

FABIAN SOCIETY

FOOD IN WARTIME

by
CHARLES SMITH

TRACT SERIES No 250
Published by the **FABIAN SOCIETY**
11 Dartmouth Street, London, S.W.1

2^D

FABIAN SOCIETY AND WAR

INDEPENDENT SOCIALIST RESEARCH
AND
INTENSIVE SOCIALIST EDUCATION
are essential if democracy is to be
preserved and the war is to be followed
by a constructive peace.

WE ARE DOING THIS
BY

RESEARCH GROUPS

on

WAR AIMS and
HOME PROBLEMS

LECTURES

CONFERENCES

LUNCHES

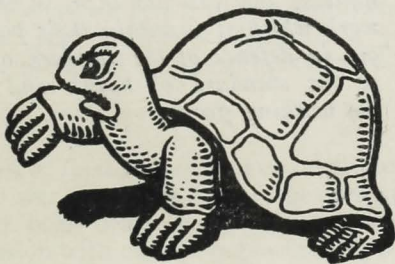
TRACTS and PAMPHLETS

WE NEED YOUR SUPPORT

Write for full Information to the General Secretary,
JOHN PARKER, M.P., 11 Dartmouth Street, W.C.1

FOOD IN WARTIME

By
CHARLES SMITH



*For the right moment you must wait...
but when the time comes you must
strike hard, as Fabius did.*

Fabian Tract No. 1

LONDON
THE FABIAN SOCIETY
11 Dartmouth Street SW1

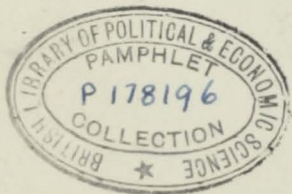
NOTE

This pamphlet, like all publications of the Fabian Society, represents not the collective view of the Society but only the view of the individual who prepared it. The responsibility of the Fabian Society is limited to approving the publications which it issues as embodying facts and opinions worthy of consideration within the Labour Movement. It is the aim of the Society to encourage among socialists a high standard of free and independent research.

This tract is intended to give a general picture of the food control situation. It is hoped that it will be of special use to consumers' representatives on local Food Control Committees, and will aid them in the important work which it is within their power to carry out in defence of the standard of living (and so the standard of health and welfare) of the working people.

February, 1940.

BP161511 (250)



FOOD IN WARTIME

Charles Smith

1 LESSONS FROM THE LAST WAR

'The food question ultimately decided the issue,' wrote Lloyd George of the war of 1914-18. Shortage of food for the civilian population in Germany and Austria brought about the collapse of the Central Powers, and the food situation in Britain presented the government with some of the gravest problems which it had to face. The rise in prices caused widespread working-class discontent in 1916 and 1917 which forced control of supplies and prices upon the Government. But this did not solve the problem; shortage of supplies led to continued discontent until rationing had to be introduced for all essential foodstuffs except bread. J. R. Clynes in his *Memoirs* recalls how when he was Under Secretary to the Ministry of Food, Lord Rhondda, the Minister, urged the necessity for this general rationing. 'It might well be, Clynes,' said Lord Rhondda, 'that you and I at this moment are all that stand between this country and revolution.'

State Control

State control of food supply had come gradually. At the very beginning of the war there was a shortage of sugar, for the supplies had in the past been drawn very largely from Central Europe; a Sugar Commission with executive powers was set up on 20 August 1914 and drew supplies from the East and West Indies. But so far as civilian food supplies were concerned nothing more of any substance was done for two years. During this time the State was buying large quantities of food for the Army; the Board of Trade negotiated with the South American meat companies and with other suppliers for the quantities required by the Services, and where—as in the case of New Zealand and Australia—the whole trade was carried on through the Government department, the surplus was turned over for the civilian population at home. It was October 1916 before an executive commission was set up to secure supplies of wheat, and the end of 1917 before practically all imported food was passing through the hand of the Food Controller.

The food had of course to be distributed through the normal wholesalers and retail shopkeepers, but prices were controlled at each stage. The Ministry of Food had a costings department which was intended to make it possible to fix a price which would allow the trades concerned to cover their costs and earn a fair profit. The costings department and the Food Ministry however found themselves in some difficulty because of the wide differences

between the costs and profits of different firms in the same business whose books they examined to arrive at a margin. Cooperation between firms was insisted on and agreements made by the Food Ministry with trade organisations. This, combined with the fixing of margins which by the Ministry's figures were below the costs of some of the firms concerned, meant that the larger units in the food trades went through a period of hothouse growth and the whole trade learnt by experience the economies of combination.

Private Capital

This can be illustrated from the history of a number of powerful concerns in the war and post-war years. Union Cold Storage, which before 1914 was linked with a number of other companies handling South American meat, increased its capital from just over £2 millions to just over £4,750,000 in 1920 and had profits rising from £105,000 in 1913 to £248,000 in 1919.* United Dairies, founded by the amalgamation of a number of firms in 1916, expanded its capital from under £1 million to nearly £2½ millions in 1919 and showed profits which rose over the same period from £66,000 to £230,000. Lever Bros developed from a combine of 40 companies with a capital of £30 millions in 1913 to a group of 140 companies with a capital of £100 millions in 1919. The large flour milling firms such as Joseph Rank Ltd and Spillers Ltd did well enough during the war to absorb rival firms and open new mills in 1920.†

The Cooperative Movement

The cooperative movement in Britain, on the other hand, did not show a growth between 1914 and 1919 comparable with that in other countries—in France, Germany, Belgium or the United States for example—and if allowance is made for the rise in price on the one hand and the shrinkage in the aggregate supply of certain commodities on the other 'the volume of business shows a genuine increase in quantity in the course of five years of no more than 3%'.‡ The failure of the British movement to expand was directly due to the discriminating manner in which the wartime regulations were operated. First, the basis on which the Government allocated supplies which it controlled was unfair to the coops. Each retailer of sugar was limited to one wholesaler and might only be supplied in proportion to the number of customers

* The Board of Trade made one contract which ran from July 1916 to three months after the end of the war for the delivery of 50,000 tons of South American meat per month 'at prices not quite double the equivalent pre-war-rate'. (Sir William Beveridge: *British Food Control*, p. 11.)

