

**LABOUR WOMEN'S  
REPORT ON**

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# Socialism

AND OUR

# Standard of Living

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## FOREWORD

By the  
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Though people are quite rightly thinking about war and peace, they are also thinking about questions at home. One of these is malnutrition, which is disturbing the minds of sincere men and women everywhere.

The Government has been very reluctant to admit the existence of semi-starvation and under-feeding, in spite of the large volume of scientific evidence which is at everybody's disposal.

The Labour Party cannot tolerate this outstanding problem of poverty. It is an undoubted fact that millions of our fellow countrymen, including large numbers of children, who are our future citizens, are suffering from malnutrition.

The Standing Joint Committee of Industrial Women's Organisations has given great attention to this question and its memorandum, published in this pamphlet, is well worth reading. Its contents should be made as widely known as possible so as to strengthen our campaign against poverty and its fateful consequences.



Cost & standard of living - U.K.

## SOCIALISM AND THE STANDARD OF LIVING

### THE STANDARD OF LIVING

1. The standard of living of any section of the community is measured by the amount and quality of goods and services which it can obtain to satisfy its physical and cultural needs. Families or individuals buy these goods directly from the shops or indirectly through contributions to Local Authorities (rates) and to the National Exchequer (taxes) which are used to provide certain goods or services for the community as a whole—education, libraries, hospitals, houses, etc.

#### Wages : Prices

2. The basic necessities—food, clothing, shelter—as well as many other things which are accepted as necessary for a reasonable life are normally purchased directly by each household. The standard of living therefore depends on the amount of money it possesses and the price of the things it buys. The wage-earner tends to think of the standard of living in terms of the pounds or shillings which are earned every week, the housewife who spends the income thinks naturally in terms of what the money will buy.

#### The Housewife's Interest in Prices

3. The housewife is more acutely affected by a rise in prices than anyone else. Every rise in the price of necessities adds to her work a burden of worry which she cannot pass on.

Further, in working-class households a rise in prices without a corresponding increase in wages, means that something must be done without. If the same amount of food is bought, nothing can be spared for household replacements. This often means extra physical toil for the housewife.

If expenditure on clothing is cut down, it is the mother who is the first to go without.

Where income is already so low that expenditure on food and clothing has already been cut down to the minimum, the

only way to meet a rise in prices is to buy less food—and here again the housewife and mother is the first to go short so that the rest of the family will be fed.

### How Changes in Standard of Living are Measured

4. It is impossible accurately to measure changes in standards of living. The basis of most of the estimates which are made is the Ministry of Labour Index Figures of the Cost of Living and of Wage Rates, and it will be useful to consider what these figures are and what they tell.

#### (a) Cost of Living Index

5. The cost of living index figure is not a device for estimating how much families should be able to live on. It is a method of measuring the changes from month to month in the cost of maintaining the same standard of life—actually the pre-War standard of life of working-class families, defined in the *Ministry of Labour Gazette* as “the standard actually prevailing in working-class families before the War”, irrespective of whether such standard was adequate or not.

The index was compiled from household budgets collected in 1904 from 2000 working-class families. It took into account the main items included in the bulk of the budgets and it allowed for the relative importance of each item of expenditure—rent, clothing, food, etc.

The method of compilation at the time was probably as satisfactory as any method which could have been adopted, and in so far as the figures claim only to tell the increased cost of maintaining unchanged the pre-War standard of life, they may be considered fairly accurate. But the index has no relation to conditions to-day. It assumes that the wants of a working-class family have not changed since 1904.

The index includes the fourteen chief articles of food which appeared in the budgets and the only vegetable allowed for is potatoes. Since 1904 a variety of foodstuffs, almost unknown then, has appeared in the Co-operative Stores and other shops and on our tables. If these newer articles rise in price this is not allowed for in the index. Further, the proportion of income commonly spent on certain items has changed considerably since 1904. Rent was then assumed to absorb 16 per cent—barely one-sixth—of the weekly wage. In most industrial areas to-day a much larger proportion of wages goes in rent—in some cases as much as a third.

#### (b) Index of Wage Rates

6. The index of wages is based on information which is obtained month by month of changes in wage rates in a considerable range of industries. It does not, however, take into account large sections of workers—Government employees, shop assistants, clerks and salaried workers, agricultural workers and domestic workers. It does not allow for the effects of unemployment in the industries from which information is collected, nor for changes in the relative numbers employed in these industries.

## MOVEMENTS IN PRICES AND WAGES

### War Period, 1914-20

7. But the official figures are the only guide we have to trends in wages and prices over a long period. They show that from 1914 through the war years to the end of 1920 there was a steady and steep rise in prices (20s. in December, 1920, bought the same amount of food as 7s. 2d. in July, 1914): that during the same period wages rose, but except in a few industries did not rise to the same extent as prices.

Workers who had strong Trade Union organisation were more successful than the unorganised in catching up with prices. There is no doubt that during this period the standard of living of many sections of unorganised workers fell considerably.

### Post-War Slump, 1920-23

8. The artificial boom which was the product of war conditions collapsed at the end of 1920 and during the next two years there was a substantial fall in retail prices, which, however, still stood, at the end of 1923, 78 per cent above the level of July, 1914.

It is a commonplace of economics to say that wages lag behind prices when prices are rising. It is equally true of capitalist industry that in a slump the first attack is on the wage-earners. During the post-War slump the well-organised workers were better able to withstand the attack than the unorganised. But the impact of the slump, with the steep rise in unemployment and wage reductions, reduced the strength of many Trade Unions. For many years the Unions were on the defensive.

Employers who, during the war years, when profits were high, had maintained that wage increases should not be related to industrial profits but should be regarded only as "compensation" for higher prices, changed their ground, and in their desire to impose drastic wage cuts argued that wages should be determined by "what industry could afford to pay". Industries exposed to foreign competition suffered most in the post-War depression, and workers in those industries faced the worst attacks. In the mining industry employers used the weapon of the lock-out in 1921 to enforce a big reduction in miners' wages.

9. The following figures show the position in July, 1914, at the end of 1920, when the slump set in, and again at the end of 1923 when a period of comparative stability was reached

	Cost of Living (all items)	Food	Money Wages
July, 1914 ...	100	100	100
Dec. 31st, 1920 ...	265	278	270-280
Dec. 31st, 1923 ...	178	175	165-170

Wages had lagged behind prices during the period 1914-20, and it was not until the end of the boom that wages more or less caught up on prices. But when the slump came wages fell more quickly than prices.

### Changes from 1923-33

10. From 1923 to 1933 prices showed a gradual downward trend until the slump of 1930 brought a more rapid fall, the cost of living index reaching its lowest point in May-June, 1933, when it was 36 per cent higher than in July, 1914, the food index being 14 per cent higher.

During these ten years wages fell (there was a net decrease in weekly wage rates every year except in 1924 and in 1926, when slight increases were recorded), but until 1931 the index remained comparatively stable, so that workers in full time employment in the occupations for which statistics are available did benefit from the more rapid fall in prices.

### Period of Depression, 1929-33

#### (a) Attack on Wages

11. As soon as the depression began there was a determined attack on working-class standards. Early in 1931 the National Confederation of Employers' Organisations in a pamphlet on

"The Industrial Situation" urged the view that the burden of economic depression should be borne in the main by the workers.

"... At the same time it would on our part be the greatest disservice to the nation if we flinched from making it clear that there is no remedy or combination of remedies which will enable this country to regain its industrial and thereby its national prosperity so long as it insists upon *maintaining at all costs its present standards of living and public expenditure*...."

"The fundamental disability is that, while the standards of our competitors are at a level which leaves little room for reduction, this country, by setting up higher standards and insisting on their maintenance has introduced into its costs of production an element of rigidity which constitutes the main obstacle to bringing these costs down to a point where we can compete successfully with the goods of other countries in the world's markets."

High costs are attributed to excessive wages:—

"Before the War it was our export industries, sensitive to world conditions which set the general standard of our wage levels, but since the War that standard has been set not by our export industries, but by our non-export industries.

"We have therefore lost that vital safeguard which previously linked the general standard of wage levels to the prices which our goods could command in the world's markets."

