

Hauser charged dietary habits of milk consumers

By Bob Ogle

Throughout our history, a number of outstanding business leaders, inventors, financial wizards and empire builders have appeared on the American scene. Our free society encouraged individuals and in turn, the public has benefited from their energy, genius and successful ventures. Alexander Graham Bell, Thomas Edison, Henry Ford are only a few of these talented figures.

One energetic, ingenious American, Charles Hauser, indirectly revolutionized the milk business but he is relatively unknown in spite of his accomplishment. Hauser was born in 1881, in High Ridge, Mo., south of St. Louis. When he reached adulthood he moved to south central Illinois and took up farming near Litchfield. He was married and reared a family, four boys and a girl. Like most farmers in those days, he had a herd of cows which produced enough milk for marketing. A small local creamery, Litchfield Creamery company, was his principal outlet.

In 1915, the Creamery faced bankruptcy. Hauser saw an opportunity to get into the milk processing business and he set out to buy the Creamery. Because his assets were limited, he approached the problem in an unusual way: he sold stock in the Creamery to the citizens of Litchfield. That took a lot of guts but he succeeded in raising the money through hard work and tenacity.

Until World War I, he struggled to keep the Creamery solvent. Then the war offered him an opportunity to enter the canned evaporated milk business. The government needed canned milk for the troops and they were looking for suppliers, so Hauser set up a canned milk production line. As a result, the Creamery prospered until the war ended in 1918.

He had planned to continue producing canned milk, but it was difficult to market the product. Carnation and Pet milk were the leaders in the field and there were a number of other well-established brand-name manufacturers as well.

The Creamery continued to market bottled milk and ice cream but the opportunity for growth was discouraging. Virtually every town of any size had facilities for producing milk and ice cream, and there was little chance for expansion.

In the mid-twenties the Carnation Company introduced a new formula for canned milk. Canned evaporated milk is produced by eliminating the

milk.

The formula caused a furor among the nation's milk producers. The American Dairy Association, then and now a powerful trade association, joined the producers in opposing the new product. The dairy farmers and the ADA applied overwhelming pressure to stop the production of "Hebe" and they succeeded in having federal legislation passed to outlaw it. The farm vote was a major factor in those days. It was called the "Filled Milk Act," which prohibited interstate shipment of the product. Violators were subject to fines and imprisonment. It was a criminal offense. Most states passed similar legislation which banned the sale of the product.

As a result of the legislation, the Carnation Company withdrew "Hebe" from the market place. The product was distributed only in Ohio and was little known to the public.

Meanwhile Charlie Hauser took a strong interest in the new product and the controversy it created. Most of the milk producers and processors in the country were in favor of the new legislation; he was one of the few who opposed the law. He had been in the milk business long enough to know that nutritionally, the true value of cow's milk is the nonfat portion, commonly known as skim milk. In the United States, however, the value of cow's milk was based on the butterfat content. (Today, doctors and nutritionists agree that butterfat can be harmful because of its cholesterol content. The current sales volume of lowfat bottled cow's milk is substantially higher than sales of whole milk.)

As a businessman, Hauser recognized the potential of the filled milk product. First, he said that it was healthier; second, it was less costly to the consumer; third, that it tasted better; and finally, that it was more profitable to the manufacturer.

As a realist, however, he recognized the strength of a federal criminal law and the risk of violating it. In addition, he knew he would incur the wrath of the ADA and milk producers throughout the entire nation. After weighing the risks carefully, he decided to "pull the trigger" and set out to test the law by deliberately violating it. Morally he knew he was right, and he was determined to see it through.

The state of Illinois had no law restricting the sale of filled milk, and he began to market the product there. He appointed independent food brokers in key Illinois markets and they began to offer it to the

lawyers and a series of court actions. His courage and mental stamina through this ordeal was admirable. Fortunately, his sons were now active in the business and they relieved him of day-to-day marketing problems.

Sales kept growing, and in the late thirties the company purchased an old evaporated milk plant in Warsaw, Ind. Hauser had the plant modernized and soon it was in production. Distribution of "Milnut" grew dramatically in twenty states, mostly in the South and Southeast.

World War II put restrictions on the company's growth. Expansion came to a halt, but sales volume was high and the company prospered. The war created a shortage of coconut oil, and the company had to substitute soybean oil. Because of the ingredient change the government made them change the name of the product from "Milnut" to "Milnot."

In late 1944, the litigation between the company and the federal government came to a head in a West Virginia Federal District court. The judge ruled that Hauser was guilty of violating the Filled Milk Act. He was fined \$10,000 and sentenced to a year's imprisonment. An appeal was made to President Franklin D. Roosevelt to eliminate the prison sentence. In an unprecedented decision, the President rescinded the sentence.

When he went back to work Hauser was faced with another serious problem. In only a day, the company's distribution of Milnot had been reduced from twenty states to two, Illinois and Indiana.

The solution to this problem was fairly simple, but it required a great deal of work and expense. Milnot management obtained legal clearance in Missouri and Oklahoma and in 1949, they constructed a plant in southwest Missouri on the Missouri-Oklahoma state line. Because the plant was on each side of the state line, the company could manufacture "Milnot" and ship it legally to each state. When production began a federal employee was present to police the shipments from each half. A brass strip was placed on the plant floor to mark the Missouri-Oklahoma line. The strip is still there!

From 1949 to 1972, the company operated in Illinois, Indiana, Missouri and Oklahoma. Every can of "Milnot" was shipped intra-state to comply with the federal law. The problems were complicated enough to discourage anybody, but the Hausers persevered and built a product franchise that led in every market in the four states. The total yearly sales volume exceeded the

cow's milk and vegetable oil.

In 1969, the company decided to appeal the Filled Milk Act. After three years of litigation, a federal court declared the law unconstitutional. Unfortunately, Hauser died at the ripe old age of 94 and was not aware of the court decision.

Charlie Hauser was an exceptional man. Indirectly, he changed the dietary habits of milk consumers in this country. He stuck to his guns and won a rightful battle. His name will never make the history books, but his accomplishments for the milk industry and for humanity are worth remembering. He was a nice guy, too. I ought to know, I worked for him and his sons for nearly twenty years.

EDITOR'S NOTE: Bob Ogle, following his retirement, moved to Prescott, Ariz. He can be reached there at post office Box 25966, Prescott Valley 86312. He would appreciate comments on the story.