robed chocolate creams. There will be more chewy types of candy, more gum drops. Coconut promises to become a memory. Nickel bars may be lighter in weight, and penny sizes are likely to vanish from the scene. Foxier stores are experimenting with dipped grapes, apples and bananas.

What throws the manufacturers for a loss is that, regardless of the variety of the candy, it nearly always contains one of the six basic raw materials. And in two items they are already having a major type of rationing trouble.

• **Sugar and Chocolate**—They have suffered a cut in sugar to 70% of the amount used in 1941 for May and June, and can only guess that whatever the Office of Price Administration does to them later will prove to be still worse. Last week the rationers imposed a similar restriction upon chocolate and cocoa-bean products. Significance of the cocoa cut is that fully 75% of all American candy contains a heavy slug of chocolate. To add to the woes of the trade, most of the vanilla in the country is now in manufacturers' hands, and there has been a short Mexican crop.

Raw-material consumption figures are put out by the National Confectioners'



## You're looking at two men on the firing line!

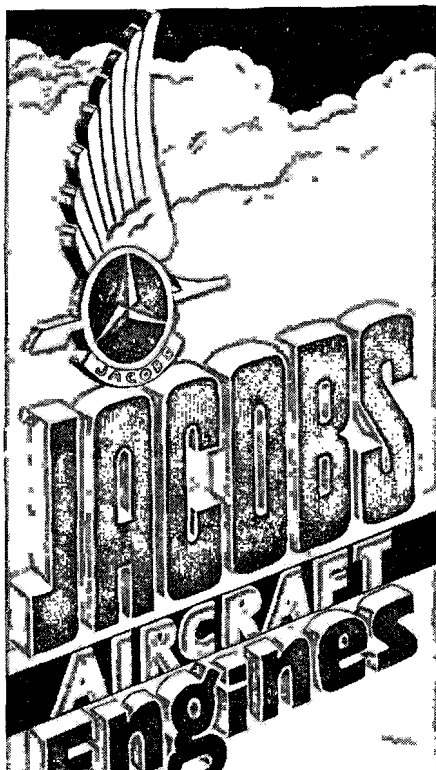
• The firing line in this case is the inside of a giant locomotive. The men working here are contributing as much with their tools as they could with guns. They are two of the many men in Erie repair shops and roundhouses who are fighting day and night to "Keep 'em Rolling" for Victory.

• These days, *every* Erie man is working hard and fast in order that the materials of war may be *where* they are needed *when* they are needed.

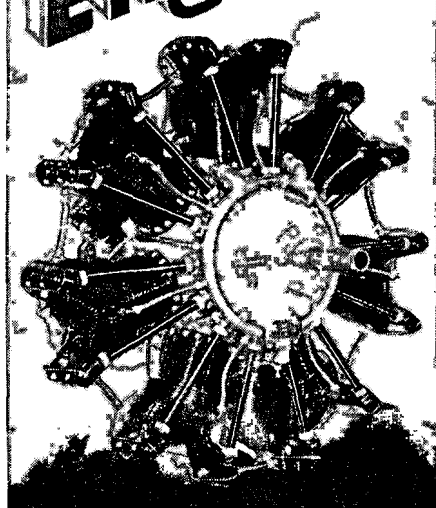


# RAILROAD

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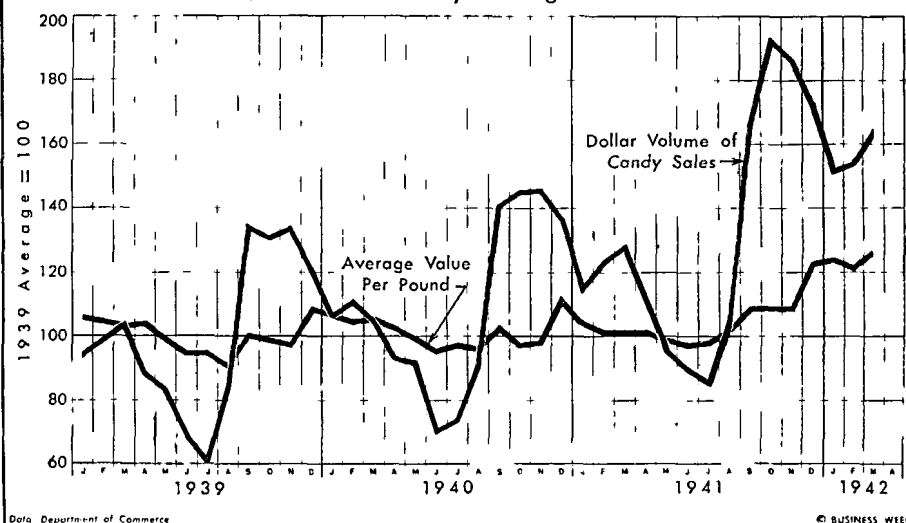