† Based upon F. Le Gros Clark and R. M. Titmuss, *Our Food Problem*, pp. 76, 77.

‡ S. and B. Webb: *The Consumers' Cooperative Movement*, p. 238.

he had previously had. This method of rationing retailers suited most shopkeepers who had lost custom by the enlistment of men and the migration of working-class women to the industrial areas where munitions were made; and suited particularly well the existing retail grocery chains who counted as one unit and could manipulate their supplies to follow the demand; but it bore very heavily on cooperative societies who served the working-class in the industrial areas where population was increasing and which in any case had a growing membership. Second, the Government, at any rate during the first two years of the war, put no cooperative representatives on the trade advisory committees and in 1916 appointed as the first Food Controller Lord Devonport who had made his fortune as a wholesale grocer and retained, while he held this office, an interest in the multiple shops which Government policy was held to favour. Third, and 'even more bitterly resented', to quote Sidney and Beatrice Webb,*

was the unfairness with which the movement seems almost constantly to have been treated in the allocation of supplies so that it frequently happened in many towns that it seemed to be the cooperative household that obtained the least sugar, butter, margarine, coal, potatoes or whatever was in short supply. Cooperators were accordingly driven literally by hundreds of thousands (as was subsequently proved by the statistics of butter and sugar registration) to resort to shopkeepers for the goods that their own societies were prevented by the Government from supplying.

This was not all. Cooperative societies were harshly treated by military service tribunals and key men drafted into the army; while later the societies, which did not trade for profit in the ordinary sense, were subjected to the Excess Profits Duty.

The effect of this treatment was to rouse the cooperative movement to a political consciousness which it had never shown before. Cooperative representation in the House of Commons was needed to defend the movement against the Government, and the Cooperative Party was founded at a Special National Conference in 1917. The new Party had some successes and entered into alliance with the Labour Party. The cooperative movement drew closer to the industrial working-class movement too and in 1919 a United Advisory Council of the cooperative and trade union movements issued a pamphlet upon *The Union of Forces*. This emphasised that since the alliance between them had first been formed in 1916

the activities of organised capital have shown most conclusively that the closest possible union of the two organisations is essential for the protection of the interests of the workers as producers and consumers. By the making of vast profits, the piling up of huge reserves, by amalgamation, combination and federation, by manipulation of the Press, by securing panic legislation, by direct and indirect influence over Governments, and by the exploitation of patriotic sentiment, capitalist and profit making interests have strengthened, and are daily strengthening their resources. †

* *The Consumers' Cooperative Movement*, p. 255.

† Quoted in *The Consumers' Cooperative Movement*, pp. 277-8.

2 POST-WAR COMBINATION

Since 1918 the 'strengthening of resources' to which this passage referred has steadily continued over the whole field of industry. Amalgamation, federation and combination has gone on until in some industries, for example the chemical industry, one vast concern has secured monopoly control. Other industries, almost without exception, are dominated by a small number of gigantic capitalist groupings often operating agreements about prices or the division of markets. 'State intervention' or 'state control' have been applied in some cases to hasten the process.

These concerns from their very nature are profit-seeking. They do not always aim at plentiful supplies of the goods they handle; indeed restriction of production and short supply may yield greater dividends and suit the shareholders better.*

The food trades are no exception to the general rule. There the most important entity is the huge international combine which grew so fast during the last period of wartime control—Unilever and Lever Bros. This combine manufactures a very large part of the margarine and soap used in the country, controls the Mac Fisheries group (which comprises concerns operating in every field of the fish trade) and a number of multiple groceries (including Home and Colonial). Through its innumerable subsidiaries it controls the supply of a number of oil products from the grower perhaps in the tropics to the shopkeeper in London or Manchester. It operates in Holland as well as Britain and had close connections with German industry until the outbreak of war.

Flour

In other cases no single concern has got a monopoly of supply, but a group of firms working together have complete control. This is the case with flour milling. Almost all the flour used for bread making in Britain is milled in the country; just over 20% of it by the cooperative societies and practically all the rest by a small group of milling firms which are united in the Millers' Mutual Association. This Association was founded in 1929 to end the severe competition between millers which was keeping their profits down; its effect is to maintain profits at between 2/6 and 3/- per sack of flour and to stabilise the share of the non-cooperative trade which falls to each of the individual firms. The largest firms, Spillers Ltd and Joseph Rank Ltd, have absorbed some of the smaller milling firms and now control between them a very large share of the flour used for bread making in the country.

Tea

Tea blending and distribution is a similar story. By 1939 the C W S handled about 25% of the supply; while Lyons, Brooke

* See *National Capitalism* by Ernest Davies (Gollancz).

