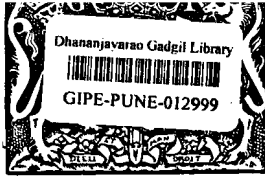


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MINISTRY OF AGRICULTURE AND FISHERIES

Report of the
REORGANISATION COMMISSION
FOR
PIGS AND PIG PRODUCTS

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The Ministry of Agriculture and Fisheries accepts no responsibility for the advertisements appearing in this publication.

MINUTE OF APPOINTMENT.

In accordance with Section 15 of the Agricultural Marketing Act, 1931, we hereby constitute—

COL. THE RT. HON. G. R. LANE FOX, P.C., J.P., D.L.,
SIR WILLIAM S. HALDANE, W.S.,
H. G. HOWITT, Esq., D.S.O., M.C., F.C.A.,
LT.-COL. SIR WYNDHAM PORTAL, Bart., M.V.O., D.S.O., and
THE HON. JASPER RIDLEY,

as an Agricultural Marketing Reorganisation Commission for Great Britain, and charge it with the duty of preparing, in accordance with the provisions of the Act, a scheme or schemes (applicable in England and Scotland) for regulating the marketing of pigs and any pig products, and we direct that the Commission, in the course of preparing any scheme as aforesaid, shall—

(a) Investigate the extent to which its operation could be facilitated by co-operation between the board administering it and any corresponding body in Northern Ireland ;

(b) investigate the manner in which its operation could be facilitated by the quantitative regulation of imports of pigs and bacon and by similar or different measures affecting other pig products ;

(c) investigate the manner in which such regulation could best be undertaken in the public interest ;

(d) investigate any other matter affecting the operation of any such scheme ; and

(e) make recommendations with respect to the matters investigated.

We further appoint Col. The Rt. Hon. G. R. Lane-Fox, P.C., J.P., D.L., to be Chairman ; Mr. J. B. Baber, M.C., T.D., to be Secretary ; and Mr. A. R. Manktelow to be Assistant Secretary of the Commission.

(Signed) JOHN GILMOUR,
Minister of Agriculture and Fisheries.

(Signed) ARCHIBALD SINCLAIR,
Secretary of State for Scotland.

21st April, 1932.

REPORT OF THE REORGANISATION COMMISSION FOR PIGS AND PIG PRODUCTS.

PART I.—INTRODUCTORY.

TO MAJOR THE RIGHT HONOURABLE WALTER ELLIOT, M.C., M.P.,
Minister of Agriculture and Fisheries ;

THE RIGHT HONOURABLE SIR GODFREY COLLINS, K.B.E.,
C.M.G., M.P., His Majesty's Secretary of State for Scotland.

SIRS,—

1. **Terms of Reference.**—In accordance with Section 15 of the Agricultural Marketing Act, 1931, we were constituted on April 21st, 1932, as an Agricultural Marketing Reorganisation Commission for Great Britain, charged with the duty of preparing, in accordance with the provisions of the Act, a scheme or schemes (applicable in England and Scotland) for regulating the marketing of pigs and any pig products. Our procedure was governed by the Agricultural Marketing (Reorganisation Commission) (Great Britain) Regulations, 1932.*

In the course of preparing any scheme, we were directed :—

(a) to investigate the extent to which its operation could be facilitated by co-operation between the board administering it and any corresponding body in Northern Ireland ;

(b) to investigate the manner in which its operation could be facilitated by the quantitative regulation of imports of pigs and bacon,† and by similar or different measures affecting other pig products ;

(c) to investigate the manner in which such regulation could best be undertaken in the public interest ;

(d) to investigate any other matter affecting the operation of any such scheme ; and

(e) to make recommendations with respect to the matters investigated.

We have, therefore, not taken into consideration the imposition of duties on imports of pigs and bacon, and we have endeavoured to keep within the scope of the Agricultural Marketing Act. These limitations have added to the complexity of the scheme which we

*S.R. & O., 1932, No. 609.

† We have throughout construed "bacon" as including hams.

propose, and certain suggestions that we make will necessitate slight amendment to that Act if they are to be carried out.

2. Urgency of Task.—From the outset, we recognized the need to complete our work with all possible speed. The pressure of imported supplies upon the bacon market showed no sign of relaxing, and, although the Agricultural Returns made this summer showed an actual increase in the pig population of England and Wales, there were indications that even those producers in Great Britain who had pursued a steady production policy, in good times and bad, for a number of years were beginning to lose heart.

It was, therefore, fortunate that the investigations conducted by the Pig Industry Council, by the Scottish Pig Industry Committee, by the Imperial Economic Committee, and by the Ministry of Agriculture and Fisheries,* had placed on record a mass of evidence pertaining to the production and marketing of pigs and bacon. After having studied further documentary evidence and after long and numerous discussions with individual authorities and with representatives of many interests, we have found the evidence of those earlier investigations substantially confirmed. Further confirmation has been afforded by a valuable report furnished by one of our members who visited Denmark. From these sources we have borrowed freely in formulating what we hope will be a workable plan.

There is, therefore, no need to set out at great length the situation of the industry today; a brief recapitulation, if accompanied by references to the reports of the Pig Industry Council and the Ministry of Agriculture and Fisheries, and if preceded by a short statistical appreciation, will suffice.

3. Great Britain as a Producer of Pig-meat.—(a) *Total Pig-meat Output.*—Table I shows the pig population, number of pigs slaughtered and output of pig-meat in Great Britain from 1911 to 1931.

The average annual value of pigs sold off farms in Great Britain during the five years ended June, 1931, was approximately £22½ million. The pig industry thus contributes almost one-tenth to the total value of agricultural produce sold off farms in this country.

Although one of the principal pig-meat consuming countries, Great Britain ranks only moderately high in pig population among the nations of the world. The pig population of Great Britain during the 5 years 1926-30† averaged some 2,670,000 head. In 1931, the figure was 2,945,000 head.

The industry is mainly concentrated in England and Wales, the

* For list of reports containing the results of these investigations, see Appendix D.

† June 4th census in each year.

pig population of Scotland averaging only about 165,000 head. Similar figures for a number of other producing countries are :—

	Pig Population.*	Approximate Human Population.
U.S.A.	55,600,000	137,000,000
Germany	19,700,000	63,000,000
France	5,900,000	41,000,000
Poland	5,700,000	31,000,000
Canada	4,400,000	10,000,000
Denmark	3,700,000	3,500,000
Great Britain ...	2,670,000	44,000,000

The average number of pigs fed and slaughtered annually in Great Britain in the 5 years 1926-30 has been estimated to have been 3,690,000, and to have given an approximate annual output of pig-meat (including lard and edible offal) of 5,540,000 cwt. In 1931, 3,765,000 pigs were slaughtered, giving an approximate output of 5,648,000 cwt. of pig-meat. In the 5 years 1909-13, the average pig population was estimated at about 2,500,000 head, the average number of pigs slaughtered at 3,558,000, and the average output of pig-meat at 5,336,000 cwt. Thus, in spite of considerable annual variations, a growing human population and an increase in the volume of total pig-meat supplies, the home pig industry, so far as volume of output is concerned, has been virtually stationary during the past 20 years. Meanwhile, the pig population of Denmark increased by almost 150 per cent. in 20 years (1909-29), that of Sweden by about 40 per cent. in 15 years (1913-28), and that of Holland by about 50 per cent. in 17 years (1913-30), the additional output having come largely to this country.

(b) *Bacon and Ham Output.*—Annual figures showing the production of bacon and hams as distinct from other pig-meat (pork, lard and offals) are not available. The industrial censuses of production carried out by the Board of Trade in respect of 1924 and 1930 give the following as being the production of bacon and hams by firms in Great Britain employing more than 10 persons in those two years :—

	Quantity.	Value.
1924	1,204,000 cwt.	£7,560,000
1930	1,238,000 cwt.	£6,930,000

In addition, in 1924, firms employing 10 persons or fewer are shown as having produced 114,000 cwt. of bacon and hams. Unless considerable changes have taken place in the output and number of these smaller firms, the production in 1930 may be estimated, on a conservative basis, at about 1,350,000 cwt., valued at £7½ million. This figure, however, refers only to what may be called the factory output. A certain amount of pig-meat is cured throughout the country by butchers, generally to meet the needs of their own retail trade, and it is probable that the returns received by the

* Average of figures available for the 5-year period 1926-30.

Board of Trade and used to compile the above totals only comprised a small proportion from these "butcher-curers."

It does, however, appear that in 1930 something more than one-quarter in volume of the pig-meat output of Great Britain consisted of bacon and hams, and the remainder of pork, lard and offals.

4. Northern Ireland as a Producer of Pig-meat.—Table II shows the pig population and output of Northern Ireland from 1926 to 1931. The pig population during the 5 years 1926-30 averaged about 206,000 head, or some 7 per cent. of the total pig population of the United Kingdom. The average number of home-bred pigs produced for slaughter or export in that period was approximately 218,000 per annum. A considerable number of store pigs imported from the Irish Free State are also fed in Northern Ireland; these, during the period in question, averaged 64,000 per annum. The total annual number of pigs produced for slaughter or export was thus, on the average, 282,000, giving an estimated output of approximately 496,000 cwt. of pig-meat, including edible offal. In 1931, the output of home-bred pigs was estimated at 247,500, imports of stores from the Irish Free State at 77,000, and the output of pig-meat at about 567,000 cwt.

In addition to the output of pig-meat from pigs fed in Northern Ireland, a large number of pig carcasses are imported from the Irish Free State for curing. The quantities so imported during recent years are as follows:—

				<i>Cwt.</i>
1926	...	...	...	179,000
1927	...	...	...	196,000
1928	...	...	...	233,000
1929	...	...	...	194,000
1930	...	...	...	186,000

Average 1926-30 198,000 cwt.

The average gross output of the pig and bacon industries in Northern Ireland in the period 1926-30 thus amounted to 694,000 cwt. of pig-meat. Of this, an average of 410,000 cwt. per annum is estimated to have been bacon and hams. It thus appears that almost a quarter of the United Kingdom bacon output is produced in Northern Ireland.

There is a considerable movement of bacon and hams from Northern Ireland to Great Britain. The trade in 1926-31 averaged some 287,000 cwt. per annum. Between 40,000 and 50,000 cwt. of fresh pork and in the neighbourhood of 20,000 live pigs are also sent from Northern Ireland to Great Britain annually.

5. The United Kingdom as a Consumer of Pig-meat.—*(a) Volume and Character of Supplies.*—Table III shows the estimated supplies of pig-meat of all kinds (including lard) available for consumption in the United Kingdom from 1926 to 1931. The annual average quantity during the 5-year period 1926-30

amounted to some 18,960,000 cwt. (valued at about £83 million), or 46·6 lb. per head of the population. In 1931, supplies rose to 21,971,000 cwt., largely as a result of increased imports.

Estimates of the distribution of pig-meat supplies between bacon and hams and other products (pork, lard and offals) can only be given for years covered by the Board of Trade censuses of production.

It is estimated that, in 1930, out of total supplies amounting to practically 19½ million cwt., 11½ million cwt. consisted of bacon and hams and 8 million cwt. of other pig-meat.*

The proportion of home-produced pig-meat to the total supply has been gradually falling since 1921. Of the average annual supply in the period 1926-30, 6 million cwt. (£24 million) was home-produced and nearly 13 million cwt. (£59 million) imported. Thus, the proportion of home supplies during this period averaged only about 32 per cent. by weight, and in 1931 home output was well below 30 per cent.

Imports of bacon and hams predominate to an increasing extent. In 1930, only 1½ million cwt., or 15 per cent. of the total supplies, was home-produced† compared with nearly 10 million cwt. imported. This tendency was probably accelerated by the veterinary embargo imposed in 1926 on the importation of fresh meat from the Continent, which caused some foreign producers to turn from pork to bacon production. Of other pig-meat, about half the supplies are home-produced.

(b) *Note on Imports.*—This country is easily the most important buyer of pig products in international markets. Of a total annual world export trade in pig-meat (including live pigs), averaging some 24 million cwt. in the period 1928-30,‡ the United Kingdom absorbed about 13½ million cwt.—i.e. almost 60 per cent. There is virtually no export market for bacon outside the United Kingdom and over one-third of the world's lard exports are sent here. Table IV shows the net imports of pig products into the United Kingdom from 1925 to 1931.

During the 5 years 1926-30, imports (net) of pig products into the United Kingdom included, on the average, approximately 8,100,000 cwt. of bacon (valued at £39½ million), 990,000 cwt. of hams (valued at £5,250,000), 2,400,000 cwt. of lard (valued at £7,600,000), 960,000 cwt. of pork—fresh, frozen, tinned, etc.—(valued at £4,300,000), and 330,000 live pigs (valued at £2,100,000).

Some 70 per cent. by volume§ and 76 per cent. by value of

* This figure of 8 million cwt. of other pig-meat includes lard, of which 2½ million cwt. is imported and probably not less than ¼ million cwt. is produced in the United Kingdom.

† Including as home-produced that cured in this country from imported pigs and pork.

‡ Estimate based on figures contained in *Die Schweinehaltung der Welt und der Handel mit ihren Erzeugnissen* by Prof. Dr. Kurt Ritter, Berichte über Landwirtschaft, 41 Sonderheft, Berlin, 1931.

§ Allowing 180 lb. pig-meat, plus 5 per cent. for edible offal per live pig imported.

our imports of pig products on the average are thus bacon and hams. Since 1929 net imports of bacon have very materially increased, and in 1931 amounted to the record figure of 10,743,000 cwt.—i.e. 2,643,000 cwt., or 32 per cent., above the previous 5 years' average. In the first 8 months of 1932 imports were slightly greater (about 4 per cent.) in quantity, than during the same period in 1931. Imports of other pig products in 1931 were not greatly different from the 1926-30 figures, with the exception of imports of live pigs from the Irish Free State, which were 43 per cent. above the previous 5 years' average.

Table V shows that considerable changes have occurred in recent years in the sources of bacon and ham supplies imported into this country. The United States, which a few years ago was supplying almost one-third, has reduced its exports to a very low figure, while those from Denmark and certain Baltic countries—e.g. Poland and Lithuania—have risen materially. Imports from the Irish Free State have to some extent changed over from bacon to pork and live pigs since the 1926 embargo on fresh-meat imports from the Continent. The main sources of bacon and ham imports into the United Kingdom in 1931, with the quantity and percentage obtained from each source, are shown below. The percentage from each source during the first 8 months of 1932 is also given :—

	Quantity 1931 000 cwt.	Percentage of Total Imports.	
		1931	1932 (Jan.-Aug.)
Denmark	7,342	61.4	64.0
Poland	1,179	9.9	9.8
Netherlands	1,002	8.4	5.9
U.S.A.	790	6.6	4.5
Sweden	578	4.8	3.7
Lithuania	363	3.0	4.2
Irish Free State	314	2.6	1.4
Canada	122	1.0	3.0
Other Countries	279	2.3	3.5
Total	11,969	100.0	100.0

Imports of live pigs are obtained entirely from the Irish Free State and are bought by both butchers and bacon curers.

Fresh-pork imports have also come entirely from the Irish Free State since the embargo on fresh-meat imports from the Continent was imposed in 1926. A considerable proportion of these supplies consist of pig carcasses bought by Northern Irish bacon curers from districts near the boundary.

Some 270,000 cwt. of frozen pork (see Table VI) was imported, on the average, in the 5 years 1926-30, mainly from New Zealand, the United States and Argentina. A considerable proportion of the imports of frozen pork is bought by curers in this country for conversion into bacon.

PART II.—PROBLEMS OF THE INDUSTRY.

6. **Weaknesses of the Industry.**—A summary of the weaknesses of the industry in England and Wales, which are mainly matters of organization, is contained in the second interim report of the Pig Industry Council.* Briefly, these are:—

- (i) superfluity of breeds and types ;
- (ii) lack of efficiency measures, such as would be provided by pig-recording and litter-testing ;
- (iii) inadequate technique in feeding and management ;
- (iv) excessive losses from disease ;
- (v) irregularity of production ;
- (vi) lack of defined carcass grades ;
- (vii) circuitous route of fat pigs from farm to destination ;
- (viii) uneven distribution of bacon factories ;
- (ix) type of factory cure ;
- (x) uneconomic factory throughput ;
- (xi) lack of national grade standards for bacon ;
- (xii) misrepresentation of imported supplies.

To these, three can be added from the Ministry's *Report on the Marketing of Pigs*,† namely—

- (xiii) the gamble of the store market ;
- (xiv) the absence of payment for quality ;
- (xv) inadequate market intelligence.

At first sight, this list of self-criticisms suggests an inefficient industry. Such an assumption would, however, hardly be fair; the Pig Industry Council have pointed out courageously wherein lies the possibility of and necessity for obtaining a higher standard of efficiency, which in many cases is difficult of accomplishment by the individual but is well within the capacity of an organized industry; for it is mainly the absence of organization which has caused and perpetuated this situation. Later in this Report, it will be explained how the Commission's proposals are designed to assist in remedying most of these weaknesses, which, in general, are common to the pig industry throughout the United Kingdom. There are, however, three further issues of primary importance which required serious study by the Commission before the industry could be advised to embark upon an expansionist bacon policy. These are discussed in paragraphs 7—9.

7. **The Low Level of Pig Prices.**—The main problem facing the pig industry in this country at the present time is one which it shares with agriculture in general—the prevailing low level of prices. The average price per score of first-quality bacon and pork pigs, respectively, in July, 1932, was 9s. 9d. and 10s. 1d. These prices compare with averages of 16s. 11d. and 18s. 7d. during the

* Marketing Leaflet No. 16 (pages 6-7); obtainable, free, on application to the Ministry of Agriculture and Fisheries.

† Economic Series No. 12, pages 19-21 and 92-5.

4-year period 1926-9. This represents a fall of 42 per cent. in the case of bacon pigs and 46 per cent. in the case of pork pigs.

It is true that the cost of feeding-stuffs has also fallen during the same period. For example, the prices per ton of barley-meal, maize-meal and imported middlings in 1926-9 and in July, 1932, were as follows :—

	Barley-meal.	Maize-meal.	Middlings.
	£ s. d.	£ s. d.	£ s. d.
Average 1926-9	10 12 6	9 17 6	9 1 9
July, 1932	7 4 0	5 15 0	6 19 0
Fall	3 8 6 (32%)	4 2 6 (41%)	2 2 9 (24%)

Thus, though feed prices have fallen, they have not done so proportionately to pig prices, while overhead charges (including labour) have not appreciably decreased.

The present low prices of pigs do not merely reflect the all-round fall in agricultural commodity prices that has occurred since the middle of 1929; they may be correlated with the immense increase in imports of bacon during 1931 and the current year, referred to above. There is this further depressing factor in the case of pigs, in that, not only in this country but also on the Continent, the first half of 1932 appears to mark the apex of one of the regularly recurring pig-supply cycles described below. Thus, whereas the general level of agricultural prices in Great Britain has fallen from 44 per cent. above pre-War in 1929 to 6 per cent. above pre-War in July, 1932, in the same period the price of bacon pigs has fallen from 60 per cent. above to 13 per cent. below pre-War, and that of pork pigs from 65 per cent. above to 14 per cent. below pre-War.

Prima facie, therefore, the pig industry can substantiate a stronger claim than most branches of agriculture for some measure aimed at reducing supplies or raising prices to a more normal level and generally of creating more stable conditions.

His Majesty's Government has already declared its recognition of the bacon industry's need, in certain circumstances, for assistance by the regulation of imports. We are, therefore, content to affirm that our enquiries have left us in no doubt that the organized development of the home bacon industry cannot be initiated in the face of unregulated competition from established Continental industries.

8. *The Pig and Feed Cycles.*—Three distinct types of variation are noticeable in the course of pig prices, both in this country and abroad. There is, firstly, the long-period trend of prices, rising in the years before the War and falling in the post-War period; this is governed chiefly by changes in the value of money. Secondly, there are fluctuations within each season due to customary methods of production, such as the association of cheese-making and pig-feeding in the summer, and to seasonal demand. Finally, there is

the pig cycle, lasting normally about four years, which consists of a period of rising prices followed by an approximately equal period of falling prices. The last form of price variation is much the most important under normal conditions, and we would stress the fact that it has shown a definite tendency in the United Kingdom to become both shorter in period and more severe in incidence. During the period from 1923 to the general collapse of prices in 1931, the prices of bacon pigs in England and Wales varied from about 22 per cent. above the trend to about 41 per cent. below. The serious effects of these violent cyclical price-movements upon the industry are well known; they are discussed at length in the Reports of the Pig Industry Council,* and in the Ministry's *Report on the Marketing of Pigs*.† Their significance, when compared with those of other meats, may be judged from the fact that during the 7 years ending May, 1932, total pig-meat supplies showed a range of variation of 30 per cent., whereas supplies of all meats taken together, including pig-meat, only showed a range of 8½ per cent., and supplies of other meats—i.e. beef and veal, mutton and lamb—of less than 2½ per cent.

The following paragraphs are based upon unpublished work done at the Department of Agricultural Economics, University College of Wales.

It is generally agreed that in any country the pig-price cycle is not appreciably influenced by the demand for pig-meat, but is almost entirely due to changes in the supplies of pigs and pig-meat; moreover, in this country, as in others, changes in the home pig population appear to have been the chief cause of the cycle in pig prices, and imports of pigs and pig-meat appear to have had only a subsidiary influence on the cycle.

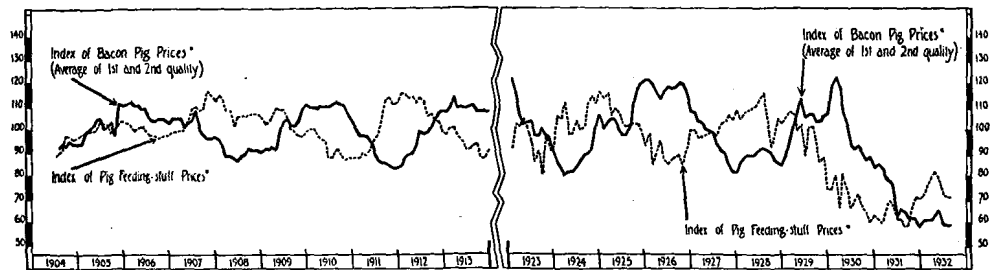
The chief factor influencing the volume of supplies of pigs at any one time is the anticipation of profit or loss from pig-raising by the mass of farmers. Although the decision to increase or decrease production does not affect the market supplies until many months later, owing to the time required for breeding and feeding, most farmers appear to assume that the existing relation of pig prices and feeding costs will continue. Thus, farmers take steps to increase or decrease production when feed is cheap or dear relatively to pig prices. But the full results of such decisions are not felt until many months later, when there comes a change in the relation between feed costs and pig prices that has not been expected by the mass of farmers. The latter then begin to reverse their previous production policy, and so the pig cycle is perpetuated.

The influence of fluctuations in the pig-price cycle upon the profits of pig-keeping is enhanced by the influence of a cycle of feeding-stuffs prices, which tends to move inversely to the pig-price

* Marketing Leaflets Nos. 15, 16, 23 and 30.

† Economic Series No. 12.

THE RELATION BETWEEN THE BACON-PIG PRICE CYCLE AND THE PIG FEEDING-STUFFS PRICE CYCLE,
1904-13 AND 1923-32.



* In the above curves, variations due to the influence of *normal seasonal price changes* and of *long period price trends* have been removed, although it has not been possible entirely to eliminate the general and steep decline in prices during the last three years. Nevertheless, the two curves indicate primarily the *true cyclical movement of prices* (see page 15). Both bacon-pig prices and feeding-stuffs prices have been expressed in terms of the same constant standard (100).

DIAGRAM A.

(This Graph has been drawn from data supplied by the Department of Agricultural Economics, University College of Wales.)

cycle, so that when pig prices are high, feed costs tend to be low and vice versa ; moreover, its fluctuations are as wide as those of the pig-price cycle* (see Diagram A). In consequence, the ratio of pig prices to feed prices varies considerably, which results in wide fluctuations in the subsequent production and prices of pigs. It has been demonstrated that a high or low ratio of pig prices to feed prices in the United Kingdom tends to be followed about 21 months later by correspondingly low or high pig prices. This is illustrated by the examples in the following Table :—

	Average price per bacon pig of 140lb. dead weight.	Average price per 6 cwt. of feed (2 cwt. each of middlings, barley- meal and maize- meal).	Cost of 6 cwt. of feed as percentage of price of bacon pigs.	Pig price 21 months later.
	<i>s. d.</i>	<i>s. d.</i>	Per cent.	<i>s. d.</i>
August, 1924	100 10	70 10	70	125 0
May, 1926 ...	135 0	53 2	40	99 2
February, 1928	99 2	66 7	67	137 8*
February, 1930	137 8	42 7	31	63 10
December, 1931	63 10	39 7	62	—

* 24 months later ; the price 21 months later was 113s. 2d. In this case, the peak of the cycle was slightly later than usual.

The pig-price cycle, which in all countries has been the curse of the pig industry, is, therefore, closely inter-related with the feeding-stuffs price cycle, but the exact nature of the inter-relation between the two cycles is uncertain. Since feeding-stuffs prices in the United Kingdom under present conditions are determined by world prices, the cyclical changes in their general level are due chiefly to influences outside this country. At least in the United Kingdom, therefore, it is likely that the influence of the price of feeding-stuffs on farmers' production policy—and hence on the price of pigs—has been much greater than the effect of pig supplies on the price of feeding-stuffs.

If, therefore, the pig industry in the United Kingdom is to be successfully developed, the influence of both pig and feed-price cycles upon farmers' policy must be removed or, at least, reduced ; the real problem is how to persuade farmers to adopt a consistent production programme, properly adapted to the capacity of bacon factories and to consumers' demand.

The first essential seems to us, therefore, to be that the supply of bacon marketed in the United Kingdom should be stabilized. This would encourage the planned and steady production of bacon pigs, both at home and ultimately in bacon exporting countries, and might lead to a general diminution of the cycle of supplies and prices of pig-meat.

At least in the near future, however, it is likely that the pig cycle in the United Kingdom will continue in the pork-pig market,

* In the period 1923-32 feed prices varied by 16 per cent. above and 42 per cent. below the trend.

for which we have not in this report proposed any system of regulation. To protect the bacon industry from the effects of this cycle, it is necessary that the bacon-pig and pork-pig markets should be segregated, in order to reduce the diversion to the pork market, when pork prices are high, of pigs required by the bacon industry. We recommend measures to secure this segregation. If these are effective—and we fully realize the difficulty of the task—it remains to protect the bacon-pig industry from the effect of variations in feed prices.