#### (b) Attack on the Unemployed and on Social Services

12. Dealing with unemployment benefit the pamphlet continues:—

"Having regard to these high rates of benefit and the laxity of the qualifying conditions, it is only natural that Trade Unions—*anxious to maintain their wage levels and knowing that their unemployed members can count on Unemployment benefit more or less permanently at these high rates—are disinclined in wages negotiations to take the same account of the necessity of adjusting wages to levels at which industries can absorb their unemployed*, as they had to do when there was no general State benefit and when such limited Benefit as was provided to their members had to be provided by the Trade Unions themselves out of their own Union funds."

"... the post-War disregard of unemployment in wages negotiations is the principal and direct explanation of the *loss of plasticity in wage rates*."

The employers' demands included a 33½ per cent reduction in Unemployment Benefit and a tightening up of the regulations, and further that

"The Government should immediately review its wage levels in relation to those of the exporting industries and make an appeal to all Local Authorities to adopt the same policy."

That the Government should also make it known to all Local Authorities that in future all public grants will carry with them the conditions that they are not to be used in paying wage rates higher than those paid to a workman of corresponding skill in the exporting industries in that locality."

They also demanded the restriction of Trade Board activities, a drastic reduction in expenditure on social services, and a prohibition of legislation which would add to the burdens or restrictions on industries (i.e., legislation for the improvement of workers' conditions) until the unemployment percentage was reduced to 5 per cent.

(c) *Government's Attack on Wages and Benefits*

13. The National Government in 1931 imposed a 10 per cent cut in the wages and salaries of all its employees, as well as in Unemployment Benefit, giving a lead to Local Authorities and to private employers in wage attacks. The official figures indicate that between 1931 and 1933 wages fell less than retail prices, but that unemployment rose steadily throughout those years and that short-time employment increased, so that the standard of life of many sections of workers was lowered.

### THE RECENT RISE IN PRICES

14. Changes in the cost of living since 1933 are of immediate interest to housewives who know from their own experience that the price of every necessity has increased in the past few years.

The official figures show that on March 1, 1938, food prices were 17.6 per cent higher than on March 1, 1933, rent 2.6 per cent, coal 8.2 per cent, clothing 13.5 per cent higher.

In the past year alone the rise in the price of certain commodities—e.g. all kinds of clothing—has been considerable. Detailed information about clothing prices published from time to time in the *Ministry of Labour Gazette* shows that there was little change in prices between September, 1934, and the end of 1936—a period during which food prices were rising—but that during 1937 there was a substantial rise in the price of clothing, varying from 6.8 per cent for boots and shoes to 13.3 per cent in woollen material. Other necessities like blankets and kitchen utensils also rose considerably.

### Poorest Families Suffer Most

15. But it is a rise in food prices which the housewife feels most, and the poorer she is the more keenly does she feel it, especially a rise in the price of cheap filling foods like bread and potatoes which represent such a large proportion of the food expenditure of the poor.

The Food Council in its 1936 Report estimated that bread and flour represent some 20 per cent of the total expenditure of poor families on food.

The Labour women's household budgets inquiry in 1936 showed that in the lowest-income families, employed and unemployed, more than 20 per cent of expenditure on food frequently went on bread; and that in many cases bread, flour and potatoes account for 50 per cent of the food expenditure.

A rise in the price of cheaper foods, which bulk so largely in the budgets of the poor, is therefore not an incident but a tragedy. Hunger may even decree that a rise in the price of bread is actually met by buying more bread! For in the poorest homes there is nothing to save on except food. The inexorable claims of rent and fuel and light must be met, and everything else has already been eliminated from the weekly budget. If the loaf is dearer, the pound of cheese or the cheap cut of meat is cut out, and more bread is substituted.

### Dearer Food

16. The following figures show how some food prices have increased in the past five years:—

	Average Price for Year			March 1,
	1933	1936	1937	1938
	s. d.	s. d.	s. d.	s. d.
Bread (per 4 lb. loaf) ...	7½	8¼	9½	9½
Flour (per 7 lbs.) ...	1 0¼	1 1½	1 4	1 4
Cheese ... ..	9¼	9	10¼	11
Sugar ... ..	2¼	2¼	2½	2½
Margarine ... ..	6¼	6	6¼	6½
Butter ... ..	1 2¼	1 3	1 4	1 4½
Tea ... ..	1 9½	2 0¾	2 2	2 2½
Potatoes (per 7 lbs.) ..	5½	7½	7¾	6¼
Bacon ... ..	11½	1 2¼	1 2¾	1 3¼
Milk (quart) ... ..	5¾	6¼	6½	6¾

These are official figures and many housewives will note that they are lower than the prevailing prices in their own localities.

17. The prices of these foodstuffs, all articles of general consumption, were at March 1, 1938, above the average price for last year, with the exception of bread, flour and sugar which were the same, and potatoes which were cheaper.

The Food Council in its Report for 1937 says:—

“The following foodstuffs show, on the average of the year, the greatest percentage increases in price over the average of 1936: flour, bread, cheese, sugar and margarine. . . The rise in price of margarine is no doubt associated with increased demand resulting from the rise in price of butter.”

The fact that the greatest increases were in the comparatively cheaper foods means that the poorest sections of the community were hardest hit by rising prices in 1937.

An increased consumption of margarine as a substitute for butter means a lowering of the standard of living. For quality is as important as quantity in maintaining standards of living, and the same standard is *not* maintained when margarine is substituted for butter, when cheap frozen meat takes the place of prime fresh meat, or when more bread is bought while eggs and fruit disappear from the table. *And a lowering of the standard of living spells malnutrition.*

### GOVERNMENT'S ATTITUDE TO RISING PRICES

18. These rising prices have led to widespread protest among housewives and have been the subject of debates in the House of Commons. The Government and its supporters meet the protest of housewives and the attack of the Opposition in the House with three main arguments: (1) the recent rise in prices should be welcomed as a sign of prosperity as prices in 1932 and 1933 were much too low; (2) prices in 1930 were higher than to-day; and (3) as money wages and employment have increased, the real wages of the workers are higher than in 1930.

#### (1) Are High Prices a Sign of Prosperity?

19. It is true that the collapse of wholesale prices—especially of primary commodities—during the slump of 1929-33, meant disaster to producers in many parts of the world and that emergence from slump conditions depended on raising producers' prices. Any rise in retail prices necessary to maintain a reasonable return to producers should be welcomed, and if, at

that price level, housewives are unable to buy enough food and other necessities, our case then is that **wages are too low** rather than that prices are too high.

The housewife, however, cannot accept without evidence the argument that the rise in **retail** prices during the past few years has been essential for recovery from slump conditions. She has no evidence that in 1932 and 1933 when retail prices were at the lowest level since 1914 (May-June, 1933, was the lowest point) she was not paying enough—for bread, milk, potatoes, coal, boots—to give farmers, farm workers, bakers, coal miners and boot operatives a reasonable livelihood, and to cover reasonable costs of distribution as well. If retail prices of particular commodities were then too low, the housewife has not been supplied with the evidence. She is not prepared to accept the assertions of those whose sole desire in supplying the nation's needs is to make a profit.

20. At present the housewife does not know what it costs to produce a pair of boots or a sack of wheat, to bring a gallon of milk from the farm to her table or a ton of coal from the pit to her cellar. She does know that miners, farm workers and other workers are not well rewarded for their labour, that there is a big difference between the price she pays for many commodities and the price the producer receives; and, though she is told that the margin is needed to pay for processing, transport, storage, wrapping and delivering the goods, she reads of large dividends being earned by firms undertaking these services, even when producers protest they are doing badly. In the light of these facts the reaction of the housewife to rising prices is a feeling of resentment that her standard of living is being lowered.

21. Even if it is admitted that some rise in retail prices was necessary, it cannot be maintained that the actual rise in prices of the past few years represents real recovery from slump conditions as a result of increased demand. For it is clear that part of the rise is due to a deliberate restriction of supplies.

#### (2) Must Workers remain at 1930 Standard?

22. The housewife cannot agree that no complaint about high prices is justified since the level of prices was higher in 1930 than it is to-day. This argument implies that the working-class has no right to a higher standard of living than in 1930, an argument which we emphatically reject. The Board of Trade

estimates that industrial production in 1937 was 28·8 per cent above the level of 1930, and we assert that the workers have a right to share in this increased national output.

