



**building**

**the**

**new**

**BRITAIN**

**The Co-operative Union Ltd.**

**THE**

**CO-OPERATIVE**

**PARTY**

**POLICY STATEMENT**

# Procedure at Annual Conference

*This Report will be discussed at a duly designated session of the Annual Conference. After its adoption has been moved and seconded by representatives of the National Committee, reference back of any or the whole of the Report may be moved by any delegate*

*To be submitted to the Annual Conference of the Co-operative Party, 1950*

# BUILDING THE NEW BRITAIN

## Britain Moves Forward

1. BRITAIN IS PASSING THROUGH A PERIOD OF TRANSITION IN THE development of her national economy. During the second world war all political parties declared their intention to adjust the national economy so as to provide a greater measure of social security and well-being. A comprehensive Social Insurance Scheme was to cover the needs of the citizen during sickness, old age, unemployment, widowhood and maternity. A National Health service was to meet the medical and health needs of the whole population. Post-war Governments were to provide a high and stable level of employment and avoid the extremes of the trade cycle. It was clear, even at that time, that planning for welfare and security would impose new disciplines upon our economic system. During the war essential capital replacements were held up because of the concentration upon war-time production. The years of trade depression between the two wars had prevented the modernisation of plant in industries upon which we might well have to rely in the post-war export drive. Calculable factors darkened Britain's prospects for the future. Great overseas debts were being incurred in financing the war; the sale of foreign investments would materially reduce invisible exports. Non-dollar countries would be unable to supply goods and raw material on a sufficient scale to avoid adding to our indebtedness to the dollar areas; the sinking of a large part of our merchant fleet would reduce its earning capacity—all this would make it necessary for Britain to wage a hard struggle to develop her export trade.

2. IN 1945 THE ELECTORS OF BRITAIN RETURNED A LABOUR Government pledged to carry out the social policy outlined in the White Papers issued by the all party war-time Government, and to nationalise a group of basic industries and the Bank of England. Upon the sudden collapse of the Japanese in the Far East the demobilisation of a great part of the armed forces and the transfer of industry from war-time to peace-time uses were immediately put in hand. This immense task was carried through with smoothness and efficiency and without creating unemployment or industrial dislocation. In the first years of Labour rule, Family Allowances, Social Insurance and the National Health Service were brought

into operation. The Industrial Injuries Act and the abolition of the greater part of the Poor Law System were also major achievements of social policy. The school-leaving age was raised to 15 years and by the revision of the grants and scholarship system access to further education was opened up to great numbers of young people. Coalmining, Gas, Electricity, Transport, the Bank of England, Cable and Beam Wireless and Civil Aviation were transferred to State ownership. India, Burma and Ceylon were given the constitutional freedom which they had for so long demanded. Plans for colonial development were put into effect while Britain was partly responsible for financing the industrial recovery of countries with whom she had been allied during the war. The Iron and Steel Industry Nationalisation Bill has reached the Statute Book. Substantial headway has been made in the building of houses to let, and up to the end of 1949 over 1,000,000 families had been housed or re-housed.

**3.** A SPECIAL FEATURE OF THE GOVERNMENT'S POLICY HAS BEEN THE encouragement given to the building of new factories in what before the war, were described as "depressed" or "special" areas.

About 1,000 new factories and other enterprises have been built in these areas.

**4.** THE GOVERNMENT HAS promoted legislation dealing with a great variety of other matters, tightening up licensing laws, consolidating local government legislation, revising criminal law and other out-dated statutes.

**5.** ONE LONG OVERDUE MEASURE PASSED BY THE LABOUR Government was the Monopoly and Restrictive Practices Act which provided for a commission to investigate allegations of restrictive practices. The Co-operative Movement has often been the victim of discrimination owing to its payment of a dividend on purchases and its reluctance to agree to minimum prices laid down by Trade Associations and other bodies.

**6.** STABILITY HAS BEEN GIVEN TO BRITISH AGRICULTURE BY offering guaranteed prices to producers of specified commodities and the prospects for this industry are brighter than at any other period in its recent history.

## The Fight against Inflation

**7.** WHILST THESE GREAT SOCIAL AND ECONOMIC CHANGES HAVE BEEN taking place, the Government has had to wage a long-drawn-out battle against inflation which might have so raised the prices of goods as to make nonsense of the social security schemes. Uncontrolled inflation would have raised the price of British goods to such a level that development of the Export Trade would have been impossible. Faced with many external pressures upon the international value of the pound, the Government was eventually obliged to devalue it in terms of dollars. This decision has made easier the development of our export trade with dollar countries, but it has necessarily been accompanied by economies in Government expenditure designed to relieve the internal pressure of money upon goods. Inflation artificially boosts prices and makes economic planning hazardous. Production of goods and distribution of income are less manageable than when price levels are steady. Much more than this, however, is essential if Britain is to maintain its present standard of living. The full employment policy is intended to use to the maximum and to the best advantage the manpower and material resources of the nation in the fight for recovery. It is essential to Britain's future to maintain it.