If bacon-pig prices were completely stabilized, net returns to farmers would still vary inversely with feeding-stuffs costs, and it would be impossible to prevent fluctuations in the supply of pigs to bacon factories, even though the influence of the pork market were completely removed. We therefore recommend, in a subsequent paragraph, a method of basing the prices of bacon pigs on feed prices. It must be emphasized, however, that this policy would partly be dependent for its success on the segregation of the pork and bacon markets, and partly on the ability of other sections of the industry (e.g. the curers) to bear the risks of fluctuations in the prices of feeding-stuffs, in so far as these cannot be passed on to the consumer in higher bacon prices.

In practice, complete segregation of the pork and bacon markets and complete absorption of feed-cost fluctuations by curers may prove difficult, but the advantages in escaping from the disturbing effects of the pig and feed-price cycle are so great that we believe that these two obstacles must be faced in order to secure the utmost practicable stabilization of supplies.

9. Co-Existence of Pork and Bacon Markets.—One of the main factors responsible for the problems of the pig industry in this country is the existence of two alternative outlets for fat pigs—the pork and the bacon markets.

In Great Britain, those feeders who specialize in producing for either the pork or the bacon market are easily in the minority, though since the embargo on the importation of fresh pork from the Continent was imposed in 1926 relatively greater attention seems to have been paid to pork production. Some farmers vacillate between one type of production and the other, according to their judgment of the prospects of profit, while others just produce pigs and aim at neither market in particular.

The existence of alternative outlets for pigs has undoubted advantages, but it has also serious disadvantages. The fact that British curers have to compete for their raw material with the pork market is one of the main reasons why bacon factories in this country are unable to maintain a full and regular throughput. On this point, the Pig Industry Council observes "that the regularity of output in Scandinavia—as compared with this country—is largely due to the fact that production there is directed almost exclusively towards the bacon market and that the existence of

alternative markets here—though it has some compensating advantages—severely militates against the regularity that is, on general grounds, desirable.”

Apart from a high average throughput, curers require a regular supply of pigs all the year round. Unfortunately, the competition of the pork market is greater in winter than in summer, and this has made more difficult the maintenance of level supplies to bacon factories throughout the year. Many farmers and dealers favour the pork market during the winter season, particularly around Christmas time, and only look to the factory as an outlet when the pork market fails them.

Attention is drawn later to the wide variations in bacon factory killings from week to week and to their effects on bacon factory economy. The competition of the pork market is undoubtedly one of the major causes of these variations, though not the only cause. The price the curer can afford to pay depends on the prevailing level of bacon prices, which, again, is largely determined by imports. When the curers' prices are low relatively to the price of pork, the factories naturally tend to go short of pigs.

As it is the bacon industry that mainly suffers from the existence of a dual market for pigs, the remedy appears to us to lie in earmarking for the bacon industry annually a certain volume of pig production, by means of an organized system of contracts between feeders and curers, with provision for regular deliveries throughout the year. This is one of the main features of our proposals and, from the point of view of the producer, it is the most serious feature. To-day, the home bacon industry exists largely upon surplus supplies left over from the pork market; no manufacturing industry can thrive under such conditions. Moreover, as the Pig Industry Council has pointed out, the possibilities of an expansion of the pork market are small but of the bacon market are very considerable. If, with State assistance, a determined effort is to be made to build up a large and increasing bacon industry, then producers must face the necessity of a reversal of the rôles now played by the bacon and pork markets and must regard the latter as a surplus outlet for the possibly fluctuating supplies not required by the former.

PART III.—PRINCIPLES OF THE COMMISSION'S PROPOSALS.

10. *Some Issues of Principle.*—Stripped of detail, the task before the Commission resolved itself into a few clear-cut issues. The regulation of the sales of home-produced pigs and pig products would be of limited utility if it did not aim at the expansion of those sales, but whereas the pork market offers little prospect of a permanent profitable expansion, home production only contributed in 1931 about one-eighth of the total home supplies of bacon and

hams. An expansionist pig policy must, therefore, be directed to securing an increasing share of the bacon and ham trade.

To make room for this expansion, it is necessary to regulate imports, but in so doing it is most necessary to safeguard the consumer and other public interests.

It is also necessary to protect the bacon industry from the fluctuating competition of the pork market, and, as we have stated, it appeared to us that the two outlets should be segregated.

A further drawback affecting the bacon industry, which in the past may have exercised a more powerful influence even than Continental competition, is the "pig and feed" cycle to which we have referred. Disturbing as cyclical influences may be on any commodity, they are doubly so on a manufacturing industry which aims at regularity of output and of which regularity of output will be required as an administrative expedient to facilitate the regulation of competing imports. Any bacon policy must therefore seek to eliminate the influence of the "pig and feed" cycle upon the production of bacon pigs. It would be desirable to discourage these maleficent influences also in the case of bacon imports and home pork production, but in the latter case elimination would probably be impossible without a stringency of regulation, extending over every phase of pig production, which we are anxious to avoid.

We have had regard to the fact that the fresh-pork market is already sheltered and that there is under discussion a scheme for regulating the marketing of livestock and dead meat, and we consider that the moment is opportune to isolate the organization of the bacon industry from that of the fresh-meat industry. We therefore recommend that the early endeavours of pig producers should be concentrated upon the regulation and expansion of the bacon industry and that, at the start, the pork market should be left unregulated. We are aware that this course of action will present its own particular difficulties, to which we refer in paragraph 32, when discussing the contract system, but, on balance, we believe that we have chosen the alternative which presents the greatest prospects of success.

11. The Principle of a Constructive Bacon Quota ; its Power to Shelter the Home Industry.—In our terms of reference, we were instructed to consider how far the application of the quota system to bacon and hams would facilitate our proposals, and we had no mandate to consider whether the organized expansion of the home industry could not better be assisted by some form of Customs duty ; yet it was impossible for this latter alternative entirely to be ignored.

It is not always appreciated that bacon is seldom eaten on the Continent and that the bacon-curing industries of Scandinavia, the Netherlands and the Baltic States have been built up to meet the requirements of Great Britain and have no other outlet of any

consequence. This feature differentiates bacon production from most other agricultural industries and is of such importance as to render of doubtful application to the bacon industry general arguments on the merits of different protective systems based on the experience of other commodities. Moreover, the imposition of a Customs duty upon imports would do nothing to check the recurrent surpluses and scarcity of pigs, resulting from their natural prolificacy and from the phenomena of price cycles. On the contrary, these very conditions would compel exporting countries to continue shipping to this country during the surplus period in the hope of recovering their losses on the arrival of the inevitable scarcity. Having had regard to these incidents in pig production, we appreciate the wisdom of the instruction given to us, for while the effect of a fixed or sliding-scale import duty on bacon might be to afford the pig producer a cash benefit, it could do nothing to assist the ordered expansion of the home bacon industry.

Among the factors which had satisfied us that a quota system regulating the volume of all supplies is well adapted to the needs of the bacon industry are the following :—

(a) It enables effective and carefully regulated protection to be given to home and other producers and removes from all countries the power and, therefore, the inclination to evade that protection.

(b) At the same time, it is a flexible system and can so be framed as to leave all producers (home, overseas-Empire and foreign) able, by competition amongst themselves in all matters appertaining to efficiency, to reap due rewards in price and in quota.

(c) The consumer can be assured a regular and adequate supply, whilst demand is left elastic in that the consumer is not unduly limited in his choice of the bacon he wishes to buy. Hence, the quota system, with the safeguards which we recommend, should, over a period, exercise a moderating influence on price changes; the extreme fluctuation of bacon prices, specially noticeable in the past in this trade over 4-yearly periods, should at least be reduced very considerably. A rise in bacon prices is, however, inevitable, and is, in fact, already taking place.

(d) The fact that this country is the only European market for bacon focusses a violent but unstable foreign competition on to the home producer. The position is aggravated by the further fact that home production is so small compared with foreign production. At the same time, these facts combine to facilitate the regulation of the market from the United Kingdom end.

(e) The curer is dependent for his raw material on a supply of suitable pigs. If this supply is to be regular, the farmer must provide it by planning ahead, for which he will require some certainty as to price. If the curer, then, is to be bound to take pigs from farmers at a guaranteed basic price over an extended period, he should, in turn, be secured a reasonable chance of selling the finished product without loss on a regulated market.

(f) The possibility of a rapidly alternating expansion and reduction of pig production is so great, and the influence upon the industry of this haphazard production is so serious, that no protective measure can be of permanent good unless it is able to check not only excessive impor-

tation of bacon but also over-production of bacon pigs at home. It is, therefore, an essential feature of the quota system which we recommend that, at the same time, it both permits and regulates the rate of expansion of the home bacon industry.

12. The Principle of a Constructive Bacon Quota : its Effect on Imports.—But apart from the efficacy of the quota as a piece of protective machinery, we have also considered the wider question of whether it is likely ultimately to help or hinder trade.

The quota is an untried instrument in this country. By other countries it has been regarded as a temporary expedient, to be used in a period of crisis without regard to its general merits or demerits, and as an economic weapon, the use of which is to be restricted, so far as international law permits, to imports only; the limited Continental experience which we have studied well illustrates this doctrine. We believe that the quota method deserves more thorough investigation from a new angle, freed from the common conception of it as a purely restrictive or retaliatory measure. In no country has it yet been regarded as a constructive instrument which, under suitable conditions, can play a useful part in the economic development of both exporting and importing countries; this is the conception of the quota we advocate for the bacon industry.

There is no doubt that bacon prices during the past year have necessitated the payment to Continental pig producers of prices which failed to cover their costs, and there is evidence that more than one country is temporarily slackening in its efforts to maintain or improve its position in the contest for our market. But there is reason to think that, under unregulated conditions of import, the contest would be maintained with sufficient vigour to enable the surviving participants ultimately to recoup themselves for their losses. In consequence, the consumer might well find himself deprived, even at an enhanced price, of more than one supply of bacon to which he had become attached by reason of quality or price, and in the meantime the home bacon industry would continue in difficulty. The only attraction in the bacon market to-day is the prospect of higher prices due to short supplies; this is without doubt an incentive to efficiency and to endurance, but the approach to this goal is as unsatisfactory to the Continental and home producer as its attainment must be to the home consumer.

The alternative, as visualized by the Commission, is a condition which will offer a protected market in the United Kingdom to every country, subject only to a gradual diminution of imports from foreign countries in favour of home producers. The desire of a country to retain its share in this market will then provide an incentive to efficiency as powerful as any to-day, and there is reason to hope that such a system will come to be regarded by all exporting countries not as a handicap on their legitimate trade but as a constructive element which will give renewed confidence in international relations.

Critics in another quarter may see in our quota proposals a danger that the proffered security in this market will lead to the exploitation of the consumer by exporters or by the home industry. This possibility has been prominently before us and we have considered various safeguards, such as :—

- (a) some form of buying authority to purchase imports ;
- (b) some measure by which the increased price (if any) due to the quota might be reclaimed from the foreign shippers ;
- (c) a global quota (as opposed to a national quota for each foreign country), or some other means of making foreign countries compete amongst themselves for the quota available ;
- (d) some form of corporation which would enter into and gradually absorb the home curing trade.

Such safeguards, however, entail a degree of control which we are unwilling to recommend, or were found, on examination, not to fulfil anticipations. We think that producers in every country will, through self-interest, refrain from abusing the scheme to their own eventual prejudice, and so render unnecessary the introduction of safeguards such as the above. To give substance to this belief, we recommend that the quota-determining body (described by the Commission as the "Quota Advisory Committee"—see paragraph 20—on the analogy of the Import Duties Advisory Committee), shall be provided with adequate powers and that it shall be an instruction to this body, when considering quota revision, in total or as between countries, to seek information on the following, amongst other matters, and be guided accordingly :—

- (a) the trend over an extended period of prices of all supplies of bacon, compared with those of maize or other feeding-stuffs ;
- (b) costs at all stages of production and marketing ;
- (c) quality of supplies ;
- (d) regularity and volume of supplies as indicated by the quota returns ;
- (e) effect of the quota on the interests of the United Kingdom consumer.

13. Possibilities of a Voluntary Arrangement.—Throughout our Report we have assumed that, at any rate initially, His Majesty's Government intends to be responsible for the distribution of quotas among the various countries concerned and for the administration of the system as a whole. In no other way could an early start be made with the task of substituting an orderly and even adaptation of supply to demand for the present violent fluctuations and alternations of prosperity and ruin that characterize the market for pig-meat both at home and abroad. At the same time, we recognize that there is much to be said for exploring the possibility

of replacing as soon as practicable a system under which the State regulates *imports* compulsorily by one under which *supplies* are regulated voluntarily as part of an agreed and approved plan covering all the main sources—home, overseas-Empire and foreign—the State confining itself to the role of policeman (or merely that of umpire) and guardian of the interests of home producers and consumers. Naturally, the development of an effective international arrangement for supply-regulation on these lines must depend on the anterior organization of producers in the various industries and national areas, and it is a virtue of the compulsory system that it will, in all probability, bring about a sufficient concentration of control in each supplying country during the period of its application to provide the degree of organization required for voluntary action at a later date.

In any case, an endeavour might well be made to secure the co-operation of exporting countries in the administration of the initial compulsory system. Effective co-operation would greatly simplify the task of supervision; it might to some extent avoid the necessity of introducing import licences and certificates (see later) and it would pave the way for a voluntary movement.

14. **The Principle of the Contract System for Pigs.**—If a home quota were not desirable on other grounds, we would recommend its imposition as an essential feature of an expansionist bacon policy. It is, indeed, a corollary that if total supply is to be stabilized and if regulation is to be applied to imports, some steps must also be taken to stabilize the home supply and to ensure that it shall be forthcoming.

The industry needs protection from fluctuations in output. The producer who regularly breeds or feeds a constant number of pigs each year needs to be protected against low prices caused by "in-and-out" producers. Moreover, irregular production cannot be associated with regular prices, based on production costs, such as producers have shown a unanimous desire to obtain. For so long as the quantitative pig cycle is permitted to influence bacon-pig production, for so long must prices continue to be low when all farmers have pigs to sell, and to be high when few farmers can take advantage of the high prices.

From the factory angle, stability of output is of even greater importance. Its effect on manufacturing costs is considerable, but its effect on sales is vital. Bacon is a perishable article which must be put into immediate trade circulation; it would probably not be difficult, in spite of price considerations, to sell a larger volume of home-produced bacon today if curers had any certainty that they could maintain supplies, but no retailer is prepared to chop and change his source of supplies and the type of bacon he offers from week to week to suit the convenience of home producers. For this reason, a rapid expansion of home bacon production, if

followed in a few months' time by an equally rapid reaction, would be more costly and dangerous than the continuation of our bacon output on a lower level.

The problem is to encourage expansion but to restrict the rate of expansion to one that can be maintained; only by such control will it be possible to make sure that ground gained will be held.

We do not think that many will quarrel with this abstract principle; criticism is more likely to focus on the machinery required to put it into practice. In order to control the rate of expansion it is necessary to prevent both over-production and under-production. The first can be controlled by placing a quota upon the home output. Under-production, on the other hand, cannot be prevented so directly, for there is not—nor would anyone desire that there should be—any law compelling a man to produce pigs against his will. The only solution apparent to the Commission is to restrict the permissible volume of production to a figure which producers have undertaken to supply, thus, in effect, allowing home producers themselves to fix the home quota according to their capacity to supply it. But in order that the home quota should not fluctuate from one period to another, it would also seem necessary to pre-determine a maximum rate of expansion which shall operate automatically so long as producers continue to fulfil their undertaking, and to provide that, subject to this automatic expansion, the quantity actually supplied in any one contract period shall be the starting point for fixing the home quota in the subsequent period. It remains to discover the method by which a given volume of production can be guaranteed, and for this purpose there seems no alternative to the contract system.

The foundation of our recommendations which are described in subsequent paragraphs is, therefore, that the home quota shall equal the bacon equivalent of the total number of pigs which producers have contracted to supply to bacon factories and that the sale by registered curers (see page 103) of bacon made in this country from pigs which are not sold on contract shall be, in effect, impossible.

This suggestion is drastic, but we recommend that its acceptance be a condition precedent to the regulation of imports. Apart from its desirability in the interest of the bacon industry, the position of the consumer* cannot be ignored. The effect of a quota, in the present condition of over-supply, will be to reduce the quantity of bacon available for purchase, and, therefore, precaution must be taken to ensure that the whole of that reduced supply is forthcoming.

* We realize that a Committee of Investigation and a Consumers' Committee will be appointed under the Agricultural Marketing Act to protect consumers and other interests from injury through the abuse of its power by a marketing board, but because we recommend special restrictions on supplies not contemplated by the Act so also we feel bound to recommend special safeguards.

15. **Main Headings of Proposals.**—Such problems as the stabilization of supplies and prices, involving the segregation of the pork and bacon markets, cannot be solved by the industry *per se* without Government intervention; to overcome these difficulties, we propose the quota and contract systems. For other matters, such as the improvement of marketing methods, the standardization of good-quality pig types, the increased efficiency of pig production, and the rationalization of the curing industry, we suggest machinery to help pig keepers and bacon curers, collectively and individually, to improve the efficiency of the industry as a whole.

Our recommendations therefore fall under three main headings—namely, (a) quotas, (b) contracts, and (c) general efficiency measures, and will be explained in that order in the succeeding paragraphs.

16. **Structure and Machinery of Proposals.**—Before putting forward our major proposals in any detail, however, we desire first to indicate the structural framework of our proposed plan of reorganization (see Diagram B).

We have adopted the principle, firstly, that bodies whose functions are mainly judicial or executive should, as far as possible, be separate entities, and, secondly, that bodies of the former class should be non-representative and those of the latter class mainly representative in membership, for on executive bodies would fall the onus of operations requiring practical knowledge and the willing concurrence of the industry. Further, the achievement of simplicity and practicability has been our constant objective.

Analysing our recommendations, it is found that the relevant functions fall under the following main headings:—

- (a) Quota determination and allocation.
- (b) Home and import quota administration.
- (c) Negotiation of contract terms and prices.
- (d) Contract administration, including the assembly and transport of pigs.
- (e) The formulation and approval of plans for developing and increasing the general efficiency of the industry.
- (f) Execution of approved plans.
- (g) "Efficiency services," such as carcase and bacon standardization, pig-recording, etc.

Quota determination should be in the hands of an independent and non-representative body, judicial in character; for this function, we suggest (see also paragraph 20) a *Quota Advisory Committee*, similar in character to the existing Import Duties Advisory Committee. Quota administration should also, as far as possible, be in the hands of an impartial organization. The import quota will be administered and verified, we anticipate, by the Customs Authorities.

SCHEME FOR NATIONAL BACON POLICY, WITH:—

- (1) ORGANIZATION of BACON CURERS and PIG PRODUCERS under the Agricultural Marketing Act, 1931, and parallel legislation in Northern Ireland.
- (2) PIG INDUSTRY DEVELOPMENT BOARD, consisting of nominees of Marketing Boards in (1) above, with independent nucleus.
- (3) A STANDING REORGANIZATION COMMISSION, for all agricultural products, to make policy recommendations on initiation, or with approval, of Pig Industry Development Board.
- (4) QUOTA ADVISORY COMMITTEE—comparable with Import Duties Advisory Committee.
- (5) BACON IMPORTS ADVISORY COMMITTEE consisting of representatives of Importers and Distributors.

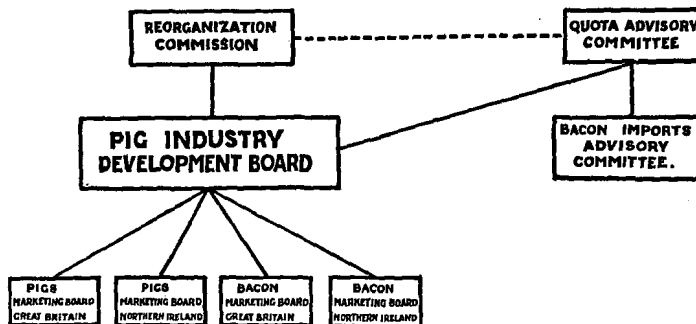


DIAGRAM B.

The home quota should, we suggest, be administered to the satisfaction of the Quota Advisory Committee by the *Pig Industry Development Board*, to which we refer later. This Board will be mainly representative.

We suggest (paragraph 20) that the Quota Advisory Committee will from time to time require to consult or to be consulted by the home and import interests. The Pig Industry Development Board is the obvious body for this purpose on the home side; for the import side, we suggest a *Bacon Imports Advisory Committee*, consisting of representatives of bacon importers and bacon distributors.

The Quota Advisory Committee, the Pig Industry Development Board and the Bacon Imports Advisory Committee will, of course, have United Kingdom status.

Under the Agricultural Marketing Act, 1931, there will be needed a Great Britain Pigs Marketing Board and a Great Britain Bacon Marketing Board. In addition, as the Agricultural Marketing Act does not extend to, and as conditions are different in, Northern Ireland, there will probably be two comparable bodies in Ulster.

Contract terms and prices must be negotiated by representatives of farmers on the one hand and of curers on the other; this will be one of the special functions of the *Pigs Marketing Board*, representing pig producers, but we are informed that an amendment of the Agricultural Marketing Act will be required before it can become a recognized function of the *Bacon Marketing Board*, representing the bacon curers. Contract administration will be in the hands of the Pigs Marketing Board, which for this purpose will require to collaborate with the Bacon Marketing Board. This essential collaboration would most easily be maintained through the Pig Industry Development Board. Both Marketing Boards will be concerned with efficiency services (see paragraphs 34-44).

We attach particular importance to the Pig Industry Development Board. This body should be representative of the Marketing Boards, strengthened by the addition of three independent members, one of whom should be the Chairman. The probable functions of this body, which include the administration of the home quota, the control of new factory construction and extension (see paragraphs 41, 42 and 43), and the formulation of a common policy, clearly indicate the need for this Board as a *representative* body to link up the separate interests of Great Britain and Northern Ireland and of pig producers and bacon curers. This body, in our view, should be empowered to arbitrate between the two commodity boards in the event of a breakdown in their negotiations over contract terms and prices. We think it desirable that this body should be given legal status and executive power by new legislation, preferably in the form of an amendment to the Agricultural Marketing Act, 1931. It should be financed on some equitable basis by the constituent Great Britain boards and by the corresponding bodies in Northern Ireland.

It is already contemplated in the Act (Section 15 (2)) that the duties of a Reorganization Commission will not necessarily cease with the preparation of a scheme, and we contemplate that the subsequent operation of any bacon scheme will call for the assistance of an independent body competent to initiate plans and to examine those prepared by the industry with a view to forwarding a request to the Minister that they should be given statutory sanction. But we think it right to exceed our instructions to the extent of suggesting that the interests of agriculture would best be served by a single permanent body rather than by a number of Commissions; this would, in effect, become an independent but statutory national planning body, not limited to the consideration of pigs and bacon but acting as a non-political and permanent body, financed from public funds, to watch over the movement, now clearly discernible, towards closer association of effort in agricultural marketing, to devise ways and means of promoting organized efficiency at all stages and to put forward suggestions for solving the structural problems that arise in applying the principles of organization to the many primary and manufacturing industries that make up the agricultural industry as a whole and in adapting agricultural commerce to the changed conditions of the post-War world.

The execution of approved plans must be in the hands of those who know the industry—i.e. the Pig Industry Development Board when issues are involved which are common to the whole industry, or, perhaps, are shared with other industries, or the Pigs or Bacon Marketing Boards, when their individual interests alone are at stake.

Efficiency services, such as pig and bacon standardization, pig-recording and litter-testing, production and marketing research, could be carried out by the Pigs or Bacon Marketing Boards under the provisions of our draft schemes (see Appendices A and B). Most of these services will, however, be so essentially of utility to both feeders and curers, that they might, with considerable mutual advantage, be performed by what will be, in fact, a joint board of these interests and the executive headquarters of the industry—i.e. the Pig Industry Development Board.

PART IV.—QUOTA RECOMMENDATIONS.

17. **Import Quotas.**—The administration of quotas can take several forms, of which two in particular have been examined closely by the Commission—namely, what may be called “global” and “national” quota systems.

In either case, it is necessary to determine the total permissible volume of imports over a given period. Under the global system, the whole of this volume is thrown open to competition among all exporting countries; under the national system, a share in this quota is allocated specifically to each exporting country.

It has been claimed on behalf of the global quota system that, by encouraging competition, it will secure the cheapest possible supplies of bacon and that it will favour the most efficient shippers, but we see the following objections to it. There would be a tendency for imports to be rushed to our ports by competing shippers at the beginning of every quota period, an action which must cause confusion in administration, in supply and, consequently, in price, whether the quota period be long or short. The system would also introduce uncertainty into the distributive trade, which would never be sure of continuity of supplies of a given type.

Finally, it would offer little attraction in our markets to those countries which have built up, or wish to build up and maintain, a bacon industry, and might well discourage production for export to this country to an extent that would injure the home consumer.

The chief objection offered to the national system is that it may give shippers an opportunity to exploit this market; our views on this point have been given in paragraph 12, and we can only point to the precautions which we have recommended in the concluding sentence of that paragraph and reiterate our belief that security in this market will be regarded as too valuable an asset to be thus abused. Moreover, the known interchangeability of public demand from one food-stuff to another, and, particularly, from one kind of meat to another, is an additional safeguard.

We therefore recommend that a quota should be allotted to each exporting country and that the quota period should be one of 12 months, the national allocations being reconsidered annually. Within the quota year, each exporting country should be required to deliver equal proportions of its quota within each fortnightly sub-quota period, subject to adjustments proved to be necessary to meet seasonal fluctuations in market demand. Equalization of delivery undoubtedly presents a more difficult problem to, say, United States shippers, who are further from this market, but nothing should be permitted to destroy the stability of market supply, which is the foundation of our proposals. It is possible that this difficulty may be minimized if delivery is permitted from bonded warehouses in this country and if a system of tolerance is adopted which will allow each country a maximum variation of 5 per cent. above or below the standard quantity, both over the whole year and within each fortnightly sub-quota period.

Provision should, however, be made for the re-adjustment and re-allocation of any country's quota, not only at the end of a year but in the course of a year if imports from that country are outside the tolerance limits and, in particular, if they fall below the lower limit of the fortnightly tolerance for three consecutive fortnightly periods or for six or more fortnightly periods in any six months. The Quota Advisory Committee should also have an overriding power to recommend, in the public interest, arbitrary increases or decreases in the quota of any country.

Similar administrative provisions should govern all imports, whether from Empire or foreign countries, and we consider that any preferential quota allocation given to a country within the British Empire should be at the expense of the foreign import quota and not of the home quota. Except in the circumstances covered by the immediately succeeding sentence, the control over the quantities of bacon imported would be most easily maintained at the ports. A special situation is presented by countries such as New Zealand, Australia and the Irish Free State, exports from which may take the form of fresh or frozen carcasses (and also live pigs in the case of the Irish Free State) to be used for manufacture into bacon in the United Kingdom; in these cases, such imports should be admitted only as part of the bacon quota of the exporting country. The procedure explained in paragraphs 18 and 20 will suffice to administer such an arrangement.