### (3) Have Real Wages Increased since 1930?

23. The third argument which is brought against the housewife—that the standard of living is higher to-day than in 1930—finds some support in the official figures.

#### Official Figures

If, for example, we compare the first quarter of 1930 and the last quarter of 1937, we find that money wage rates increased by 4·8 per cent, while the official cost of living figure fell by 1·5 per cent. This, of course, means an increase in real wages.

But even if we admit this conclusion, it is clear that the improvement is not keeping pace with the increase in industrial production.

There is, of course, no reason why we should not make our comparisons with 1932 or 1933 rather than with 1929 or 1930. The following figures give a comparison between December, 1932, and December, 1937.

	Dec., 1932	Dec., 1934	Dec., 1936	Dec., 1937
Cost of Living	100 ...	100·7 ...	105·6 ...	111·9
Food Prices	... 100 ...	... 101·6 ...	... 108·8 ...	... 116·8
Wage Rates	... 100 ...	... 101·1 ...	... 105·8 ...	... 110·8

According to these figures the standard of living in December, 1937, was lower than in December, 1932, and unless we believe that the standard of living of workers in employment was too high in 1932, we are entitled to press this comparison.

### Limitations of Official Figures

#### (i) Wages Index

24. There is, however, a general criticism that can be made against all arguments too rigidly based on the official figures published from month to month by the Ministry of Labour. A multitude of evils can be concealed in average figures. The wages index, for example, includes in the main organised workers and workers who are protected by Trade Boards, so that the picture it gives is too favourable for the whole of the workers. It excludes considerable sections of workers, mostly unorganised, and it does not allow for the effects of unemployment nor of short-time employment, nor of changes in the relative numbers of workers employed in industries covered.

The *Ministry of Labour Gazette* has pointed out that the particulars which it gives provide only a *general indication of the relative levels of wage rates at different dates.*

In a review (March, 1935) of changes in wage rates from 1920 onwards, it was pointed out that while the index figure showed that the level of wages at the end of 1934 was 65 per cent above that of 1914,

“both the amount and the corresponding percentages of increases over pre-War rates show a wide diversity among different classes of work-people. In some cases increases in full time weekly rates were equivalent to less than 20 per cent on pre-War rates; in other cases were 100 per cent.”

If in one industry wages have risen only 20 per cent and in another 100 per cent, and if the average for all industries is 65 per cent, it is small comfort to the woman who has to shop with a 20 per cent increase on pre-War wages to be told that the *average* increase of wage rates is 65 per cent.

#### (ii) Cost of Living Index

25. Just as the wages index can be accepted as only an indication of general trends and not as a reflex of the position of every section of the workers, so too the cost of living index is open to criticism. It was pointed out above that the index is out of date. Housewives complain that it does not accurately reflect their own experience in the shops, and their practical experience is a valuable check on the official figures.

The recent enquiry through the Labour Women's Advisory Councils into the current prices of the minimum diet of the British Medical Association illustrates the point. This diet was drawn up by a Committee of the B.M.A. in 1933, not as an ideal diet, but as the **bare minimum** necessary to maintain health and working capacity.

### Cost of B.M.A. Minimum Diet

26. The cheapest cost of this diet for a family of five was found by the B.M.A. to be 22s. 6½d. in July, 1933. On 25th and 26th November, 1937, housewives in different parts of the country were asked to find the cheapest local prices of the same diet, not because it was suggested that the cheapest is good enough, nor that the cheapest in the long run is the most economical, but in order to find out the very *minimum* which it was necessary to spend to obtain what the doctors state to be a *minimum* diet.

The returns showed that the cost of the diet varied from £1 7s. 2d. to £1 16s. 2d. where bread was bought at the shops. Of 65 replies, only 8 were below 28s. 6d., and 7 above 32s. In other words, the cost of the diet varied generally from 28s. 6d. to 32s. per week, and, in typical industrial areas, from 29s. 6d. to 30s. 6d. per week.

Many of the women stated that they had spent a great deal of time hunting out the cheapest prices—cheapest cheese here, cheapest bacon there—so that the prices quoted are not taken from the same part of the town. A housewife doing her ordinary shopping in the same way would have to spend money on tram fares or tramp about at the cost of physical effort and footwear.

Many women also commented on the poor quality of the goods obtainable at the cheap prices quoted.

27. The following is a return from a mining area:—

	Quantity	B.M.A.		Actual	
		Min. Cost,	Prices	Min. Cost,	Prices
	lbs.	July, 1933	(26.11.37)	July, 1933	(26.11.37)
		s.	d.	s.	d.
Beef ... ..	3	1	6	2	3
Mutton ... ..	2		10	1	4
Minced Meat ... ..	1		5		7
Bacon ... ..	1		6	1	2
Corned Beef ... ..	2	1	0	1	4
Cheese ... ..	3	1	7½	2	3
Milk (pints) ... ..	14	3	2½	4	1
Kippers ... ..	1¼		6½		9
Butter ... ..	½		5		8½
Suet ... ..	¼		1½		1½
Lard (dripping) ... ..	½		3		4½
Margarine ... ..	½		2		4
Bread ... ..	39½	5	8¾	7	5
Sugar ... ..	6½	1	2¾	1	4½
Jam ... ..	1		4½		5½
Potatoes ... ..	10½		7½		7½
Peas (split) ... ..	1		1½		2
Oatmeal (med.) ... ..	½		1¼		1
Tea ... ..	½		6		11
Treacle ... ..	¾		3¼		3½
Beans (butter) ... ..	½		1½		1½
Barley ... ..	1		2		2
Rice ... ..	1		2½		1½
*Fresh fruit and green vegetables		2	6	2	6
		£1 2	6½	£1 9	6½

\* The B.M.A. Committee allowed 2s. 6d. for fresh fruit and vegetables in 1933, but did not specify what should be bought. The same figure has been allowed.

At the end of 1937 the housewife required 29s. 6½d. to buy food which cost 22s. 6½d. in July, 1933—an increase of 31 per cent in food prices. The Ministry of Labour food prices index showed an increase of only 23 per cent for the same period.

## RISING PRICES AND SOCIAL WELFARE

28. It should be emphasised that the attitude of the housewife to the question of high prices is largely determined by her concern with nutrition.

### Nutrition

Nutrition has become news in recent years as a result of authoritative and startling statements by medical and other experts about food requirements. Other sections of the community have had more to learn from the experts than working-class housewives. For the experts have, in the main, reinforced with abundance of scientific argument the dietetic rules which the majority of housewives have always tried to follow when they could afford it.

Without specialised scientific knowledge of the calorific, body-building or protective value of various foods, the average housewife has thought it common-sense to give her family a good mixed diet, with plenty of milk, butter, eggs, fresh fruit and vegetables, as far as her income allows. If she cannot afford it, she has had to cut out the more expensive things and to confine her buying to a cheap filling diet.

What the experts have impressed on her is that the more expensive foods, which she so often must do without, are not only desirable, but are absolutely indispensable for the attainment of a high standard of health, and that without them, growth is impaired, muscular strength reduced and the power to resist disease lowered.

### The Housewife's Point of View

29. When she finds it impossible—as tens of thousands do—to buy enough of all the high-grade foods essential for good nutrition, she is not impressed on being told that according to the official index figures she can buy more with £1 than she could buy in 1930 and that she has more £'s to spend than she had in 1930.



This point must be emphasised in any statement which claims to interpret the housewife's point of view on the question of the cost of living. It explains why the arguments used in answer to her complaints about high prices seem unreal and irrelevant. Disrespect for official figures, or for solemn statements that high prices are an indication of prosperity, must not be dismissed as a sign of economic ignorance. It reflects the outlook of thousands of housewives who are convinced of the importance of their job, and believe, rightly, that their views on national well-being are as important as the views of any section of industrialists.

The working-class mother claims the right to health for her children. She is much more concerned about how to get the diet which every expert says is indispensable for a high standard of health than with what she—or her mother—could buy in 1930.

This is how the housewife sees the problem—food bills which came to 15s. in 1932 and 1933, and 17s. 6d. in 1936, come to about 20s. to-day: boots and blankets and coal and household utensils are dearer. If her husband has had a rise, it has been spent several times over in higher prices before he has drawn it.