**8.** TAXATION DURING THE WAR WAS RAISED TO A VERY HIGH LEVEL, but considerable reliefs have since been given to the wage and salary earner. Purchase tax is a levy introduced during the war, largely as a means of restricting consumption. It now remains mainly as a source of revenue. The policy of the Chancellor of the Exchequer has been, where possible, to lighten or abolish this tax upon household necessities. The Co-operative Movement and its Members of Parliament have always been opposed in principle to purchase tax. It is a form of rationing by the purse and ignores the principle of ability to pay. The Co-operative Movement holds that it should be an objective of future Government policy first to extend the range of tax-free necessities and later, as conditions permit, to abolish the tax.

Budgetary policy serves a variety of purposes. It has to assist in distributing the National Income more equitably amongst the people. It has to help provide a minimum standard of life for all citizens. It has to influence the financial and economic position of the nation generally and is one of the means by which full employment is made possible. It has also to assist in providing savings for social investment and to absorb surplus money which would otherwise inflate prices.

One of the larger items of Government expenditure has been incurred in financing the Food subsidies a policy which was adopted as a wartime device to keep down the prices of necessities. Although it has now been decided that the aggregate amount of subsidies must

not exceed their present figure, the amount had increased from £196,000,000 in 1944 to £462,000,000 in 1949. Food subsidies have enormously benefited the housewife and relieved the strain upon her purse.

**9.** COMMODITY PRICES HAVE INCREASED SINCE THE END OF THE WAR but there has been no repetition of the runaway increase of prices which followed the end of the First World War. Price control has been maintained where the Government has been satisfied that it operates to the public advantage.

In presenting his annual Budget, the Chancellor of the Exchequer has to pursue a policy which ensures the maintenance of the National Income and to decide how the National Income can be so spent as to subserve the objectives of the Government's social and economic policy. He has to leave in the pocket of private citizens enough to maintain a good standard of living and to provide them with the incentive to work efficiently and productively and to save for future needs.

He has to adjust his taxes so that they do not penalise enterprise and exertion. This is no easy task since he has to distinguish between additional income which is the reward of increased effort and that which is the result of purely fortuitous circumstances or of the exploitation of personal and social needs in times of shortage. On the other hand the community as a whole must be given reasonable security and the services provided for this purpose must be financed. The purchasing power of the community must not exceed or fall below the level necessary to keep the supply of and demand for goods in balance. The Government has taken a large measure of responsibility for investment designed to secure the maintenance and development of its economic and social policy and to provide for any failure in individual saving. Part of the case for the nationalisation of the basic industries was the great amount of new investment required to provide plant and equipment to equate production to demand. Where capital is provided, either publicly or privately, until it increases production it must reduce the quantities of goods available for immediate consumption. Ultimately all capital investment is recovered in commodity prices paid by the individual consumer.

**10.** THE LABOUR GOVERNMENT HAS DONE MUCH TO ENCOURAGE increased production, but because the production of goods still lags behind the supply of money it has been necessary to restrain increases in money incomes. Conservatives have been much quicker to recognise the need for restraints upon wages than for

restraints upon profits. Indeed, they argue that checks upon profits discourage production, and that direct taxation should be reduced in order to increase the incomes of investors. Even if this claim were proved, it is likely that any policy which permitted profit increases and stabilised wages would so offend the sense of social justice as to curtail production. Conservative opposition in Parliament has been more vocal in expressing the demand for higher gains for investors than in supporting the Government in an all out effort to increase production. In the "Right Road for Britain" the Conservative Party makes it plain that its policy is to offer additional inducements and incentives to employers in Industry and Agriculture and to reduce the taxation of profits as a matter of priority. Mr. Churchill has denounced as bribery Labour's efforts to improve the social conditions of the mass of the people, although nearly every member of the community has shared in this improvement. The policy of the Conservative Party is to offer bribes to the few, ostensibly in the hope that the many may some day benefit. However little this may agree with the mood of the British people, Tories are prepared to take the risk since they have no love for social equality. Indeed, Mr. Churchill has denounced this policy as "equalisation of misery." On principle, traditional Toryism dislikes the "fair shares" policy.

## **Industrial Democracy**

**11.** BRITAIN'S INDUSTRIAL POLICY MUST BE VIGOROUS AND far-sighted and can no longer be entirely based upon the old incentives. During the war Joint Production Committees were set up in industry to develop a new sense of responsibility among employers and workers. This was welcomed by the trade unions as a means of applying the principles of democracy to our industrial system. Industrial democracy must, however, be no mere by-product: it must be an objective of policy. It is just as necessary to devise adequate machinery of consultation as to devise new industrial techniques. The means adopted in each industry must be worked out by the trade unions and employers with such assistance as the Ministry of Labour is able to give. Development Councils have also been set up in a number of industries but some employers have resisted attempts to introduce them.

