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FOOD CONTROL IN WAR AND PEACE

FOOD is the commodity in which there is the greatest measure of common interest. Yet during the earlier years of the War wide differences of opinion prevailed and acute disputes continued as to whether supplies of food coming through the usual private channels should be interfered with by the State and the prices be regulated. Since the War ended disputes have been revived and now there are rival schools in which are to be found supporters and opponents of methods of State Control. This situation is no doubt due to the fact that food, like our other wants, is an article of trade which must keep its share of profit and payment for the service rendered by those who produce and distribute it. It is, however, pre-eminently the article which should be placed, as far as possible, within the region of public interest, and as far as possible outside the area of private or commercial gain.

It would be stupid to support any method of control over food merely because of any political theory. But it is folly to ignore the lessons of experience and the facts which have been revealed whenever a state of scarcity has existed in any particular article. Serious scarcity in any one article of food in common use is at once the cause of such increased demands for other articles that many, if not all, foods soon feel the effects of shortage, so that a state of shortage is speedily reflected both in the price and the method of distribution. In pre-war days when all foods were plentiful, they were perhaps better supplied to the people by the ordinary operations of trade and business than food could be supplied to the people by the Government during the conditions of shortage created by the War. The question is not one for rivalry on a mere point of efficiency in distribution. It concerns the needs of millions of people several times a day, and is too big

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a question to be left absolutely either to economic theory or to trading interests.

Many of our foods afford proofs of the most scandalous waste in conveyance and in detailed distribution. This is especially true of fish and vegetables. Yet both these foods are to-day very dear, though they could be made comparatively cheap without any risk to the reasonable remuneration of those who serve in the production of these articles. There are instances on record of great quantities of fish being deliberately wasted to avoid the risk of the effects of reduced prices involved in placing great quantities of it upon the market. The standard of either commerce or economics which permits waste of that kind is not very healthy.

The process by which a State department must try to fix prices which will be fair to the food producer and consumer alike is never a simple one, and in some cases must rest less upon elaborate efforts at ascertaining accurate costs, than upon experience and general observation. Accountants, Civil Servants, or those responsible for the management of a State Department, must in such a case often depend upon the assistance and truthfulness of business-men who have experience in the particular food which is being dealt with. Fairness and accuracy are likely only where a high standard of honesty and public spirit enables business-men to give assistance in the interest of the general public and not in their own. Generally speaking, I think it may be claimed that the country was served during the War by a large number of business-men who subordinated trade interests to the public service. A costings process to ascertain a retail price must be more than guess work. It must take into account the labour, the time and materials, the transport, and the expense of distribution, in detail, of articles of food which may be produced in some remote part of the world and brought thousands of miles oversea to a British table. If, in the effort to reach a just rate or an accurate price, mistakes were made, either in fixing too low or too high a rate, for either the service involved or the article itself, the fact should surprise no one, and it is not in itself a ground for strong complaint.

Twenty months after the end of the War the food problem in Britain is a worse one, so far as it is a problem of prices, than it was during the middle of the War. At that time the trouble lay in supply. But in due course provision was made through the Ministry of Food to fix prices in the case of most articles, and also to arrange a system of distribution and rationing, which in a very large measure secured equality of quantities

for all classes and gave to the public a confidence in the methods of food distribution which lasted until the War was over. At present, the outlook as to prices is gloomy and every factor which can influence prices is tending to force up the cost of food. The hopes which were held and expressed some months ago that the cost of food would be reduced are being completely destroyed.

Apart from the higher prices which must be met, so far as they are due to increased cost of production and higher wages, all the conditions which have made food so dear could have been better handled if in the earlier stages of the War the Government had regarded supplies of food for the civilian population as a matter only second in importance to the supplies of munitions for the army and navy. The battle front of the war was far more extensive than the lines of trenches, though these were stretched many hundreds of miles. Behind the armies there were immense civilian populations whose requirements had to be kept up to a standard, in which a decline ran the risk of engendering grave discontent and of causing trouble, which in due course might affect the army itself. This condition as it existed in Germany is now known to have gone far to weaken, if not demoralise, the German military forces. There never was very great danger of a similar situation in Britain, but this relief was due to the arrangements made between the Food Controllers of the Allied nations to secure and apportion supplies in their different countries at prices which were fixed in order to give no more than a fair return for labour and services to all who were engaged in varied branches of the food trades. I do not claim that this precise result always followed, but without the intervention of the Food Controllers the ascendancy of the food providers and dealers would have been complete.

Few things are more important to the country now than the question of profiteering, and no greater cause of unrest and industrial trouble exists than the knowledge of profiteering.

It would, however, be well for the public to distinguish between profiteering and high prices, because there are many commodities and foods which we in this country can obtain from abroad only at high prices. We must either pay that price or go without.

Undoubtedly there is in respect of some foods, and in the case of very many other articles of daily use, an overcharge which amounts to flagrant victimisation of the public.