#### **Effect of High Prices on Unemployed, Pensioners, etc.**

30. Those with fixed incomes—Old Age Pensioners, recipients of Unemployment Benefit or allowances from the Unemployment Assistance Board or the Public Assistance Committees suffer most. There has been very serious privation and hardship in countless homes which have to exist on a limited and inadequate number of shillings per week, as what these shillings can buy has dwindled.

#### **Social Services**

31. The social services are also affected by the rise in prices. With increased expenditure on armaments a smaller proportion of Government expenditure is devoted to social services, while the rise in prices reduces the real value of grants to Local Authorities for health, education, housing, etc. The cost of maintaining these services at the same level of efficiency increases with every rise in prices, and there is a tendency on the part of Local Authorities to postpone improvements and extensions because government grants are fixed, and there is an unwillingness to place additional burdens on the ratepayers.

#### **Rent Decontrol**

32. The progressive decontrol of rents under the Rent Restriction Acts has meant an increase in rents, sometimes a heavy increase, for many families. While the new Rent Restriction Bill was being considered in Committee cases of excessive increases were quoted. In Birmingham for example rents of decontrolled houses had increased by 46·7 per cent, in some cases a post-War rent of 6s. 6d. having been raised to 25s. per week. Increased rents in most working-class homes can be met only at the expense of food and clothing, and undermine standards of living.

#### **WHY PRICES ARE HIGH**

33. Though the cost of living index figure has fallen 4 points since December, 1937, it is still 5 points or 3·3 per cent above the figure of March, 1937, and 15 per cent above the figure of May and June, 1933. This rise is due to other causes than normal recovery from the slump.

The main reasons for rising prices or unnecessarily high prices are (1) restriction of production of certain commodities, (2) rearmament, (3) Government's policy of tariffs, quotas, etc., (4) waste in distribution, and (5) monopoly control by powerful combines.

#### **(1) Restriction of Production.**

34. Producers of certain commodities are enjoying improved prices not because their customers have money to buy more, but because production has been cut down by international agreement and by the National Government's legislation. Such schemes bring about a measure of recovery for a period, but they do not touch the fundamental problem of balancing consumption with productive capacity. Restrictive agreements exist in wheat, tea, coffee, cotton, rubber, tin, copper, and certain other commodities.

The immediate effect is a rise in wholesale prices which is reflected in retail prices in the shops. Restriction of supplies, from the Socialist standpoint, is an anti-social and unhealthy basis for recovery.

Under the World Wheat Agreement (1933) exports and, therefore, output were limited in each of the exporting countries

According to the *Economist* (13.2.37) production in the exporting countries declined from 2,379 million bushels in 1932-33 to 2,048 million bushels in 1935-36, while the total world production in 1936-37 was approximately 10 per cent below the average of the years 1929-33.

An International Tea Committee restricts supplies of tea by fixing export quotas, the producing countries each being allocated a percentage of the "standard exports" assigned to them under the international agreement. Under this scheme profits of tea-growing countries have increased, the average ordinary dividend of 138 companies rising from 5.7 per cent in 1935-36 to 7.7 per cent in 1936-37. Prices have gone up, consumption in Britain has declined.

## (2) Rearmament

35. The Government's huge expenditure on armaments, financed partly by borrowing, has increased the amount of money in circulation and stimulated the demand for certain types of goods, thus causing a rise in prices. The immediate economic effect of spending on armaments is no different from the economic effect of large-scale Government spending, say, on housing, roads, etc.; it provides employment and puts more money into circulation, though, of course, it does not provide the community with assets which add to the nation's wealth.

The most disastrous aspect of this expenditure is the failure to eliminate profiteering in armaments. Other prices have been inflated because of the huge profits earned by the armaments firms. The Treasury turned down recommendations made by a Select Committee of the House of Commons for large-scale State purchase of the raw materials and manufactured goods needed for the defence programme, and for reducing sub-contracting with a view to eliminating unnecessary profits.

### (a) Effect on Prices

Increased demand for iron and steel and other commodities needed for armaments must lead to a general rise in prices as well as to a rise in prices of these commodities for civilian purposes. The demand for boots and clothing for army requirements has contributed largely to the sharp rise in prices of materials, clothing, boots and shoes in the past eighteen months.

We also see the effect in higher building costs. In the *Times* (8.7.37) it was pointed out that:—

"In England and Wales the average cost of a non-parlour, three-bedroomed house during the first three months of 1937 was £338, compared with £311 during the same period of 1936; and there has been a further rise since."

The Leeds City Council reported recently that the latest tender submitted to the Housing Committee showed an increase of about £50 per house on the price quoted a year earlier.

### (b) High Profits

37. The City Editor of the *Daily Herald* has pointed out (6.4.38) that armaments profiteers have never in history reaped such a harvest as in the past twelve months. The total profits of thirty important iron and steel companies with big armaments interests increased as follows:—

1934	1936	1937
£3,803,040	£8,941,169	£11,747,074

Profits for 1937 show an increase of 209 per cent on 1934, and 31 per cent on 1936.

The following table of profits is taken from the same issue of the *Daily Herald*:—

	1934	1937
	£	£
Vickers ... ..	613,261	1,411,056
English Steel ... ..	258,893	1,035,416
Guest Keen and Nettlefold ... ..	274,960	898,728
Dorman Long ... ..	38,154	850,663
Tube Investments... ..	363,815	825,090
Baldwins ... ..	153,664	405,473
Cammell Laird ... ..	29,173	232,856
Hadfields ... ..	93,996	269,040
Lancashire Steel ... ..	198,382	628,565
Swan Hunter and Wigham ... ..	96,416	249,925
John Brown ... ..	50,101*	488,993
Consett Iron ... ..	8,506*	511,762

\* Loss

It is pointed out that these are the profits after deduction of the special National Defence Contribution tax, which clearly has had no appreciable effect in checking profits.

### (c) Speculation

38. Further, the failure to control profits encourages speculation, a legitimate activity in capitalist society, which enables

individuals to make fortunes out of every kind of commodity without adding in any way to the real value of the product. These huge profits are included in the final price the consumer pays.

The *Economist* (27.2.37) referring to "A Dangerous Rise in Prices" said:

"... The present position is thus providing speculators with a happy hunting ground, especially as the output of many materials cannot be increased substantially at short notice. This week's developments in the market for base metals provided a foretaste of boom conditions. The price of copper, which at one time rose to over £73 per ton, closed on Wednesday at £66 17s. 6d. per ton against £58 17s. 6d. per ton a week ago. . . . Similarly the quotation for tin was pushed up to £240 10s. per ton. . . . While some rise in quotations was undoubtedly justified, hectic movements, such as those which took place last week, are bound to be harmful to ordinary industrial progress."

Two weeks later the *Times* (11.3.37) quoted the price of tin as £300 15s. 0d. per ton, and the City Editor, commenting on "spectacular rises" in prices on the Metal Exchange, said: "These movements are exceptionally large, and are due not only to trade buying, but to the activity of speculators."

#### (d) Increase in Indirect Taxation

39. Most of the bill for armaments is met out of taxation, which has therefore been increased. Indirect taxation which is levied on things people buy has been increased much more than direct taxation on incomes. Indirect taxation in 1931-32 represented 34·12 per cent of the revenue; in 1936-37, 40·29 per cent. This means a shifting of the burden of taxation from the well-to-do to the working-class, who pay their taxes in higher prices in the shops. Nearly everything which comes to us from abroad is now taxed—including staple foodstuffs like meat and wheat.

#### (3) Tariffs, Quotas and Restrictions, Marketing Schemes

40. Many of the taxes on food have been imposed as part of the Government's general policy (see previous paragraph) of raising more and more of its income by indirect taxation. In some cases, however, the intention has been to give assistance to agriculture, and that has also been the purpose of other restrictive measures.

#### Food Taxes

41. The City Editor of the *Daily Herald* (10.2.38) has pointed out that no less than £109 millions had been raised by the new

food taxes imposed by the Government by (1) the Import Duties Act of 1932, (2) Ottawa Duties, and (3) Irish Free State Special Duties Act.