**12.** THE ADMINISTRATION OF THE NATIONALISED INDUSTRIES HAS been the subject of much unfavourable and hostile comment. A good deal of this has been inspired by the wish to discredit the principle of nationalisation and support the theory that private enterprise would have given better results. In the coalmining industry



the long record of disputes between the two wars contrasts unfavourably with the comparatively peaceful conditions which now prevail. In other industries nationalised the relations between employers and employees had been reasonably good.

The Railways of Britain before the war were passing through a bad period largely as the result of road traffic competition. No Government could permit them to decay and the nation might have had no alternative but to support the revenue of the railways, either by some pooling of traffic receipts from all transport undertakings, or by direct subsidy. Railways can no more accept as sufficient the ordinary standards of profitability than can our national roads. At the same time they have to reach the highest attainable standard of efficiency.

**13. POWER PRODUCTION IS VITAL TO BRITAIN'S INDUSTRIAL FUTURE** and the case for nationalisation of the three main power-producing industries, coal, gas and electricity, needs no other supporting argument. It is inevitable that so long as the main problem of these industries is one of production, centralised planning will take place. By withdrawing powers previously exercised by widely-distributed productive units, newly-established Boards necessarily offend local sentiment. Opponents of nationalisation have tried to exploit this feeling to discredit the principle of public ownership. The Co-operative Movement of this country is itself firmly rooted in the soil of local democracy and it would be false to its own traditions and principles if it ignored any honest fear of over-centralised administration. But it has to distinguish between criticism intended to discredit social ownership and that which springs from a genuine desire to democratise our economic life. However necessary central planning may be in an industry previously run for profit, it need not prevent a considerable degree of regional and local autonomy being conceded. To some extent this is recognised in existing schemes.

In the production of gas and electricity, especially for so long as development is subject to considerations of national investment policy, it is probably desirable to retain considerable central responsibility for planning. Where, however, the administration of production and distribution can be conveniently separated, this could be done without any sacrifice of the principle of social ownership. A considerable part of the gas, electricity and transport industries before their public acquisition, was privately owned and no machinery existed for consumer consultation or participation. The nationalised boards have attempted to overcome their remoteness from consumer influence by setting up consumer consultative committees, but these are in no sense participants in planning and cannot be expected to be more than the means for the transmission of complaints, even if

when they meet this need. Elected distributive public authorities would make it possible to endow consumers with more power and responsibility than consumers now possess. Their functions and powers would need clear definition but this should not be more difficult than to define the distribution of the functions and powers of public bodies responsible for the upkeep of public roads.

**14. PARLIAMENT ITSELF SHOULD HAVE MORE FREQUENT opportunities of reviewing the progress and administration of the nationalised industries, and it seems desirable that the Ministers responsible should, within certain limits, be accountable to Standing Committees of the House of Commons for their administration.**

**15. NO UNIFORM SCHEME BY WHICH WORKERS IN THE NATIONALISED industries take a greater share of responsibility can be laid down, but the machinery of consultation at all levels must be improved. Apart from any advantage which such consultation confers upon the workers in an industry, it is essential to the growth of the democratic spirit that this should have the right and the opportunity of expression. Creative responsibility is the alternative to submissive obedience to the higher industrial command.**

### **Co-operation as a form of Social Ownership**

**16. THERE IS A LARGE FIELD OF INDUSTRY TO WHICH nationalisation is appropriate, but nationalisation is only one form of social ownership. Where an industry is localised, caters for limited classes of consumers, is highly varied in character, or where its productive and distributive units are physically separate the principle of social ownership requires special adaptation. The Co-operative Movement of Great Britain is founded, in the main, on the principle of consumer ownership and control. The Co-operative Wholesale Society and the Scottish Co-operative Wholesale Society, act as the manufacturing and wholesaling agents for the Retail Societies. The principles of consumer control and of accountability to local consumer organisation do not deprive the Wholesale Societies of the freedom necessary in day-to-day operations. The financial resources of the wholesales are limited to those provided by the retail Societies. Whereas private enterprise judges its success by the rate of profit paid to the investor, the Co-operative Movement is judged by the benefits it provides for the ultimate consumer. What determines Co-operative expansion is the volume of custom, whereas in private enterprise it is largely the rate of profit on invested capital.**

These are often opposing criteria. It is possible, wrongly, to regard the Co-operative Movement as a mere aggregate of shops, offices, factories and other enterprises. It is in fact an association of over ten million people. In many ways the significance of the Co-operative Movement lies less in its size than in its expressed social principles. Every person who joins it does so by his own free will and trades with it only because he has chosen to do so. Opponents of the Co-operative Movement dislike it because it is a competing business and keeps down prices. Without it its opponents would probably extend price-fixing arrangements to the disadvantage of the consumer. It attracts custom which would otherwise go to private trade, and is able to pay out as dividend on purchases what would otherwise be distributed as profits by private enterprise.