Bond, and Allied Suppliers (which buy for the Unilever retail chains) between them controlled four-fifths of the remainder of the trade and all bought through the same firm of brokers. The Tea Control Committee on which they were represented met once a month to review the trade position, and it was this committee which determined when the retail price of tea should go up or down. A comparison of prices in 1925-26 with those of 1937-38 showed that the share taken by the distributors and blenders of tea had risen (making allowance for the tax changes) from 6d per lb to over 8d.

Sugar

In the case of other essential foodstuffs the State has 'intervened' with the result that the tendency towards monopoly has been encouraged. Sugar refining is a good example. All the white sugar eaten in Britain is refined in the country although some of the supply is derived from abroad, imported as raw sugar. Control imposed on sugar refining during the Great War was followed in 1923 by the amalgamation of the old-established firms of Henry Tate Ltd and Abram Lyle Ltd to form a combine whose name is literally a household word. When the Government began to build up a British beet sugar industry by lavish subsidy there arose difficulties with the refining firms and in 1928 the Government bought these firms off by giving them a monopoly of the British market. It did this by imposing so high a rate of duty on refined sugar that the import of sugar other than in the raw state practically came to an end. The refining business was elaborately shared. Fourteen-nineteenths was done by the refiners proper; and this share divided by a careful agreement which secures 86% of it for Tate and Lyle and their subsidiaries. The rest of the refining was done by the beet sugar factories; these were amalgamated under Government auspices in 1934 into the British Sugar Corporation (in which incidentally Tate and Lyle have a considerable holding of shares).

The refining margin—the gap between the price of the raw sugar and the price of the refined—on which the firms are allowed to work is agreed with the Ministry of Agriculture and the Treasury. In the past few years the Tate and Lyle combine, which has a capital of £8,600,000, has covered its costs very adequately. Between 1934 and 1938 the dividend has never fallen below 18% and there were bonus issues in 1935 and 1938 of 40% on each occasion.

Meat

Meat importing provided another example of monopoly strengthened by Government intervention. In 1938 some 70% of British supplies of imported meat came from the Argentine; and the trade was practically controlled by six large companies.

Largest of all was Union Cold Storage, which was linked with Vestey Bros, and with a large number of other concerns controlling the meat from the time it was bought from the farmer in the Argentine to the time that it was sold over the butcher's counter in Britain. This group and five other concerns between them handled directly 85% of the Anglo-Argentine meat trade and they combined in the South American Meat Importers' Freight Committee to reserve shipping space and to divide it up among themselves. Obviously this gave them control of the supplies that came upon the British market. Their position was buttressed by British Government policy after the Ottawa Agreement. The companies which imported meat from foreign countries were licensed and had to limit their total imports to quantities fixed by the Board of Trade. This confined the Anglo-Argentine trade to the firms that were already in it—although provision was made for a special quota of up to 15% which might be used by the Argentine Government. Two of the six companies got between them a third of this percentage; so that 90% of the meat imported from the Argentine comes through the hands of six companies which are represented on the Importers' Freight Committee.

Bacon

But the clearest cases of Government intervention which had the effect of strengthening the large food manufacturing and food distributing concerns at the expense of the smaller were the Bacon Scheme and the Milk Board. Under the Bacon Scheme imports were deliberately forced down and prices rose (so that the Danish producers were sending less bacon but getting more money for it). Whereas bacon cost 10d per lb in 1932, the average price of the same kind of bacon in 1938 was 1/3½d. The home production of bacon went up; but while retail prices rose by more than 50% between 1932 and 1938 the price that the farmer got for bacon pigs went up by no more than 30%. There have been endless difficulties about the scheme and the form finally fixed in 1938 gave the bacon curing companies a margin guaranteed by the Government. The larger the factory the cheaper it is to produce a hundredweight of bacon, so that this scheme put a good deal of Government money into the pockets of the larger curers. The largest of all these firms, Marsh and Baxters, controls with its subsidiaries some 40% of the trade, but it is a private company, so that figures of its profits and general position are not available. It is worth noting, however, that in the two years preceding the outbreak of war the number of bacon factories, which had previously increased, was reduced by some 30%.*

* The figure for premises licensed by the Bacon Development Board was 819 at the end of 1937 and had fallen to 582 by March 1939. Many of the premises were run by curers doing a very small business. Of the 582 there were 241 with an average output of less than 15 cwt a week each.

Milk

It is notorious that British milk is the most expensive in the world; what the farmer is paid is not excessive, but distributive costs are high. The price which the housewife pays is determined by the Milk Marketing Board, which enters into contracts with the distributors and names the prices which they may charge in different parts of the country. Since the Milk Marketing Board has been in existence the cost of distributing a gallon of milk has slowly but steadily risen (by about $\frac{1}{2}$ d to just over 11d).

The milk which cannot be sold for liquid consumption is sold much below this liquid price (indeed below cost of production) to manufacturers of butter, cheese and margarine. The price they have to pay is regulated so that their products can compete with imports.

The methods of the Board have all along the line favoured the big buyers of milk, whether for liquid sale or for manufacture into butter or cheese. The largest group of private firms in the milk trade is United Dairies, which has more than a score of subsidiaries, including cheese manufacturing, transport and wholesale liquid distributive firms. Not only do United Dairies directly control a large part of the milk supply of London, but one of their subsidiaries, London Wholesale Dairies, handles a good deal of the milk that is sold by small dairymen (who proudly announce themselves as 'non-combine').

Government intervention in fact is nothing new for the food trades. It has been taking place in the case of some essential foods for years; and not once has it brought prices down. That is worth remembering when studying wartime control.