	1932-37
	£
Import Duties Act (meat, dairy produce, fresh fruit and vegetables, fish, dried fruit, other vegetables, beverages) ... ..	32,374,000
I.F.S. Produce (Special Duties also Import Duties Act) (live cattle, meat, butter, eggs, cream, bacon, poultry, pork, potatoes, biscuits, fish)...	43,000,000
Ottawa Duties (wheat, butter, cheese, eggs, condensed milk, fruit) ... ..	32,000,000
Beef and Veal Duties (for three months; imposed December, 1936) ... ..	541,000
	£109,697,000

In addition, there is the revenue-tax on tea imposed in 1932 and increased in 1936, which brought in up to March, 1937, the sum of £23,968,000.

Housewives, therefore, since the beginning of 1932 have paid more than £132 millions across the shop counter in **additional** food taxes, the amount for the year 1936-37 being approximately £28<sup>3</sup>/<sub>4</sub> million—or nearly 12s. 6d. per head per year, enough to give a family of five an extra 4 pints of milk, or 1 lb. butter, or 1 lb. bacon per week throughout the year.

Here are some examples of food taxes:—

Beef and veal (chilled) <sup>3</sup>/<sub>4</sub>d. per lb., (frozen) <sup>3</sup>/<sub>8</sub>d. per lb.; poultry 3d. per lb.; tea 6d. (Empire tea 4d.) per lb.; eggs 1s. to 1s. 9d. per 120; condensed milk, sweetened separated, 10 per cent of the value; sweetened whole, 5s. per cwt. plus duty on sugar content; unsweetened condensed milk and milk powder 6s. per cwt.; butter 15s. per cwt.; cheese 15 per cent *ad valorem*; fruit <sup>1</sup>/<sub>2</sub>d. to 1s. per lb on some fruits, up to 14s. per cent on others; potatoes, duty varies throughout the year to a maximum of £1 per ton; other vegetables, varying duties according to season; wheat 2/- per quarter. (480 lbs.)

#### Quotas and Import Restrictions

42. Since 1932, agreements have been made with various exporting countries—with a bias in favour of Empire countries—for the restriction of imports on a quota basis of a number of foodstuffs. Here are some examples.

#### Meat

Imports of frozen beef and mutton from foreign countries restricted to 65 per cent, chilled beef from foreign countries to 90 per cent of imports in 1931-32. Imports from Empire countries restricted by "voluntary agreement".

## Bacon

Imports of bacon from foreign countries are restricted by quota so that total supply of home produced and imported bacon is kept down to the average annual consumption in the years 1925-30. Though the additional home supplies have not materialised, the quota restriction on imports has been maintained. Danish producers have received more money for less bacon, and bacon has disappeared from many tables because of increased price.

## Processed Milk

Imports from foreign countries of condensed milk, milk powder and cream, are regulated to 50 per cent (or less) of imports in the year June, 1932, to May, 1933.

## Potato Marketing Scheme

43. The Potato Marketing Scheme is designed to maintain prices by controlling supplies (*a*) by limiting the acreage under production (*b*) by regulating the size of marketable potatoes (potatoes below a certain size are kept off the market, the size varying according to the year's crop), and (*c*) by restriction of imports. Farmers have received more stable prices and the housewife has paid more.

## Wheat

44. In addition to the tax on imported wheat—referred to above—the Government has guaranteed a price of 10s. per cwt. for home-grown wheat of millable quality up to a limit of 27 million cwts. in any year, no matter what the price of wheat on the world market. The subsidy to wheat growers is not paid from the Exchequer. The difference between the guaranteed price and the market price of wheat is made up by means of a levy on all flour, imported or milled in this country, the cost of which is passed from the miller to the baker and from the baker to the housewife.

The Wheat Subsidy thus represents a bread tax—amounting to over £25½ millions since 1932—which does not appear in the Budget. It is taken into account by the Food Council in recommending from time to time the maximum price which should be charged for bread, according to a scale based on changes in the price of a sack of flour.

The Food Council has power only to *recommend* a maximum price. The price is not legally enforceable.

## Milk Marketing Scheme

45. Milk Marketing Boards were set up in 1933 for England and Wales and for Scotland.

Milk producers are required to sell their milk to the Boards which supply distributors and manufacturers, and which, in conjunction with distributors' organisations, fix *minimum* retail prices which are legally enforceable.

The Boards sell milk at two prices: at a high price to distributors of liquid milk, at a low price to manufacturers—butter, cheese, chocolate, etc. Over 30 per cent of the milk handled by the Boards is sold at the cheaper rate for manufacturing purposes. Returns from both sales are averaged and the price paid to the producer is based on this average. The producer receives the same price for every gallon he sells to the Board, whether it comes on to our tables at 3½d. a pint or goes to a factory at 5d. per gallon.

## Tax on Consumers

46. The loss on manufacturing milk—for the price paid by the factories is below the cost of production—is thus spread over all producers. In fact the housewife pays. The minimum retail price has from the beginning been fixed in relation to the "surplus" milk which cannot be sold in the liquid market. As the surplus milk is sold too cheap, and the returns from "surplus" and liquid milk, when averaged, must provide a remunerative price to the farmer, it follows that the liquid milk price is fixed too high.

The housewife not only provides a return to the farmer, and a profit to the distributor; she is also subsidising the manufacture of milk, i.e., the shareholders of United Dairies, Cadbury's and other firms which get their supplies of milk for manufacture at less than it cost the farmer to produce it.

The pooled price received by producers was attractive enough to increase the production of milk, but as housewives could not afford to buy more milk at the retail prices fixed, the additional supplies have gone in the main to swell the "surplus" for manufacture. As a result still lower prices were offered by the factories. Output increased from 1934 to 1936 by 167 million gallons, of which 135 million gallons were sold for manufacture.

Instead of trying to encourage increased consumption by pressing for lower retail prices, the Government by the Milk Act of 1934, agreed to pay the Board a subsidy from the Exchequer to make up the manufacturing price to 5d. in summer and 6d. in winter, should the price paid by factories fall below those figures.

The Milk Marketing Boards have given us almost the dearest milk in the world.

### Marketing Schemes and Retail Prices

47. The Milk Reorganisation Committee in its Report (1936) said:—

“So far as consumers are concerned, the principal effect of the schemes has been to raise retail prices throughout most of the country.

“Higher prices for liquid milk constitute a serious hardship for the poorest sections of the industrial community, because they make it impossible for them to purchase more than very small quantities. But it seems likely that, in general, rural consumers have suffered even more than urban consumers.

“The schemes have adversely affected hospitals, institutions and other large buyers who were, in the disorganised state of the market, frequently in a position to make contracts with producers at specially low prices. They are, of course, now obliged to pay the appropriate prices fixed for supplies to large consumers, and this has added considerably to their costs.”

and later:—

“The present price of liquid milk to the consumer is raised above what might be called its ‘natural’ level by reason of the subsidisation of the returns from milk sold for manufacture out of the returns from the liquid market.

“It would not have been necessary to raise liquid milk prices to their present level but for the loss on the surplus.

“In view of the special importance of milk to families with young children, it seems particularly undesirable that the price of liquid milk should bear any additional charge in respect of surplus manufacturing milk.”

The Food Council in its Report for 1936 said:—

“Minimum prices or margins, if fixed at all, should in our opinion be low enough to give not more than a reasonable return to the distributors in any area working under the most economical conditions or giving the least expensive services consistent with efficiency.”

and, in reference to the higher retail prices made necessary because of the increasing proportion of milk which is sold for manufacture, suggested:—

“... that this vicious circle might be avoided by increasing the proportion of milk going into liquid consumption and that one effective way of doing this was to lower the retail price.”

### Effect of Government Policy on Consumption

48. It cannot, of course, be questioned that the Government's food policy, based on tariffs, quotas and restriction of supplies, has raised or maintained prices, and the effect on the standard of living will perhaps be most fairly estimated by an examination of figures relating to consumption of various foodstuffs during the past few years.

According to the Imperial Economic Committee there was a decline in the consumption of meat from 1932 to 1936 of approximately 2 lbs. per head per year. The consumption of all meat products—beef and veal, mutton and lamb, bacon and pig meat—had increased from 140 lbs. per head in 1926 to almost 145 in 1932, but fell to 143 in 1936.

	Per head per year	
	1932	1936
	lbs.	lbs.
Beef and Veal ... ..	62.6	69.8
Mutton and Lamb ... ..	32.2	29.5
Bacon, etc. ... ..	50.0	43.7
	<u>144.8</u>	<u>143.0</u>

The Potato Marketing Board has reported a decrease in the consumption of potatoes from over 4½ million tons in 1932-33 to under 4 million tons in 1936-37, which, in terms of consumption per head, means:—

	1932 33	1936-37
	lbs.	lbs.
Potatoes (consumption per head) ...	228	195

The Imperial Economic Committee gives the following figures for butter, cheese, margarine, eggs.