**17. IT IS PROPER THAT MEMBERS OF SUCH AN ASSOCIATION SHOULD not enjoy any privilege at the expense of the community as a whole, or, where there is only a limited supply of any commodity, take more than a fair share, or wastefully employ the resources of the community for its own exclusive benefit. Within these limitations, however, a democratic community will encourage self-reliance, self-supply and self-government. So long as sections of the community are ready to shoulder the responsibilities of self-supply and are willing to bear the consequences of their own mistakes, a democratic government will encourage them to do so. That really is the issue which now requires to be resolved by Socialists and Co-operators.**

**18. THE CO OPERATIVE CLAIM IS NOT THAT OF A VESTED INTEREST. It is the claim of already more than 10,000,000 people to the right of self-government and self-supply. Nor can it be resolved by bargaining over the precise percentage of an industry or service which needs to be in Co-operative hands before the claim can be recognised. This cannot be construed to mean that the rest of the community is unable to act as it chooses with industries or services, or with sections of industries or services, in which this principle does not operate. There is no suggestion that the Co-operative Movement as an institution should be given preference over other trading organisations, for the principles outlined above may legitimately, and should, apply, to any other collective enterprise. Indeed, it is the basis upon which rest our whole system of local government and the voluntary organisations which cater for the recreation, education and culture of our citizens. Co-operators ask not for the establishment of a new principle, but for the application of one already recognised in other spheres.**

**19.** THE CONSUMER CO-OPERATIVE MOVEMENT OF BRITAIN INSISTS ON the social value of an economy which integrates consumer need with the development of production. Where the Co-operative Movement is denied the right to enter production, one of its basic principles is offended. The State Socialist must prove in each case that the public interest is served only by a complete and centrally administered monopoly, and that to admit any other operating unit would destroy the advantages of national ownership. Co-operative factories provide for the co-operative market and expand only in line with organised and potential consumer demand. Where the productive units of an industry are physically separate they can be separately administered and, provided they conform to defined criteria, can be separately owned. The criteria for the non-nationalised units might be :—

- (a) They must be non-profit making.
- (b) They must be democratically owned and administered.
- (c) They must be based primarily on the principle of self-supply.
- (d) They must be ready to accept such general conditions as are necessary to safeguard the public interest.

Such criteria correspond to the test “ production for use and not for profit ” which has always been the basis of the Socialist faith.

**20.** IF EACH FORM OF SOCIAL ENTERPRISE IS TO PLAY A PART WITHIN A democratically organised community it is necessary that its principles and purpose should be better understood by democrats. A Co-operative Society, which may include as members half the population of a community, is often treated as if it were a private business run by, or on behalf of, a single owner and therefore having only the same rights as an individual trader. For this reason co-operative societies are often treated as a single business, not as an association of thousands of local consumers presenting their own claims against the rights of a single owner of a private business. This conception has resulted too frequently in decisions by local authorities that the co-operative claim for a shop on a housing estate must be treated on the same basis as that of a single private trader. In a few cases such shops have been reserved for independent traders only, regardless of the claims of consumers to trade through an organisation created by them for the satisfaction of their own needs.

**21.** THE CO-OPERATIVE PARTY WAS FORMED TO PROTECT THE RIGHTS and interests of the Co-operative Movement and it does not and ought not to limit its concern to the institutions and organisations which at present express co-operative principles and methods. If it is to take an effective part in shaping its own economic and social environment the Co-operative Movement must go far beyond self-protection. Co-operation can survive only if it has freedom to operate ; it can expand only in a society which permits it to grow. Its principles are too significant in social content to be regarded merely as institutional doctrine and it will be fatal to its prestige and influence if it should cast itself for so limited a role. We are living at a time of continuous and rapid economic change. If the Co-operative Movement adopted a passive or merely defensive attitude toward the forces which produce this change, it would condemn itself to a lingering death or to social insignificance.

### **The Co-operative Principle in Industry**

**22.** ONE OF THE OUTSTANDING CONTRIBUTIONS WHICH THE Co-operative Movement has made in the realm of practical economics is the mobilisation of small savings. The rate of interest paid on shares in co-operative societies is fixed. The value of shares does not fluctuate with the prosperity of a Society. Capital is a hired servant, not the master. In capitalist industry however, equity shares reflect changes in profit-earning capacity and those who hold them largely determine financial policy. The day-to-day direction of industry is in a large measure the responsibility of paid officials.

**23.** FEW OF THE SHAREHOLDERS HAVE ANY INTIMATE KNOWLEDGE OF the business in which their money is invested and they are seldom qualified to exercise other than financial sanctions. It is socially and economically desirable that a larger part of the capital employed in industry should be converted into redeemable fixed interest-bearing stock, especially in concerns in which the element of risk has been converted into special advantage.

If Britain is for many years to be engaged in a hard struggle to survive it is unjust that a small group of shareholders should be able to claim a disproportionate share of the results.