18. **The Home Quota.**—We have already recommended that the home quota shall be allotted in accordance with the number of pigs contracted to be sold to bacon factories* during any quota period, and we suggest that the home-quota period shall also be one year, and that there shall be a tolerance of 5 per cent. above and below the quota figure.

In more specific detail, we recommend that the home bacon quota shall be equal to, and shall not exceed, the total number of contracts for pigs for delivery within the quota period and that it shall be permitted to increase automatically by 10 per cent. † every four months, provided that the volume of contracts shows a corresponding increase and provided also that it shall in no case exceed the actual quantity of bacon sold during the preceding period, plus the four-monthly 10 per cent. increases.

To implement this proposal, there will need to be a standard rate of conversion from pigs to bacon for the purposes of quota calculation; this will need to vary as between the Wiltshire and Midland trades.

The effect of these proposals will be—

(a) that the home quota will not exceed a figure at which producers have contracted to supply and curers to accept the raw material;

(b) that to the extent that the conversion scale, referred to above, operates correctly, curers will be prevented from selling, in the United Kingdom, bacon made from non-contract pigs, or from contract pigs in excess of quota requirements, and there—

*Throughout this Report we have interpreted "bacon factories" in the light of the definition of "curer" in paragraph 2 of the Pigs Marketing Scheme (Appendix A): We consider that, for quota purposes, no notice should be taken of the casual output of small butcher-curers.

†As the volume of imports is today at least eight times the volume of the home output, for some years to come the four-monthly increases in the home quota will represent such comparatively small quantities that import quotas might be adjusted only once a year.

fore there will be no demand for non-contract bacon pigs, or for contract pigs in excess of quota requirements except (i) to replace contract casualties, or (ii) for manufacture into bacon for export ;

(c) that, in consequence, the export of bacon will need to be done under licence, which would be issued on request ;

(d) that curers will only be able to sell bacon made from imported live pigs or carcasses if they hold quota certificates issued by the country of origin of those pigs or carcasses.

It is inherent in an effective quota system that there must be preventive or penal machinery to secure that the quota is not exceeded ; it is equally necessary, in the interest both of the consumer and of the industry, to secure that, within the limits of tolerance, the quota is filled. We therefore recommend, in the case of the home quota (we have already made a similar recommendation in the case of import quotas), that if, in any period, home supplies are insufficient to fill the home quota, then in the succeeding quota period the home quota, irrespective of the number of contracts, shall not be allowed to exceed by more than 10 per cent. the actual output in the period of default ; we recommend, further, that, for any such default, the responsibility of individual curers, as proved by a comparison of the quantity of the contract pigs delivered to them and of the bacon sold by them, shall be visited upon them in the form of reduced individual shares in the home quota.

We attach equal importance in the case of the home output, as in the case of imports, to the equalization of supplies throughout the year, and consider, therefore, that the home quota should be given in terms of so many hundredweights a month ; this will need to be subject to the same tolerance of 10 per cent. from month to month, which we consider, and later recommend as, a necessary term of the individual contracts. We appreciate also that seasonal features in market demand may need to be reflected in the monthly quota figures.

As indicated above, we recommend, also, that the Quota Advisory Committee should have an overriding power to recommend an arbitrary increase or decrease of the home quota in the public interest.

19. Volume and Distribution of Import and Home Quotas.—Estimating the quantity of home-produced bacon and hams available for consumption in the United Kingdom* in recent years at approximately 1,750,000 cwt., total annual supplies have averaged 10,670,000 cwt. over the 6-year period 1925-30 ; the year 1931 has been omitted because of its abnormality. There seems justification for regarding this figure as a normal annual supply at the present

* After deducting annual exports of domestic produce averaging about 45,000 cwt.

level of population, and we recommend that supplies should be maintained at this figure at present.

It will no doubt be said that the rate of increase in bacon supplies during the last two years is evidence that even now there is not too much bacon on the market, and we would concede that, at lower price levels, even larger quantities could without doubt be sold, but we are not convinced that these increased supplies would be forthcoming indefinitely at the level of prices which has been ruling and must rule if they are to be absorbed. In fact, we would repeat that the period of readjustment to more normal price and supply levels must come eventually, whether or not any action is taken on this Report; as we have said, there are indications that the process has started already.

The exact basis of the distribution of the quota among individual countries is not material to the Commission's proposals and will be affected by a number of possible considerations with which we have no concern; but having regard to our conception of the quota as an instrument of constructive value to the exporting country as well as to the importing country, we would suggest that, in selecting the basis, due consideration should be given to the interests of those countries which had struggled to maintain and to build up efficient industries under the difficult conditions ruling in recent years.

If total supplies were to be stabilized at 10,670,000 cwt., and if a satisfactory basis of allocation of import quotas were adopted, it would still be impossible to estimate the actual percentage relationship of quotas to the basic period until some date shortly preceding the first quota period. Apart from any preferential treatment accorded to the Dominions, the share of the United Kingdom would not be known until the closing of the period for signing contracts; thereafter, the uncertainty would not rule to anything like the same extent if the home quota is permitted an automatic increase of 10 per cent. every four months and so long as home producers avail themselves of this potential increase.

It has already been explained that, for some years, import quotas will not need to be changed more frequently than once a year to reflect the four-monthly increases in the home output for which we have provided.

20. **Administration of Quotas.**—The operation of a bacon quota system will involve certain highly responsible duties, the chief being—

- (a) the determination of, or the making of recommendations as regards, the periodic readjustment of home and individual import quotas, and of total supplies;
- (b) the protection from exploitation of consumer and other public interests; and
- (c) the prevention of evasion of quota regulations.

These duties will need to be performed by or on the initiative of a body, judicial in character and in function, and we have suggested for this purpose a *Quota Advisory Committee*, similar in constitution and method of operation to the existing Import Duties Advisory Committee. It is not our function to consider whether the quota principle is likely to be extended to other commodities, agricultural or industrial, but we venture to exceed our terms of reference to the extent of suggesting that any body specifically charged by legislation with bacon and ham quota determination should have broad powers which will empower it similarly to function in the event of it being decided that the supply of any other commodity should in future be subject to quantitative regulation. We anticipate that the necessary quota legislation would provide for the implementation of the Quota Advisory Committee's recommendations by Statutory Order, as in the case of the Import Duties Advisory Committee. The principles on which we suggest the Quota Advisory Committee should base its recommendations have been stated in paragraph 12.

The Quota Advisory Committee will require to consult representatives of the home pig industry, of the bacon importers, and of the distributors on such technical points as, for instance, the productive capacity and efficiency of different countries, the seasonal nature of supply and demand and provision therefor, the trend of demand in relation to the demand for other meats, the quality of supplies of various origins, and details of administration. In the same way, the home industry, the importers and the distributors will, from time to time, wish to make representations to the Quota Advisory Committee. On the home side, the co-ordinating link would be the Pig Industry Development Board; on the import side, we suggest a *Bacon Imports Advisory Committee*, consisting of representatives of importers and distributors with a neutral chairman.

Reference has already been made to the probability that the checking of the volume of bacon imports will be carried out at the ports; the checking of the home output could be done through an inspection of the records of bacon factories.

In the case of imports, it would seem necessary to issue quota certificates. These certificates could be issued either to the shipper or to the importer, but we believe that the former alternative would be preferable. Just as we desire to encourage efficient marketing in this country and believe this to be synonymous with some degree of central control—at least over quality standards and terms of sale—so we wish to avoid any recommendations likely to discourage similar action in other countries. We therefore recommend that licences to export to the United Kingdom the annual quota volume of bacon should be issued to the Government of any country which has established a reputable organization to administer the sub-allocation of these licences, and that from these

countries bacon should only be admitted if accompanied by documents bearing the authorization of the Government or on approved organization. It has, however, been pointed out that the restriction of imports creates an opportunity for large distributors in this country to secure a monopoly of certain sources of supply to the serious prejudice of small retailers, and it has been suggested to us that this situation should be met by admitting to this country only bacon consigned to a registered importer. We have been unable to satisfy ourselves as to the reality of this potential danger, but recommend that the powers given to the Quota Advisory Committee, or the appropriate Minister, should be such as to enable this danger to be removed if it should materialize. For example, it might be possible to meet such a situation by a temporary removal from selected sources of supply of the quota restrictions upon them, or by the temporary issue of import licences on the advice of the Bacon Imports Advisory Committee.

We have also considered whether any alternative machinery should be created for use in the case of the failure of any country to control the sub-allotment of quota certificates, but we consider that the granting of a quota to any country should be dependent upon the creation in that country of the machinery for the fair allotment and control of quota certificates.

The machinery to control the home quota should be simple. The permitted output of each registered curer would be in proportion to the volume of home-produced pigs which he has contracted to buy, and he should be liable to severe penalties if the inspection of his books shows that in any quota or sub-quota period he has sold bacon in excess of his quota unless that excess can be supported by vouchers of the two following descriptions:—

(a) *Export Licences.* These should be issued on request, but machinery should be provided to ensure that bacon in respect of which export licences have been issued is, in fact, exported.

(b) *Import Quota Certificates.* It is permitted to certain countries, which do not come under the prohibition on account of foot-and-mouth disease, to export live pigs and fresh or frozen pork to this country, and it is the practice of curers in this country to manufacture bacon from these pork supplies. The importation of live pigs and pork will not be restricted by a bacon quota, but their purchase for manufacture into and sale as bacon will, in practice, be subject to the quota restriction upon the home bacon output. We therefore recommend that bacon quota certificates issued to any country permitted to export live pigs or pork to this country shall be valid either to cover consignments of bacon or of live pigs or carcasses destined for conversion into bacon; in the latter case, they will be acquired by the home bacon curer and will be presented

by him as vouchers covering an excess of bacon beyond his home quota.

We consider that the administration, including the verification of the home quota, should be performed by the Pig Industry Development Board, to the satisfaction of the Quota Advisory Committee.

We are advised that our quota proposals accord with treaty obligations.

PART V.—CONTRACT RECOMMENDATIONS.

21. **Contracts.**—The principle behind the contract system and the reason why the Commission believe contracts to be an essential concurrent of the quota in the particular circumstances of the home bacon industry have been stated in paragraph 14. We have emphasized that contracts should be the basis of the home quota and that a basic price should be attached to contracts; these suggestions need now to be elaborated.

22. **Basic Contract Price.**—If, as we recommend, the home quota period is to last one year and the home quota is to be based upon contracts made before the quota year starts, then it is obvious that producers will be required to contract to deliver to bacon factories numbers of pigs not yet born. Under the conditions ruling today, such an operation would be highly hazardous, and before the system can be introduced, the hazard must, as far as possible, be removed.

One of the main problems before the Commission was to reconcile the conflicting interests of pig producers and bacon curers. On the one hand, it was impossible to recommend a system of contracts unless those contracts carried a guarantee that any producer of reasonable efficiency would not incur a loss through his contract for reasons, such as the high costs of feeding-stuffs or the weakness of the bacon market, which were beyond his control. On the other hand, it would be equally useless to ask the bacon curers to accept an obligation to pay to producers a margin of profit unjustified by the price at which bacon can be sold. We therefore determined to recommend a firm basic price for pigs limited to and varying with a standard cost of production, but not including any element of profit which we think should be variable and negotiable from time to time; we suggest below a formula which fulfils these conditions. Moreover, we recommend that this or any other formula shall only be varied after one year's notice by either producers or curers. The details of any formula would, of course, be a matter for negotiation between the Pigs and Bacon Boards.

The adoption of these recommendations should be unaccompanied by risk to either producers or curers. The regulation of imports, which is fundamental to these proposals, will prevent the excessive competition that has occurred in the past and will prevent any attempt on the part of overseas shippers to stifle the

home industry. We do not believe that, with this protection, curers will be unable over a period to sell their bacon at a price which will permit them to pay farmers at least the bare cost of producing pigs; indeed, if we had thought that this guarantee, in all the circumstances, imposed upon bacon curers a risk which they should not be asked to accept, we should have felt in some doubt whether the home bacon industry was one that either could or should be helped. To producers, on the other hand, the formula will offer reasonable security against loss, and it is with the object of making this security effective and useful, not only to the feeder but to the breeder, who has to look further ahead, that we suggest that the formula should be modified only after one year's notice. As we have stated, however, the formula is not intended to provide for the pig producer's profit; the extent and even the existence of this must depend upon the strength of the bacon market.

If, as we anticipate, the effect of the quota is to stabilize prices at a level which will permit curers to pay a price higher than the formula price, then it will be the duty of the Pigs Marketing Board, by periodic negotiation with bacon curers, to secure this additional price. It follows, therefore, that the contracting producer may be taking a risk as to his profit; it will be a condition of his contract that he should receive any addition to the basic price that may be agreed nationally from time to time, but he may not know in advance what that addition will be when his pigs come to be sold or whether it will be altered from its current rate before his pigs are sold. Alternatively, it might be possible to give the producer the option of accepting a profit-margin fixed before and unalterable during the period of his contract; in this case, the curer would be carrying a greater risk, which one would expect to see reflected in the profit margin.

We have referred in paragraph 16 to the inclusion among the functions of the Pig Industry Development Board of that of arbitrating between the Pigs and Bacon Marketing Boards in the event of their failure to agree upon contract terms and prices. Before making this suggestion, we considered other channels of arbitration and reached the conclusion that the existence of the three independent members would make the Pig Industry Development Board, or possibly the independent section of it, a suitable body to be given statutory power, at the request of either board, to make an award which shall be binding upon all producers and curers who elect to make contracts for delivery during the period covered by the award.

23. A Suggested Price Formula.—As we have already said, any formula must be a matter for negotiation, but a possible formula which fulfils the conditions advocated in the preceding paragraph is that:—

The minimum price of a bacon pig of standard specification "ex farm" shall be 35s. per pig plus 10·3d. per score of 20 lb.

dead weight for every 1s. per cwt. in the average cost of a defined ration* during the four months preceding the month of delivery.

It will be seen that this formula has two parts, one constant and the other variable.

The constant part includes (a) the cost of the weaner and (b) overheads from weaning to slaughter. It is made up as follows:—

(a) Weaner :		<i>s.</i>	<i>d.</i>
Food cost .. .. .	..	15	0
Overheads .. .. .	..	10	0
(b) Overheads :			
Weaning to slaughter ..	..	10	0
Total .. .. .	..	35	0

i.e., 5s. per score on a 7-score carcass.

(a) Assuming eight pigs weaned per litter and the consumption of 12 cwt. of food by the sow during pregnancy and suckling (this figure also to cover a share of the food-cost of the boar), a 25-lb. weaner would require $1\frac{1}{2}$ cwt. of meal. This is charged at a constant price of 10s. per cwt. (or 15s. for $1\frac{1}{2}$ cwt.), which includes an element of profit or loss to the producer, according as the current costs of food are below or above this price. Subtracting this 15s. from the Pig Industry Council's figure of 25s. as the cost of a weaner, there remains a sum of 10s. which would represent all the costs of the weaner except food.

We are aware that, statistically, more accurate results would be shown if the food-cost of the weaner were calculated at current rates; but we believe that, over a period, the figure we suggest is not likely to prove unreasonable, and we think that the inclusion of the total weaner-cost as a constant makes for simplicity in the formula.

(b) The figure of 10s. compares with the Pig Industry Council's estimate of 1s. 6d. per score—i.e., 10s. 6d. on a 7-score pig, or 12s. on an 8-score pig, to cover overheads from weaning to slaughter.

The variable part of the formula is based on the assumption that a 7-score pig, in increasing from 25 lb. (weight of weaner) to 185-190 lb. live weight, consumes 6 cwt. of concentrates on a normal ration. This actually amounts to a consumption of 4·2 lb. of food per 1 lb. live weight gain from weaning to slaughter. Given suitable stock and housing and a scientific ration, a feeder of normal efficiency should be able to maintain this rate of gain. The Pig Industry Council assumed a gain of 1 lb. per 4 lb. of meal, and this has long been regarded in the pig industry as an attainable ideal. It is not claimed that 6 cwt. of food per bacon pig is an *average* for this country. The aim should rather be to fix upon a standard ration which, if properly used, might be expected to give this rate of gain, and to base pig prices upon it. It is not, however, the function of the Commission to recommend an actual basic ration.

* The phrase "defined ration" does not imply a ration which must be used by all feeders but a typical ration which is used as the basis of contract-price calculation

A simple calculation indicates that for every 1s. per cwt. in the cost of the ration, the feeders' costs are 6s. per 7-score pig or 4-shilling (10'3d.) per score dead weight.

It has been suggested to the Commission that provision should be made for substituting given proportions of other foods* for each element in the defined ration, in the event of the former being cheaper. This seems sound in principle. It would, for example, be unsound to peg the price of pigs to barley-meal if exceptional circumstances made that food much dearer than, say, maize-meal, which is an efficient substitute up to certain limits.

The use of the formula, with any given level of feed-costs, results in a different price per score for pigs of different weights; for example, with food-stuffs at 7s. 6d. per cwt., the following results are shown :—

Dead Weight of Pig.	Price per Pig.		Price per Score	
	s.	d.	s.	d.
7 score	80	6	11	5
7 score 10 lb.	83	3	11	1
8 score	86	5	10	10

Comments upon this feature have already been made by some of the witnesses whom we have consulted. The explanation lies in the fact that overheads, which are largely constant whatever the weight of the pig, have so been treated in the formula; besides being accurate in the matter of costing, this method of treating overheads has the merit of encouraging the light-weight side that is in general demand, at any rate for the Wiltshire trade. If, however, it is desired that as between defined weight ranges there shall be a uniform price per score, the addition representing the feeder's profit could be added in such a way as to produce a flat price per score for all pigs within the weight ranges thought most desirable for the Wiltshire and Midland trades, respectively, with deductions for pigs of less suitable weight.

We have referred in our formula to a minimum price of a bacon pig of standard specification; the significance of this is that the price paid should be applicable only to a standard carcase, according to a defined specification, and that it should be subject to additions or deductions in accordance with carcase quality and weight range. This policy has been advocated by the Pig Industry Council, and it is one to which we attach the greatest importance.

It may be found in the interest of farmers and curers that the basic price should provide for other additions or deductions, in respect of such matters as regularity or seasonality of delivery or, even, factory-throughput in relation to capacity. Alternatively, these matters may be considered periodically at the same time as

* Published price quotations for feeding-stuffs are generally ex-mill or ex-store in 2-ton lots or more; it must be taken into consideration, in working out the formula, to what extent these are the prices actually paid by farmers.

negotiations are conducted to decide the addition to the basic price representing the farmer's profit.

24. The Contract Period.—We have considered the comparative advantages of short, medium and long-term contract periods.

The short-term contract of, say, three or six months is open to the great objection that it creates too many opportunities for feeders to switch from bacon to pork, and *vice versa*, in search of a temporary advantage, to the great detriment of all plans for the ordered expansion of the home bacon output; this point is referred to more fully later on. Moreover, the principle of basing the home quota upon actual contracts makes it essential that the contract period shall not be shorter than the quota period, and it would complicate the administration and add to the uncertainty of import quotas if the home quota period were shorter than that of the import quota.

The sole advantage of a short-term contract—and this advantage is limited to contracts not exceeding four months in length—is that it dispenses with the necessity for contracting for pigs not yet weaned; this reduces the individual risk of contract-default—a risk against which provision must be made in all contracts, and particularly in the case of those of longer duration (see also paragraph 28).

We recommend a yearly contract period, coinciding with a yearly quota period. The effect of the adoption of this recommendation would be that, before the close of each calendar year (at the latest date which would allow time for the arrangement of import quotas), producers would be required to sign contracts in respect of all pigs which they desired to consign to bacon factories during the coming year. Once a new quota and contract year had started, no more contracts for delivery within that year could be signed. Although this system has the great advantage that it gives a farmer security for at least a year at a time, it presents certain obvious difficulties—discussed later—which we believe can be overcome. We are fortified in this belief by the consultations which we have had with producers from all parts of the country.

We do not, however, exclude the possibility that, to many producers, and particularly those who both breed and feed, there will be attractions in a contract for a longer period than one year, and we think that such contracts should be encouraged.

25. The Contract Route.—Contracts could be made between the individual producer and the individual curer—i.e., the “direct method”—or they could be between the producer and the Pigs Marketing Board on the one hand, and between the Pigs Marketing Board and the individual curer on the other—i.e., the “collective method”; we have given considerable thought to the relative merits of these two alternative contract routes.

We think it essential that contract prices should be determined by negotiation between authorized representatives of pig producers and bacon curers, respectively, and that the agreed terms should apply to all contract sales throughout the United Kingdom. If this is accepted, it would seem that the bargaining strength of individual members of the two groups is not a relevant factor when considering between whom the contracts should be made.

The direct feeder-curer contract route has certain advantages. It encourages the continuation of the personal connexions that exist to-day between the feeder and the factory. It places upon curers the responsibility of getting contracts and of arranging for the equalization of deliveries from week to week. It involves the minimum of administrative interference between the parties. On the other hand, it places upon curers the risk of having contracted to buy more pigs than the home quota subsequently permits them to sell as bacon. Moreover, by permitting curers to contract to buy pigs wherever they wish, it encourages criss-cross traffic in pigs over long distances and the retention by factories of agents in all parts of the country, both of which must add to marketing costs.

The feeder—Pigs Board—curer route also has advantages. It would permit control over the movement of pigs from farm to nearest suitable factory. Moreover, the administrative work on contracts has to be done by someone, and it could probably be done as economically by the Pigs Board as by, say, 60 firms of curers. The fact that, under the direct method, the expense would be borne in the first instance by curers would not, in reality, prevent it falling ultimately on the producer, for every item of curers' cost helps to lessen the price which they can afford to pay for pigs.

The allotment of contracts to curers, under the collective method, could be done *en bloc*, by areas, and, in the case of factories which are compelled to draw supplies of pigs from all parts of the United Kingdom, contracts could be allotted with an eye to certain *ad hoc* collecting stations. It would, however, place on the Board the difficult task of allotting contract pigs among the competing curers fairly and with due regard to the curers' efficiency.

It has also been necessary to consider other factors, such as which system would be more equitable, which would give more encouragement to the most efficient factories and to the rational development of the curing industry, and which would facilitate the operation of the quota system. We have not found it easy to determine on which side the balance of advantage lies, and in recommending, as we do, the adoption in principle of the direct feeder-curer method, we have been greatly influenced by a desire to leave undisturbed as much as possible of the existing trade structure and methods.

We find it necessary to qualify this recommendation for several reasons. Firstly, it has been represented to us by bacon curers

that they would be glad to be relieved of the necessity for enforcing contracts against individual producers, and we ourselves see advantages in and recommend the assumption of that duty by the pig producers' own marketing board. We think, secondly, that it will be wise to require that all contracts shall be registered by the Pigs Marketing Board before they become valid; this will permit the Board to ensure that all contracts adhere to the standard conditions and prices, and that contracts are not unwittingly made in excess of the maximum possible home quota, the volume of which will be known in advance (see paragraph 18). Thirdly, provision has to be made against the normal mortality among growing pigs which producers have contracted to supply, and for the protection of contracting producers who have defaulted on their contracts for reasons for which they are not responsible. These points are referred to in paragraph 28, but we recommend, as part of the solution of these difficulties, that the Pigs Marketing Board should retain under its own control a reserve pool of contracts from which to replace casualties. Lastly, we foresee that two classes of producers might find difficulty in securing contracts direct with curers, these being the very small producers and the breeders who want a long contract over several years; we have accordingly made provision to enable these producers to contract with their marketing board.

The machinery which we recommend—which is incorporated in paragraphs 37 and 38 of the Pigs Marketing Scheme (Appendix A)—preserves the principle of direct contracts between feeders and curers, but permits the departure from that principle in the cases described above. We suggest that, at the joint request of a producer and a curer, the Pigs Marketing Board shall be *required*, with certain qualifications, to buy pigs from the producer and to sell them to the curer. Thus, it is the Board which actually signs contracts with curers and feeders, respectively, though both curers and feeders retain entire liberty, in the one case, to send pigs to any factory and, in the other, to buy pigs from any producer. We suggest also that the Board shall have general power to buy and sell pigs, which will permit the maintenance of the reserve pool and the making of contracts by the Board with those two classes of producers, mentioned above, who we think may have difficulty in arranging contracts with curers.

26. Payment of Transport Costs.—We have considered whether the nationally agreed price for a standard pig should be "ex farm" or "at factory." If the national price were "at factory," then, as no farmer could sell for, and no curer could buy at, other than the national price, farmers would tend to contract with the nearest factory. Factories situated in pig-producing areas would therefore probably be able to obtain contracts up to full capacity. Curers located outside such areas (whether they operate

large urban factories or small country units) would tend to be short of supplies. Thus, farmers not in the vicinity of factories, and factories outside major pig-producing areas, would both tend to be prejudiced.

On the other hand, if the national price were "ex farm," there would be no break with the current practice according to which curers to-day habitually pay transport charges, and though factories situated in producing districts would, as to-day, obtain pigs at less freight-cost, the ability of large and efficient factories to pay rather more for their pigs would enable them to contract for pigs from greater distances and in competition with local factories in producing areas. This would, of course, involve some overlapping of the regions of supply of different factories. There is also the objection that farmers, situated in those parts of the country from which rail charges to the nearest factory are abnormally high, might find difficulty in securing contracts; this difficulty is due to the uneven distribution of factories throughout the country, and we suggest that it should be given weight by the Pig Industry Development Board when considering the licensing of new factory construction.

We think that the balance of equity rests on the side of an "ex farm" national price, and that this system would also favour the more efficient factories; we therefore recommend its adoption.

27. Operation of the Contract System.—Briefly, we visualize the contract system working in the following way:—Before the beginning of each quota year, producers would contract to sell, and curers to buy, pigs upon the basis of the price formula, subject to any profit addition that may from time to time be fixed by national agreement.

These contracts would specify, *inter alia*, the month of delivery; while producers, particularly those on a large scale, would be encouraged to deliver equal monthly quantities, contracts could also be made for deliveries only in one or more specified months. Shortly before the beginning of the quota year, the register of contracts for that year would be closed and the sum total would be reported to the Quota Advisory Committee by the Pig Industry Development Board, with a request that an equivalent home bacon quota should be granted. We have suggested in paragraph 18 some rules which should govern the quantitative relationship of contracts to the home quota, but have said that we do not consider that these general rules should override the ultimate power of the Quota Advisory Committee to recommend an arbitrary increase or decrease in the home quota on grounds of public interest. The prospect of any such arbitrary alteration, however, should be so remote as to enable the Pigs Marketing Board to estimate closely what will be the maximum home quota in any ensuing period and to take steps to secure that part of the quota is not lost for lack

of contracts and, equally, that the number of contracts accepted does not exceed the home quota.