	Consumption per head per year		
	1934	1935	1936
	lbs.	lbs.	lbs.
Butter ... ..	25.2	25.2	24.8
Cheese ... ..	9.4	9.1	8.8
Margarine ... ..	7.9	8.4	8.7
Eggs (No.) ... ..	150	151	158

An increase of 5 per cent in milk consumption from 1934 to 1936 means only a very slight increase in consumption per head, in view of the increase of the population.

Imports of condensed milk and milk powder declined from 3,067,926 cwts. in 1932 to 1,930,469 cwts. in 1936—a fall of 37 per cent. This has meant a lower consumption at a higher price, penalising poor families who cannot buy fresh milk.

Tea consumption has also fallen from 10·52 lbs. per head in 1932 to 9·31 lbs. in 1936—a fall of 11·5 per cent.

The *Economist* (13.2.37) commenting on the decline in tea sales said:

“The unexpected increase of 2d. per lb. in the import duty appears to be the main explanation of the fall of about 5 per cent in the United Kingdom absorption of tea, during April-November, 1936, as compared with the corresponding period in 1935.”

### A Fall in Standard of Living

49. The position therefore is that in 1936 we were consuming less per head than in 1932 (or 1934) of the following foods—mutton and lamb, bacon and pig meat, butter, cheese, potatoes, and tea; very little more fresh milk, more margarine, only a few more eggs, and more beef and veal.

Taking all meat together, we were eating less meat per head.

These facts bear only one interpretation—a fall in the standard of living. The slight increase in the consumption of eggs does not counterbalance the decline in meat, cheese and butter. The increase in the consumption of margarine, with butter declining, is a sign of a falling standard. The fall in the consumption of potatoes, if it were accompanied by a considerable rise in the consumption of meat, eggs and cheese, might show a rising standard of living, since poor families often have too many potatoes and not enough of the high-grade foods. But the consumption of these foods has gone down at the same time.

### Consumers' Interests Neglected

50. The Government's food policy therefore has helped to lower the general standard of living, though it may have brought more stable prices to certain producers—e.g., of milk and potatoes.

We do not, of course, condemn the principle of organised marketing nor the right of producers to a voice in marketing schemes. **Our criticism of existing marketing schemes and other devices for assisting producers is that the interests of the consumers have been completely neglected, that**

middlemen have been enabled to use them to exploit both producer and consumer, and finally that in attempting to maintain producers' prices on the basis of scarcity and restriction of supplies, instead of an all-round increase of incomes, they are approaching the real problem in a wrong way.

### (4) Waste in Distribution

51. Methods of distribution in many commodities are unnecessarily costly and wasteful, e.g., milk, meat, market garden produce, coal, etc.

The Food Council in a special report on milk distribution has said:—

“Another factor involving increased cost is the existence of a number of retailers operating in the same district, at any rate in urban areas. The multiplication of effort which results, while bringing no very great advantage to the consumer, adds in no small measure to the costs of distribution.”

The distribution of meat between farm and housewife is needlessly expensive. There is an enormous number of local markets, slaughterhouses and middlemen, whose cost must be met in high retail prices.

It is not uncommon to hear of agricultural products being bought and sold five or six times between the farm and the retailer by dealers who neither handle nor see what they have bought or sold.

The enormous gap between the pit-head price of coal and the price of the same coal in our coal-scuttles can be accounted for, in part at least, by the waste in distribution and the existence of an army of middlemen, who perform no useful service in the industry.

### (5) Monopoly Control

52. The high profits which are earned by powerful combines engaged in distribution, in some cases exercising monopoly or semi-monopoly control, are evidence that consumers are being overcharged.

#### Sugar

The position in the sugar industry was told at length by Douglas Jay in the *Daily Herald* (21.12.37). Tate & Lyle are the dominating firm in the industry. An agreement among these firms, by which a quota of sugar for refining is allocated to each, has been given statutory approval by the Government. Under the agreement the British Sugar Corporation, set up

by the Government, is allowed to refine no more than five-nineteenths of the total—about half a million tons. Of the remaining 1,400,000 tons, 80 per cent is allocated to Tate & Lyle and a firm which they control, the remaining 20 per cent being distributed among five other firms.

Tate & Lyle also hold shares in the British Sugar Corporation which receives from the refining companies about £500,000 a year in return for agreeing *not* to refine more than 500,000 tons. The agreement prevents any new firm from entering the refining business, and ensures the continuance of monopoly control with Tate & Lyle the dominating concern. The profits earned certainly suggest that the housewife is paying too much.

Net profits were over £724,000 in 1928, over £933,000 in 1933 and have risen every year to the record of £1,227,553 in 1937. Dividend on ordinary shares was 22½ per cent in 1934, and 18¼ per cent every year since then. As there was a 40 per cent distribution of bonus shares in 1935—that is, shareholders were told that in future they would be paid a dividend on £140 for every £100 they held—the new dividend is the equivalent of 25·5 per cent.

### Flour Milling

In 1929 a Millers' Mutual Association was formed to eliminate competition and control production. Production is limited, by agreement, to a standard based on the output in 1926-27, and a quota which must not be exceeded is allocated to every firm in the trade.

Ranks and Spillers, the two largest firms, have both earned large and steadily rising profits in recent years. Ordinary shareholders in both firms have received 15 per cent for several years (Ranks 18 per cent in 1937).

The profit of the millers affects the retail price of bread, which is fixed by the National Bakers' Association. If the Association complains that any baker is selling bread below the agreed price, the millers obligingly refuse to supply the "blackleg" firm with flour.

**Housewives would be entirely at the mercy of the Millers' and Bakers' Associations but for the fact that the Co-operative Wholesale Society controls about 20 per cent of our flour, and Co-operative Retail Societies in many areas produce a large proportion of the bread supply.**

### Milk

High profits are earned by the big combines in milk distribution. United Dairies' profits have increased steadily since 1933 to £630,432 in 1937, and ordinary shareholders have received 12½ per cent dividend for a number of years, as well as a 10 per cent capital bonus in 1934.

### Other Monopolies and Combines

There are also huge combines like Unilever Ltd., which controls the supply, manufacture and distribution of important commodities, through a large number of subsidiary companies, e.g. a group of companies in Africa and elsewhere controls the output of palm and coconut oil which are needed for the manufacture of soap and margarine; a group of cocoa, soap and oil-refining firms in different parts of the world (including the well-known Port Sunlight factories); and a chain of retail shops—Home and Colonial, Lipton's, Maypole, Meadow Dairy, Peark's Stores, Mac Fisheries Ltd., etc.

The annual accounts of these firms have to be considered together, and in relation to Unilever Ltd., which shows steadily rising profits—over £2 million in 1936—though the profits, e.g. of Lipton's show a decrease. Van Den Bergh's (Stork Margarine, etc.), one of the Unilever group has just announced net profits of £849,547 for 1937—an increase of £97,000 over 1936. Ordinary dividend for 1937 is 12½ per cent.

Imported meat, tea, and other necessaries are also in the control of firms which earn similar high rates of dividend.

### Speculation

53. Reports from time to time of speculation—that is, gambling—in the commodity market emphasise our present dependence for basic necessaries on a handful of people whose first concern is to make profit. A group of speculators who are neither genuine buyers nor genuine sellers can enter the market and create uncertainty by buying and selling; can, by rumour and propaganda, send prices soaring, and bring them down again. Such transactions often lead to quick fortunes, and are condemned by many who support the present economic system.

### Profit Making is Wrong

54. But from the Socialist point of view what is wrong is not just the occasional *huge profit*, and the operations of the profiteer, but the **constant toll** levied on our food supplies by every profit made. We do not condemn the proper payment of work done, in growing wheat, in transporting it, milling it, baking it and distributing it, or in producing and distributing milk and meat. **We condemn the system which makes our food supplies dependent on the amount of profit which can be made** at each of these stages. And housewives will continue to believe they are being overcharged so long as enormous profits are made and huge dividends earned by firms operating in food and other necessaries.