**24.** THE CONSERVATIVE AND LIBERAL PARTIES PROFESS TO BELIEVE in a property-owning democracy. For the mass of the people, under modern industrial conditions, this is unattainable. Most workers

are employed as wage or salary earners and have no personal material interest in the development of the industry in which they are engaged. Extra industrial effort does not give the worker pride of achievement or any permanent responsibility for the development of the undertaking employing him. In most cases the larger the employing unit, the less democratic and the more remote is its administration.

**25.** THE POSSIBILITY OF DEVELOPING THE METHODS OF THE Co-operative Co-partnership Societies should be thoroughly examined. It seems particularly appropriate that such an examination should take place in view of the advocacy by the Labour Party of the "Mixed economy" plan. Much of the criticism of nationalisation is to some of its inevitably remote control and to the lack of direct association between the worker and the governing board. Consultation is by no means the same thing as responsible participation. Even in industries employing large capitals it should be possible for the State to act for a time as senior partner in experimental enterprises, and to associate organisations of consumers and workers in the financing of the undertakings. Even where it would at present be impracticable to conduct a complete industry on these principles it should be possible for a partnership between State, worker and consumer to apply them on a substantial scale. Nationalisation changes ownership but does not by itself change administrative tone or advance the cause of industrial democracy.

## The Social Services

**26.** BRITAIN HAS EVERY REASON TO BE PROUD OF HER SOCIAL services and the Labour Government of the great new scheme of social insurance which is now in operation. To a large extent the main provisions were conceived in the light of pre-war experience when unemployment was widespread and prolonged. Before the war the demand for earlier retirement pensions and even for the raising of the school-leaving age were due as much to the desire to withdraw workers from the labour market as to a recognition of the intrinsic merits of these proposals. Under conditions of full employment and at a time when the age make-up of the population is changing it is necessary to encourage workers to delay their retirement while they are fit and willing to continue work. Under the existing old age pensions plan postponed retirement is rewarded by a higher weekly pension. If, however, the death of a person postponing

retirement occurs early after retirement or while he is still at work he may not reap the advantage of postponement. In such cases it should be practicable to increase the pension of the widow above the amount which would otherwise be payable. The Social Insurance Scheme should be frequently examined to ensure that it is flexible enough to be adapted to meet changing industrial and social conditions. It is due for such an examination during the lifetime of the next Parliament.

It should be recognised that the present Social Insurance system provides only a basic standard of subsistence and the citizen should be encouraged to enter into voluntary arrangements to improve upon this standard.

**27.** LOCAL GOVERNMENT HAS CONTRIBUTED GREATLY TO THE improvement of our public life, especially in the last two generations. In housing, education, and public health it has done great things. But it has been subject increasingly to the control of the central government. The burden of maintaining services which are national in character has been heavy, sometimes oppressively heavy. This has resulted in an irresistible demand for additional national financial grants often followed by increased national direction of the services attracting such grants. At the same time many communities have outgrown their local government boundaries while many areas have so developed that the sense of community has been lost. Too many of our local government boundaries owe more to history than to contemporary needs. Britain's local government history is a record of piecemeal change and adaptation brought about by social pressures rather than by anticipation of developing social needs. It is right that local communities should resist any change which robs them of powers they can effectively use. The growth of private road transport services, however, illustrates what happens when local powers are not developed within units large enough to provide an organisation corresponding in size to the area to be served.

**28.** IN MANY FIELDS OF SOCIAL ADMINISTRATION IT IS DESIRABLE that minimum national standards should be laid down and enforced, but beyond this local initiative should find adequate means of expression. As new social needs arise and especially where no adequate local government machinery exists, a national service with national machinery is inevitably created. Powers are withdrawn from local communities. This is not democracy. It does not properly distribute responsibility and is tolerable only because Britain is geographically small and compact. In recent years every major development of the social services has required

modification or the practical abandonment of existing local government machinery. To those who dislike the idea of local democracies this development is not unwelcome. It is unfortunate, however, because it results in the decay of local influence and initiative and in the neglect of social developments which could be undertaken by bodies larger than the present individual authorities but much smaller than the central departments of government.

**29.** THIS PROCESS WHICH HAS BEEN GOING ON FOR MANY YEARS, AND particularly the recent loss of trading departments, is leading to a demand that the local authorities should have power to engage in retail distribution, a function for which local government is becoming more and more unsuitable. On the other hand, powers which might be effectively contained and exercised by larger area authorities remain with private enterprise. Existing local authorities, which in some cases may be the sole users of certain commodities, continue to be supplied by private enterprise where larger units could engage in manufacture on the sound co-operative principle of self-supply. If communities are to preserve and extend their powers over their own lives they must create adequate local government machinery.

**30.** AT THE OTHER END OF THE SCALE LOCAL AUTHORITIES HAVE TO BE ready to widen the opportunity for the participation in local affairs of the smaller communities. Local patriotism will be cultivated by vesting responsibility in individual citizens and groups. A beginning could be made by setting up, within the area of the large local authorities, Community Advisory Councils to deal with matters of purely local interest. Experimental Advisory Councils, having some powers of management, might be set up on the large housing estates to assist in creating a healthy spirit of local democracy.