We consider that the Pigs Marketing Board should keep a register of contracts made in accordance with paragraph 38 of our draft Pigs Marketing Scheme (Appendix A), and we provide that the Board should be empowered to refuse to register further contracts for any quota period, or any part of a quota period, if in its opinion there were a likelihood of the total number of contracts registered exceeding the number required to fill the home quota. Moreover, unless steps were taken to prevent it, there would always be a danger of deliveries under the contracts fluctuating from month to month, with perhaps a pronounced seasonal swing. We assume that the Quota Advisory Committee will overcome this tendency by making the home quota conditional upon the spreading of contracts reasonably equally over the year, and the Pigs Marketing Board will, therefore, need to keep careful watch to make sure that the contracts booked for any one month are not seriously out of line with those booked for the other months.

It is possible that, at times, the contracts offered by producers will exceed the number required to fill the home quota; in such cases, we think it important at all costs to preserve the stability of total supplies, and the principle of "first come, first served" should rule; this will act as an encouragement to early contracting and to long-term contracts, at the expense of those producers who might prefer to wait upon the course of the pork market.

28. Protection against Contract Default.—Any contract for a longer period than seven or eight months must be partly in respect of pigs not yet born. The main difficulty attaching to long-term contracts from the feeders' standpoint is, therefore, the risk of small litters and heavy losses of young pigs before weaning. Over the whole country, however, variations in the birth and death rates are not very wide, and it is the individual's rather than the collective risk which has to be guarded against.

It is, of course, essential that the individual producer should be protected from incurring penalties in the case of an involuntary contract default. This could be done in several ways, viz. :—

(i) The rate of delivery under contracts could be subject to a total tolerance of 5 per cent. over the year and to a tolerance of 10 per cent. from month to month. A tolerance alone would not suffice, for if the tolerance is to be adequate for the protection of the producer, it must be excessive for the stability of the scheme.

(ii) There might be what would amount to a system of insurance against damages through involuntary default.

(iii) The Pigs Marketing Board could and, in our opinion, would need to, control a pool of surplus contracts from which to replace net deficiencies which are bound to occur. Such of

these surplus pigs as were not required to replace contract casualties would have to be sold in the pork markets.

The three methods could be worked in combination. Subject to the payment of a levy on each contracted pig, a producer would be exonerated from all subsequent *involuntary* default, provided that he complied with the Pigs Marketing Board's instructions as to reporting immediately the cause of any default. The Pigs Marketing Board would thus assume any liability for the default. The liability would take two forms: firstly, there would be the legal aspects of the contract, and, secondly, the practical need to maintain the supplies at a level which will not result in any reduction of the home quota. The Board would on both counts be anxious to replace the missing supplies and could do so (i) from the reserve pool or (ii) by buying pigs in the open market; in either case, any loss should be financed from the levy fund.

Where replacements proved impossible, legal damages, due to the curer, would be a charge upon the levy fund.

Wilful default should expose either party to the contract to the legal consequences.

29. Rate of Contract Deliveries.—We have suggested that contract deliveries should be subject to a total tolerance of 5 per cent. and to a monthly tolerance of 10 per cent. on the agreed rate of delivery. This monthly tolerance could operate in the following circumstances (fractions of a pig counting as one pig):—

(i) A producer supplying, say, 20 pigs a month throughout the year could supply between 18 and 22 in any month, provided that his total yearly deliveries were between 228 and 252.

(ii) A producer contracting to supply 12 pigs in June and 12 in December could be allowed to supply, say, two pigs in May or July and 10 in June, and be afforded a similar privilege over his December deliveries.

(iii) A producer contracting to supply 20 pigs a month with a further 30 pigs in September, October and November, would enjoy the tolerance on the regular monthly supply and a further tolerance during the three autumn months.

In recommending that contracts should specify the month of delivery, we have had regard to the fact that, at any time within the month, the deliveries may take the form of pigs at the bottom or the top of the weight-range permitted by the contract. This consideration must make it easier for producers to deliver in the specified month.

30. Contracts and the Small Producer.—The experience afforded by milk and sugar beet, together with evidence given to us on behalf of small Welsh and Scottish producers, has satisfied us that even small farmers are accustomed to contracts of considerable complexity, and that they will be willing, and even anxious, to make contracts.

The difficulties of fitting small producers into a contract scheme are of a more material character.

The very small producer who may only feed one or two pigs at a time may find curers unwilling to contract with him, on account of the trouble being out of proportion to the value of the business. His pig-feeding operations may be so intermittent that he himself may have difficulty in estimating in advance when he is likely to be able to deliver fat pigs to a factory.

There are, however, several possible ways in which these difficulties may be minimized. We are informed that, even to-day, some curers encourage and even organize local pig clubs, the marketing of whose produce is organized by a secretary who is paid a commission on all sales. The development of this system, combined with one of group contracts, would be of value to small producers. We think, further, that there will be considerable scope for auctioneers and other persons to organize group contracts among farmers, and there is nothing to prevent auctioneers with a regular trade in fat pigs from making contracts with the Pigs Marketing Board, either as principals or as agents for producers.

We think, also, that the Pigs Marketing Board should always be prepared to make contracts with small producers who have difficulty in making a direct approach to curers, and that the Board should use all existing agencies and, if necessary, create fresh ones, for organizing the assembly and shipment of small lots of pigs (see also paragraph 39).

31. The Contract System and the Trade in Stores.—The reduction of disease and the equalization of supplies throughout the year and from year to year are two reasons why producers should be encouraged to pursue a regular breeding policy. Nevertheless, under the conditions ruling in the United Kingdom, the breeding and sale of stores are useful functions and no scheme could operate which did not provide for this trade. Under our scheme, the feeder can contract to sell bacon pigs to a factory having previously made a contract with a breeder of stores or having taken his chance of being able to buy his stores in the open market when he needs them. Alternatively, a contract with a factory could be made by the breeder and could be transferred at the time of sale to the feeder. This transferability of contracts would also tend to make the scheme more elastic in other ways.

We believe that this procedure will meet the reasonable needs of breeders and feeders of store pigs even though it will no longer be possible for producers who have not contracts to buy-in store pigs during any quota period (for delivery to a factory within that period) as a means of converting seasonal or other surpluses of crops or dairy by-products, unless (i) to replace contract casualties, (ii) the store pigs were accompanied by contracts, or (iii) there were a factory demand for pigs for "export" bacon.

32. Reaction of the Contract System upon the Pork Market.— Pig prices and feed prices normally follow inverse cycles (see paragraph 8). When pig prices are high, feed prices are low, and vice versa.

It is proposed to peg the price of bacon pigs to feed prices, but not so the price of pork pigs. Therefore, when bacon-pig prices are low, pork-pig prices may be expected to be high, and vice versa. It is probable that until some scheme for stabilizing pork production is devised, the cycle of pork-pig supplies will continue, although it is difficult to anticipate what will be the effect on the pork market of an expanding pig population primarily caused by an increasing bacon industry.

If contract periods were as short as four or six months, feeders, before making contracts for bacon pigs, might prefer to wait and see what were the relative prospects of the pork and bacon markets. If bacon-pig prices were up and pork prices down at the beginning of a short-term contract period, all would wish to make bacon contracts. If the opposite were the case, some would go for pork even though by so doing they would depress the pork market before most of them could get their pigs on to it. Under these conditions, curers would never be certain of supplies, and the consequent necessity frequently to vary the home and import quotas would destroy the prospect of a methodical expansion of the home industry and might lead to gross deficiency of total supplies caused by continued instability abroad. The shorter the contract period the greater the opportunity the feeder would have of "rushing from pork to bacon," or vice versa, and the more difficult it would be to segregate the pork and bacon-pig markets and to eliminate the pig cycle, which is the curse of both and particularly the latter: hence our recommendation that the contract period should not be less than a year.

Even a yearly contract period will not entirely get over the difficulty. Various palliatives can be suggested, even if none can be advocated—viz. :—

(i) The contract period might be really long—four years should cover a pig and feed cycle.

(ii) Part of the food-cost risk might be carried by the producer, thus lessening the possible discrepancy between pork and bacon prices.

(iii) A similar result could be attained by weighting the defined ration * with foods (e.g. potatoes) which do not follow the food-price cycle.

(iv) Allowance might be made for pork prices as part of the contract formula.

* The phrase "defined ration" does not imply a ration which must be used by all feeders but a typical ration which is used as the basis of contract price calculation—see paragraph 23.

If, however, the danger from the alternate attraction and repulsion of the pork market were as serious as it can easily be made out to be, then we should have to come to the conclusion that the orderly development of a bacon industry under these proposals is impossible.

But there are considerations on the other side. In the first place, every increase in the pig population of this country will lessen the attraction of the pork market by converting it more and more to a surplus outlet; this we believe to be an inevitable concurrent of an expanding bacon industry. In the second place, the scheme will offer to producers of bacon pigs a security which they have never had before, but with the knowledge that this security depends on their playing up; if, to any considerable extent, producers are likely to persist in vacillating from one market to another, our proposals must be, as they in fact are, such as will protect the consumer and, so far as possible, enable the protection of the quota to be enjoyed by those producers who remain in continuous production of contract pigs. In the third place, the quota proposals will offer the curers something to work for, with the result that every factory will have the strongest incentive to conduct propaganda to secure steady supplies. If the concerted efforts of the curers and the Pigs Marketing Board should fail on any occasion to prevent a serious switch-over from bacon to pork, the penalty will be visited upon the industry in the form of a lower home quota; this should convince all parties wherein lies their real interest.

Finally, if the above considerations do not avail, it may become necessary to widen the scope of the scheme to permit the sales of all pigs to be regulated; this alternative should be avoided at the start but would be a less difficult problem after practical experience had been gained of the regulation of the bacon side of the industry.

33. Contract and Home Quota Provisional Arrangements.—Under a system of yearly contract and quota periods, the fate of the bacon industry, and of every unit, whether producing or curing bacon pigs, will depend for a whole year upon contracts made before the year starts. We have considered, therefore, whether special provision might not be necessary when the scheme was first introduced.

Accustomed as many farmers are to the signing of contracts, there will be some who will hang back through doubt of the prospects or fail to make contracts through ignorance of the full implications of the scheme. There will be others who, with the intention of going whole-heartedly into the production of bacon pigs, will require time to increase their breeding stock and to get it in production. We think, therefore, that it would be unwise for the first *yearly* contract and quota period to start before

January 1st, 1934. On the other hand, we do not think that the expansion of home production under the shelter of the quota should be delayed unnecessarily for a single month. We therefore recommend that there should be an initial contract and quota period starting, say, on July 1st, 1933, and lasting until December 31st of that year, but that, in view of the possibility that the contract system will not have "got into its stride" in the provisional period, the number of contracts made during the provisional period should not be allowed to limit the number ranking for home quota which may subsequently be made for the first full contract and quota period (starting January 1st, 1934).

If our proposals are generally acceptable to the Government and to the industry, there will be an immense amount of preliminary work to be done—in passing the necessary legislation, in submitting the marketing schemes and in guiding them through the stages of Section 1 of the Agricultural Marketing Act, and, most important of all, in making the arrangements for the initial contract period and in securing the active support of all producers.

We have considered how much time would be occupied in this preliminary work, and believe that July 1st next would be the earliest date by which it could, with reasonable assurance, be expected to be completed, and we do not think that this timetable could be kept unless some further provisional measures were taken to expedite the original contract arrangements. We therefore suggest that immediately pig producers and bacon curers have signified their approval of our proposals in general, though not necessarily in detail, by the formal submission of marketing schemes, the Government should appoint a provisional Pig Industry Development Board, consisting of three nominees of the National Farmers' Unions of the United Kingdom, two nominees of the Bacon Section of the Food Manufacturers' Federation and one of the Ulster Curers' Association, and three independent members. The immediate task before this body would be (a) to conduct propaganda in favour of the scheme and to get farmers "contract-minded," and (b) to negotiate *inter se* provisional details of the basic formula which shall operate until December 31st, 1933, and also the contract terms and prices for the initial short-term contract period—i.e., July to December, 1933. Once this provisional Pig Industry Development Board had agreed upon contract terms and prices, feeders and curers could start making contracts for bacon pigs to be delivered from July 1st onwards. These contracts would have to be conditional upon (a) the endorsement of the two schemes at the initial polls held in accordance with the Agricultural Marketing Act and (b) the application of a quota system on or before July 1st, 1933. This Board would need to be financed by a loan from public funds under the Agricultural Marketing Act, duly amended for the purpose, and under any

corresponding legislation in Northern Ireland, the loan being subsequently recoverable from the Pigs and Bacon Boards concerned.

It is not unlikely that our proposals will be criticized as delaying unnecessarily the regulation of imports, but we would impress upon the more impatient critics that the adoption of our proposals will affect the breeding programmes of, and necessitate organization by, not only the United Kingdom but every country which exports bacon here, and that the quota system will probably involve negotiation with the exporting countries and will certainly involve the construction of machinery with which to administer it.

We would add that if this suggested time-table and programme should be adopted, the immediate practical effect will be that pigs born towards the end of the year 1932 will be available for the execution of contracts as from the beginning of the initial short-term contract period on July 1st, 1933.

PART VI.—GENERAL EFFICIENCY RECOMMENDATIONS : PIG PRODUCTION AND MARKETING.

34. **Standardization of Quality and Type.**—Only two-fifths of the pigs killed for bacon at factories in this country are reputed to be suitable for the production of first-quality bacon. Although we admit that a misconception of the requirements of the pork market may be partially responsible for this state of affairs, we think that three of the present weaknesses of the pig industry in this country which were referred to in paragraph 6—namely, superfluity of breeds and types, lack of defined carcass grades and the absence of payment for quality—are still more responsible. These three weaknesses are all closely interlinked, for the establishment of well-known carcass grades coupled with cash discrimination against bad quality would soon react on the type and breed of pig sent to bacon factories, and this, in fact, is what we anticipate will happen. One of the first actions of the Pig Industry Development Board should be to prescribe both carcass grades and quality price-differentials for contract bacon pigs. We suggest that carcass weighing and grading should be done under the supervision of an official appointed by the Pig Industry Development Board in whose impartiality both curers and farmers would have faith.

The results of indifferent carcass quality would soon be reflected in the farmer's receipts, but, for rapid progress in quality improvement, we would recommend that carcass grading and weighing should be closely linked with pig-recording and litter-testing (see below). By analysis and broadcasting of the accumulated grading results, the individual farmer's experience, which is necessarily limited, will be corroborated by the investigation and publication

of the effects on quality of different types and methods of breeding, feeding and management.

As regards the type and breed of pig to be recommended, we quote and, in view of their wide experience, support the recommendation of the Pig Industry Council in its Report, as follows :—

“The Council has expressed the opinion that the continued use of the Large White Boar would improve the standard of commercial stock. It is therefore recommended that every encouragement should be given to the use of the Large White Boar as a premium boar and that, in addition to the Large White Boar, premiums* should be given only to the boars of the Berkshire, Large Black, Middle White, Welsh and Essex and/or Wessex breeds, these being the breeds recommended by the trade as providing suitable sows for crossing with the Large White Boar.”

To this list, on expert advice, we would add the Long White Lop-eared breed.

The eradication of scrub boars should not only help to standardize the pig population and thus improve potential quality, but should also improve the general rate of maturity and ability to convert feed into pig-meat. We support the Pig Industry Council in recommending legislation similar to the Improvement of Livestock (Licensing of Bulls) Act, 1931.

35. Disease.—Loss by disease, referred to on page 11 as one of the weaknesses of the industry, is also serious. The report of the Pig Industry Council on Veterinary Research† stated, *inter alia*, that :—

“The Pig Industry Council is satisfied that the progress and development of the pig industry in this country is retarded to an appreciable extent by reason of the very considerable losses that are either directly or indirectly associated with disease. Serious dislocation of markets is often caused by a glut of immature pigs sent in and slaughtered because of local outbreaks of various pig diseases. . . .”

“Diseases which are causing the most serious losses at the present time are swine fever, swine erysipelas and certain diseases of the unweaned pig. It is our opinion that special attention should be given to these with the object of ascertaining improved methods of prevention, diagnosis and treatment. . . .”

The Pig Industry Council's recommendations on Veterinary Research were summarized as follows :—

1. The establishment of a central station where continuous and intensive research regarding the diagnosis, prevention and treatment of pig diseases may be carried out.
2. The introduction of some system whereby the veterinary profession and the pig industry may be made acquainted from time to time with the progress of research.
3. The control of sera and vaccines with the object of maintaining their standard of potency for the treatment or prevention of the diseases for which they were devised.

Subject to due regard being given to such other recommendations as may be made by the Agricultural Research Council, who have

* Under the Improvement of Livestock Scheme of the Ministry of Agriculture and Fisheries.

† *Journal of the Ministry of Agriculture*, September, 1931.

the matter of research into animal diseases under immediate consideration, we concur with these proposals of the Pig Industry Council.

Whilst we do not feel that the pig industry and, in particular, the bacon section thereof, should be required to bear the cost of this programme of work—for research and services on these lines would also indirectly benefit other sections of the livestock industry and also medicine—we suggest that a portion of the levy of the Pigs Marketing Board should be earmarked for veterinary purposes. We would point out that the Pigs Marketing Board, in its rôle as underwriter of involuntary contract defaults by individual feeders, will be directly interested in the reduction of losses by disease to a minimum.

36. Improved Management.—In the list of present weaknesses of the industry given in paragraph 6, the lack of efficiency measures (of the types provided by pig-recording and litter-testing) and the undue prevalence of inadequate technique in feeding and management were mentioned. In this connexion, the Pig Industry Council stated :*—

“Lack of success in pig-keeping, in so far as it may be due to factors within the producers' control, may be attributable to mismanagement by the breeder or feeder, unsuitable stock or unsuitable conditions under which he operates. Recording and litter-testing would supply a means of measuring the efficiency of the individual breeder or feeder or of his stock. . . .

“The deputation of the Council which recently visited the Continent found there a more widespread knowledge of the technique of feeding and management than there is in this country. This should not be difficult to remedy. Proper housing, warmth and skilled management obviously have an important bearing on production costs, and it appears possible that in these matters we have not kept abreast of the times.”

The results of the East Anglian Pig Recording Scheme confirm this view. We are convinced that a strenuous campaign for improvement in feeding and general management is absolutely essential. Not only do we urge this in order that more and better pigs may be obtained from each sow, and in order that pigs may be brought to marketable weights with greater rapidity and less food consumption, but also because we believe that, for the production of good-quality pigs, sound feeding and management are no less important than the use of good breeding stock. We are aware of the existence, in the constituent parts of the United Kingdom, of various services, both educational and administrative, to promote better management; in expressing the view that organized producers should play an active part in providing and financing services of a similar kind, we assume that they will make the fullest use of such services as exist and that they will continue to work in co-operation with and under the guidance of the appropriate agricultural authorities.

* Marketing Leaflet No 16, pages 5-6.

(a) *Pig Recording*.—No one now doubts the cash benefits that the farming community has obtained from milk-recording and egg-laying tests. Pig-recording has been shown both in East Anglia and in Wiltshire to be both practicable and valuable. Pig-recording on the lines suggested in paragraphs 23 to 27 of the Pig Industry Council's Report on Litter Testing and Pig Recording* should, in our opinion, be an integral part of the efficiency campaign, and should be supported both by the Pigs and the Bacon Marketing Boards.

We feel, in addition, that a service of this value should not be restricted to suppliers of contract bacon pigs, and accordingly we have made provision in our Pigs Marketing Scheme for this service to be performed by the Pigs Marketing Board for any producer, whether registered under the scheme or not or whether producing bacon or pork pigs, and for the Board to make special charges for such services on all who use them.

Pig-recording is a service of value to, and requiring the co-operation of, curers as well as farmers, and the Pigs Marketing Board might well delegate its function in connexion therewith to the Pig Industry Development Board.

(b) *Litter Testing*.—We agree with the Pig Industry Council that litter-testing lacks the urgency of pig-recording and is the more costly service. It is true that litter-testing by itself measures the value of breeding stock and, if combined with pig-recording, enables the farmer to find out how much of his success or failure as a pig keeper is attributable to breeding, and how much to feeding and management. Litter-testing, therefore, is likely to be of more immediate value to the pedigree breeder than to the general farmer. If the farmer could purchase "tested" stock or stock derived therefrom, pig-recording on the farm would show him that, if he failed to reach the standards previously attained at litter-testing stations by the stock in question, it was due to his faulty feeding and management. Pedigree pig breeders should, in our opinion, take steps to create a supply of stock "tested" in this way—only as their contribution to the benefits which we believe will accrue to them as a result of the adoption of our proposals.

37. *The Store Pig Trade*.—Approximately two-fifths of the 3½ million live pigs which, on the average, pass through the livestock markets of England and Wales are recorded as "stores"—i.e. pigs which require further feeding before slaughter. In addition, large numbers of store pigs change hands privately. The trade is, therefore, of considerable magnitude.

We have referred above (see paragraph 6) to what is termed, in the Ministry's *Report on the Marketing of Pigs in England and Wales*,† "the gamble of the store market." In the report in question,

* Marketing Leaflet No. 30.

† Economic Series No. 12.

the gamble referred to was that of prices. A feeder buys store pigs without any knowledge of the future prices of feed or of fat pigs. He may find when he markets the pigs he has fed that he bought his stores too dearly, or, on the other hand, that he has made a substantial profit. But there are, in addition, other gambles in the store trade—e.g. the purchasing feeder is uncertain of the age, weight, quality and economic capacity of the stores he buys, and cannot tell whether the pigs he intends to feed come from disease-infected farms or have been in contact with infected animals or premises at markets. In addition, there is, in the marketing of stores, as the Pig Industry Council points out, "in certain cases, a considerable waste, as pigs change hands in the store period a good deal more than is desirable." These movements, and the prolonged transport and mishandling sometimes associated with them, often engender a loss of condition and of time in feeding which is difficult to recover.

We agree with the Ministry* in wishing to see pig-breeding and pig-feeding concentrated on the same farms, and in desiring a reduction in the volume of the store trade. We realize, however, that, under conditions ruling in Great Britain, some trade in store pigs is more or less essential.

The store pig feeder will not, therefore, be denied participation in our contract proposals (see paragraph 31), but, in order to protect him further and to effect marketing economies, we hope that the Pigs Marketing Board will take steps to organize the direct farm-to-farm sale of store pigs from pig-recorded farms. Such a scheme, in reducing the uncertainties of the store pig feeder, would be of considerable value and, if operated in connexion with the pig-recording services, should be easy and cheap to administer.

38. **Regularity of Production.**—We have spoken elsewhere of the cyclical nature of pig and pig-meat supplies and its evil effects (see paragraphs 8 and 32), and have indicated how our bacon-quota proposals will tend to mitigate the extent of these cycles, both at home and abroad. We do not pretend that our scheme will at one stroke stabilize pig production or, indeed, home bacon output. We appreciate that, under our proposed system of contracts, the barrier segregating the pork and bacon markets will periodically be removed and thus permit some change-over from one to the other, and, being voluntary, will not guarantee complete long-period stability, particularly in view of our decision to leave the pork market unregulated. We feel, however, that our quota and contract recommendations, if adopted, will go a long way towards ensuring long-period regularity of pig production and pave the way for a scheme which ultimately might completely stabilize home pig production. In the meantime, much will

* *The Marketing of Pigs in England and Wales* (Economic Series No. 12), page 21.

depend on the ability of the Pigs Marketing Board to influence the production policies of all producers, and in this we believe the Board would be greatly helped if it established a reliable service of market intelligence through which it could be kept well-informed as to the current and potential situation in pigs, pig products and feeding-stuffs.

39. Pig Marketing Organizations: Assembly, Transport and Delivery of Bacon Pigs.—In the list of weaknesses of the industry given on page 11, we mentioned the fact that many pigs do not arrive at the bacon factories by the most direct route or economical methods.

On this subject, the Pig Industry Council* found that:—

“The bacon factory, the wholesale pork market and the retail pork shop are the destinations of live pigs, but it is doubtful whether they arrive there, generally, either by the most direct or by the most economical route. There is an enormous annual charge on the industry, which is non-essential to the true cost of production, in the form of expenses incurred in auction markets and of profits, commissions or salaries payable to dealers, or agents or employees of bacon factories.”

Under the proposed contract system, bacon pigs will, of course, normally be shipped by the most direct route from farm to factory. If the national price were to be for bacon pigs “at factory,” which we do not recommend, the farmer would tend, as he paid carriage, to make contracts with the nearest factory that was prepared to accept his pigs. Thus, although there would be a certain amount of overlapping, each factory would—as to some extent factories do at present—tend to have a zone of supply. On the other hand, if, as we recommend, the national price is “ex farm” and the curer pays carriage, each factory will wish to draw its supplies from a limited area.

For the sake of factory efficiency and of economy in the assembly and carriage of pigs, we suggest that each contract might stipulate on which day of the week pigs are to be dispatched from certain areas. For instance, farmers producing in, and curers drawing from, say, the Stowmarket area would be allowed to dispatch or collect on any Tuesday in the month of delivery. It should not be difficult to organize collective assembly for transport through the medium of the railway companies, co-operative pig-dispatching societies or of other agencies, such as auctioneers. It would be possible for the organization to be administered by the Pigs Marketing Board or by curers operating separately or jointly, but we incline to the former alternative. We realize that, in a few cases, large feeders will be dispatching lots of pigs big enough to make economic wagon or lorry loads, but we would strongly suggest that organized shipments to bacon factories (except from farmers within a few miles thereof) should be encouraged, in spite of the difficulties

* Marketing Leaflet No. 16.

which are anticipated in the identification of, and of fighting amongst, mixed consignments of pigs.

At the same time, the industry should not lose sight of the possible advantages of a more complete rationalization of bacon-pig transport, and, from preliminary investigations we have made, we have reason to believe that the railway companies would be prepared to discuss with the Bacon Board a scheme for equalizing on a zone basis all charges for the transport, whether by road or rail, of contract pigs. We trust that a scheme of this type will be brought to fruition, for, whilst it would still leave factories free to obtain their supplies where they could, it would tend to encourage a curer to restrict his purchases to the particular transport zone in which his factory was located, and thus reduce the overlapping of supply areas that is inherent in the adoption of a national "ex farm" price.

PART VII.—GENERAL EFFICIENCY RECOMMENDATIONS : BACON CURING.