## LABOUR POLICY

### What Housewives Want

55. Housewives are demanding Government action which will relieve them of the unnecessary worry which their work involves to-day, and will bring the possibility of good nutrition within their reach. They will welcome policies which ensure stable prices in the shops—for they want to be sure that the £ will buy roughly the same amount of goods from month to month—as well as give a proper return to primary producers, and make possible a rise in the general level of wages.

These demands will be met through the operation of the Labour Party's programme.

Labour's agricultural policy is designed to give stable prices both to producers and housewives, and to eliminate the horde of profit-makers who at present exploit both.

### Stable Prices

56. To achieve price stability there must be control of the supply and the marketing of each commodity. A National Agricultural Commission will be set up responsible for the planning and development of agriculture as a whole. Under the direction of this Commission, there will be a Commodity Board for every commodity or group of commodities. Its function will be to ensure efficient production and marketing of home supplies, and also, in the case of commodities where we are dependent on supplies from abroad, the control of imports.

The Boards would make contracts with producers for regular supplies at a reasonable price. They would cut out unnecessary middlemen who at present take such heavy toll of our food supplies.

### Fair Living for Producers

57. They would protect the producer against sudden fluctuations due to seasonal causes—as, for example, when favourable weather conditions bring a sudden glut, which means loss and waste: the price offered the farmer suddenly falls to a level where it does not pay him to handle the crop and it is allowed to rot, while on the other hand the housewife does not benefit by cheap retail prices.

The Commodity Board could use a sudden increase in supply to increase consumption by reducing retail prices, and would dispose of any surplus, e.g., by canning fruit and vegetables, or by manufacturing butter, cheese and creamery products, or in the case of grain by storing it for future needs.

### Import Control

58. The Commodity Boards will control imports, but there will be no limitation of imports to protect home producers who fail to come up to reasonable standards of efficiency. A Wheat Board would buy necessary wheat supplies in the Dominions and elsewhere, trying as far as possible to cut out the speculator

and profit-maker by dealing direct with State or Co-operative organisations. Home growers would be protected against sudden fluctuations in the world price of wheat due to speculation or to harvest conditions in one or other of the main producing countries, because the Board would buy wheat well ahead at the most favourable prices, storing it and arranging to put it on the market along with home supplies, as it is required, thus keeping prices steady and supplies plentiful.

The gain which would result over a period from greater efficiency in production and marketing, and the elimination of unnecessary costs could be translated into a lower level of retail prices and higher wages for agricultural workers, either of which means improved standards of living.

Stability of retail prices and an adequate return to producers will result from Labour's agricultural policy. So, too, will our coal policy give the housewife cheaper coal and the miner a living wage.

### Socialism and Higher Wages

59. Our main demand—for a substantial rise in the general level of wages—will be realised only through Socialist measures. There is a limit to the wage improvements which can be forced by the workers in capitalist industry. A comparison of wage rates in industries where there is no Trade Union organisation and industries which are well organised show that even in existing conditions higher wages are possible. But under a system of private ownership of industry and of the financial machine, those who live by owning can, by manipulating credit and investments, cancel out the value of an increase in wages through higher prices and under-employment, and so prevent the workers from securing a bigger share of the national income.

### Workers' Share in National Income

60. Their share does not appear to be increasing. Professor Bowley estimates that in 1880, 37.5 per cent of the national income went to property—that is, unearned income—and 62.5 per cent to wages and salaries, and in 1913 just the same proportions. Mr. Colin Clark gives the following estimates for recent years:—

			Wages		Salaries		Rent, Interest Profit
1930	...	...	40.5	...	25.3	...	34.2
1933	...	...	42.0	...	28.0	...	30.0
1935	...	...	40.5	...	25.0	...	34.5



### Public Ownership: Effect on Prices and Wages

61. If these estimates are approximately correct it is clear that the wage-earners are not improving their position in relation to other sections of the country. Public ownership and control of the nation's economic resources, and of the financial machine by which industry is kept going, are essential, if the workers are to secure a growing share in the national income.

Control of currency, credit and investment through a nationalised Bank of England and an Investment Board will keep the purchasing power of the £, i.e., the level of prices, stable, and will ensure the necessary finance for a planned development of the nation's resources, which would increase employment and incomes.

Private ownership of industry means that the claims of shareholders come before the claims of the workers, that the public interest is not served unless a profit can be made. Public ownership by eliminating the profit motive will enable the claims of the workers for improved wages and working conditions to be made a first charge on industry. By transferring important industries and services like coal, power, and transport—the first which Labour proposes to tackle—the way will be opened for a steady improvement in wages.

### Social Services

62. The Labour Party has declared that the Movement

“does not regard the Social Services as so many ambulance wagons to succour the casualties of an unjust economic system. It believes that these Services are an integral part of the structure of the national life and in this transitional period an essential means of overcoming the defects in the existing economic and social organisation.”

The social services are an important lever for raising and maintaining standards of life for the community as a whole. The extension of public ownership under a Labour Government will make it possible to develop the social services as part of a comprehensive plan, since revenue for this purpose will be more easily obtained as a diminishing share of the national income goes to rent, interest and profit. Labour's plans for complete health and education services will materially raise the general standard of life, and some of the first steps, e.g., the raising of the school-leaving age, with maintenance grants, and increased old age pensions for workers who retire from industry, will bring immediate benefit to many families.

The provision of adequate maintenance allowances for the unemployed and the abolition of the Means Test will also increase incomes and lighten the burden of thousands of housewives.

### Industrial Legislation

63. Labour's programme for the Distressed Areas will give many people who are at present unemployed an opportunity of earning wages.

Holidays with pay, shorter working hours, and the enforcement of Trade Union wages and conditions as a condition of assistance to private enterprise are measures which will contribute to a higher standard of life.

### Arms Profits

64. A Labour Government would also eliminate private profit in armaments, a measure which will protect the community against needlessly high prices of commodities affected by the demand for material for armaments, as well as remove one of the causes which endanger peace to-day.

### FOOD POLICY

65. In view of the prevalence of underfeeding, a Labour Government, in addition to promoting measures to make agriculture more efficient, would give special attention to a Food Policy which will ensure to every family the food necessary to maintain a healthy life—without waiting for the long-term effects of our major measures of nationalisation.

### Underfeeding

66. Sir John Orr's estimate (1936) of underfeeding has not seriously been challenged. He said it was necessary to spend 10s. per head per week on food in order to ensure a completely adequate diet; that an income of £1 per head per week was necessary to permit an expenditure of 10s. on food. He estimated that half the population were able to spend less than 10s. per head per week on food, and that as many as 4½ millions spent on an average no more than 4s. He pointed out that the diet of that last section was deficient in every single constituent.

Sir John Orr also told us that in order to achieve and maintain a really good standard of health we require to increase our consumption of milk by 80 per cent, butter by 41 per cent, eggs by 55 per cent, fruit by 124 per cent, vegetables by 87 per cent, meat by 29 per cent.

Our own Household Budgets Inquiries in 1936 (see pamphlet "Nutrition and Food Supplies") and in the winter 1937-1938 show that Sir John Orr has not exaggerated the evil of under-feeding.

Out of 1,000 budgets which were analysed in the earlier inquiry, 476 were from families where the breadwinner was unemployed.

Of the 476 unemployed families, 87 per cent had *no more than 4s.* per head per week for food. 77 per cent had *less than 4s.* per head per week. 41 per cent had no more than 3s. per head per week. A number had no more than 2s. per head per week.

In view of these facts the folly of restricting the food supplies of the people by quota or other schemes, is the more glaring.

### Milk Consumption

67. The most serious deficiency in the diet of poor families is in milk consumption. It is true that the general level of milk consumption through all sections is below an adequate standard. We consume just over 3 pints per head per week (less than a half pint per day). Sir John Orr has estimated that in the lowest income families, with no more than 10s. per head per week, average consumption is just over 1 pint per head per week, compared with 5½ pints in families with over 45s. per head per week.

The view of the Ministry of Health Advisory Committee on Nutrition is that the desirable amount of milk for a child is from 1 to 2 pints per day, for expectant and nursing mothers about 2 pints per day, and for other adult members of the community a minimum of half a pint daily.