**31.** THERE IS NO GOOD REASON WHY A LOCAL AUTHORITY SHOULD NOT periodically report to meetings of its citizens in the same way as the Management Committee of a Co-operative Society submits reports to its members. The Chiefs of Local Government Departments would benefit by this refreshing direct contact with rate-payers.



## Distribution

**32.** THE COST OF DISTRIBUTING GOODS AFTER THEY LEAVE THE FIELD or factory has attracted public attention and the urgent need to make the most of our resources, human and material, has resulted in a demand for reduced prices. Many of our foodstuffs are price-controlled and compel the distributor to operate within narrow margins. Where supplies of goods are limited and each distributor receives a fixed allocation, whatever his present capacity, competition is reduced to a minimum. Competition between traders is effective only where efficiency is able to attract greater supplies and thus spread costs over a larger turnover. The scarcity of some commodities (and the supply of price-controlled commodities is, usually below total demand) enables the inefficient distributor to sell many of his non-controlled lines and enlarge his turnover beyond any figure he would attain under normal conditions. In many cases the remedy for inefficiency and excessive cost is a return to normal conditions of supply and greater mobility of demand. Under these conditions market publicity would do much to even out and improve conditions of distribution. In the meantime, price control for scarce goods must be retained wherever practicable. It is not always practicable to impose price control over goods the supply of or demand for which may vary from day to day, or from district to district. Premature de-control however operates to the disadvantage of the consumer. The removal of price control on non-utility goods whilst it continues to apply to scarce utility lines operates to the disadvantage of consumers and retailers. Price control should apply to both until supplies are adequate.

**33.** THE GENERAL LICENSING OF SHOPS IS SOMETIMES ADVOCATED AS A remedy for waste in distribution. Under this proposal an attempt would be made to equate the number of shops to the quantity of goods to be sold and the number of customers to be served. It is pointed out in support that Town Planning schemes already work on this principle, but so long as it is possible to shop outside the town planning area monopoly conditions are limited. If however, all sale outlets were controlled under a licensing system each would tend to become a monopoly. If, however, customers could move about from shop to shop in order to secure lower prices, goods supplied would be on the shelves of the wrong shops, too many in some, too few in others. Some of the advocates of shop licensing have expressed their disagreement with the proposal to modify or abolish the system of retail price maintenance. It is, therefore, to be presumed that they would not object to shopkeepers in a locality coming to an agreement not to sell any of their commodities at less than an agreed price. Shop licensing would put the retail trades in the hands of a series of local monopolies, and would remove from consumers the right to provide their own shops by forming consumer Co-operative

Societies. If each shop carried a monopoly value, concentration of ownership would almost inevitably follow, since only the larger trading units could afford to pay the increased prices of shop property. In the Co-operative Movement we already have some experience of the results of arrangements amongst newspaper distributors to prevent competition. Their pressure is strong enough to oblige newspaper proprietors to come to terms with them and to exclude all competition to which the distributors object.

**34.** TO ATTEMPT TO SOLVE THE PROBLEM OF DISTRIBUTION BY general licensing of shops is no more acceptable than to overcome the immobility of labour by general direction of labour. At the same time it is necessary that the conditions for the storage and handling of goods should be tightened up, that good wages for distributive workers should be guaranteed, and that there should be no interference with the supplies of goods to retailers who are ready to pass on to customers the results of good buying or efficient retailing. Part of the legislative programme of the next Government should be the implementation of the findings of the Jacob Committee which dealt with re-sale price maintenance.

## **The Farm and the Home**

**35.** BRITAIN IS PLANNING TO GROW MORE OF HER OWN FOODSTUFFS. The Labour Government has embodied in legislation the policy of guaranteed prices for some of the principal crops. New legislation has been passed giving extended powers to Marketing Boards but strengthening the hands of the Minister of Agriculture to intervene in the public interest. The Co-operative Movement has been critical of this type of Board because it is largely producer-controlled and may carry its activities into fields which should be outside the province of the producer. It may thus result in directing co-operatively raised produce away from the consumers to whom it rightly belongs. The Co-operative Movement has no objection to guaranteed prices provided that all reasonable steps are taken by the producers to promote efficient and adequate production, but it does not consider it wise or just to exclude consumers from full participation in processes which are determined primarily by the needs of consumers. It would have been much happier if the Minister of Food had been given power to intervene to protect the interests of consumers.

In his very commendable anxiety to reach his "production targets" there is a danger that the Minister of Agriculture, whoever he may be, will be more conscious of the inducements likely to lead to a prosperous agriculture than to the needs of consumers. Beyond the farm gate, wherever it is practicable, producer, distributive and consumer organisations should be associated in joint organisations for handling produce.