40. **Introductory.**—Up to this point, we have been concerned with weaknesses in the production and marketing of bacon pigs—the raw material of the curing industry. But the latter industry itself, as at present established in this country, has certain conspicuous weaknesses of its own, to some of which reference has been made in paragraph 6. The costs of operating the bacon factories, as a whole, are unduly high, owing to the irregularity of supplies, to the excess of capacity over supplies in most factories, and to the excessive number and small average size of factories. Further, the geographical distribution of factories is not as good as it might be. The technical practice of factories, in particular as regards the type of cure employed and the disposal of offals, is in some respects open to adverse criticism. Finally, improvements might be made in the marketing of bacon.

The efficiency of the curing industry concerns not only the curers themselves. Faults in the siting, planning, operating and technique of factories may mean lower returns to pig feeders as well as to factories, while consumers also may suffer through unnecessarily high bacon prices. We do not feel justified in assuming that with the expansion of the bacon industry these weaknesses will automatically disappear. We believe, rather, that deliberate measures to remedy them, and also progressively to introduce any new improvements that may be desirable, should be made a condition of the granting of an increasing quota to the home bacon industry. In the following paragraph, we have set forth briefly the problems involved, the reforms that we believe to be necessary, and the machinery whereby these reforms might be brought about.

41. Sources of Waste in Factory Operation.—(a) *Irregularity of Supplies*.—Daily, weekly, seasonal and long-period fluctuations in supplies of bacon pigs to individual factories are at present a serious source of waste. In order to be able to handle occasional heavy supplies of pigs, it is necessary to invest more capital in plant, vehicles and buildings, and to maintain a larger labour force, than are needed to deal with average supplies. Further, it is difficult to maintain regular outlets for bacon, ham and offals under these conditions.

The causes of the fluctuations are principally :—

- (i) the pig cycle, which governs the total supply of pigs ;
- (ii) the competition of the pork and bacon markets for supplies of pigs. This is dependent largely on seasonal and short-time variations in the demand for pork ; the price that can be offered by bacon factories is strictly limited by current prices of bacon and by manufacturing costs ; and
- (iii) competition between curers, causing short-period (3-7 days) variations in prices and influencing the allocation of supplies between factories.

The present irregularity of supplies is clearly illustrated by the following Table, which gives the variations in arrivals of pigs at a typical English factory (i) from year to year, (ii) from month to month, and (iii) from week to week :—

I.	II.	III.
<i>Average Weekly Supply of Bacon Pigs in the Years 1923-9.</i>	<i>Average Weekly Supply of Bacon Pigs in the Months Jan.-Dec., 1929.</i>	<i>Weekly Supply of Bacon Pigs in the first 12 weeks of 1929.</i>
1923 ... 676	Jan. ... 542	1st week ... 655
1924 ... 826	Feb. ... 398	2nd week ... 525
1925 ... 797	Mar. ... 692	3rd week ... 534
1926 ... 636	Apr. ... 731	4th week ... 444
1927 ... 453	May ... 529	5th week ... 441
1928 ... 650	June ... 535	6th week ... 392
1929 ... 523	July ... 559	7th week ... 377
	Aug. ... 590	8th week ... 380
	Sept. ... 593	9th week ... 778
	Oct. ... 523	10th week ... 705
	Nov. ... 423	11th week ... 356
	Dec. ... 206	12th week ... 652

By our long-term contract proposals we propose, as the remedy for this state of affairs, to insulate, as far as possible, the market for bacon pigs from the effects of the pig cycle and of short-period competition from the pork market and between factories. The contract system, which is described in paragraphs 14 and 21-33, should enable curers to plan their production in expectation of far greater regularity of supplies from year to year, and within the year. Even in so far as complete regularity is not attainable, the curer

should at least be able to anticipate variations with some accuracy, and should thus be able to make arrangements to meet them.

(b) *The Excess of Factory Capacity relative to Supplies of Pigs.*—Evidence from several sources indicates that English factories operate, on the average, at a little more than half their capacity. We have seen no similar evidence for Scotland, but it appears that the Northern Irish factories, like the English, operate, on the average, at about half capacity.

It is obvious that this excess of factory capacity relative to supplies of pigs is very wasteful. The following figures, which were supplied to us by a large English factory, compare actual feeding costs per hundredweight of bacon with estimated costs on the assumption of larger throughputs, and suggest that very important savings could be made by utilizing factory capacity more fully:—

<i>Cost per cwt. of green bacon with average kill of 684 per week. (Year ended Apr., 1932)</i>	<i>Cost per cwt. of green bacon with average kill of 902 per week. (Year ended Oct., 1928)</i>	<i>Estimated cost per cwt. of green bacon assuming average kill of 2,000 per week.</i>	<i>Estimated cost per cwt. of green bacon assuming average kill of 2,500 per week.</i>
<i>s. d.</i> 9 2	<i>s. d.</i> 7 9½	<i>s. d.</i> 5 9½	<i>s. d.</i> 5 1

The under-utilization of factory capacity is due partly to the excessive number of factories in relation to the total supplies of pigs and partly to the irregularity and uncertainty of those supplies, which has deterred the British curers from attempting to expand their sales. We hope that throughput will steadily approximate more and more closely to capacity as the contract system develops, concurrently with an expansion of the home quota. But if, as we recommend below, the increased output is to consist chiefly of tank-cured bacon, the actual capacity of existing factories will be greatly increased. We have been informed that the adoption of the wet-tank cure system by English factories would enable the present curing facilities to deal with double the quantities. In other words, if the capacity at present idle—i.e. half the total—is utilized wholly for tank-cured bacon, the present output can be not only doubled but trebled. In addition to the present factory output in Great Britain of rather more than 1¼ million cwt. of bacon and hams—mainly in the form of dry-cure Wiltshire-side or Midland outs—another 2½ million cwt. or more of wet tank-cured bacon could be produced, making an annual total of nearly 4 million cwt. Further, in most factories, capacity is limited not by the killing and dressing facilities, but by the available chilling and curing space. This is fairly cheap and easy to extend, and we have little doubt that existing factories, with some structural alterations, could be fitted for producing half the total requirements of the United Kingdom.

Existing factories in the United Kingdom, if properly utilized, have, therefore, a capacity enormously in excess of their present

output and of their probable output for some years to come. In the interests of efficiency, it will be desirable to concentrate production as far as possible. We therefore recommend that the Quota Advisory Committee should insist that the curing industry should rationalize the utilization of its factory capacity. The Pig Industry Development Board should be the instrument for preparing and supervising the plan of rationalization. The sanction of this body should be required for all new construction or for extensions of existing factories, subject to appeal to the Committee of Investigation set up under the Agricultural Marketing Act. In examining proposals for new factory capacity, the licensing authority would have to estimate carefully the factors of size, design, location and prospect of efficiency. We think that consideration should be given to curers who, in the interests of both pig producers and the bacon industry at home, are prepared to transfer factory accommodation from foreign countries to the United Kingdom and especially to those who are also in a position to sell the bacon they produce direct to the consumer. We feel it deserving of consideration whether the Pig Industry Development Board should not be empowered to raise funds with which to buy out surplus factory units at a price determined either by statutory arbitration or by agreement.

(c) *Small Average Size of Factories.*—Available statistics covering 69 factories in England and Wales, 22 in Scotland and 118 in Northern Ireland suggest that the average weekly throughput per factory is 350–400 carcasses in the case of England and Wales, 40–50 in the case of Scotland, and 50–60 in the case of Northern Ireland. By contrast, the average weekly throughput of the Danish factories appears to be about 2,000 carcasses. It is probable that the average costs of production in the United Kingdom are unnecessarily high, owing in part to the small average size of factories. It has been stated in evidence that under English conditions the minimum economic capacity is 500 pigs per week; yet half the bacon factories of England and Wales, representing one-fifth of the total capacity, have an average weekly capacity of less than 500.

We recommend, therefore, that, in connexion with the rationalization policy referred to above, the licensing authority should carefully examine the question of the minimum economic size of factory, and should aim at the expansion to an economic size or the elimination of the small factories, so far as either policy is consistent with the interests of feeders and of the industry as a whole.

42. *Geographical Distribution of Factories.*—The Commission has not considered in detail the question of the most desirable distribution of factories, to which reports of the Pig Industry Council and the Imperial Economic Committee have referred. It appears, however, that, at present, Wiltshire-side factories are rather too heavily concentrated in the West of England. With the expansion of the industry, it will become increasingly important

to have factories well situated in respect of the supply of pigs, transport facilities, the disposal of offals, etc. Good siting will be especially important if large factory units are to replace smaller units. We therefore recommend that, in preparing its programme of factory rationalization, as suggested above, the Pig Industry Development Board should seek to determine the best distribution of factories in the interests of the bacon industry as a whole, and might even consider the purchase and shutting-down of badly sited factories, while encouraging any desirable new construction, or extension of old factories, on suitable sites. In case private capital should not be forthcoming for all such construction, it is desirable that the Pig Industry Development Board should have powers itself to undertake and to finance factory construction, on public utility lines or otherwise, where it is necessary in the interests of the industry.

43. *Technical Practice.*—(a) *Bacon and Ham Production.*—It is not within the scope of the Commission to go into details of the curing technique employed in the United Kingdom. Home-produced bacon at its best need not fear comparison with any other, but the quality is by no means as uniform as that of much imported bacon. A comprehensive system of grading, operated by the Bacon Board, together with the use of the National Mark, will do much to produce the uniformly high standard that is so desirable. The Quota Advisory Committee should insist on the maintenance of adequate standards and on adherence to the National Mark programme of standardization as a condition of increasing the home quotas. In addition, we suggest below that, in certain cases, control of technical methods may also be necessary.

The most immediate problem, however, is to ensure that the types of bacon produced shall satisfy public demand. This, we believe, will entail important changes in methods of production. The home quota is to be expanded at the expense of imports, which consist chiefly of tank-cured bacon. On the average, retained imports of tank-cured bacon* during 1926-30 amounted to about 7 million hundredweight, as compared with the total importation of bacon* of about 8 million hundredweight, and a total United Kingdom supply of bacon* of about 9½ million hundredweight. It has been repeatedly stated to us in evidence that the taste for tank-cured bacon has become firmly established with very large sections of the public. If this is so—and we believe the evidence we have heard upon this point—it is imperative that the increase in home production under the quota system shall consist chiefly of bacon cured by the tank process.

Tank-cured and dry-cured bacon can be produced economically in the same factory, whilst the conversion of factory capacity from dry cure to tank cure is a comparatively simple matter.

* Excluding hams.

It is possible, as has been claimed in evidence, that the market for dry-cured bacon could be considerably extended if the bacon could be sold at prices competitive with those of tank-cured bacon. But, in our view, the success of the scheme would be imperilled if retailers and consumers were asked at the start to accept large quantities of dry-cured bacon, with which the majority of them are quite unfamiliar, in place of the familiar mild tank-cured product.

We recommend that the Bacon Board should make use of the powers it will enjoy under the Agricultural Marketing Act to regulate the quantity of any kind or variety of bacon sold by "curers," in order to ensure an adequate supply of tank-cured bacon, and that the Pig Industry Development Board should have regard to this aspect in licensing the construction of new or extension of old factories.

Tank-cured bacon has so far been produced in very small quantities in this country, and any differentiation there may be between brands is still of negligible importance. In the case of dry-cured bacon, however, individual firms attach great importance to the goodwill won for their particular brands by the characteristic flavour imparted by special methods of curing. It would, therefore, be difficult, and perhaps undesirable, to impose uniformity of technical methods in the dry-cure process. But, if uniform methods of tank curing are adopted at the outset of the new programme of expansion, it will be possible to ensure the same uniformity in the future output of British tank-cured bacon as is already found in the Danish product; nor can it be objected that insistence on such uniformity is unjust to existing interests. We therefore recommend that the Pig Industry Development Board, in collaboration with the Bacon Board, should conduct a thorough and speedy enquiry into the technique of the tank cure, and on the basis of this should lay down lines of curing practice which factories would be obliged to follow, under penalty of prohibition on the sales of their bacon under the powers of the Agricultural Marketing Act.

(b) *Offal Utilization.*—Hitherto, United Kingdom factories have obtained, on the average, considerably larger returns from their offals than have the Danish factories; it is partly as a result of this that United Kingdom feeders have frequently received higher prices for their pigs than the Danes, in spite of higher factory costs in this country. The higher prices of offals are no doubt partly due to the large markets available in the United Kingdom for the limited quantity of offals produced, partly to more efficient organization for their utilization—at least in the larger factories—and partly to the premium obtained by fresh, home-produced over frozen, imported edible offal. As the available supplies of offals increase with the development of home bacon production, there will be a tendency for their value to fall, although we have been assured that demand is capable of considerable expansion, particularly in

certain areas of this country. It will, nevertheless, become more and more important that offals should be marketed and utilized in the most efficient way.

(c) *Research*.—Both the production of bacon and hams and the utilization of offals provide wide fields for research work. We believe that it is in the interests of the bacon industry as a whole that information on technical improvements or discoveries should be made freely available to all factories. As conservatism in this respect may persist among individual concerns—especially, perhaps, among those which have already developed research branches of their own—we recommend that the Pig Industry Development Board should operate a central research station. This would collect technical information at home and abroad, investigate the problems of individual factories on payment of a reasonable fee, and conduct long-range research. All its information should be freely at the disposal of registered producers of bacon.

44. *Marketing*.—The consolidation of the curing industry in the Bacon Board, and its co-operation with the feeding industry in the Pig Industry Development Board, make it possible for valuable work to be undertaken in connexion with the marketing of bacon. We suggest that the Pig Industry Development Board or the Bacon Board should operate a market information service, giving details of foreign killings and arrivals of imports, the extent to which quotas are being filled, prices of rival commodities, etc., as well as of current prices in the chief markets for various grades and varieties of imported and home-produced bacon and hams. Useful marketing research could be done, for example, on consumers' tastes in different areas, possible export markets, and on the course of prices under the quota system; this would probably fall within the province of the Pig Industry Development Board.

We have not explored the possibilities of centralized selling, but believe that it may prove an innovation useful to certain smaller factories which have no wholesale outlets or desire to participate in large contracts, as, for example, for the supply of bacon to H.M. Forces.

We have referred above to the need for standardization as an instrument to secure uniformity of quality at a high level. It will be one of the chief functions of the Bacon Marketing Board to prescribe and enforce the use of such standards.

Finally, the advertising of home-produced bacon should be undertaken by the Bacon Board or the Pig Industry Development Board on an extensive scale, as in the early years of the quota system it will be necessary to break down fairly strongly fixed tastes for foreign products; in this campaign, the National Mark and the use of standardized grades should prove valuable assets. Any costs incurred by the Government Departments concerned in administering a National Mark scheme for bacon should be defrayed by the organized industry.

PART VIII.—NORTHERN IRELAND.

45. We are required by our terms of reference to investigate, *inter alia*, the extent to which any scheme prepared by us under the Agricultural Marketing Act "could be facilitated by co-operation between the board administering it and any corresponding body in Northern Ireland," and also "to investigate the manner in which its operation could be facilitated by the quantitative regulation of imports. . . ." We infer that we are therefore only concerned with any action which may or may not be taken by Northern Ireland (a) in order to fulfil our terms of reference and (b) in order to make sure that any action taken in Northern Ireland will neither prejudice the success of our scheme as a whole nor react unfavourably on individual farmers or curers in Great Britain.

We have already indicated (see paragraph 16) that co-operation between pig and bacon producers in the United Kingdom as a whole could best be maintained, in our opinion, through the Pig Industry Development Board, but we have also had to consider the way in which our proposals would be affected by the parallel proposals for Northern Ireland. In this connexion, we have had the advantage of consultation with representatives of the Government of Northern Ireland, of the Ulster Farmers' Union and of the Ulster Curers' Association.

We have been informed that, agriculturally, Northern Ireland * differs fundamentally from Great Britain in that it is essentially a country of small peasant farmers. Further, the local pork market is almost negligible and, although some quantities of pigs and carcasses are sold on the pork market of Great Britain, the problem of the co-existence of the pork and bacon markets has not arisen to the same extent as in Great Britain. Thus, while, on the one hand, the bulk of the farmers of Northern Ireland are apparently not in a position to enjoy the security and other advantages offered by the contract system, there is, on the other hand, not the same urgent need to segregate the pork and bacon markets.

We realize that the contract system does not suit the prevailing circumstances of the Northern Irish industry, but we understand that, in the future, vigorous steps are to be taken in Northern Ireland to encourage the use of contracts.

There have been shown to us alternative proposals which it is proposed to apply to the Northern Irish industry in the event of the imposition of a quota system. It is therein suggested that the Northern Ireland quota should be fixed by the Quota Advisory Committee and based on an estimate of the anticipated supply of bacon and hams made by the Ministry of Agriculture for Northern Ireland. In advising the Quota Advisory Committee as to a suitable Northern Ireland quota for the initial period, the Ministry

* For statistics of the pig industry in Northern Ireland see paragraph 4.

of Agriculture for Northern Ireland would take into consideration :—

- (i) The number of pigs bought for curing in a normal year plus the number of bacon pigs exported dead and alive to Great Britain in a normal year ; and
- (ii) the pig population as shown by the agricultural statistics plus an allowance for store pigs imported from the Irish Free State.

Allowance would be made for an expansion of production at a rate not exceeding 10 per cent. every four months, such increases to be subject to any conditions (apart from the contract requirement) governing similar increases in Great Britain.

We believe that these proposals, broadly, are an adequate complement to our recommendations, provided that power is given to the Quota Advisory Committee to secure the same stability of supply as we think necessary in the case of Great Britain and other suppliers of the United Kingdom market. On this principle we find that our views are shared by Northern Ireland. We therefore suggest that the Northern Ireland quota should be subject to a 5 per cent. annual tolerance and a tolerance of ± 10 per cent. on each fortnightly sub-quota period, and that it should be readjusted during the course of the quota year if the quota output of bacon and hams falls below the lower limit of the sub-quota period tolerance for more than three consecutive fortnightly periods or for more than six fortnightly periods in six months.

We understand, further, that the proposals contemplate that the Northern Ireland quota will cover not only bacon made in Northern Ireland but also pigs consigned, with quota certificates, to curers in Great Britain.

We are informed that the Government of Northern Ireland will facilitate any legislation necessary to implement the satisfactory operation of their proposals and will take steps to set up Northern Ireland Pigs and Bacon Marketing Boards.

PART IX.—CONCLUSIONS.

Summary of Recommendations.

46. General.

(i). We are satisfied that recent prices of pigs and pig products have been dangerously low from the producers' point of view, that these low prices are not to the ultimate benefit of the consumer, and that the orderly expansion of the home bacon industry cannot be achieved unless the relatively high imports of bacon from established Continental industries are regulated.

Lowness of prices and severity of competition. (Rept. paras. 7 & 12 and pages 11 & 20).

(ii). Study of the effects of the pig price and feeding-stuffs price cycles leads us to the conclusion :—

Suggestions for overcoming effects of pig-price and feeding-stuffs price cycles. (Rept. para. 8 and pages 12-15).

(a) that the total United Kingdom bacon supplies should be stabilized, in order to limit the effect of the pig-supply cycle, and

(b) that, as far as possible, United Kingdom bacon-pig prices should vary with feeding-stuffs prices.

(iii). Expansion of the home pig industry must take the form of increased bacon production, as the capacity of the pork market is limited. We therefore recommend that the pork-pig and bacon-pig markets should be segregated as far as possible, and we make no provision in our scheme for the regulation of the marketing of pork pigs.

Restriction of proposals to bacon and hams. (Rept. para. 9 and pages 16 & 17).

(iv). In order to overcome the difficulties discussed in paragraphs 6-9 of our Report, and to achieve the objectives outlined in (i), (ii) and (iii) above, we recommend :—

Main recommendations relate to—
(a) Home and Import Quotas.
(b) Bacon Pig Contracts.
(c) General Efficiency Measures. (Rept. paras. 11-14 and pages 18-24).

(a) that the volume of total bacon supplies should be regulated by quotas both on home production and on imports ; and

(b) that bacon pigs should be sold only on annual contracts at a national price closely related to feeding costs.

In addition, we suggest certain measures designed to increase the general efficiency of pig and bacon production and marketing, and to remedy some of the weaknesses of the pig and pig products industry as a whole.

(v). We consider the following bodies to be necessary for the successful operation of our quota, contract and efficiency proposals :—

Machinery proposed. (Rept. para. 15 and pages 24-27).

(a) A Quota Advisory Committee, similar in character to the existing Import Duties Advisory Committee, and available for any future subjects of quota regulation. The duties of this body would be quota determination and allocation, and the guardianship of the public interest.

Quota Advisory Committee.

For liaison and consultation with the interests concerned, the Quota Advisory Committee should be assisted

Bacon Imports
Advisory
Committee.

on the import side by a Bacon Imports Advisory Committee, consisting of representatives of bacon importers and distributors with a neutral chairman, and on the home side by the Pig Industry Development Board (q.v.).

Pigs and Bacon
Marketing
Boards.

(b) The negotiation of contract terms and prices, contract administration and the operation of efficiency services should be performed, in Great Britain, by a Pigs Marketing Board and a Bacon Marketing Board established under the Agricultural Marketing Act, 1931, and composed of representatives of, and financed by, organized pig producers and bacon curers, respectively. Corresponding Boards should be set up in Northern Ireland.

Pig Industry
Development
Board.
(See also Rept.
para. 62 and
para. 71 & 72).

(c) The co-ordination of these Boards, the administration of the home quota, arbitration between Pigs and Bacon Boards as regards contract terms and prices, and the execution of approved plans for rationalizing or increasing the efficiency of certain phases of the industry should be in the hands of a Pig Industry Development Board, with statutory powers, composed of representatives of the Pigs and Bacon Marketing Boards, with a nucleus of independent members. This Board should also be in a position to undertake on behalf of the Pigs and Bacon Marketing Boards efficiency and other services in which they are jointly interested. The Pig Industry Development Board should be financed by the Pigs and Bacon Marketing Boards of the United Kingdom.

Permanent
Reorganization
Commission for
the Agricultural
Industry.

(d) Section 15 (2) of the Agricultural Marketing Act, 1931, contemplates the continued existence of any Reorganization Commission set up thereunder. We consider that the orderly development of the pig industry, both in the public interest and in the interest of those directly concerned, would be facilitated by the existence of a Permanent Reorganization Commission, independent and non-political in membership. The purview of this body should not, however, be limited to pigs and pig products: it should be a planning body for the agricultural industry as a whole.

47. Quotas.

Import Duties
not recom-
mended.
(Rept. para. 11
and page 18 &
19).

(vi). We do not consider that fixed or sliding scale import duties would be as effective as a quota system in overcoming the difficulties and assisting the development of the home bacon industry.

The Quota as a
constructive
instrument.
(Rept. para. 11
& 12 and page
18-21).

(vii). We were required by our terms of reference "to investigate the manner in which our scheme could be facilitated by the quantitative regulation of imports" and, as a result of our enquiries, we recommend that quotas should be applied to both home-produced and imported bacon. We consider that the quota should be regarded from a new point of view

as a constructive instrument designed to introduce, both at home and in exporting countries, orderly production and steady supply in relation to the United Kingdom consumer-demand and to ensure stability of outlet and of price to pig producers at home and abroad.

(viii). We therefore recommend that the Quota Advisory Committee should determine the total United Kingdom requirements of bacon (including hams) for each calendar year and, as soon as the volume of bacon-pig contracts ranking for home quota is known, should have power to make recommendations for the allotment of bacon quotas of 12 months' duration to Great Britain, Northern Ireland and to each exporting country. Each country's allotment should be reconsidered annually, but the Quota Advisory Committee should have power to recommend the increase or decrease of any import or home quota at any time if required in the public interest. In the performance of its duties, the Quota Advisory Committee should have regard to the ability of Great Britain, Northern Ireland and each exporting country to maintain regular supplies (as indicated by the variations in supplies in sub-quota periods), to efficiency and costs of production at home and abroad, to quality of produce and, in particular, to the general interests of the consumer.

Determination and allocation of annual "National" quotas. (Rept. para. 17 & pages 27-29).

Power of Quota Advisory Committee to adjust quotas.

Consumer and public interests to be considered. (Rept. paras. 12, 17 & 18 and pages 21, 28 & 30).

(ix). We consider that the United Kingdom supplies of bacon and hams, from all sources, should for the present be stabilized at 10,670,000 cwt. per annum.

Volume of stabilized supplies. (Rept. para. 10 and pages 30 & 31).

(x). Subject to predetermined adjustments to meet seasonal variations in market demand, we recommend that the annual quota of an exporting country should be divided into equal fortnightly proportions and that a maximum variation of 5 per cent. above or below each annual quota or fortnightly sub-quota should be permitted. If, however, imports from any one country should fall below the lower limit of the sub-quota tolerance for three consecutive fortnightly periods or for any six fortnightly periods in any six consecutive months, then the Quota Advisory Committee should have power to recommend adjustments in that country's quota during the course of the quota year and to re-allocate the portion of the quota thus forfeited.

Annual "National" Import Quotas with fortnightly sub-quota tolerances, and adjustments during quota year. (Rept. para. 17 and pages 27 & 28).

As and when the United Kingdom quota increases, that of foreign exporting countries should be reduced and any increase in Dominion or Colonial quotas should be at the expense of foreign quotas.

Dominion Quotas not to be increased at expense of home quota. (Rept. para. 17 and page 29).

(xi). The Great Britain quota should, subject to certain specified conditions and tolerances, be equivalent to the number of pigs contracted to be sold to registered curers during

Great Britain Quota to be determined by volume of bacon-

pig contracts subject to limits on rate of increase. (Rept. para. 18 and pages 29 & 30).

Special provisions for Northern Ireland Quota. (Rept. para. 45 and page 61).

Import Quota administration. (Rept. para. 20 and pages 31-34).

Home Quota administration. (Rept. para. 20 and pages 31-34).

Provision for imported pigs and carcases cured in United Kingdom and for the export of home-produced bacon. (Rept. para. 20 and page 33).

Sale of bacon pigs only on contract. (Rept. para. 14 and page 23).

Negotiation of, and restriction of contract sales to terms of national agreement. (Rept. paras. 22 & 24 and pages 34 & 35, also Appendix C, note 4, page 104).

Pigs Marketing Board a technical party to contracts between farmers and curers. (Rept. para. 25).

the quota year and, if sufficient contracts are forthcoming, a maximum rate of increase of 10 per cent. every four months over the quota supply in the previous four months should be permitted. The sub-quota periods and the tolerance on sub-quotas of the Great Britain quota should be consistent with the contract terms (see paragraph (xvi) below).

As the contract system is inapplicable to Northern Ireland, the Northern Ireland quota should initially be based on an estimate of the Northern Ireland Ministry of Agriculture but should be subject to a fortnightly sub-quota period tolerance of 10 per cent. and to a maximum rate of increase of 10 per cent. every four months.