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## U. S. EATS MORE SWEETS, BUT— Fewer Raw Materials Threaten Early Shortage



Assn., giving a rough idea of the importance of various items:

Sugar .....	\$41,000,000
Cocoa and cocoa products. . .	31,000,000
Nuts and peanuts. . . . .	29,000,000
Corn syrup and corn starch. .	15,000,000
Dairy products .....	5,500,000
Coconut .....	3,300,000
Eggs .....	7,750,000

• **And So—Less Candy**—Less sugar means less candy, say the confectioners; trying to stretch available sugar supplies to produce as much candy as ever would probably drive off consumers. The reason is simple: corn syrup, the plentiful substitute, is cheaper than sugar, hence the industry is already using as much as their products will stand. Adding more corn syrup would noticeably change the texture and the taste. Dextrose (corn sugar) has other, more urgent uses. Honey is high-priced.

There is no substitute for chocolate, which is used not only as a flavor but also is often as much as 20% of the volume of a piece. Laboratory men know how to produce a synthetic chocolate flavor, but frankly admit it is nothing to brag about. What has heretofore sidetracked their search for acceptable substitutes has been the low price of the real thing.

• **As Regards Flavoring**—Taking care of the country's 1,200 major candy manufacturers are probably 100 flavoring houses. They foresee no shortage of vanilla for nine months to a year.

The next most popular flavors are plentiful: oil of peppermint is a major crop in parts of Indiana and Michigan; oil of wintergreen is one of the simplest and most satisfactory of synthetics, because factory-made methyl salicylate is identical in every way with the natural product. Lemon and orange flavors are bountifully produced in the U. S. Dry flavoring extracts have made their appearance, and manufacturers are thus avoiding this aspect of alcohol shortage.

• **On a Thin Margin**—Some 90% of the candy produced in the U. S. goes into the 1¢, 5¢, and 10¢ business, and is sold on an extremely thin margin of profit. Hence, cutting down a factory's volume through shortage of raw materials promises to play hob with earnings. Most probable development will be that candy bars will shrink in size, as they did in World War I, to maintain their accustomed price levels. No difficulty is expected with vending machines; the silent salesman can handle smaller bars, but not bigger bars.

Most candy emerges from the makers' vats four to six months before it tickles the ultimate consumer's sweet tooth. Thus manufacturers were loath to institute price increases on finished goods which would adequately reflect the increase in their raw-material costs. Such a boost would have made wholesalers, retailers, and consumers scream. By last April, however, candy was coming out of high-cost inventories and a majority of confectioners put through price increases at the wholesale level—only to find that OPA with its General Maximum Price Regulation beat them to the gun by one month, freezing prices at their March highs. Thus, the industry now finds itself in a critical price pinch, and so far there's no sign that Washington will relent and let the increases go through as scheduled.

It is because most candy is sold out of inventory that confectioners' sales have been running around 30% ahead of last year so far in 1942 in spite of sugar and chocolate rationing. Within the next month or two, consumers probably will begin to feel the rationing.