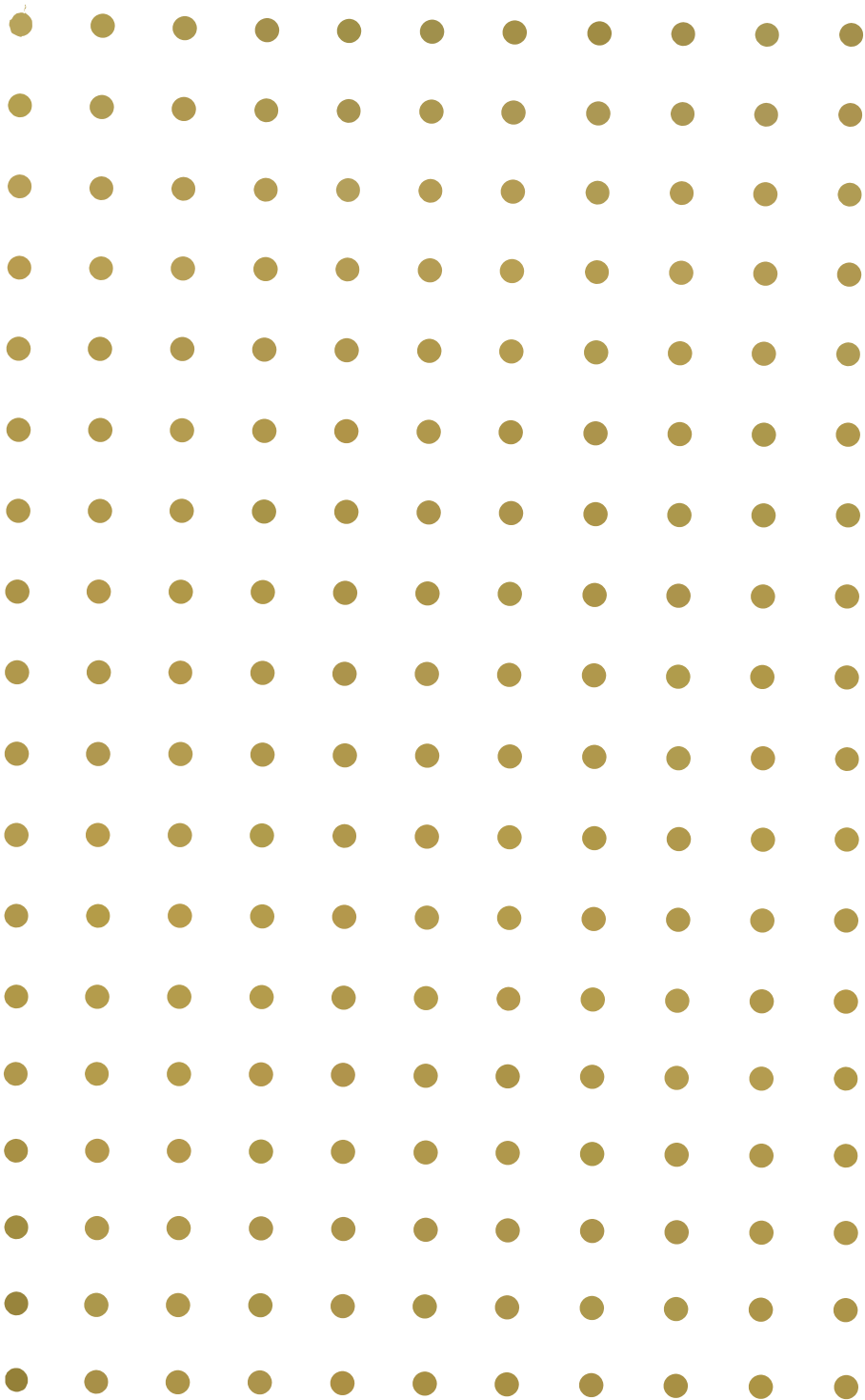
**36.** RATIONING OF SCARCE COMMODITIES HAS BEEN A BOON TO consumers. The Co-operative Movement was foremost in the demand for the adoption of this policy under conditions of scarcity. The experimental abolition of personal points some time ago clearly demonstrated the risk of removing control until there is complete assurance that supplies are equal to demand measured by present standards of public taste, habit and income.