(xii). In order that our proposals may not discourage organization for efficient marketing in exporting countries, we recommend that quota certificates should be issued annually to the Government or other approved authority of the exporting country for sub-allocation by it.

The Pig Industry Development Board should administer the home quota to the satisfaction of the Quota Advisory Committee.

Provision should be made for the production by United Kingdom curers of bacon and hams from imported pigs or carcases if accompanied by import Quota certificates, and also for the production of bacon and hams for export.

48. Contracts.

(xiii). Partly as a method of segregating the pork-pig and bacon-pig markets and partly as a way of determining and filling the home quota, we recommend, as a corollary to the restriction of imports, a contract system covering all sales of bacon pigs by farmers to curers.

(xiv). We suggest that from time to time the Pigs Marketing Board (representing pig producers) should negotiate with representatives of bacon curers a national agreement on contract terms and prices, that the Pig Industry Development Board should have power to arbitrate in the event of a breakdown in these negotiations, and that all contract sales of bacon pigs should be effected at the prices and on the terms thus agreed.

We recommend also the amendment of the Agricultural Marketing Act to permit these negotiations to be conducted by the Bacon Marketing Board on behalf of curers.

(xv). Following the publication of the national agreement, a farmer should be free to make contracts for the ensuing calendar year or years with any curer who is prepared to take his pigs and vice versa. However, for quota and administrative reasons, the Pigs Marketing Board must be a party to

each and every contract and we therefore recommend that, with certain exceptions, the Pigs Marketing Board should be required, at the joint request of a farmer and a curer, to buy pigs on contract from the former and sell them on contract to the latter, on the terms, and at the prices, of the national agreement. and pages 38-40). (Appendix A, para. 35, page 39).

(xvi). Subject to the conditions governing the home quota, contracts may be made for the delivery of any number of pigs in any month or months of the annual contract period. A tolerance of 10 per cent. above or below the contracted quantity for any month and of 5 per cent. above or below the total contracted quantity for the contract year should be permitted in each contract. Monthly deliveries with tolerances. (Rept. para. 39 and page 43).

(xvii). If on account of disease or other accidents outside his control the feeder is unable in whole or in part to fulfil his contract, he should be relieved of his contract obligation to the Pigs Marketing Board. To maintain their contracted supplies to curers, the Pigs Marketing Board should retain a number of contracts with farmers in order to have a surplus pool from which to make good involuntary defaults by producers and should also be able to purchase pigs in the open market for the same purpose. Protection of farmer against involuntary default and of curer against failure of supply (Rept. para. 33 and pages 42 & 43).

Contracts between farmers and the Pigs Marketing Board and between the Board and curers should also be transferable. (Rept. para. 31 and page 44).

(xviii). We consider that breeding and feeding should as far as possible be concentrated on the same farms, but we realize that provision must be made for the store-pig breeder and feeder and consider that this would be done by the system of transferable contracts. This would permit the store-pig feeder to make a contract and then at a later date to purchase store pigs in the open market in order to fulfil that contract, or it would permit the breeder to make a contract which he could transfer with, and on the sale of, the store pigs. Provision for the store-pig feeder (Rept. para. 31 and page 44)

We appreciate that the small producer may have difficulty in making contracts direct with curers, but consider that this class of producer should be encouraged to participate in our proposals. We therefore suggest "group contracts," which might be operated through the agency of local pig clubs, local auctioneers and other persons or through the Pigs Marketing Board itself. —and for the small producer. (Rept. para. 30 and pages 43 & 44).

(xix). The contract price of pigs should at all times cover reasonable costs of production and should be based on a minimum price formula "ex farm" for a carcass of standard specification; the formula price should vary with the cost of feeding-stuffs in the four months preceding delivery. To this basic price should be added whatever additional sum, repre- Standard contract price to cover cost of production and vary with feeding costs. (Rept. para. 22 and 23 and pages 34-35.)

senting the feeder's profit, may be agreed by national negotiation. The basic-price formula should, however, only be changeable by either party to the national negotiations after one year's notice.

Adjustments of this basic price should be made for carcasses which are above or below the specified standard in quality or weight; they could also be made in respect of such other factors as the season and rate of delivery or to meet the administrative expenses of the Pigs Marketing Board.

49. General Efficiency Measures.

Additions to and deductions from standard contract price. (Rept. para. 23 and pages 25-28).

Pig standardisation through payment for quality. (Rept. para. 34 and pages 43 & 49).

Adoption of Pig Industry Council's breed recommendations. (Rept. para. 34 and pages 43 & 49).

Carcass grading and weighing. (Rept. para. 34 and pages 43 & 49).

Eradication of scrub boars. (Rept. para. 34 and pages 43 & 49).

Reduction of losses by disease. (Rept. para. 35 and pages 49 & 50).

Pig-recording and a campaign for increased pig-production efficiency. (Rept. para. 36 and pages 50 & 51).

Pedigree breeders and litter-testing stations. (Rept. para. 36 and pages 50 & 51).

Reduction of trade in, and improved marketing of, store pigs. (Rept. para. 37 and pages 51 & 52).

Orderly assembly and transport of

(xx). The contract should specify the standard carcass grades and weights for bacon pigs, and it should discriminate in price against carcasses of indifferent quality and unsuitable weight. We consider that payment for quality, in combination with pig-recording and supported by intelligent propaganda, would, in time, standardize the type of pig produced for bacon.

We are, however, of the opinion that pig standardization would be accelerated by the adoption of the Pig Industry Council's breed recommendations.

We recommend that every carcass should be graded and weighed by an official appointed by the Pig Industry Development Board.

We support the Pig Industry Council in recommending legislation for boars, similar to the Improvement of Livestock (Licensing of Bulls) Act, 1931.

(xxi). We concur with the Pig Industry Council's veterinary recommendations, and we think that the Pigs Marketing Board should contribute from its funds towards the cost of these proposals.

(xxii). We recommend that the Pig Industry Development Board (or the Pigs Marketing Board) should undertake an educational campaign to increase the general efficiency of pig production and that pig-recording should form a part of this campaign.

We urge pedigree breeders to set up and operate litter-testing stations in order to create a supply of "tested" breeding stock for the commercial pig keeper.

(xxiii). We desire to see a greater concentration of breeding and feeding on the same farms and a reduction in the volume of the store-pig trade with its attendant risks. We realize, however, that, under conditions in Great Britain, some trade in stores is necessary and we hope that the Pigs Marketing Board will take steps to organize the direct "farm-to-farm" sale of store pigs.

(xxiv). We recommend that the Pigs Marketing Board, in collaboration with curers, should take steps to organize the

orderly assembly for transport of contract pigs and suggest that shipments to factories of small individual lots of pigs should be discouraged. For this purpose, the available facilities offered by the railway companies, auctioneers or local pig-shipping societies should be utilized as far as possible.

We have reason to believe that an agreement might be reached with the railway companies providing for an all-in transport rate, by road or rail, on a zone basis.

(xxv). We consider that, owing to (a) irregularity of supplies, (b) the excess of aggregate factory capacity over available pig supplies, (c) the large number of small factories, and (d) in some cases, the unsuitable geographical location of factories, the present costs of bacon production in this country are too high. We therefore recommend that the Pig Industry Development Board should be given powers to regulate the erection of new or the expansion of existing factories, and also, where necessary, in the interests of the industry, to finance and construct bacon factories, on public utility lines or otherwise, when and where new capacity is considered necessary. In addition, we suggest that it is worth considering whether the Pig Industry Development Board should not also be given powers to buy up and close down redundant, inefficient and badly located factories.

(xxvi). We recommend that increases in the home bacon quota should consist chiefly of wet tank-cured Wiltshire-side bacon, and that methods of tank curing should be standardized as far as possible.

(xxvii). The Bacon Marketing Board should take steps to standardize and advertise home-produced bacon and hams and should for this purpose make use of the provisions of the Agricultural Produce (Grading and Marking) Acts, 1928 and 1931.

(xxviii). We stress the importance of efficient utilization of pig offals; we recommend that research into the production and marketing of bacon and of pig offals should be undertaken by the Pig Industry Development Board; and we refer to the possibilities of centralized selling, especially amongst small curers.

(xxix). We recommend that the industry should establish a reliable service of market intelligence for pigs and pig products and we suggest that the Pig Industry Development Board might undertake this service on behalf of the respective marketing boards.

50. Northern Ireland.

(xxx). We have seen proposals for Northern Ireland which we believe to be an adequate complement to our plans and we have in this Report made certain suggestions to facilitate the

contract pigs.
(Rept. para. 59
and pages 53 &
54.)

Rationalization
of the bacon
curing industry.
(Rept. paras. 40-
42 and pages
54-58.)

Powers of the
Pig Industry
Development
Board to
regulate
erection and
expansion of,
to finance an
erection, and to
buy up and
close down
redundant,
bacon factories.
(Rept. paras.
41 & 42 and
pages 55-58.)

Production of
tank-cured
bacon.
(Rept. para. 43
and pages 58-
60.)

Standardization
of bacon under
the National
Mark.
(Rept. paras. 43
& 44 and pages
58-60.)

Offal utilization,
bacon research
and centralized
selling.
(Rept. paras. 43
& 44 and pages
58-60.)

Market
Intelligence.
(Rept. paras. 38
and 44 and pages
53 & 54.)

Northern
Ireland.
(Rept. para. 45
and pages 61 &
62.)

application of our quota proposals to Northern Ireland. (See also paragraph 47 (xi)).

51. Provisional Arrangements.

Contract and
Home Quota
provisional
arrangements.
(Rept. para. 33
and pages 46-
48).

(xxxi). We are convinced that the regulation of foreign competition is now a matter of great urgency. We therefore urge the Government to expedite the passing of the additional legislation required before effect can be given to our proposals. The industry itself should, we think, need no prompting to submit the essential marketing schemes at the earliest possible moment.

We realize, however, that there is an immense amount of preliminary work to be done, and we regret that, in consequence, July 1st, 1933, would appear to be the earliest date by which our contract and quota proposals could come into operation. But, to avoid delay, we recommend that as soon as marketing schemes have been formally submitted by the industry, the Government should appoint a provisional Pig Industry Development Board, consisting of representatives of producers and curers in Great Britain and Northern Ireland, with an independent nucleus. The functions of this body, besides conducting propaganda among farmers and curers in favour of the scheme, would be to arrange the details of an initial basic-price formula, and of the contract terms and prices for an initial contract and quota period, starting on July 1st, 1933, and lasting until December 31st in that year. On the basis of these terms and prices, feeders and curers could start making contracts for bacon pigs to be delivered from July 1st onwards. The first yearly contract and quota period would then start on January 1st, 1934.

52. Concluding Observations.—We have tried, throughout, to take a long view. In our recommendations, we have therefore aimed at a gradual but permanent building-up of a home bacon industry and have avoided a policy that might temporarily benefit the farmer by causing a spectacular rise in the profits of pig keeping with the risk of a corresponding severe collapse after a short time.

We think, nevertheless, that the basic-price formula suggested in paragraph 23 is reasonable and that, having regard to current pig prices, it is sufficiently attractive to the farmer to encourage the signing of contracts and so to secure, initially, a substantial home quota. We think it should be to the curers' ultimate advantage to give early encouragement to the suppliers of their raw material and, in negotiating a price formula for the six months contract period ending December 31st, 1933, we suggest that the provisional Pig Industry Development Board should have this point in mind.

It is difficult to estimate how far the curers will be affected by the altered circumstances of the trade. But, with bacon factories better distributed and working up to their full capacity, with a greater uniformity of carcase and stability of bacon prices, and with the more general adoption of the cheaper tank-cure process, the costs to the home industry should come down.

Bearing in mind that time may be needed for the better organization and improved efficiency to take effect, we wish to emphasize the gradual nature of our proposals. The curer will still have his dry-cure bacon trade with its special price, and we think that by the time he has developed the tank cure, where the keenest foreign competition will be felt, the efficiencies should have had their effect in reducing the costs of the industry and in producing a competitive article.

One of the chief advantages at present attaching to the home curer is the higher price obtainable for his offals and subsidiary pig products, owing to the neighbouring demand of an industrial population. We do not suggest that a quota should be imposed upon these products, because we believe that it would be complicated to administer. If, however, it should appear in the early stages of the reorganization of the industry that these products were being imported to an extent likely to jeopardize the working of the main quota, steps might need to be taken by the Government to protect the curer in that respect. We hope, however, that this contingency will not arise.

We believe that the recent level of bacon prices has been unjustifiably low. Subject, then, to a justifiable rise in bacon prices, we hope the effect of our scheme, with the safeguards we have suggested, will be to promote stability in a free market. If, however, steps should be taken by any section of the trade to defeat this primary object of our proposals, it might be necessary to invoke the alternative methods of control envisaged in paragraph 12.

In some parts of our Report, we may seem to have suggested in some detail the methods which we think should be employed by the Pigs and Bacon Marketing Boards; these expressions of our opinion are, however, only suggestions, for we recognize that the future of the industry will be in the hands of producers, whether farmers or curers. Agricultural marketing must be founded upon the principles of self-discipline and self-determination, and with these principles our recommendations conform. We consider that the Pig Industry Development Board is the corner-stone of our plan. It is right, but it is not sufficient, for pig producers and for bacon curers to be organized in watertight compartments for the better control of their own affairs; they have so much in common on which the

welfare of the whole pig industry requires that they should speak as one industry. We do not suggest that the Pig Industry Development Board should usurp any of the autonomy of the Pigs or Bacon Marketing Boards, or that pig producers should control or be controlled by bacon curers; we suggest only that considerations of common policy should be settled by a properly representative body to which, for reasons of economy, there might also be entrusted certain executive services for the development of the industry as a whole. In this joint body is developed the idea of co-operation, in accordance with the spirit and intention of the Agricultural Marketing Act, between the various sections of the industry, upon which its success in the future must depend.

53. In conclusion, we desire to place on record our appreciation of the manner in which our Secretary, Mr. J. B. Baber, of the Markets Division of the Ministry of Agriculture and Fisheries, has carried out his duties in connexion with our enquiry. With his sound judgment and wide knowledge of the problems involved in our terms of reference and of the technique of organization, he has proved a most helpful counsellor and we are greatly indebted to him.

We desire to acknowledge our indebtedness also to our Assistant Secretary, Mr. A. R. Manktelow, and to the other members of our staff seconded from the Markets Division of the Ministry—namely, Mr. C. H. Blagburn, Mr. A. N. Duckham and Mr. C. A. L. Irving.

As regards Scotland and Northern Ireland, our work has been greatly facilitated by the valuable assistance which we have received from Mr. H. Crow, of the Scottish Office, and Mr. G. Scott Robertson, of the Department of Agriculture for Northern Ireland, who were appointed to act in liaison between their respective Departments and ourselves.

We have the honour to be,

Sirs,

Your obedient Servants,

G. R. LANE FOX, *Chairman.*

W. S. HALDANE*

H. G. HOWITT

WYNDHAM PORTAL

JASPER RIDLEY

J. B. BABER, *Secretary.*

A. R. MANKTELOW, *Assistant Secretary.* 13th October, 1932.

* Subject to Reservation—see pages 73-74.

RESERVATION BY SIR WILLIAM S. HALDANE.

I have signed the foregoing Report under reservation on a matter of principle, which I foresee involves serious practical consequence.

From an early stage in our enquiries I realized that I differ from my colleagues in my views as to the need for adherence, in the proposals we should submit, to the main principles and purposes of the Marketing Act of last year, under which we were constituted ; and when it was decided, for reasons good in themselves, to concentrate our attention primarily on the bacon side of the industry, I pointed out the difficulty that might arise if we departed from the intention of the Act to deal comprehensively and co-operatively with the marketing of the "agricultural product" our instructions cover.

Though till the later stage of our deliberations we had in view that the marketing of pork-pigs should also be regulated, possibly along with other live stock, we have, I think, allowed the complex problems which have arisen as to the regulation of the bacon side of the industry to distract us so much from the claims of its pork side that the final proposals in the Report almost entirely ignore the needs of the latter, notwithstanding the wide instruction we were given. Could I have regarded the pork side in its marketing as a matter of little consequence, or as being satisfactory in its present state, or even felt any certainty of its being dealt with soon in some satisfactory manner, I should not have had much difficulty in concurring with the decisions finally reached by my colleagues in this respect, even if not completely fulfilling our statutory duties.

The pork side is estimated to be over two-thirds of the pig industry as a whole, and though the evidence we have taken as to it has been limited, the published reports before us, both English and Scottish, besides impressive representation as to its importance from Scotland, convince me that its marketing requires early and careful attention, being far from satisfactory at present, as I believe is common view. Moreover, the proposals in the Report, as is clearly stated, would involve increasing detriment to the pork-pig market by converting it into a "surplus" market for the purpose of protecting the bacon-pig market.

On legal advice being taken for preparation, finally, of the statutory Scheme on which our proposals must be based, no definition of the bacon-pig has been found differentiating it from the pork-pig, to satisfy our advisers, and therefore, to conform with the Statute, the Scheme is drawn up to cover all pigs, even though the actual marketing provisions are confined to pigs contracted for bacon curing. As I am advised, the effect of this would be that, not only would we be doing nothing to help the industry in the marketing of pork-pigs but that, so long as the Scheme continued

in the form proposed and the Statute was not amended to suit, no other Scheme could deal with the marketing of such pigs.

It has been suggested that the Scheme being put forward now could be amended later on to cover the marketing of pork-pigs; but this suggestion offers no practical remedy for reasons which I think are obvious on study of the difficult statutory procedure that would be required, and moreover would be dependent on sufficient support from the contracting bacon-pig producers whose intended representative Board would have absolute decision as to whether any such amendment might be proposed, even for any part of Great Britain.

I feel, therefore, though with much regret, that, as matters are now, the difficulties involved are too serious for my concurrence in the proposals of my colleagues, in so far as they stand in the way of the due regulation of the pork-pig market at an early date. Greater effort towards their solution has not been possible, unfortunately, owing to the urgency impressed on us to issue our Report for reasons quite apart from the difficulties which have now arisen.

I wish, however, to make clear that I am in full agreement with the conclusions reached to satisfy the bacon industry's needs, particularly as to the essential necessity for methods of close and continuous co-operation between its constituent parts if it is hoped to meet home requirements in competition with imports from abroad. I believe that in the peculiar position of the British bacon trade, completely dominated as it is by unregulated imports of vast quantity, it is impossible to regulate home production without regulation of these imports, the extraordinary irregularity of our pig-meat supplies being set out in paragraph 8 of the Report.

Although at first I felt difficulty in accepting proposals departing at all from the basal principle of the Act of last year placing the producer in full control of the regulation of his marketing, I am convinced as to the advisability of modifying this principle by the introduction, through the Pig Industry Development Board and a Permanent Reorganization Commission, of the wider principle of a proper degree of State guidance and industrial control.

W. S. HALDANE.

13th October, 1932.

TABLE I.—*Pig Population, Estimated Numbers of Pigs Slaughtered, and Estimated Output of Pig-meat in Great Britain in the Years 1911–31.*

Year.	Pig Population.			Estimated No. of Pigs slaughtered*	Estimated Pig-meat output†
	England and Wales.	Scotland.	Total.		
	000	000	000	000	000 cwt.
1911 ...	2,651	171	2,822	3,717	5,575
1912 ...	2,497	159	2,656	3,863	5,794
1913 ...	2,102	132	2,234	3,281	4,922
1914 ...	2,481	153	2,634	3,273	4,910
1915 ...	2,420	159	2,579	3,463	5,179
1916 ...	2,168	146	2,314	3,280	4,919
1917 ...	1,918	133	2,051	3,056	4,383
1918 ...	1,697	128	1,825	2,606	3,605
1919 ...	1,798	138	1,936	2,462	3,425
1920 ...	1,994	129	2,123	2,713	3,971
1921 ...	2,505	146	2,651	3,312	4,968
1922 ...	2,299	151	2,450	3,504	5,256
1923 ...	2,612	186	2,798	3,715	5,572
1924 ...	3,228	199	3,427	4,406	6,609
1925 ...	2,645	154	2,799	4,172	6,258
1926 ...	2,200	145	2,345	3,461	5,191
1927 ...	2,691	197	2,888	3,639	5,459
1928 ...	2,971	196	3,167	4,172	6,258
1929 ...	2,367	142	2,509	3,803	5,705
1930 ...	2,310	143	2,453	3,397	5,096
1931 ...	2,783	162	2,945	3,765	5,648

* Calculated on estimates for meat years, June to May, by taking, for the calendar year 1911, 5/12ths of the estimate for 1910-1 and 7/12ths of the estimate for 1911-2, and so on.

† Including edible offal. To cover such offal, an addition equal to 5 per cent. of the dressed meat has been made.

TABLE II.—*Pig Population and Output of Northern Ireland in the Years 1926-31.*

Year.	Pig Population.	Output of Home-bred Pigs.	Net Imports of Store Pigs.	Estimated Output of Pig-meat.*
				Cwt.
1926 '	158,351	148,800	59,700	371,400
1927	236,285	236,500	75,500	546,900
1928	229,128	270,500	40,300	541,900
1929	192,058	220,300	64,000	503,800
1930	216,315	213,300	81,500	514,100
1931	235,569†	247,500†	77,000†	566,900†

* Including edible offal, for which an allowance equal to 5 per cent. of the dressed meat production has been added.

† Provisional.

TABLE III.—*Estimated Supplies of all Pig Products in the United Kingdom in the Years 1926-31.*

Year.	Home Produce.*	Retained Imports.	Total Supplies.	Proportion of "Home" to "Total."
	000 cwt..	000 cwt.	000 cwt.	Per cent.
1926	5,563	11,881	17,444	31·9
1927	6,006	12,679	18,685	32·1
1928	6,800	13,266	20,066	33·9
1929	6,209	12,900	19,109	32·5
1930	5,610	13,879	19,489	28·8
1931	6,215†	15,756†	21,971†	28·3†

* Including edible offal, for which an allowance equal to 5 per cent. of the dressed meat production has been added.

† Provisional.

TABLE IV.—*Retained Imports of Pig Products and Live Pigs into the United Kingdom in the Years 1925-31.*

Year.	Bacon.		Hams.		Lard.		Pork (Fresh, Frozen, Salt, Tinned).*		Live Pigs.		Total.
	Quantity	Value.	Quantity	Value.	Quantity	Value.	Quantity	Value.	No.	Value.	Value.
	000 cwt.	£000.	000 cwt.	£000.	000 cwt.	£000.	000 cwt.	£000.	000	£000.	£000.
1925	7,015	39,942	1,480	8,279	2,264	9,459	1,508	7,252	98	619	65,551
1926	7,034	40,377	1,170	7,244	2,230	8,521	1,147	5,481	231	1,688	63,311
1927	8,093	36,799	864	4,466	2,388	7,551	782	3,523	395	2,337	54,876
1928	8,504	38,799	918	4,424	2,433	7,461	930	3,908	318	1,890	56,482
1929	7,927	42,081	1,005	5,290	2,613	7,782	926	4,076	311	1,944	61,173
1930	8,834	39,520	984	4,820	2,495	6,823	999	4,478	415	2,619	58,260
1931†	10,743	31,900	815	3,120	2,540	5,890	981	3,818	479‡	2,213‡	46,941

* Including offal also, except in 1931.

† Provisional figures.

‡ Gross imports.

TABLE V.—Volume and Relative Importance of Imports of Bacon
(b) in the months January to

	Total		Denmark		U.S.A.		Canada		Irish Free State		Netherlands	
	Quantity.	Quantity.	% of Total	Quantity.	% of Total	Quantity.	% of Total	Quantity.	% of Total	Quantity.	% of Total	
1925												
Bacon ..	7,486	3,739	50.0	1,490	19.9	1,267	16.9	462	6.2	276	*	3.7
Hams ..	1,517	1	0.1	1,309	86.2	188	12.4	12	0.8			
Total ..	9,003	3,740	41.5	2,799	81.1	1,455	16.2	474	5.3	276		3.1
1926												
Bacon ..	7,471	3,642	48.8	1,189	15.9	870	11.6	434	5.8	619	*	8.3
Hams ..	1,195	2	0.2	1,000	83.7	163	13.6	8	0.7			
Total ..	8,666	3,644	42.0	2,189	25.3	1,033	11.9	442	5.1	619		7.1
1927												
Bacon ..	8,482	5,091	60.0	641	7.6	503	5.9	451	5.3	797	†	9.4
Hams ..	869	3	0.3	716	80.5	134	15.1	12	1.4			0.1
Total ..	9,371	5,094	54.4	1,357	14.5	637	6.8	463	4.9	798		8.5
1928												
Bacon ..	8,853	5,376	60.7	538	6.1	307	3.5	555	6.3	1,061	†	12.0
Hams ..	942	2	0.2	760	80.7	115	12.2	17	1.8			
Total ..	9,795	5,378	54.9	1,298	13.3	422	4.3	572	5.8	1,061		10.8
1929												
Bacon ..	8,278	4,977	60.1	635	7.7	198	2.4	497	6.0	901	†	10.9
Hams ..	1,029	1	0.1	842	81.8	98	9.5	15	1.5	1		0.1
Total ..	9,307	4,978	53.5	1,477	15.9	296	3.2	512	5.5	902		9.7
1930												
Bacon ..	9,191	6,118	66.0	479	5.2	99	1.1	331	3.6	842	†	9.2
Hams ..	1,003	3	0.3	820	81.7	84	8.4	15	1.5	1		0.1
Total ..	10,194	6,121	60.0	1,299	12.7	183	1.8	346	3.4	843		8.3
1931												
Bacon ..	11,138	7,339	65.9	189	1.7	50	0.4	207	2.7	1,001	†	9.0
Hams ..	831	3	0.4	601	72.3	72	8.7	17	2.0	1		0.1
Total ..	11,969	7,342	61.4	790	6.6	122	1.0	314	2.6	1,002		8.4
1931 (Jan.-Aug.)												
Bacon and Hams †	7,869	4,758	60.4	595	7.6	48	0.6	158	2.0	780		9.7
1932 (Jan.-Aug.)												
Bacon and Hams †	8,172	5,234	64.0	374	4.5	243	3.0	119	1.4	482		5.9

* Information not available. Imports, if any, included under "Other Countries." † Less for a number of countries

and Hams from different Countries (a) during the Years 1925-31; and August, 1931 and 1932. (Quantities in 000 cwt.)