The public should pay for whatever article it wants during a war or while the effects of war last, a price which affords to the

producer or distributor a reasonable return for his services in production or distribution. It should pay no more. Clearly, the public has had to pay prices far higher than should have been charged, and any doubt on that point is set aside by the enormous profits made by trading companies, combines, importers, trusts, and dealers in both food and other commodities. Their balance sheets and their payment of excess profits are all the proof of profiteering which the country needs.

The fundamental cause of profiteering is scarcity. Whenever there is a shortage and demand exceeds the supply, the public is deprived of the usual safeguards which competition in times of plenty always affords. And there is bound to be a shortage for a considerable time yet until food production, trade and commerce are restored to a pre-war level.

These are the facts which make it necessary for a Government to intervene and use the law as a shield for the masses of consumers. The Government did not intervene until the beginning of 1917 when the Food Ministry was established.

Bad as the new Profiteering Law may be, it will be better than nothing, and it will no doubt check profiteers because of the fear of the severe penalties which can now be imposed.

The weakness, however, of the Law is that it mainly deals with grievances after complaints are lodged with the tribunals or committees as to overcharging; and the tribunals will be placed in the position of having to declare what is a reasonable price after an unreasonable one had been charged.

It would be better to reverse that process and first fix prices throughout the different stages and enact a law which would ensure the public against the payment of any price above the one fixed for any article.

The chief defect, therefore, of the new Law is that in practice a complaint must be laid against a profiteer before action is likely to be taken against him. People who deal with particular shopkeepers may complain, but the big traders who deal with food importers, combines, syndicates, companies, trusts or merchants are buying food only to sell it to others and not buying as consumers. They would be disinclined to make any report against people with whom they were trading because they would share in the gains. In short, it is the consumer, as consumer and not as trader, who alone makes complaints, so that in effect the Law will be a punishment of the tradesman and the shopkeeper. The Act probably will afford full means of escape to the big profiteer dealing in very large sums. This grievance of high prices

is so extensive and real that the Government should either let it alone altogether or take it in hand on a big scale as a job to be done thoroughly, if it is to be done with the confidence of the public and for the real protection of the people.

In the daily Press figures have appeared which have been described as proof of profiteering by the State. That is a wrong impression. The Ministry of Food does not make a profit in the sense that it trades in the sale of food in order to secure either for the Ministry or for the State any sort of income or dividend.

Any money which the Ministry may have on its trading account is not a profit for the Government but a reserve for the time being which will be returned to the public in reduced prices and in the transaction of further business for the consumer.

It is not the business of a State department like the Food Ministry to make profit on its work; but it is the business of that Ministry not to involve itself in any loss, and prices are fixed so that there will be a fair return for administration and service but these apart, the charge to the consumer is cost price.

I may here quote an official outline of Labour policy submitted by Mr. G. D. H. Cole in a memorandum to the Labour Party :

“Any scheme of control, in order to be effective, must take the form principally, not of prosecution, but of prevention. Let there be the most stringent penalties ready for profiteers, in those cases in which profiteering occurs, but the main study of the Government should be to prevent profiteering from taking place. This can only be done, not by chivvying the retailer, but by controlling all necessary commodities *at every stage of production and distribution*, from the first raw material to the finished commodity exposed for sale in the retail shop. A lapse of control at any stage in the process is fatal and opens the door wide to the profiteer.

“But it is not enough to control prices at every stage; for the mere fixing of a maximum or controlled price generally means that the price, being fixed so as to afford what is regarded as a ‘fair profit’ to the least efficient producer, at once puts an enormous profit into the pockets of those who, for one reason or another, are able to produce more cheaply.

“Short of national ownership of industry, there is only one remedy for this form of profiteering. It is not enough to fix prices; it is necessary for the Government to retain effective control at every stage of production and distribution up to the retail sale of the article, paying at each stage to the producer or distri-

butor, a commission based on the service rendered and placed at such a figure as to allow of the payment of a moderate dividend on real paid-up capital and no more. In carrying out this method of control it is also necessary to depart from the policy hitherto frequently pursued by Government departments—that of virtually guaranteeing a continuance of his profit to every kind of middleman, however unnecessary he may be to the efficient working of the industry. Unnecessary middlemen, and with them unnecessary profits, must be squeezed out of the industry.

“The policy really required for dealing with profiteering is, then, not a policy of prosecuting small grocers for petty offences before incompetent Tribunals, which will in most cases prove quite unequal to the task of tracing excessive profits home to those who have really received them. It is that of instituting a really effective system of control based upon allowing to each necessary class of producer or distributor, reasonable pay and no more. Prosecution may be spectacular, and have in it the elements of a check in many cases but is most unlikely to have any great effect in reducing the general level of prices. The fault lies with the present methods of control, and it is only when these have been remedied and extended so as to make high profits impossible at any stage that prosecution will be a useful secondary weapon against the big manufacturers and traders as well as against the retailers.”