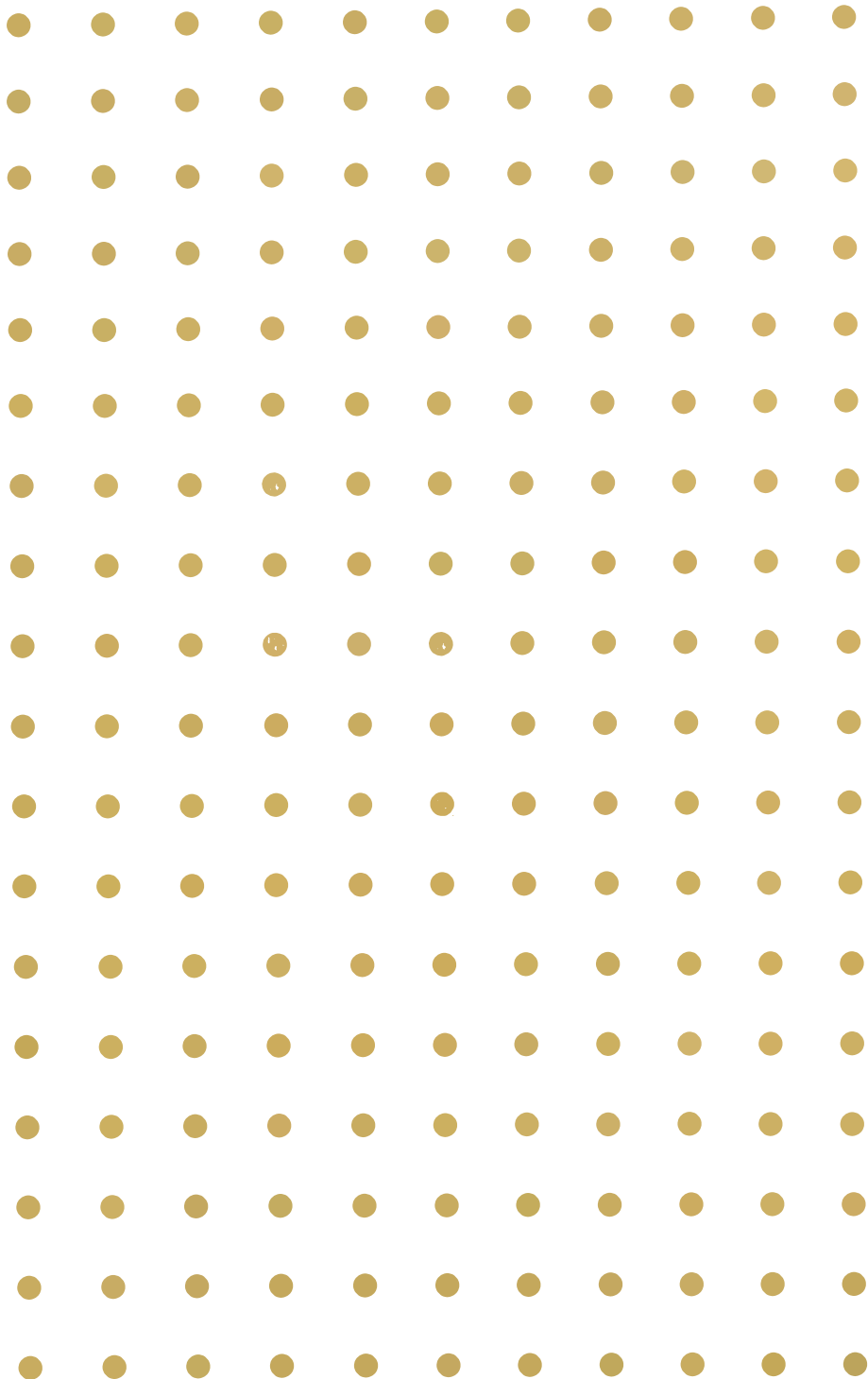
### **Socialising Power**

**37.** THE RAPID SOCIAL AND ECONOMIC CHANGES OF THE PAST FIVE years have kept the Parliamentary machine running at high speed. In addition to the work which normally falls upon the departments over which they preside, Ministers have had to create a vast amount of new administrative organisation. In a democratic State the members of the representative assembly have not only to play a part in shaping legislation, but keep vigilant watch upon the day-to-day work of the administration. The Co-operative and Socialist ideal is the democratisation of social, economic and political power. By attempting too much Governments may expose themselves to the risk of hasty improvisation, to the delegation of authority it ought, in the interests of good Government, jealously to retain. On the other hand they are inclined to accept uniformity of administrative pattern because they have no sufficient opportunity of thinking out adaptations of organisation to the service they wish to control. The political parties, upon which Governments depend, may also mistake slogans for principles and adopt uncritically, and as universally applicable, measures which are appropriate only to a limited field. Instead of welcoming variation of pattern, in many cases as an advance upon pre-conceived ideas of economic organisation, they tend to look upon it as a retreat. The economic problems with which Britain is faced and the urgent need for democratisation of power, challenge democratic Government to resolute action, but this can be effective only if it is preceded by clear thinking. Britain's future lies not only in the hands of Parliaments, but in the use which ordinary people make of the powers and opportunities democracy gives them. Britain requires a new impulse of service,

but this will be forthcoming only if the sense of responsibility for the shaping of policy and for its implementation in action is more widely appreciated. Democracy will prosper only if it learns to use every agency created by the people to advance the cause of social justice and equality. These agencies, created by its own efforts, must be fully utilised as part of the process by which the social ideals of democracy are realised. The Co-operative, Trade Union, and Labour Movements, are spiritually associated in many ways. If this association is to be productive it will require to be based upon a division of responsibility among them. It is peculiarly the task of the Co-operative Party to insist that the Co-operative Movement shall be used to its utmost as one of the instruments by which the people of Britain are trained to ever greater responsibility in the use of economic and social power.







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