3 WARTIME FOOD POLICY

After the first four months of war it is not easy to write with any sureness about Government policy or the food supply machinery: both have undergone frequent and drastic changes. The first arrangements made bore all the marks of impermanence and within the first four months no plan which appeared to be intended for the duration was actually carried into operation. What can be discussed in the light of the various changes of plan and policy are the underlying principles on which the Government's food policy is based; there is no lack of straws to show which way the prevailing wind is blowing.

The Problems

There are three aspects of wartime food policy. First there is the supply of food from overseas. The amount of food which is brought by ship to Britain depends partly upon strategical considerations—upon the extent to which the British fleet is master of the seas—and partly on the respective importance attached

by the controlling authority to foodstuffs and war material which has to be imported from abroad. Second there is the question of home production. The extent to which the Government must rely upon British agriculture for food supplies bears an inverse ratio to the degree of success that the navy has in beating the U-boats. Uncertainty as to the way the war at sea would turn out explains the unwillingness of the Government in the first few months of war to commit itself to any long term policy for agriculture or to give any guarantee of 1940 prices. Third, there is the problem of getting available supplies of food into an edible form (milling the wheat, curing the bacon and so forth) and distributing them to the mass of consumers. That involves tackling the food trades in which the Government has already intervened with results so disastrous to the consumer, and it raises the question of ensuring a fair share—and what may well be a different thing, an adequate diet—to the working population.

Since in normal times some two-thirds of Britain's food supply—including some 80% of the flour, 40% of the eggs, 90% of the butter, 60% of the meat and 75% of the sugar—is imported, the organisation of purchases from overseas is of first-rate importance in time of war. Since September import licensing has been introduced, and world shipping freight rates have been practically 100% of the normal peace time figure. Import licensing places a practical ban on the import of some foodstuffs—certain fruits regarded as luxuries for example—and imposes limitation in other cases. This form of regulation, like so many others applied in every part of the economic field in wartime, inevitably harms the large firm with considerable resources less than the small one which cannot survive any serious interruptions in its trade or even a temporary shortage of the commodity which it handles. The Government moreover is itself making big purchases—it has bought the whole cocoa crop of West Africa for example, and is buying sugar which it sells to the British sugar refiners.

Expanded home production of food cannot be separated in the long run from the Government control of distribution, for as the National Farmers' Union *Record* pointed out in October 1939,

unremunerative price levels would inevitably kill any campaign for increased production however keen the farmers might be to play their part during the crisis.

The emergency legislation has given to the Ministry of Food wide powers by order to fix retail and wholesale prices of food, but there seems to be no evidence of any real coordination with the Ministry of Agriculture. The real reason for this is that both Ministries have been watching the war at sea and playing for time before any announcement had to be made which definitely committed the Government to maintaining agricultural prices high enough to expand agricultural production.

Who Is In Control ?

The Ministry of Food in which the control is centred grew out of the former Food (Defence Plans) Department of the Board of Trade—a shadow ministry which had been preparing against the eventuality of war for more than two years. As the brief reports which the Department issued before September 1939 show, the food traders showed themselves very willing to cooperate in the drawing up of schemes and placed their trade organisations at the disposal of the Department. The working of this is shown by the personnel of the Ministry at present ; in each section the executive positions are held by men who previously had prominent posts in the private firms in the trade. The only exceptions are where the controllers have come over from the marketing boards which previously handled the commodity and are now more or less absorbed into the Ministry of Food ; in this case their assistants or advisers are representatives of the big combines. The Bacon Controller is a representative of Marsh and Baxter* ; the Assistant Sugar Controller is a representative of Tate and Lyle† ; the chairman of the Cereals Imports Committee is also the chairman of Ranks Ltd, the big milling concern‡ ; the Director of Imported Meat Supplies represents Union Cold Storage.§ But the most remarkable section of all is that dealing with Oils and Fats (presumably including margarine, which is to play so large a part in wartime diet), where there are eleven individuals performing administrative work. One (the worst paid by the way) is a civil servant ; one was formerly occupied running his own business ; and the remaining nine were previously employed in the firm of Lever Bros and Unilever Ltd or one of its subsidiaries.||

Many of the gentlemen with executive authority in the Ministry are in a most public spirited way giving their services without remuneration ; as the *Economist* points out :

There is no need to assume any deliberate partiality ; unquestionably all the controllers are deeply anxious to serve the public interest. But they have an unavoidable bias towards seeing things through the particular spectacles of the interest from which they come. There are a large number of instances where the controller's power has been used to enforce changes in process or in trade practice (such as terms of contract etc) which whether or not that was their purpose in the controller's mind have undoubtedly had the effect of benefiting the section of the industry from which he comes at the expense of its customers.

* J. F. Bodinnar, chairman of C. and T. Harris (Calne) which is linked with Marsh and Baxter.

† C. N. Lyle.

‡ J. V. Rank.

§ H. Jones, director of W. Weddel, part of the Union Cold Storage group.

|| Reply to a question in the House of Commons, 6 December 1939.

A Fishy Example

The first adventure of the Ministry of Food in control was a fiasco. The commodity was fish, the trade in which is not highly trustified and where, despite the existence of MacFisheries, there is no dominance of one monopolist group. On the face of it there was an obvious case for some form of control to keep prices down. For although the bulk of the fish supply is landed direct in Britain a very large proportion (much larger than in 1914) comes not from the North Sea but from more distant fishing grounds, and therefore war was likely to interrupt supplies and produce a shortage. But the organisation of the fish trade for war purposes had it seemed been carried out solely with an eye to the interests of one set of merchants—those operating at inland wholesale markets. There was no assurance of a good price for the fisherman—fish had to be sent to inland depôts for sale—with the result that much fish when it reached these markets did not fetch a price sufficient to cover costs already incurred.