Bad as the position in this country is, it has always been better than in France or Italy. In no other country has so much been done in the matter of equalising supplies and regulating prices in the public interests as in this country; but that is no argument for staying our hand just where further and more energetic movement is needed. The effects on food supplies and on prices will not completely disappear for a year or two. It was folly for the Government to regard the Food Ministry as having only a useful period of existence for a few months after the war. The Food Controller, since the war ended, has had work of the highest national importance to perform under the greatest disadvantages. A little money has perhaps been saved to the State by a gradual winding-up of the machinery of the Ministry and by the disbanding of able men and women who served it. The little which has been saved is insignificant when compared with the enormous losses to the public because of high prices and in the tendency to profiteer during the past year.

There is no more important branch of Government work which Ministers could take in hand than this work of regulating

the supplies and prices of food. To do it more effectively might mean a more elaborate staff and a larger department than are now at the disposal of the Food Controller. The cost would be as sound a piece of public economy as any the Government would show. If there is an alternative to the method which the Food Minister has followed, let someone proclaim it. That method has been to ascertain as minutely as possible the cost of producing, importing and distributing articles of food and fixing the price to the consumer at an amount which would cover only a reasonable rate of profit for the persons who by their service met the needs of the consumer. Some few may gain unduly and others may not receive for their service a fair reward; but as a general plan the one which has been followed has not been improved upon by any other system yet suggested.

Shipping and transit facilities are a material factor in the price of food, and shipping and transit in turn depend upon steady and regular work by builders, repairers, railway workers, carters, and others. Transit shortcomings do not, however, account for the high prices of some articles of food which are as plentiful now as they were before the War. Plentiful supplies should mean cheapness, but in the case of articles like fish, vegetables, and some other foods, abundance has not pulled down the price. Allowing for all reasonable additions for the cost of labour and the cost of material, there is no sufficient explanation of the continued dearness of articles which are in no way scarce. Great quantities of fish could be used for human food by arrangements being made for exceptional catches at the different ports being taken in hand by agents of the Food Ministry, and sent as speedily as possible to the great centres of population. The Government has sold fish on a small scale in its National Kitchens and Restaurants; it should sell it cheap on a large scale if that step is needed to ensure reasonable prices to the consumer.

Consumers have suffered so much from speculation and cornering that even more extreme penalties would be welcomed if measures were taken to apply them. The Act which was passed in the summer of 1918, enabling courts not only to impose a fine or imprisonment, but to require an offender to pay back double the amount of any profit illegally secured was a good one. The Act might be more effectively used, and courts of law should have their attention drawn to their unused powers. The subject is not one either for timidity or for a vain endeavour to prevent profiteering by threats of what will befall them if some profiteers do not mend their ways.

Under normal conditions and with good supplies of food, the ordinary trade agencies would solve the problem of food supplies better than any Government could possibly solve that problem under War conditions and with a state of serious shortage. All the same, the time to control and restrain Trusts, Companies, Syndicates, and similar combinations of interests in relation to food supplies is all the time and not merely during War time. This control can take effect gradually to the advantage of the millions of consumers, especially if Governments would co-operate to make it effective and world-wide. Just as a state of scarcity is the special opportunity of the Profiteer, that opportunity is increased by the rivalry of Governments, who could co-operate greatly to the advantage of the people whom they represent.

A policy in relation to food during a time of scarcity, whether resulting from War or other conditions, should be thorough and comprehensive if the work is undertaken at all. It should proceed on the lines of the Government purchase, control, and distribution of supplies. Purchases would have to be on a large scale, and so far as price was concerned the price would be governed by a fixed maximum above which it would be illegal to sell, and under conditions which would enable prices to go down as a state of abundance or the good fortune of satisfactory harvests produced good results. Distribution could take effect through most of the existing agencies and channels of trade on lines which would yield to all who served a reasonable remuneration for their work. There should be no place for the speculator, or unnecessary middleman, or for those who do no more than interfere with the flow of foods by stepping in at points favourable to themselves merely to purchase commodities in order to sell them at a far higher rate without increasing in the slightest degree the value of the articles or facilitating their movement to places where they are required. Effective supervision of supplies should be maintained both at home and abroad, and power should be wielded to secure complete fairness of distribution according to the quantities needed in the different areas. Much could be done to secure the economical supply of food by more thorough co-operation between the local authorities and the central Ministry with regard to Kitchens, Canteens, Cafés, and Restaurants, run in the public interests, but worked and maintained as self-supporting establishments.

The purchase and distribution of food is a task which involves each year a turn-over of hundreds of millions of pounds, and on this sum there need only be the very slightest fraction of a charge

in order to meet any expense which a State would incur. In other words, the work could be done by the State without putting any burden upon the State. There would be no increased cost to the consumer, but on the contrary a less cost to the consumer from the fact that, instead of paying to other persons big profits for supplying the public with food, only a small but yet a fair payment would be made as a payment to State servants for doing the same thing. While the effects of war remain in the sphere of food and prices the policy which the War required should not be abandoned.

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