Sweden.		Poland.		Lithuania.		Rusnia.		Latvia.		Estonia.		Argentina.		Other Countries.	
Quantity.	% of Total.	Quantity.	% of Total.	Quantity.	% of Total.	Quantity.	% of Total.	Quantity.	% of Total.	Quantity.	% of Total.	Quantity.	% of Total.	Quantity.	% of Total.
150	2.0	2	†	*		13	0.2	59	0.8	16	0.2	3	†	9	0.1
		†		*		*		*		*		1	0.1	6	0.4
150	1.7	2	†	*		13	0.1	59	0.6	16	0.2	4	†	15	0.2
258	3.5	180	2.4	*		49	0.7	75	1.0	48	0.6	31	0.4	76	1.0
		2	0.2	*		*		*		*		4	0.5	16	1.3
258	3.0	182	2.1	*		49	0.6	75	0.9	48	0.6	35	0.4	92	1.0
474	5.6	117	1.4	2	†	114	1.4	164	1.9	50	0.6	51	0.6	27	0.3
		7	0.8	*		*		*		*		10	1.1	6	0.7
474	5.1	124	1.3	2	†	114	1.2	164	1.8	50	0.5	61	0.7	3	0.3
441	5.0	118	1.3	2	†	197	2.2	145	1.6	41	0.5	49	0.6	23	0.2
		16	1.7	*		*		*		*		28	3.0	4	0.4
441	4.5	134	1.4	2	†	197	2.0	145	1.5	41	0.4	77	0.9	27	0.3
890	4.6	305	3.7	5	†	209	2.5	67	0.8	25	0.3	58	0.7	21	0.2
		29	2.7	*	0.1	*		*		*		40	3.9	4	0.4
890	4.1	333	3.6	5	†	209	2.2	67	0.7	25	0.3	98	1.0	25	0.3
550	6.0	483	5.2	73	0.8	50	0.5	47	0.5	25	0.3	38	0.4	56	0.6
		43	4.3	*		*		*		*		26	2.6	11	1.1
550	5.4	526	5.2	73	0.7	50	0.5	47	0.5	25	0.2	64	0.6	67	0.7
578	5.2	1,077	9.7	363	3.2	29	0.3	31	0.3	65	0.6	50	0.4	69	0.6
		102	12.3	*		*		*		*		29	3.5	6	0.7
578	4.8	1,179	9.9	363	3.0	29	0.2	31	0.3	65	0.5	79	0.7	75	0.6
414	5.3	686	8.7	220	2.8	15	0.2	22	0.3	37	0.5	42	0.5	114	1.4
304	3.7	798	9.8	342	4.2	38	0.5	6	0.1	50	0.6	54	0.7	128	1.6

† Percentage of 0.05, or less.
 ‡ The total only of bacon and hams is shown, as separate figures for 1932 are not available.

† The total only of bacon and hams is shown, as separate figures for 1932 are not available.

TABLE VI.—Imports of Frozen Pork into the United Kingdom from Various Sources in the Years 1925-31.

Source.	1925.	1926.	1927.	1928.	1929.	1930.	1931.
	Cwt.	Cwt.	Cwt.	Cwt.	Cwt.	Cwt.	Cwt.
New Zealand ...	43,526	51,136	86,227	121,658	169,480	136,945	121,803
U.S.A. ...	130,183	90,490	38,752	58,078	47,366	108,408	62,208
Argentina ...	7,319	86,052	44,658	57,803	69,697	74,109	81,220
Other countries	45,473	45,940	17,591	9,278	10,779	32,384	100,230
Total ...	226,501	273,618	187,228	246,817	297,322	351,846	365,461

APPENDIX A.

DRAFT SCHEME

UNDER THE AGRICULTURAL MARKETING ACT, 1931,
REGULATING THE MARKETING OF PIGS.

PART I—PRELIMINARY.

1. This Scheme may be cited as the Pigs Marketing Scheme, 1932, and applies to Great Britain.

2. In this Scheme, except where the context otherwise requires—

“The Act” means the Agricultural Marketing Act, 1931.

“Bacon” includes hams.

“Calendar year” means a consecutive period of twelve months beginning on the first day of January.

“Curer” means a person registered under any scheme in force under the Act regulating the marketing of bacon, or if no such scheme is in force, a person whose business consists, in whole or in part, in producing bacon in Great Britain, and who either—

(a) uses for the purpose machinery driven by mechanical power (including water); or

(b) occupies for the purpose any premises on which, in any consecutive period of two months commencing on or after the first day of October, 1932, more than seventy-five hundredweights of bacon were put into cure, whether by him or any other person, bacon put into cure otherwise than for the first time being left out of account.

“Pigs” means pigs produced in Great Britain.

“Producer” means a producer of pigs.

“Registered” means registered under this Scheme and “registration” shall be construed accordingly.

“Secretary” includes any person for the time being authorized by the Board to act as their secretary.

3. The Interpretation Act, 1889, shall apply for the interpretation of this Scheme as it applies for the interpretation of an Act of Parliament.

PART II—THE BOARD.

4. The Board to administer this Scheme shall be called the Pigs Marketing Board, and shall be a body corporate with a common seal and power to hold land without license in mortmain.

5. Until the Board shall consist of the following persons:—

Two persons nominated by the Minister in accordance with the proviso to subsection (1) of section two of the Act; and thereafter the Board shall consist of eight district members elected one for each of the local districts specified in the First Schedule to this Scheme by the registered producers of that district, and three special members elected by the registered producers in general meeting.

6. An election of district members for the South Western, South Eastern, Eastern and East Midland districts shall be held in the year 1933 and every second calendar year thereafter, and an election of district members for the other districts shall be held in the year 1933, the year 1934, and every second calendar year thereafter. Every election of district members shall be held in the month of Every district member shall, subject to the provisions of this Scheme, hold office until the expiration of the day on which the next district election for his district takes place.

7. An election of special members shall be held in 1933 in the month of and in every subsequent calendar year at such a time as the Board may fix; but in the year 1934 and every second calendar year thereafter only one special member shall be elected, and in the year 1935 and every second calendar year thereafter only two special members shall be elected. Of the special members elected in 1933 one (to be selected by lot) shall, subject to the provisions of this Scheme, hold office until the expiration of the day on which the election of special members in 1934 takes place but, save as aforesaid, every special member shall, subject to the provisions of this Scheme, hold office only until the expiration of the day on which the election of special members is held in the second calendar year after the calendar year in which he was elected.

8. A member of the Board who ceases to hold office shall be eligible for election or re-election.

9. A member of the Board shall cease to hold office—

- (a) if he delivers to the Board a written resignation of his office and the resignation is accepted by the Board or, if not accepted, is not withdrawn within seven days; or
- (b) if he is detained for more than seven days in any place under any enactment in force in any part of the United Kingdom relating to persons of unsound mind; or
- (c) if he is adjudged bankrupt or enters into a composition with his creditors.

10. If a member of the Board dies or ceases to hold office under the last preceding paragraph, the Board shall co-opt a person in his place, and any person so co-opted shall, unless he dies or ceases to hold office as aforesaid, hold office for so long as his predecessor would have held office.

11. The Board shall at all times have power to act notwithstanding any vacancy among their members, and may appoint committees out of their own number and may, subject to the provisions of this Scheme with respect to the application of the common seal of the Board, delegate any of their powers, other than any power to impose penalties and any power in connexion with the borrowing of money, to any committee so appointed. A Committee shall not hold office beyond the next election of special members of the Board and shall report their proceedings to, and obey any directions of, the Board.

12. The quorum of the Board and of any committee thereof shall be such as the Board may from time to time determine but in the case of the Board, shall, until otherwise determined, be five, and shall not be less than that number, and in the case of any committee, shall in no case be less than three. Questions arising at any meeting of the Board or a committee shall be decided by a majority of the votes of the members present, and in the case of an equality of votes at such a meeting the member acting as chairman shall have a second or casting vote. Any member of the Board may, and the Secretary on the request of any member of the Board shall, convene a meeting of the Board.

13. All acts done at any meeting of the Board or of any committee thereof shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment, election or qualification of a person purporting

to be a member of the Board or the committee, be as valid as if that defect had not existed.

14. Minutes shall be kept of the proceedings of the Board or of any committee thereof, and any such minutes shall, if signed by a person purporting to have acted as chairman of the meeting to which they relate or of a meeting at which they were read, be evidence of those proceedings, and the meeting to which any such minutes relate shall be presumed, until the contrary is proved, to have been regularly convened and constituted.

15. The common seal of the Board shall not be applied to any document except at a meeting of the Board, and its application shall be attested by the member acting as chairman and at least one other member and the Secretary.

16. Contracts and instruments which would not in the case of a private person require to be under seal may be entered into or executed on behalf of the Board by any person authorized in that behalf by the Board.

17. The Board—

- (a) may employ a secretary and such other officers, servants and agents as they think fit ;
- (b) shall have an office at which communications and notices will at all times be received, and shall notify the Minister of the address thereof and of any change in that address ;
- (c) may enter into such agreements, acquire such property and do such things as may in their opinion be necessary or desirable for the purpose of exercising any of their powers or performing any of their duties under this Scheme.

18. The Board may pay to any member of the Board any such travelling and hotel expenses as have in their opinion been reasonably incurred by him in connexion with the business of the Board, and shall also pay to each member of the Board such remuneration (if any) as may be prescribed annually by the registered producers in general meeting.

19. No contract to which the Board is a party shall be avoided by reason only that a member of the Board is also a party thereto or is interested therein, and a member of the Board who is a party to or interested in such a contract shall not, by reason only that he is a member of the Board, be liable to account to the Board for any profit realized by him by reason of the contract ; but a member of the Board must forthwith disclose to the Board any interest which he has or acquires in any contract concluded or proposed to be concluded by the Board and shall not vote upon any question relating to the contract, and if he does vote, his vote shall not be counted :

Provided that a member of the Board shall not be precluded from voting on a question relating to the general policy of the Board with respect to any matter by reason only that the determination of that question will or may affect contracts which have been, or may thereafter be, entered into by him with the Board.

PART III.—REGISTER OF PRODUCERS.

20. The Board shall keep a register of producers, and every producer shall, on application to the Board, be entitled to be registered therein.

21. The register of producers shall be open for inspection at the office of the Board from 10 a.m. to 4 p.m. on weekdays other than Saturdays, except on Christmas Day, Good Friday and any Bank Holiday. Any person shall be entitled to be supplied with a copy of the register or any part thereof on payment of a fee not exceeding one halfpenny for each entry copied, or to take extracts therefrom for his own use free of charge. The Board administering any scheme under the Act regulating the marketing of bacon

shall on demand be entitled once in each calendar year to be supplied with a copy of the register free of charge.

22. Any producer who desires neither to sell pigs to curers nor to require, in accordance with the provisions of Part VI of this Scheme, the Board to buy pigs from him, shall be exempt from registration and from the operation of this Scheme :

Provided that a producer who has entered into a contract with the Board in pursuance of such a request as aforesaid shall not be entitled to exemption so long as anything remains to be done by him under that contract.

23. The Board, on being satisfied that a person who is registered has ceased to be a producer or is exempt from registration, shall remove his name from the register :

Provided that the name of a person shall not be removed from the register without his consent by reason only that he is exempt from registration.

PART IV.—POLLS.

24. On the coming into force of this Scheme, a poll of the registered producers shall be taken on the question whether this Scheme is to remain in force. The said poll (in this Scheme referred to as "the initial poll") and any poll held in connexion with a proposal for the amendment or revocation of this Scheme shall be taken in accordance with the succeeding provisions of this Part of this Scheme.

25. The producers who are entitled to vote on the poll shall be the producers who are registered on the qualifying date, that is to say :—

(a) in the case of the initial poll, the date specified in the notice to be published in accordance with sub-section (1) of section four of the Act, being a date not less than seven days after the date to be fixed by the Minister for the latest publication of any such notice ;

(b) in the case of any other poll, on such day as may be determined by the Board.

26. The poll shall be conducted by post, and the Board shall, not later than the seventh day after the qualifying date, send a voting paper to every producer entitled to vote. In the event of the loss of a voting paper so sent, the Board may supply a duplicate voting paper.

27. The voting paper shall be in the form set out in the Second Schedule to this Scheme, and only voting papers which are properly completed and which reach the office of the Board on or before the fourteenth day after the qualifying date shall be taken into account ; and any person who knowingly makes any false statement in a voting paper shall be liable on summary conviction to be imprisoned for a period not exceeding three months, or to a fine not exceeding £100, or to both such imprisonment and fine.

28. For the purposes of any poll, the quantity of pigs which a producer is capable of producing shall be taken to be proportionate to the number of live pigs in his possession in Great Britain at noon on the qualifying date.

29. The Board shall cause the votes to be counted, and the result of the poll shall be declared at a meeting of the Board by the member acting as chairman at that meeting, and shall be published in the *Times* newspaper or, at the option of the Board, by sending a notice thereof, in the case of the initial poll, to every person who is known to the Board to be a producer, and in the case of any other poll, to every registered producer.

PART V.—FINANCIAL PROVISIONS.

30. There shall be established a fund (in this Scheme referred to as "the fund") which shall be administered and controlled by the Board. All moneys received by the Board shall be paid into the fund, and any moneys required by the Board for the operation of this Scheme shall be paid out of the fund. Any moneys for the time being standing to the credit of the fund may be left on current or deposit account in any bank or invested in any securities in which a trustee might lawfully invest trust moneys under the powers of section one of the Trustee Act, 1925, as extended by any subsequent enactment.

31. The Board may borrow money in such manner, on such terms and on such security as may be arranged by them with the person from whom the money is borrowed.

32. The Board shall keep proper accounts and in particular shall annually make out a balance-sheet and either a profit and loss account or, if the Board does not trade for profit, an income and expenditure account, and shall cause them to be audited by a Chartered or Incorporated Accountant nominated by the registered producers in general meeting, and as soon as may be after the auditor has reported thereon, and in any case within three months of the close of the period covered by the profit and loss or income and expenditure account, shall send to the Minister and to every registered producer a copy thereof and of the report of the auditor thereon, and also a report by the Board as to the working of this Scheme in the period covered by the profit and loss or income and expenditure account.

33. The Board shall, on the demand of any person and on payment by him of such fee, not exceeding one shilling, as may be fixed by the Board, furnish to him a copy of any of their balance-sheets.

PART VI.—PROVISIONS AS TO MARKETING AND PRINCIPAL POWERS OF THE BOARD.

34. The provisions of this Part of this Scheme shall come into force at the expiration of the suspensory period, that is to say, at the expiration of a period of one month commencing on the date on which the result of the initial poll is declared to be favourable to the continuance in force of this Scheme.

35. Subject to the provisions of the Act with respect to existing contracts and to the provisions of this paragraph, a producer who is neither registered nor exempt from registration shall not sell any pigs:

Provided that sales of pigs otherwise than to the Board or any curer shall be exempt from the provisions of this paragraph.

36. The Board may regulate sales of pigs by any registered producer by determining, for such period as may be fixed by the Board on the occasion of each determination, all or any of the following matters, that is to say, the kinds, varieties and grades of pigs which may be sold, and the prices at, below, or above which, and the terms on which, pigs of any kind, variety, grade or quantity of pigs may be sold:

Provided that any sale of pigs to the Board or to a person who is not a curer shall be exempt from the operation of every such determination.

If any registered producer sells any pig in contravention of this paragraph, then, subject to the provisions of the Act with respect to existing contracts and to the provisions of this Part of this Scheme, the Board shall by resolution impose upon, and shall recover from, him such monetary penalty (not exceeding ten pounds in respect of each pig so sold) as they think just.

37. The Board may—

- (a) buy pigs ;
- (b) produce from pigs any of the commodities specified in the Third Schedule to this Scheme ;
- (c) sell, grade, pack, store, adapt for sale, insure, advertise and transport any pigs bought or commodities produced by them as aforesaid ;
- (d) for the purpose of producing from pigs bought by them any such commodities as aforesaid, establish slaughterhouses ;
- (e) buy, and sell or let for hire to registered producers, anything required for the production of pigs ;
- (f) co-operate with any other person in doing any of the things previously mentioned in this paragraph ;
- (g) do such things as appear to the Board to be calculated to encourage co-operation among producers of pigs or research and education in connexion with the production and marketing of pigs and commodities produced from pigs, and in particular (but without prejudice to the generality of the foregoing provisions) may provide or join in providing for producers the services known as "pig-recording" and "litter-testing," and any services for similar purposes.

Where in pursuance of sub-paragraph (g) of this paragraph the Board render any services to any producer, they may make such charges in respect thereof as they consider reasonable.

38. Without prejudice to the generality of the powers conferred on the Board by the foregoing provisions of this Part of this Scheme, the Board shall from time to time, after consulting the persons who are for the time being members of the board administering any scheme under the Act regulating the marketing of bacon, or, if there is no such board, after consulting such other persons as they think best qualified to express the views of curers, prescribe the descriptions under which, the terms on which, and the prices at which, they will, when requested so to do in accordance with the provisions of this paragraph, sell pigs to curers, and subject to the provisions of this paragraph, it shall be the duty of the Board, on the joint request of a registered producer who desires to sell, and a curer who desires to buy, any number of pigs under any prescribed description, to contract with the producer to buy, and to contract with the curer to sell, that number of pigs under that description, on the prescribed terms and at the prescribed price :

Provided that—

- (a) the Board may from time to time prescribe a limit on the quantity of pigs, or pigs of a specified description, which they will sell to curers under this paragraph for delivery within a specified period, and the Board shall not enter into any contract under this paragraph if, in their opinion, the effect of so doing would be that any limit so prescribed would be exceeded ;
- (b) the Board shall not be bound to enter into any contracts in any case in which they have reasonable cause to believe that either the producer or the curer will not fulfil his contract ;
- (c) the terms of the contract between the Board and the producer shall, in such classes of cases as may from time to time be prescribed by the Board, differ from the terms of the contracts between the Board and the curer in such respects as may be so prescribed, and in any case where the terms of the contracts so differ, the price payable by the Board to the producer shall also differ from the price payable by the curer to the Board to the extent so prescribed.

For the purposes of this paragraph the Board may, either generally or in relation to particular circumstances or particular descriptions of pigs, prescribe alternative terms for the sale of pigs by the Board to curers or for the sale of pigs by producers to the Board, or for both, and in any case in which any such alternatives are available, any request under this section must specify which of the available alternatives is desired to be adopted.

39. There shall be made from any sum payable by the Board under any contract for the sale of pigs to them by a registered producer such deduction by way of contribution to the fund as may be specified in a scale to be from time to time fixed by the Board.

40. The Board may, at any time within the three months immediately succeeding the expiration of the suspensory period, by resolution require every registered producer to contribute to the fund the sum of two shillings and sixpence plus, in the case of a registered producer who validly voted on the initial poll, a sum not exceeding threepence for every pig stated by him to have been in his possession at noon on the qualifying date. The amount of any such contribution shall be a debt due to the Board from the registered producer in question.

41. Any moneys standing to the credit of the fund which, in the opinion of the Board, are not required for the operation of this Scheme shall be distributed among the registered producers in proportion to the total sums respectively contributed by them to the fund under the two last preceding paragraphs.

42. The Board may lend to a registered producer, on such security (if any) and on such terms as to interest and otherwise as they think fit, sums not exceeding in all two-thirds of the total sum which they estimate that he will receive from the sale to them of pigs which are in the course of being produced by him.

43. Any registered producer who satisfies the Board or establishes by arbitration in accordance with Part IX of this Scheme that the Board have in any respect given an undue preference to any other registered producer, shall be entitled to receive from the Board such sums by way of compensation as may be necessary to make good any damage suffered by him by reason of the undue preference.

44. The Board may, whenever they consider it necessary for the operation of this Scheme so to do, serve on any registered producer a demand in writing requiring him to furnish to them such estimates, returns and other information relating to pigs as may be specified in the demand and if without reasonable excuse he fails to comply with the demand or if he knowingly makes any false statement in reply thereto, then, subject to the provisions of this Part of this Scheme, the Board shall by resolution impose upon, and shall recover from, him such monetary penalty not exceeding twenty pounds as they think just.

45. Any person authorized in writing by the Board may, for the purpose of securing compliance with this Scheme, enter and inspect, at any reasonable time and on production of his authority, any part of the land or premises occupied by a registered producer (being a producer specified in the authority) which the person so authorized has reason to believe is used for producing pigs.

46. The following provisions shall have effect with respect to the imposition of penalties by the Board on registered producers under the preceding provisions of this Part of this Scheme and the recovery thereof :—

- (a) no penalty shall be so imposed in respect of any act or omission which constitutes an offence under any Act other than the Act ;
- (b) every penalty so imposed shall, subject as hereinafter provided, be a debt due to the Board and recoverable accordingly ;

(c) immediately on the passing of any resolution imposing a penalty, notice of the resolution shall be sent to the registered producer in question and he may within fourteen days from the day on which the notice was so sent to him give notice to the Board referring the matter to arbitration under the provisions of Part IX of this Scheme ; and if the matter is so referred, no proceedings shall be taken by the Board otherwise than in or for the purposes of the arbitration or to enforce the award of the arbitrator ; and the arbitrator may award payment of such penalty, if any (not exceeding the maximum penalty which could have been imposed by the Board), as he thinks just.

PART VII.—MEETINGS OF REGISTERED PRODUCERS.

47. Whenever an election of district members of the Board is to be held or anything is to be done by a district meeting of registered producers, the Board shall arrange for the holding of a district meeting at such time and place within the district as they may appoint, and whenever an election of special members of the Board is to be held or anything is to be done by the registered producers in general meeting, the Board shall arrange for the holding of a general meeting at such time and place as the Board may appoint.

48. The chairman of every meeting shall be appointed by the Board :

Provided that if the person appointed by the Board to be chairman is not present within fifteen minutes of the time appointed for the meeting, the meeting shall choose a chairman.

49. At least ten days before the day fixed for the holding of a meeting the Board shall send to every registered producer who is entitled to vote at the meeting a written notice stating—

- (a) the time and place appointed for the holding of the meeting ;
- (b) the business to be transacted ;
- (c) the name of the chairman ;
- (d) in the case of a general meeting at which an election is to take place, the time by which nominations of candidates must be received at the office of the Board ;
- (e) in the case of a district meeting at which an election is to take place, the name and address of the person to whom nominations of candidates are to be sent and the time by which such nominations must be received at that address.

50. No business shall be transacted at any meeting other than the business of which notice has been given as aforesaid by the Board.

51. At a general meeting every registered producer shall be entitled to vote and at a district meeting those registered producers shall be entitled to vote who are producing pigs in the district :

Provided that no registered producer shall be entitled to vote at an election of district members of the Board more than once in 1933 or more than once in any two consecutive calendar years subsequent to 1933.

52. At any meeting, registered producers may vote either personally or by proxy. The instrument appointing a proxy shall be in writing in such form as the Board may require, under the hand of the registered producer or his attorney, or, if the registered producer is a limited company, either under their seal or under the hand of a person duly authorized by them in that behalf. The said instrument and the power of attorney or other authority (if any) under which it is signed (or a notarily certified copy thereof) shall

be deposited at the office of the Board not later than the end of the third day before the day fixed for the meeting, and in default the instrument shall be treated as invalid.

The proxy of a limited company need not be a registered producer.

53. Every question put before a meeting of registered producers (not being a question as to who is to be elected a member of the Board) shall be decided on a show of hands unless, either before or immediately after the show of hands, a formal vote is demanded by or on behalf of at least three registered producers entitled to vote, in which case a formal vote shall forthwith be taken.

54. The following provisions shall have effect with respect to elections of members of the Board :—

- (a) no person shall be qualified to be elected a district member unless he has been nominated in writing as a candidate by at least twenty registered producers entitled to vote in that district and the nomination has, not later than the end of the third day before the day fixed for the holding of the election, been received at the address designated in that behalf by the Board ;
- (b) no person shall be qualified to be elected a special member unless either he has been nominated as a candidate by a resolution of the Board or he has been nominated in writing by at least forty registered producers, and, in the latter case, the nomination has, not later than the third day before the day fixed for the holding of the election, been received at the office of the Board ;
- (c) where no more candidates are duly nominated than there are vacancies to be filled, those candidates shall be declared elected, but in any other case a formal vote shall forthwith be taken and the candidates who receive the most votes shall be declared elected.

55. On the taking of a formal vote a registered producer shall, except in the case of an election, have the standard number of votes and in the case of an election shall have the standard number of votes multiplied by the number of members to be elected at the meeting, but shall not give more than the standard number of votes in favour of any one candidate.

In this paragraph, the expression "the standard number of votes" means in relation to each registered producer one vote plus one vote for every twenty pigs contracted to be sold by him to the Board for delivery during the calendar year in which the election takes place, and where that number of pigs is not an exact multiple of twenty the producer shall have the same number of votes as if the number of pigs had been the next highest multiple of twenty.

Where under any contract of sale the period allowed for the delivery of any pigs does not fall wholly within any one calendar year, those pigs shall, for the purpose of this paragraph, be deemed to have been sold for delivery during the calendar year within which the period commences.

56. Without prejudice to the provisions of this Part of this Scheme relating to proxies, a registered producer who is a limited company may exercise any of their rights at a meeting by any one of their directors and a registered producer who is a partnership may exercise any of their rights at a meeting by any of their partners.

57. At any meeting the declaration of the chairman as to the result of any vote or show of hands shall be final ; and in the event of an equality of votes the chairman shall, in addition to his other votes (if any) have a casting vote.

58. Without prejudice to any other provisions of this Scheme, the Board may convene a general or district meeting of registered producers to discuss any question which, in the opinion of the Board, should be discussed at such a meeting.

PART VIII.—AMENDMENT AND REVOCATION OF SCHEME AND WINDING UP OF THE BOARD.

59. Before submitting a substitutional Scheme or amendment of this Scheme to the Minister, the Board shall publish the proposed Scheme or amendment by serving notice thereof on every registered producer.

60. A poll on the question whether or not a substitutional Scheme or an amendment of this Scheme shall be submitted to the Minister may, within one month from the publication thereof, be demanded in writing by any 200 registered producers, and a poll on the question whether or not this Scheme is to be revoked may be demanded at any time in the said manner by any 500 registered producers; but no poll shall without the consent of the Board be taken on the question whether or not this Scheme is to be revoked within one year of the declaration of the result of a previous poll on that question.

61. Part X of the Companies Act, 1929 (which relates to the winding up of unregistered companies) shall apply in relation to the Board subject to the modifications set out in paragraphs four to eight of the Second Schedule to the Act.

62. Contributions under paragraph seven of the Second Schedule to the Act shall be assessed proportionately to the total number of pigs (if any) contracted to be sold to the Board by each contributor for delivery at any time during the relevant period and shall not in any case exceed five shillings per pig.

Where under any contract of sale the period allowed for the delivery of any pigs does not fall wholly within the relevant period, those pigs shall, for the purposes of this paragraph, be deemed to have been sold for delivery on the first day of the period allowed by the contract for the delivery thereof.

PART IX.—MISCELLANEOUS.

63. Any producer who is aggrieved by any act or omission of the Board may refer the matter to the arbitration of a single arbitrator to be agreed upon between him and the Board or in default of agreement to be nominated by the Minister, and the arbitrator may make such order in the matter as he thinks just.