The fish scheme, although it quickly became the most famous, was not the only activity of the Ministry. By the end of October cereal and cereal products, feedingstuffs, tea, canned meat and fish, meat, bacon and hams, dried fruits, sugar, butter, eggs, lard, potatoes, edible oils and oil products were all subject to controls of varying degree.* Where, as in the case of margarine for example, the 'control' was applied at the manufacturing stage, the firms concerned were guaranteed an extremely generous margin based on the immediately preceding trade figures and pre-war profit levels.

Maximum Retail Prices

Maximum retail prices were fixed for a number of foodstuffs (eggs, dried fruit, tinned salmon); and in some cases wholesale prices were regulated as well. These figures were subject to revision according to season, and have in fact been revised as the war has progressed. The retail margins fixed have not been excessive, and if they are to provide a standard by which subsequent margins are judged the small shopkeeper will find himself in some difficulty. This difficulty will be made greater by increased transport costs and the restriction of shopping hours by the black-out (against which organised small shopkeepers have already protested). The case of meat is specially interesting. Ministerial regulation laid it down that retail prices of meat should not exceed the average of those ruling on August 25. A. V. Alexander, speaking in the House of Commons on November 8, quoted a comparison of retail prices between August and October.

It shows that for English bullocks and heifers the wholesale price has been up by 8.6% to the butcher, for sheep and lambs 11.9%. for

* According to a statement of the Under Secretary to the Ministry in the House of Commons 26 October 1939.

bacon pigs 7.5%, for Argentine chilled forequarters 5.9%, for Argentine chilled hinds 15.5%, for Australian lamb 5.3% and for New Zealand lamb 25%.

He went on to reveal that whereas the Cooperative Wholesale Society normally made a profit of 10/- in handling a beast for the retail societies recent transactions of which he had records showed average profits of £2 7 10 to £4 4 11 per animal.

Allocation of Supplies

But that was merely one side of the onslaught upon the consumer and the small retailer. In the first few days of war the Government assumed control of the supplies of butter, bacon and sugar and made allocation to retailers on the basis of a datum system; retailers were entitled to a percentage—the same for all of them—of the quantities which they had handled during a previous datum period. This system of allocation did not take account of the very considerable changes in the distribution of population which followed the outbreak of war: it was advantageous to the large retail chain which could switch supplies from place to place as demand varied, and disadvantageous to the small shopkeeper (who in the reception areas could not get extra supplies to meet the increased demand) and to the cooperative societies (who because they were expanding organisations would be hit by any scheme which based their quota of supplies on a period in the past).

Government Profiteering

That however was not all. First the Government itself did a little profiteering in butter which drew forth a gentle rebuke in the House of Commons from Sir George Schuster, the Chairman of the Home and Colonial:

It is a remarkable fact that whenever the Ministry of Food has commandeered stocks they have always managed to sell them back at a price which represents a rise of anything from 25% to 50% on the prices at which they were taken over. We find it extremely difficult to understand why that has been done. Let me take the case of butter for example. . . . At the time when the butter stocks were taken over it is fair to say that the average price at which they had been bought was something like 118/- a cwt; when the price at which the butter would be released was fixed it was fixed at 145/- a cwt.

Then one may turn to dried fruits as another example. Here we were already buying the new season's crop at a price which allowing for duty and landing charges represented 31/- a cwt. There was no difficulty about continuing to make purchases at that price. But the stocks have been taken over by the Government and sold back to us at 49/- a cwt.

It is not easy to believe that this profitable use of Government authority, which clearly did not please the big private interests most closely concerned, was due merely to bureaucratic inefficiency. It seems rather to suggest an official willingness to see prices of foodstuffs rise sharply.

The Cooperative Case

• The cooperative movement has found ungenerous return for the assistance which it unstintingly offered the Food Defence Plans Department. It is a curious fact, for example, which may be set down to coincidence or which may have other causes, that when a ministerial order requisitioned certain stocks of butter the method adopted meant that the cooperative movement lost a far larger share of its total stocks than did private traders because its supplies were less dispersed. Thus in the first few weeks of war the cooperative societies were less able to supply customers with butter than were the private traders. The cooperative press has been full of examples of difficulty in getting sufficient quantities of food. On November 21 for example a meeting of cooperative general and grocery managers from all over the South of England gave evidence of widespread difficulties. One representative said that societies were losing prestige because of lack of supplies; another pointed out that they were suffering in many ways in which private shops were not. The C W S, declared the Chairman, was not like the multiples; it could not allocate supplies to societies as it pleased. A C W S director replying to the discussion agreed that the movement was going through a difficult time. Membership was increasing, but the Ministry of Food still stood firmly by the datum principle.*

The cooperative societies were not the only retailers who had cause to protest at their treatment in the matter of supplies. On November 22 a mass meeting of London butchers (called by the London Retail Meat Trade Association) showed itself in an indignant mood. On the outbreak of war Smithfield Market was decentralised to a number of depots in different parts of London; and through these the imported meat which sells to working class households was distributed to retailers. The Chairman of the protest meeting declared that

the Association had been surprised to see how imported meat had found its way into multiple shops when the small retail butcher had had practically nothing.

The Ministry of Food had declared themselves satisfied that the multiples were drawing supplies from the same sources as the small man and on the same percentage basis—but the butchers' meeting greeted the report of this reply with incredulous jeers.