Of the 476 unemployed families whose household budgets were analysed in our inquiry two years ago

179 (or 37 per cent) bought no fresh milk

32 bought 1 pint on Sundays

102 bought 1½ to 3½ pints per week

45 bought 4 to 6 pints per week

98 bought 1 pint per day

20 bought 1½ pints or more per day

All the families, except 30, had young children.

### Milk Policy

68. Our Food Policy must therefore aim at increasing the consumption of milk as speedily as possible.

The first step should be to lower the retail price of milk. Retail prices must no longer be burdened with the loss on manufacturing milk. Steps should be taken to secure more efficient distribution.

### Distribution Costs

69. The Milk Reorganisation Commission estimated that a reduction of at least ½d. per pint would follow from these changes. The Food Council in its recent report on milk distribution pointed out that the distribution costs per gallon of milk of eight Co-operative Societies in the provinces and Scotland range from 5.79 to 9.5 pence per gallon, while the costs of seven proprietary concerns also in the provinces range from 9.68 to 12.23 pence per gallon. The distribution costs of the London Co-operative Society were under 9½d.; United Dairies over 9¾d., and seven proprietary concerns in London ranged from a fraction under 10d. to 11½d. per gallon. There is no reason why the public should pay distribution costs which Co-operative experience suggests are excessive.

Mr. Colin Clark in an interesting comparison of milk prices and distribution costs in Britain, U.S.A., Canada, Australia and a number of European countries (N.F.R.B. Quarterly, Spring, 1937), has pointed out that if the distribution of milk could be as efficiently organised as it is, for example, in Sweden (where milk is much cheaper and the wage level higher than in Britain) our distribution costs could be reduced by nearly 7½d. per gallon. And even if the case were not pressed quite so far, he estimates that a reduction of 6d. per gallon from the present level of distribution costs should be obtainable.

### Immediate Measures

70. Until there is such an all-round increase in incomes as to make it possible for every family to buy enough milk at that price, steps should be taken to make free or cheap milk available to those who need it most. There should be free milk for all school children, free milk on a reasonable income scale to all mothers and children below school age, and milk at cheap rates for other expectant and nursing mothers and young children.

A policy to combat malnutrition, and especially to ensure milk for those unable to obtain it, was adopted by the Party Conference in 1936, the immediate measures urged being:

- (a) To require the Maternity and Child Welfare Authorities to use to the full their powers to provide milk and other meals for expectant and nursing mothers, and for children below school age;
- (b) To make the provision of school meals under the Education Acts compulsory on all Education Authorities;
- (c) To extend the "Milk in Schools Scheme" to ensure that all children shall obtain milk *without charge*;
- (d) To secure the provision of meals, as well as milk, at Juvenile Instruction Centres;
- (e) To ensure an adequate supply of milk for general consumption at the lowest possible price; and
- (f) To call upon the Government to abandon the policy of restriction of food supplies, to plan the reorganisation of British Agriculture on the basis of high and efficient output, and to secure a substantial reduction of marketing costs.

#### Other Foods

71. Plans should be made for the distribution of "surplus" supplies of other foods—fish, fruit, potatoes and other vegetables—at special rates to those who cannot buy them. It is a scandal—of almost daily occurrence at some seasons of the year—that valuable food is wasted because in existing conditions the producers cannot get a profitable return, while thousands of families go without.

#### Cheaper Bread

72. Any policy for the improvement of nutrition must be directed towards an increased consumption of body-building and protective foods—that is, milk, eggs, butter, fruit, vegetables.

But the energy-producing foods must still be the basis of human diet. Bread, therefore, will remain the staple food of the people and as its price determines how much of the other foods the housewife can buy, it is of urgent importance to protect her against excessive charges.

It is reckoned that an additional 1d. on the 4 lb. loaf represents an additional annual expenditure of £10 million on bread—£10 million less to spend on other foods.

We urge, therefore, though there is not a deficiency in bread consumption, that, in view of the effect of the price of bread on the consumption of the better quality foods, improved nutrition depends on making bread cheaper.

Power should be given to a Wheat Board or Food Council to investigate the figures of the milling companies, and to withhold supplies where there is evidence of excessive profits; and also to deal with baking costs by insisting on reasonable standards of efficiency. The profit margin, which is fixed to-day by the Master Bakers' Association at a level profitable to the most inefficient small concern, is proved by the experience of many Co-operative Societies to be unreasonably high.

The burden of the wheat subsidy should be removed from the price of bread. If on general social or economic grounds it is held to be necessary to maintain the present level of wheat-growing in this country, even at the cost of financial aid to the growers, this cost should be borne by the taxpayers as a whole, not charged to the cost of the loaf, a method which places an unjust burden on the poorest sections of the community.

#### INTERNATIONAL POLICY AND STANDARD OF LIVING

73. The International Policy of the Labour Party has a direct bearing on questions of nutrition and the general standard of living.

#### International Labour Office

A Labour Government would use the International Labour Office to get agreements for the improvement of wages and conditions of work in different countries. The National Government has consistently opposed international agreements which would help to secure more uniform conditions of labour in all countries, and has then pleaded as a reason for resisting demands for improvements here the existence of lower standards in other countries and the failure of Geneva to raise them!

#### International Action to Raise Standards of Living

A Labour Government will also endeavour within a re-invigorated League of Nations to secure economic and financial co-operation between nations, to combat economic nationalism and press for the removal of tariffs and other barriers to international trade. But nothing will promote international trade more effectively than a rise in the standard of living in all countries, and if international economic policy were related to this purpose it would have a widespread popular appeal.

A memorandum on Economic Appeasement by Mr. F. L. McDougall, published last year by the Economic Committee of the League of Nations, contains some striking suggestions for Government initiative to devise means for increasing consumption in view of the fact that scientific progress has made possible a great improvement in the standard of living for all peoples. A direct attack upon low standards of living, conducted on an international scale, is advocated as the basis of Government policy, and suggestions are made for increasing purchasing power by action through the International Labour Office, by extended social services, and by lowering retail prices.

With the prospect of a slump here and in other countries when armaments activity has passed its peak, Government action deliberately aimed at maintaining industrial activity and raising standards of living, is extremely urgent. Tariffs and other trade barriers do not meet the problem created by the poverty of the masses.

## OUR WORK TO-DAY

### Trade Union Action

74. While women are working for the realisation of the Labour Party's programme, they must seize every opportunity to press for improvements in existing conditions. They must support efforts by the Trade Unions for better wages, and urge upon unorganised workers the need for Trade Union organisation.

But claims for higher wages should be urged on the broad ground that wage standards are not, and never have been, at a level high enough to enable the majority of housewives to obtain without anxiety all the food and clothing and other household necessities which they require for a decent living. Society owes them higher incomes not just because bread and butter cost more than two years ago, but because they have a right to more bread and butter than they can buy at present, than they could buy two years ago or in any other year in the past, and also because the increased productivity of our industries makes it possible for higher wages to be paid.

The case for better wages for the low-paid workers, increased benefits and allowances for the unemployed, improved pensions for widows and old people, should not be based on rising

prices, but on the ground mainly that their present wages and benefits and pensions represent an indefensibly low standard.

The rise in prices is, of course, an additional argument for pressing for higher wages and benefits but, unless we accept the idea of a "fodder basis" for the workers, it cannot be the foundation of our claim. To press our demand on that ground would imply that a fall in prices must be followed by a reduction in wages.

### Bread and Socialism

75. Housewives who are organised in the Labour and Co-operative Movements have always led the way in demanding legislation for promoting social welfare. They have stood behind the workers in the Trade Union Movement in every effort to defend and raise wage standards.

To-day the big task before both the home worker and the industrial worker is to win a majority of the people of Britain for Socialism. Only by means of Socialist measures can we open the way to such a rise in the standard of living as will bring health and security within the reach of every family. Housewives have a special contribution to make in this task. For the woman with the shopping basket gathers together the produce of the whole world in order to satisfy the needs of her family. She can give a lead in interpreting Labour's policy in terms of her own job. If she will go on the doorstep and explain Socialism and international Co-operation in terms of our daily bread, the victory we desire will not be in doubt.

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The pamphlet was prepared by the Standing Joint Committee of Industrial Women's Organisations—which is the Labour Party's Advisory Committee on Women's Questions—as a report to the National Conference of Labour Women, Leamington, 1938, and was endorsed by that Conference.

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