The fancy-pack field claims only 1.1% of the industry's volume, but expects more than its proportionate share of shifts. The Mrs. Snyder chain in Chicago—one of the leaders among the lady's-name merchandisers—expects to cut radically into its selection of 400

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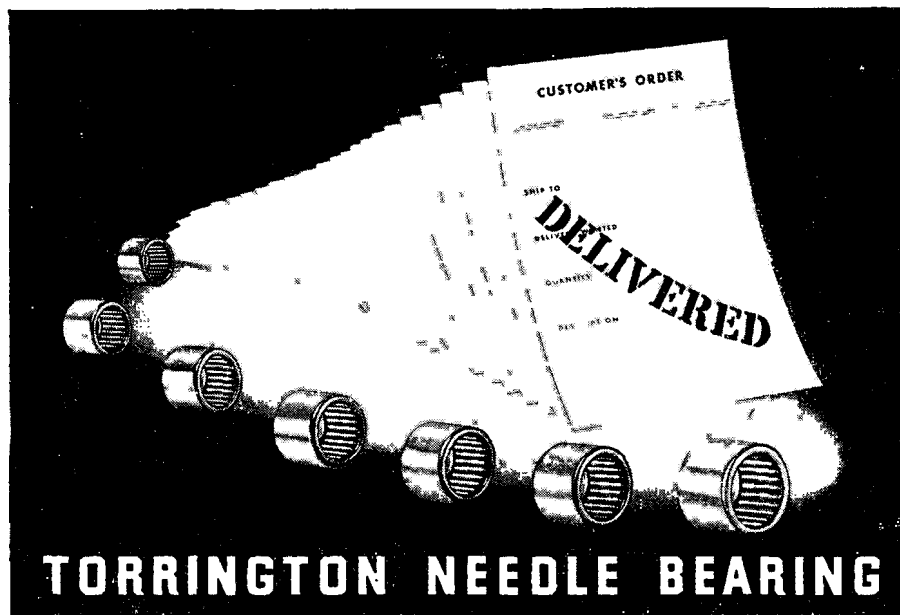
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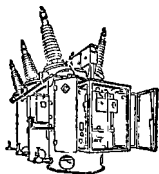
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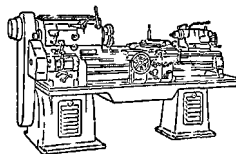
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varieties that customers may now point at. Bonbons, which are the richest in sugar of all candies, may vanish. Nut and fruit pieces should gain in number.

• **Packaging Difficulties**—Firms that cater to the carriage trade are hardest hit by packaging difficulties. Although a sufficient supply of findings is still on hand, these will probably not outlast 1942, say typical candymakers. They are resigned to having lace paper vanish, cups disappear, brilliant colors turn to sober hues. Already Fanny May has swung from white to tan paper wrappings.

Tin boxes are out, and standard brands are likely to use wooden boxes in their place. Glassine paper is as yet plentiful. Unfortunately for the candy trade, glassine is a cousin to the grease-proof paper that is used in many lend-lease and military food shipments; hence its future is dubious.

• **Transparent Wrappings**—Sole ray of sunshine in the packaging field lies in WPB Order L-20 about transparent wrappings. In recent years, pail candies have declined and transparent-wrapped packages have taken their place. The candy industry comes under the protective umbrella that permits these containers for food products; deliveries are said to be normal.

While packaging is one of the confectioners' major worries, their proficiency in this field has been responsible for bringing in a number of war contracts which will help take up the slack left by rationing. Several candy makers are now packing other foods under government contracts—notably, dehydrated milk, eggs, and vegetables for the armed forces and lend-lease.

Still hanging heavy, heavy over candy is the threat of a 15% excise tax, now in committee in Congress. Leading manufacturers trekked to Washington in April to urge the case against this proposal. Their principal arguments are that in the food industries candy is the fourth largest employer (60,000), has the ninth largest volume (\$400,000,000 wholesale), and uses \$190 million worth of American agricultural products yearly.

## FEWER HOLIDAYS

One of the less widely recognized casualties of the war production program is the legal holiday. Last year 50 of the 313 weekdays were recognized as holidays in at least one of the 48 states. But with the current emphasis on seven-day, 24-hour operation, workers in many industries have voluntarily relinquished holiday time-off, and several states have taken legal steps to reduce the number of days observed. Most drastic action is that taken by the Kentucky legislature, which early this year abolished all statutory holidays except the Fourth of July, Labor Day, and Christmas.