The registration of consumers carried out towards the end of November showed that despite the embarrassments which faulty allocation of supplies had caused and the campaign against the coops in the Beaverbook press the movement retained an

* *Cooperative News*, 25.11.39. A. V. Alexander declared on November 8 that one of the leading civil servants in the Ministry of Food, deputising for the Minister, in discussing the situation with trade representatives, had admitted that as a result of evacuation and the billeting of troops the datum principle had broken down.

immense share of working-class custom. Registrations were made separately for bacon, butter and sugar so that the three totals were not the same. Generally however the registrations for all three commodities were about twice as large as the purchasing membership of the retail societies. The allocation of supplies on the basis of registration, introduced in the case of butter on December 4 and in the case of sugar on December 11, meant some improvement in the situation for the coops. It in fact amounted to rationing, since the formula was that no retailer might receive more butter than was needed to supply each of his registered customers with 4 oz per week or more sugar than was needed to supply 1 lb per head per week, and in many parts of the country even before the end of November rationing along these lines was being carried out by retailers.

Ploughing

On the other side of the problem—home agricultural production—the beginning of the war was marked by an ambitious and comprehensive programme of expansion. Its basis was to be the ploughing up of $1\frac{1}{2}$ million acres before the harvest of 1940. The Minister of Agriculture announced* three weeks after the beginning of war that the ploughing subsidy of £2 per acre would be extended to cover land put under the plough before 31 March 1940; livestock farmers would be guaranteed a market for cattle, sheep and pigs which would be bought by the Ministry of Food when food rationing commenced; prices paid for cattle would be announced later, would vary according to the killing out percentage and would be modified according to season; prices for sheep would be raised when the Minister of Food took control to an initial figure of $11\frac{1}{2}$ d per lb with the purpose of ensuring an average over the year of 1/- per lb for fat sheep.

Livestock

These arrangements for livestock were dependent upon the Ministry of Food taking control; in the meantime an order directed that as from September 13 all sales of fat cattle, calves and sheep must be through livestock markets and specified maximum prices observed. The price for cattle varied according to killing out percentage from 37/- to 48/- per cwt; and the maximum for sheep was 10d per lb. There were however widespread complaints that the maximum price arrangement led to agreements between buyers to share the available supplies among themselves. From such agreements it was but a step to collective refusal to bid up to the maximum price; and there were complaints from various parts of the country that farmers were not even getting a price as high as the Government scale permitted.

* In a written reply to Arthur Greenwood, 23 September 1939.

As a result of the dissatisfaction at this system which meant that in many markets butchers were able to buy at their own prices, control was actually withdrawn about the beginning of December and prices paid to farmers accordingly rose. Buying of all supplies by the Ministry of Food was bound up with the rationing of meat and did not become an accomplished fact until the New Year. How the ambitious control of purchase and slaughtering will work is yet to be seen.

Bacon

In the case of bacon production there is a marked continuity in policy. A director of a firm of bacon curers which was part of the largest group in the trade, in peace a prominent member of the Bacon Development Board, was made Controller of Bacon Supplies. In the early days of the war a definite price was fixed for pigs—13/- per score lb dead weight up to 200lbs. As *The Times* pointed out,

The all-round price . . . fixed for pigs of all weights, porkers as well as baconers, is clearly intended to increase the nation's supply of pig meat by inducing the farmers to carry their pigs on to the bacon weight of about 150 lb rather than to sell them at the pork weight of 80 lb-100 lb. Normally prices for bacon pigs are about 2/- per score less than pork prices.

This price was forced up subsequently by the pressure of the farmers, who were able to plead increasing costs as their justification. At the same time swift steps were taken towards the rationalisation of the curing trade. It was announced that 'small curers' (that is those curing on an average less than 15 cwt per week), who made up some two-fifths of the concerns in the trade, would be refused the necessary licence to cure bacon.* Again under the full control scheme, it was announced, the farmer would be obliged to hand over his pigs at a Government or at a bacon factory which would be specified for him. (It was on the right of the farmer to choose his own curer more than on any other point that difficulties in the operation of the National Government's bacon scheme had arisen.)

Milk

Alone of the marketing schemes, that for milk continued almost unaffected by the war. Its organisation maintained its independence of the Ministry of Food, although the Board's General Manager became Director-Designate of Milk Supplies, available to the Ministry in an advisory capacity. Arrangements for distribution of milk were to some extent upset by the partial evacuation of London. In the first few weeks of the war more than 9,000 gallons of milk a day brought to London were handed over to the manufacturers of butter, cheese and milk products because the demand for liquid milk in London had fallen.†

* See note on p. 20.

† *Farmers Weekly* 13 October 1939.

The Milk Marketing Board announced during November that at the end of the year the retail price of milk would almost certainly have to go up. For the milk which went into the manufacturing market had been charged at the usual low rate until the beginning of November, so that the pool price which the farmers received showed a decline. The policy of putting up retail prices in an endeavour to raise pool prices has been tried before; it failed—for the result was a smaller consumption of liquid milk and hence a smaller return to the farmers at the higher prices. So a vicious circle started.* And a similar circle would be likely to follow from any raising of retail prices now.

Agricultural costs have risen and so the fall in milk pool prices has hit the dairy farmers especially hard. In order to solve the difficulty the Government has promised a subsidy to the farmers so that they will get more without any increase to the consumer. The distributors want a share of this subsidy and urge that their costs have gone up; but there have been some economies (for example deliveries have been cut down to one a day) and there seems little reason to believe that any increase in the present distributive margin would be justified.

This subsidy is however avowedly merely a temporary expedient. It seems very likely that the Government Milk Bill introduced in autumn 1938 and withdrawn because of the protests it aroused will be revived. The principle of this was the 'rationalisation' of distribution by the distributors themselves. This would mean a further extension of big business control and would not necessarily benefit the consumer, for the greater share of the money saved by more economical distribution would almost certainly under such a scheme go to the distributing concerns themselves. Such 'rationalisation' is being mooted at present in trade circles; and if it becomes a reality the lines of the scheme should be carefully and critically examined.

Feeding Stuffs

The largest item in increased agricultural costs is feeding stuffs. At first supplies were short and farmers had to pay more. At the beginning of October an order was made by the Ministry of Food which was to have the effect of stabilising the prices of feeding stuffs at roughly pre-war levels; and at the same time it was announced that the stocks of feeding stuffs which the Government had accumulated were to be released. Complaints however grew rather than diminished; during November three very well known Wiltshire farmers voiced the general opinion when they declared that despite the Minister's statements,

In no single instance are we able to buy any basic commodity, wheat, barley or oats, at either the published price or anything like

* For a fuller account of this situation and the way in which it was resolved see *Milk: from Cow to Consumer* by Peter Vinter and Joan Bulmer (Fabian Society, Research Series No 41, 1/-).

the pre-war level. It seems at the present moment that these prices are a misrepresentation of the facts and the public are led to believe that farmers are obtaining their feeding stuffs at pre-war levels when in fact farmers are having the greatest difficulty in obtaining any stocks even at considerably higher prices.

Early in December the Minister of Food was compelled by the pressure of farming opinion to give an undertaking that greater efforts would be made to enforce the feeding stuffs prices which the Government was announcing.

This system of control is the background of wartime food supply. The outbreak of war has not meant any drastic reversals of policy; rather has there been continuity of policy, intensification of the changes which were taking place in the organisation of food supply. Cooperation of trade interests in regulating the flow of goods, a dominant position for the large concerns, both under the appearance of 'State control', characterise the situation.

4 THE FUNCTION OF YOUR FOOD COMMITTEE

While all this is going on more than half the population is underfed. When Sir John Orr carried out his researches* in 1935-6 he calculated that 50% of the people of the country did not enjoy a diet sufficient to maintain them in full health and well-being, for the simple reason that they were too poor. Between that date and the outbreak of war prices rose. Since the war began they have risen again. If they continue to rise without any compensating rise in wages the gravest effects upon the health of the population and particularly of the children will follow. Already a number of trade unions are demanding wage increases to cover the cost of living and some of them have secured some partial success. But there is a useful job of work to be done, particularly by those who are members of Food Committees.

These Committees, which consist of representatives of consumers and retailers (including the coops), are at present very limited in their powers. The whole tenor of the regulations which govern them is to confine their activities to the particular locality and to the enforcement of the price which the Government has announced for a certain number of foods. Thus the unfortunate back street grocer who charges a farthing too much a lb for sugar will be perhaps prosecuted, while not a word will be said about the million and a quarter profit being made by the largest sugar refineries.

1. The local committees should meet regularly and frequently and should allow no marked rise in the price of any foodstuff, whether it is controlled or not, to pass unchallenged. Each price rise should be traced back as far as possible along the chain of distribution to uncover its cause.

* Published in *Food, Health and Income*.

2. Clearly this cannot be done satisfactorily either by a particular local food committee or by Government officials. A Consumers' Council on a national footing composed of representatives of the trade union movement, women's organisations and the political parties is a necessity if any real examination of food supply is to be carried out. Such an organisation existed in the last war; and local food committees might well pass resolutions demanding that one be set up now. Such a Consumers' Council would have to have powers to make detailed investigations of cost, to insist on inspection of the books of food companies and to give publicity to its findings.

3. In the absence of a National Consumers' Council however, local Food Committees can do a great deal if leadership is given to them and some degree of coordination and exchange of information achieved between them. Socialist members should constantly press for the fullest publicity for the activities of the committees and for the enlargement of their functions. Such members should for example use every opportunity of emphasising that the cost of living index issued by the Ministry of Labour or compiled by a pre-1914 method is now so out of date that it misrepresents the facts. In the first three or four months of the war the rise which the Ministry's index figure showed was almost certainly smaller than that actually experienced by working class families.

4. The possibility of attacks upon the cooperative movement cannot be ignored. The coops are stronger now than in 1914; they now distribute more than 25% of the liquid milk, manufacture 20% of the margarine, bake 10% of the bread and distribute over 20% of the tea and sugar consumed in the country.

The whole working class population benefits from the existence of the coops, which so long as they can secure supplies constitute a permanent check upon the activities of would-be profiteers. But if the coops are stronger, so are their enemies the large private combines, and there may well be attempts at heavy taxation of the coops, or restriction of the right to give dividends and unfair allocation of supplies.

The Struggle for Democracy.

In all this the need for defending and improving the working-class standard of living must be emphasised. Rationing finds favour with the Government and its associates not because it means equitable distribution of available supplies but because it offers a method of systematically reducing the total consumption of foodstuffs. As Sir George Schuster expressed it in the speech already quoted:*

The justification for rationing may arise not only because it is physically impossible to get certain foodstuffs here but also because it may be economically desirable to curtail the consumption of particular

* In the House of Commons 8 November 1939.

articles in order to release purchasing power for things more vital for our war effort.

Ample food supplies at low prices must be the objective of the working-class movement. Its representatives on food committees must remain perpetually in touch with their constituents, publicly explaining the reasons why prices rise and indicating those who benefit.

Many of the measures of food control now being practised or proposed have a familiar ring. The decentralisation of Smithfield to depots in different parts of London, drastic rationalisation of milk distribution under the auspices of the large concerns, the allocation of pigs to bacon factories without reference to the wishes of the farmer, are not new ideas which have arisen suddenly in the mind of a member of the War Cabinet or of an anonymous official in the Ministry of Food. They have been mooted in the past and turned down because of the harm which they would do to the farmer or small distributor and because of the extent to which they would strengthen the power of large concerns, aiming at monopoly and the security of high guaranteed returns. Wartime and the 'controls' which have been imposed on agriculture and the food trades make them more immediately practicable. The Government, anxious to divert resources and shipping space to 'things more vital to our war effort', will not regret a restriction of total consumption by price rise or rationing or both combined. If the present tendencies manifestly at work in the organisation of food supply are allowed to work themselves out unhindered by pressure from the working people, this country is likely to find itself at the end of the war not only with a higher percentage of its population underfed than ever before, but with an economic system which so far as the supply of essential foodstuffs is concerned has a monopolistic character that is the very antithesis of democracy.

NOTE While this was in the press the protests of the small bacon curers had the effect of getting removed the ban on their operations. They are still restricted however as to the type of bacon which they may produce (see p. 16).

SELECT LIST OF PUBLICATIONS

NEW FABIAN RESEARCH PAMPHLETS

5	The Relations of Central and Local Government	W. A. Robson	2d
9	Workers' Control and Self-Government in Industry	G. D. H. Cole and W. Mellor	6d
10	The Protection of Colonial Peoples	A Study in British Colonial Policy	1/-
22	A Socialist Budget	Colin Clark	6d
24	Facts and Figures	A Handbook for Labour Speakers	6d
28	Rent Rebates (Revised and Enlarged Edition 1939)	Geoffrey Wilson	1/-
30	Foreign Trade	Harold Barger	6d
33	How Much Compensation?	Ernest Davies	1/-
34	The Forty Hour Week	Michael Stewart	1/-
35	State Education	An Immediate Programme Edited by Barbara Drake LCC	1/-
37	Population Movements	A Study in Migration L. Ginsburg	6d
38	The City Today	A Citizen ...	1/-
40	Reform Under Fire	Social Progress in Spain 1931-38 M. Stewart...	6d
41	Milk	J. Bulmer and P. Vinter	1/-
42	Living Wages	The Case for a New Minimum Wage Act G. D. H. Cole	6d
43	Parenthood and Poverty	L. Ginsburg	1/-
44	Labour in the West Indies	W. A. Lewis	1/-
45	Planned Investment	C. P. Mayhew	1/-
46	Scottish Local Government	W. H. Marwick	6d
47	The Reform of the Rating System	John Sullivan	6d

FABIAN TRACTS

5	Facts for Socialists (Revised 1937)	...	6d
62	Parish and District Councils	What they are and what they can do (Revised 1937)	2d
189	Urban District Councils	Their Constitution, Powers and Duties C. M. Lloyd 1936	2d
232	Personnel of British Foreign Office and Diplomatic Service	1881-1929 R. T. Nightingale 1930	2d
235	The Limitations of the Expert	H. J. Laski 1931	2d
237	What Happened in 1931	A Record Sidney Webb 1932	2d
239	Currency, Credit and the Unemployment Crisis	G. Slater 1932	2d
241	A National Physiological Minimum	Dr Somerville Hastings 1934	2d
242	Housing Principles	Ivor Thomas 1935	2d
244	Freedom in Our Time	Olive and Ivan Cruchley 1937	2d
245	Indian Federation	Bool Chand 1938	2d
246	Our Ageing Population	Ald. A. Emil Davies, LCC 1938	2d
247	The War on the Home Front	G. D. H. Cole	3d
248	Democracy for India	H. N. Brailsford	2d
249	Evacuation	F. Le Gros Clark and R. W. Toms	3d
250	Food in Wartime	Charles Smith	2d

Also Biographical, Local Government and other Series

BOOKS

The British Civil Service by H. Finer		Cloth, 5/- Paper, 3/6
Mind Your Own Business	by R. B. Suthers	1/6
Fabian Essays (1931 Edition)		2/6
Towards Social Democracy	by Sidney Webb	1/-
New Tyrannies for Old	Fabian Lectures, 1938 (Allen and Unwin	5/-
Studies in Capital and Investment	by G. D. H. Cole and others (Gollancz)	12/6
Socialization Studies :		
(1) Electrical Supply Industry	by G. H.	(Gollancz) 3/6
(2) Iron and Steel	by Ingot	(Gollancz) 5/-
Public Enterprise	edited by W. A. Robson	(Allen & Unwin) 12/6
The People's Army	by Lewis Clive With an Introduction by C. R. Attlee	(Gollancz) 7/6
The Machinery of Socialist Planning	G. D. H. Cole (Hogarth Press)	2/6
Democratic Sweden	edited by Margaret Cole and Charles Smith (Routledge)	12/6
Hitler's Route to Bagdad	International Section (Allen & Unwin)	10/6
The Unemployment Services	by Polly Hill (Routledge)	7/6

270 *Red*
139

Printed by
The Hereford Times Ltd.
(T.U. all Depts.)
London and Hereford.
L2630

1234 567890
1234 567890

READING LIST
CONTINUED TO LIBRARY

- 2 OCT 1940