Every such arbitration shall be conducted in accordance with the law of England, and the Arbitration Act, 1889, shall apply in relation thereto.

64. Any requirement of this Scheme that a document shall be sent to or served on a person by the Board shall be deemed to have been complied with if within the period (if any) limited for the sending or service of the document the document is dispatched to him by post, properly addressed and with the postage prepaid.

FIRST SCHEDULE.

DISTRICTS.

There shall be eight districts bearing respectively the names set out in the first column of the following Table and each district shall consist of the areas specified opposite thereto in the second column of that Table :—

1. SOUTH WESTERN	Somersetshire. Dorsetshire. Devonshire. Cornwall.
2. SOUTH EASTERN	Kent. Surrey. Middlesex and London (including the City). Sussex. Berkshire. Hampshire (including the Isle of Wight). Oxfordshire. Buckinghamshire. Bedfordshire. Wiltshire.
3. EASTERN	Norfolk. Suffolk. Essex. Hertfordshire.
4. EAST MIDLAND	Lincolnshire. Nottinghamshire. Derbyshire. Leicestershire. Rutland. Northamptonshire (including the Soke of Peterborough). Huntingdonshire. Cambridgeshire (including the Isle of Ely).
5. WEST MIDLAND	Cheshire. Shropshire. Staffordshire. Warwickshire. Worcestershire. Gloucestershire. Herefordshire.
6. NORTHERN	Cumberland. Northumberland. Durham (the whole County). Westmorland. Lancashire. Yorkshire.
7. WALES	Wales and Monmouthshire.
8. SCOTLAND	Scotland.

SECOND SCHEDULE.
FORM OF VOTING PAPER.

The Pigs Marketing Board.

(1) The Board must fill in the name and address of the registered producer. To (1)

A poll is being held under the Pigs Marketing Scheme, 1932, on the following question, viz. (2).....

(2) The Board must fill in the question on which the poll is being taken. Do you wish this question to be answered "Yes" or to be answered "No"? (Answer Yes or No)

(3) The Board must fill in the qualifying date. How many live pigs were in your possession in Great Britain at noon on (3).....?

*Are you likely to desire either to sell pigs to curers (as defined in the Scheme) or to require the Board, in accordance with Part VI. of the Scheme, to buy pigs from you? (Answer Yes or No).....

Signature of registered producer.....
Address

N.B.—Your votes will not count unless this paper, properly filled in and signed, reaches the office of the Pigs Marketing Board (4)..... on or before (5)

(4) The Board must fill in the address of their office. If you will-

(5) The Board must fill in the fourteenth day after the qualifying date. you will render yourself liable to imprisonment or a heavy fine or both.

For the Pigs Marketing Board,

Secretary.

Note.—The paragraph marked * should be omitted from the form except in the case of the initial poll.

THIRD SCHEDULE.

PRODUCTS WHICH MAY BE PRODUCED BY THE BOARD FROM PIGS.

Pork, bacon, hams, sausages, inwards, brawn, galantines and any edible offal or by-product; lard, tallow, and any edible or inedible fat, oil or grease; hair and bristles; glue and gelatine; skins; glands, gland extracts and any pharmaceutical product; sausage casings, bladders, gut and any other product made from the alimentary system of pigs; bones, bone meal, bone charcoal, blood, blood meal, and other derivatives of blood; hoofs, hoof meal, meat meal and any fertilizers or feeding-stuffs.

APPENDIX B.

DRAFT SCHEME

UNDER THE AGRICULTURAL MARKETING ACT, 1931,
REGULATING THE MARKETING OF BACON
(INCLUDING HAMS).

PART I—PRELIMINARY.

1. This Scheme may be cited as the Bacon Marketing Scheme, 1932, and applies to Great Britain.
 2. In this Scheme, except where the context otherwise requires—
 - “The Act” means the Agricultural Marketing Act, 1931;
 - “Bacon” means bacon produced in Great Britain, and includes hams;
 - “Calendar Year” means a consecutive period of twelve months beginning on the first day of January;
 - “Producer” means a producer of bacon;
 - “Registered” means registered under this Scheme, and “registration” shall be construed accordingly;
 - “Secretary” includes any person for the time being authorized by the Board to act as their secretary;
 - “Week” means a consecutive period of seven days beginning on a Sunday.
 3. The Interpretation Act, 1889, shall apply for the interpretation of this Scheme as it applies for the interpretation of an Act of Parliament.
-

PART II—THE BOARD.

4. The Board to administer this Scheme shall be called the Bacon Marketing Board, and shall be a body corporate with a common seal and power to hold land without licence in mortmain.
5. Until _____, the Board shall consist of the following persons :—

Two persons nominated by the Minister in accordance with the proviso to subsection (1) of section two of the Act ;
and thereafter the Board shall (subject to the provisions of this Scheme) consist of seven members annually elected by registered producers

6. The annual election of members of the Board shall be held each year in the month of _____, on such day as may be fixed by the Board, and every elected member of the Board shall, subject to the provisions of this Scheme, hold office until the expiration of the day on which his successor is elected.

7. Of the members of the Board elected by registered producers, two shall be elected by producers who produce bacon on small premises, three by producers who produce bacon on medium premises, and two by producers who produce bacon on large premises, at meetings of these classes of producers respectively.

For the purposes of this Scheme, premises shall be treated as (a) small, (b) medium or (c) large according as the total quantity of bacon put into cure thereon during the preceding calendar year (excluding bacon put into cure otherwise than for the first time)—

- (a) did not exceed one thousand three hundred tons ; or
- (b) exceeded one thousand three hundred tons, but did not exceed three thousand one hundred and twenty tons ; or
- (c) exceeded three thousand one hundred and twenty tons.

8. A member of the Board who ceases to hold office shall be eligible for election or re-election.

9. A member of the Board shall cease to hold office—

- (a) if he delivers to the Board a written resignation of his office and the resignation is accepted by the Board or, if not accepted, is not withdrawn within seven days ; or
- (b) if he is detained for more than seven days in any place under any enactment in force in any part of the United Kingdom relating to persons of unsound mind ; or
- (c) if he is adjudged bankrupt or enters into a composition with his creditors.

10. If a member of the Board dies or ceases to hold his office under the last preceding paragraph, the Board shall co-opt a person in his place, and any person so co-opted shall, unless he dies or ceases to hold office as aforesaid, hold office for so long as his predecessor would have held office.

11. The Board shall at all times have power to act notwithstanding any vacancy among their members, and may appoint committees out of their own number, and may, subject to the provisions of this Scheme with respect to the application of the common seal of the Board, delegate any of their powers, other than any power to impose penalties or any power in connexion with the borrowing of money, to any committee so appointed. A committee shall not hold office beyond the next election of members of the Board, and shall report their proceedings to, and obey any directions of, the Board.

12. The quorum of the Board and of any committee thereof shall be such number (not less than three) as the Board may from time to time determine, and until otherwise determined, the quorum of the Board shall be three. Questions arising at any meeting of the Board or a committee shall be decided by a majority of the votes of the members present, and in the case of an equality of votes at such a meeting the member acting as chairman shall have a second or casting vote. Any member of the Board may, and the Secretary on the request of any member of the Board shall, convene a meeting of the Board.

13. All acts done at any meeting of the Board or of any committee thereof shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment, election or qualification of a person purporting to be a member of the Board, or the committee, be as valid as if that defect had not existed.

14. Minutes shall be kept of all the proceedings of the Board or of any committee thereof, and any such minutes shall, if signed by a person purporting to have acted as chairman of the meeting to which they relate, or of a meeting at which they were read, be evidence of those proceedings, and the meeting to which any such minutes relate shall be presumed, until the contrary is proved, to have been regularly convened and constituted.

15. The common seal of the Board shall not be applied to any document except at a meeting of the Board, and its application shall be attested by the member acting as chairman and at least one other member and the Secretary.

16. Contracts and instruments which would not in the case of a private person require to be under seal may be entered into or executed on behalf of the Board by any person authorized in that behalf by the Board.

17. The Board—

- (a) may employ a secretary and such other officers, servants and agents as they think fit ;
- (b) shall have an office at which communications and notices will at all times be received, and shall notify the Minister of the address thereof and of any change in that address ;
- (c) may enter into such agreements, acquire such property, and do such things as may in their opinion be necessary or desirable for the purpose of exercising any of their powers or performing any of their duties under this Scheme.

18. The Board may pay to any member of the Board any such travelling and hotel expenses as have in their opinion been reasonably incurred by him in connexion with the business of the Board and shall also pay to each member of the Board such remuneration (if any) as may be prescribed annually by the registered producers in general meeting.

19. No contract to which the Board is a party shall be avoided by reason only that a member of the Board is also a party thereto, or is interested therein, and a member of the Board who is a party to or interested in such a contract shall not, by reason only that he is a member of the Board, be liable to account to the Board for any profit realized by him by reason of the contract ; but a member of the Board must forthwith disclose to the Board any interest which he has or acquires in any contract concluded or proposed to be concluded by the Board, and shall not vote upon any question relating to the contract, and if he does vote, his vote shall not be counted :

Provided that a member of the Board shall not be precluded from voting on a question relating to the general policy of the Board with respect to any matter by reason only that the determination of that question will or may affect contracts which have been or may thereafter be entered into by him with the Board.

PART III—REGISTER OF PRODUCERS.

20. The Board shall keep a register of producers, and every producer shall, on application to the Board, be entitled to be registered therein.

21. The register of producers shall be open for inspection at the office of the Board from 10 a.m. to 4 p.m. on weekdays other than Saturdays, except on Christmas Day, Good Friday and any Bank Holiday. Any person shall be entitled to be supplied with a copy of the register or any part thereof on payment of a fee not exceeding one penny for each entry copied, or to take extracts therefrom for his own use, free of charge. The board which administers any scheme under the Act regulating the marketing of pigs shall, on demand, be entitled, once in each calendar year, to be supplied with a copy of the register, free of charge.

22. The following producers shall be exempt from registration and from the operation of this Scheme, that is to say, any producer who does not use machinery driven by any form of mechanical power (including water) so long as he can, if required to do so, satisfy the Board with respect to each of the premises occupied by him, that on those premises not more than seventy-five hundredweights of bacon in all have been put into cure in any consecutive period of two months commencing on or after the first day of October, 1932, whether by him or by any other person, bacon which was put into cure otherwise than for the first time being left out of account.

23. The Board, on being satisfied that a person who is registered has ceased to be a producer or is exempt from registration, shall remove his name from the register:

Provided that the name of a person shall not be removed from the register without his consent by reason only that he is exempt from registration.

PART IV—POLLS.

24. On the coming into force of this Scheme, a poll of the registered producers shall be taken on the question whether this Scheme is to remain in force. The said poll (in this Scheme referred to as "the initial poll") and any poll held in connexion with a proposal for the amendment or revocation of this Scheme shall be taken in accordance with the succeeding provisions of this part of this Scheme.

25. The producers who are entitled to vote on the poll shall be the producers who are registered on the qualifying date, that is to say:—

(a) in the case of the initial poll, the date specified in the notice to be published in accordance with subsection (1) of section four of the Act, being a date not less than seven days after the date to be fixed by the Minister for the latest publication of any such notice;

(b) in the case of any other poll, on such days as may be determined by the Board.

26. The poll shall be conducted by post, and the Board shall, not later than the seventh day after the qualifying date, send a voting paper to every producer entitled to vote. In the event of the loss of a voting paper so sent, the Board may supply a duplicate voting paper.

27. The voting paper shall be in the form set out in the Schedule to this Scheme, and only voting papers which are properly completed and which reach the office of the Board on or before the fourteenth day after the qualifying date shall be taken into account; and any person who knowingly makes any false statement in a voting paper shall be liable on summary conviction to be imprisoned for a period not exceeding three months, or to a fine not exceeding one hundred pounds, or to both such imprisonment and fine.

28. For the purposes of any poll, the quantity of bacon which a registered producer is capable of producing shall be taken to be proportionate to the total quantity of bacon which, so far as can be ascertained, was put into cure, whether by him or any other person, on the premises which are in his occupation on the qualifying date during the calendar year immediately preceding that in which the qualifying date falls, bacon put into cure otherwise than for the first time being left out of account.

29. The Board shall cause the votes to be counted, and the result of the poll shall be declared at a meeting of the Board by the member acting as chairman at that meeting, and shall be published in the *Times* newspaper, or, at the option of the Board, by sending a notice thereof, in the case of the initial poll, to every person who is known to the Board to be a producer, and in the case of any other poll, to every registered producer.

30. Hams and bacon other than hams shall not be treated as separate products for the purpose of subsection (4) of section three of the Act.

PART V—FINANCIAL PROVISIONS.

31. There shall be established a fund (in this Scheme referred to as "the fund") which shall be administered and controlled by the Board. All moneys received by the Board shall be paid into the fund, and any moneys required by the Board for the operation of this Scheme shall be paid out of the fund. Any moneys for the time being standing to the credit of the fund may be left on current or deposit account in any bank or invested in any securities in which a trustee might lawfully invest trust moneys under the powers of section one of the Trustee Act, 1925, as extended by any subsequent enactment.

32. The Board may borrow money in such manner, on such terms and on such security as may be arranged by them with the person from whom the money is borrowed.

33. The Board shall keep proper accounts and in particular shall annually make out a balance-sheet and an income and expenditure account or, if the Board trades for profit, a profit and loss account, and shall cause them to be audited by a Chartered or Incorporated Accountant nominated by the registered producers in general meeting, and as soon as may be after the auditor has reported thereon and in any case within three months of the close of the period covered by the income and expenditure or profit and loss account, shall send to the Minister and to every registered producer a copy thereof, and of the report of the auditor thereon, and also a report by the Board as to the working of this Scheme in the period covered by the income and expenditure or profit and loss account.

34. The Board shall, on the demand of any person, and on payment by him of such fee, not exceeding one shilling, as may be fixed by the Board, furnish to him a copy of any of their balance sheets.

PART VI—PROVISIONS AS TO MARKETING AND PRINCIPAL POWERS OF THE BOARD.

35. The provisions of this Part of this Scheme shall come into force at the expiration of the suspensory period, that is to say, at the expiration of a period of one month commencing on the date on which the result of the initial poll is declared to be favourable to the continuance in force of this Scheme.

36. Subject to the provisions of the Act with respect to existing contracts, a producer who is neither registered nor exempt from registration shall not sell any bacon either in Great Britain or elsewhere.

37. The Board may regulate sales of bacon by any registered producer by determining, for such period as may be fixed by the Board on the occasion of each determination, all or any of the following matters :—

(a) the kinds, varieties and grades of bacon which may be sold ;

(b) the price at, below or above which, the terms on which, and the persons to or through the agency of whom, bacon or any kind, variety, grade or quantity thereof may be sold.

The Board may from time to time exempt sales of any specified class, in whole or in part, from the operation of any determination under this paragraph.

If any registered producer sells any bacon in contravention of this paragraph, then, subject to the provisions of the Act with respect to existing contracts and to the provisions of this Part of this Scheme, the Board shall by resolution impose upon, and shall recover from, him, such monetary penalty (not exceeding the sum of one hundred pounds plus half the price for which the bacon in question was sold) as they think just.

38. The Board may from time to time determine the manner in which bacon or any kind, variety or quantity thereof is to be graded by or on behalf of registered producers, and the manner in which bacon or any kind, variety, grade or quantity thereof is to be marked, packed, stored, adapted for sale or transported by or on behalf of registered producers.

If any registered producer contravenes any determination under this paragraph, then, subject to the provisions of this Part of this Scheme, the Board shall by resolution impose upon, and shall recover from, him such monetary penalty (not exceeding the sum of one hundred pounds plus one pound for every hundredweight of bacon in respect of which the contravention took place) as they think just.

39. The Board may, whenever they consider it necessary for the operation of this Scheme so to do, serve on any registered producer a demand in writing requiring him to furnish to them such estimates, returns and other information relating to bacon as may be specified in the demand, and if without reasonable excuse he fails to comply with the demand, or if he knowingly makes any false statement in reply thereto, then, subject to the provisions of this Part of this Scheme, the Board shall by resolution impose upon, and shall recover from, him such monetary penalty not exceeding twenty pounds as they think just.

40. The following provisions shall have effect with respect to the imposition of penalties by the Board on registered producers under the preceding provisions of this Part of this Scheme and the recovery thereof:—

- (a) no penalty shall be so imposed in respect of any act or omission which constitutes an offence under any Act other than the Act;
- (b) every penalty so imposed shall, subject as hereinafter provided, be a debt due to the Board and recoverable accordingly;
- (c) immediately on the passing of any resolution imposing a penalty, notice of the resolution shall be sent to the registered producer and he may within fourteen days from the day on which notice was so sent to him give notice to the Board referring the matter to arbitration under the provisions of Part IX of this Scheme; and if the matter is so referred no proceedings shall be taken by the Board except in or for the purposes of the arbitration or to enforce the award of the arbitrator, and the arbitrator may award payment of such penalty, if any (not exceeding the maximum penalty which could have been imposed by the Board), as he thinks just.

41. The Board may, either alone or in co-operation with any other person, advertise bacon or any kind, variety or grade thereof, and may do such things as they think fit to encourage any form of agricultural co-operation, research or education connected with the production or marketing of pigs or bacon.

42. The Board may either alone or in co-operation with any other person—

- (a) buy, and sell or let for hire to any registered producer, anything required for the production of bacon or the adaptation for sale or sale thereof;
- (b) at the request and on behalf of any registered producer, and on such terms as to payment or otherwise as may be agreed, do all or any of the following things, that is to say, sell, grade, pack, store, adapt for sale, insure or transport any bacon.

43. Any registered producer who satisfies the Board or establishes by arbitration under Part IX of this Scheme that the Board have shown an undue preference in any respect to any other registered producer shall be entitled to receive from the Board such sums by way of compensation as may be necessary to make good any damage suffered by him by reason of the undue preference.

44. Every registered producer shall contribute to the fund in respect of every hundredweight of bacon delivered by him under any contract of sale such sum not exceeding two shillings as may from time to time be prescribed by the Board, and the amount of any such contribution shall be a debt due by him to the Board.

45. Any moneys standing to the credit of the fund which, in the opinion of the Board, are not required for the operation of this Scheme, shall be distributed among the registered producers in proportion to the total sums respectively contributed by them to the fund under the last preceding paragraph.

46. Any person authorized in writing by the Board may, for the purpose of securing compliance with this Scheme, enter and inspect, at any reasonable time, and on production of his authority, any part of the land or premises occupied by a registered producer (being a producer specified in the authority) which the person so authorized has reason to believe is used for producing, grading, marking, packing or storing bacon or for adapting bacon for sale.

PART VII—MEETINGS OF REGISTERED PRODUCERS.

47. Whenever anything is to be done for the purposes of this Scheme by the registered producers in general meeting or by any class of registered producers, the Board shall arrange for the necessary meeting, shall appoint the time and place thereof, and shall nominate a person to act as chairman thereof, and shall at least ten days before the day fixed for the holding thereof send to every registered producer who according to the information in their possession will be entitled to vote at the meeting, a written notice stating—

- (a) the time and place appointed for the holding of the meeting ;
- (b) the business to be transacted ;
- (c) the name of the chairman ;
- (d) in the case of a meeting at which an election is to take place, the time by which nominations of candidates must be received at the office of the Board ;

and no business shall be transacted at any meeting other than business of which notice has been given as aforesaid by the Board.

If the person appointed by the Board to be chairman of a meeting is not present within fifteen minutes of the time appointed for the meeting, the meeting shall choose a chairman.

48. At a general meeting every registered producer shall be entitled to vote, and at a meeting of any class of registered producers every registered producer belonging to that class shall be entitled to vote, whether or not he also belongs to another class.

49. At any meeting registered producers may exercise any of their rights either personally or by proxy. The instrument appointing a proxy shall be in writing, in such form as the Board may require, under the hand of the registered producer or his attorney, or, if the registered producer is a limited company, either under their seal or under the hand of a person duly authorized by them in that behalf. The said instrument and the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) shall be deposited at the office of the Board not later than the end of the third day before the day fixed for the meeting, and in default the instrument shall be treated as invalid.

The proxy of a limited company need not be a registered producer.

50. Every question put before a meeting of registered producers (not being a question as to who is to be elected a member of the Board) shall be decided on a show of hands unless, either before or immediately after the show of hands, a vote on the basis of output is demanded by or on behalf of at least three registered producers entitled to vote, in which case a vote on the basis of output shall forthwith be taken.

51. No person shall be qualified to be elected a member of the Board at any meeting unless he has been nominated in writing as a candidate by at least two registered producers of the class by which it is desired that he shall be elected, and the nomination has, not later than the end of the third day before the day fixed for the meeting, been received at the office of the Board; and where no more candidates are duly nominated than there are vacancies to be filled, those candidates shall be declared elected, but in any other case a vote on the basis of output shall forthwith be taken and the candidates who receive the most votes shall be declared elected.

52. On the taking of a vote on the basis of output, a registered producer who is entitled to vote shall, except in the case of an election, have the standard number of votes, and in the case of an election shall have the standard number of votes multiplied by the number of members to be elected, but shall not give more than the standard number of votes in favour of any one candidate.

In this paragraph, the expression "the standard number of votes" means, in relation to each producer, one vote for every twenty-five tons of bacon put into cure (whether by him or any other person) during the preceding calendar year on any premises which are in his occupation at the date of the meeting, excluding bacon which is put into cure otherwise than for the first time:

Provided that in the case of a meeting of a class of producers, bacon put into cure on premises which are not small, medium or large premises, as the case may be, shall be left out of account.

Where in the case of any registered producer the quantity of bacon put into cure as aforesaid is not an exact multiple of twenty-five tons, the odd quantity shall be treated as twenty-five tons.

53. Without prejudice to the provisions of this Part of this Scheme relating to proxies, a registered producer who is a limited company may exercise any of their rights at a meeting by any one of their directors, and a registered producer who is a partnership may exercise any of their rights at a meeting by any of their partners.

54. At any meeting the declaration of the chairman as to the result of any vote or show of hands shall be final, and in the event of an equality of votes the chairman shall, in addition to his other votes (if any) have a casting vote.

55. Without prejudice to any other provisions of this Scheme, the Board may convene a general meeting of registered producers, or a meeting of producers who are producing bacon on small, medium or large premises, to discuss any question which should, in the opinion of the Board, be discussed at such a meeting.

PART VIII—AMENDMENT AND REVOCATION OF SCHEME AND WINDING UP OF BOARD.

56. Before submitting a substitutional Scheme or an amendment of this Scheme to the Minister, the Board shall publish the proposed Scheme or amendment by serving notice thereof on every registered producer.

57. A poll on the question whether or not a substitutional Scheme or an amendment of this Scheme shall be submitted to the Minister may, within one month from the publication thereof, be demanded in writing by any five or more registered producers who have, in the week immediately preceding that in which the demand is made, between them delivered not less than one hundred tons of bacon under contracts of sale, and a poll on the question whether or not this Scheme is to be revoked may be demanded at any time in the said manner by any ten or more registered producers who have, in the week immediately preceding that in which the demand is made, between them delivered not less than three hundred tons of bacon under contracts of sale; but no poll shall, without the consent of the Board, be taken on the question whether or not this Scheme is to be revoked within one year of the declaration of the result of a previous poll on that question.

58. Part X of the Companies Act, 1929 (which relates to the winding up of unregistered companies) shall apply in relation to the Board subject to the modifications set out in paragraphs four to eight of the Second Schedule to the Act.

59. Contributions under paragraph seven of the Second Schedule to the Act shall be assessed proportionately to the quantity of bacon delivered by each contributor during the relevant period under contracts of sale but shall not exceed two shillings per hundredweight.

PART IX—MISCELLANEOUS.

60. Any producer who is aggrieved by any act or omission of the Board may refer the matter to the arbitration of a single arbitrator to be agreed upon between him and the Board or in default of agreement to be nominated by the Minister, and the arbitrator may make such order in the matter as he thinks just.

Every such arbitration shall be conducted in accordance with the law of England, and the Arbitration Act, 1889, shall apply in relation thereto.

61. Any requirement of this Scheme that a document shall be sent to or served on a person by the Board shall be deemed to have been complied with if, within the period (if any) limited for the sending or service of the document, the document is dispatched to him by post, properly addressed and with the postage prepaid.

SCHEDULE.
FORM OF VOTING PAPER.

The Bacon Marketing Board.

(1) The Board must fill in the name and address of the registered producer.

To (1).....
.....
.....

(2) The Board must fill in the question on which the poll is being taken.

A poll is being held under the Bacon Marketing Scheme, 1932, on the following question, viz. (2).....

Do you wish this question to be answered "Yes" or to be answered "No" ? (Answer *Yes* or *No*.)

(3) The Board must fill in the year last preceding that in which the qualifying date falls.

How much bacon in all was put into cure during the year (3)(whether by you or any other person) on the premises which were in your occupation on (4)

(4) The Board must fill in the qualifying date.

(Bacon put into cure otherwise than for the first time must be left out of account. If you do not know the exact figure, you may give an estimate, but in that case you must be careful to underestimate rather than to over-estimate.)

.....tons.

*Do you use any machinery driven by any form of mechanical power (including water) ?

*If your answer to the last question is "No," could you, if required to do so, satisfy the Board that on no one of the premises now occupied by you was more than seventy-five hundredweights of bacon put into cure (whether by you or any other person) during any consecutive period of two months commencing on or after the 1st October, 1932 (bacon put into cure otherwise than for the first time being left out of account).....

Signature of registered producer
Address.....

(5) The Board must fill in the address of their office.

N.B.—Your votes will not count unless this paper, properly filled in and signed, reaches the office of the Bacon Marketing Board (5).....on or

(6) The Board must fill in the fourteenth day after the qualifying date.

before (6)..... If you wilfully make any false statement in filling up this paper, you will render yourself liable to imprisonment or a heavy fine or both.

For the Bacon Marketing Board,

.....
Secretary.

Note.—The paragraphs marked * should be omitted from the form except in the case of the initial poll.

APPENDIX C.

NOTES ON PIGS AND BACON MARKETING SCHEMES.

1. Definition of "Curer."

All bacon, whether home-produced or imported, that passes through wholesale channels, is the product of a factory industry, although the capacity of individual factories may vary very considerably. Pigs Marketing Scheme, para. 2; Bacon Marketing Scheme, para. 22.

On the other hand, it is known that pork is cured at times by a certain number of pork butchers, whose output is not only inconsiderable but may be described as irregular and even occasional. Such men sometimes use curing as a method of getting rid of a surplus of pork left unsold on their hands, whilst they generally sell their output direct to the consumer over their own shop-counters.

It would be manifestly difficult and, in our opinion, unnecessary to apply the contract system to the output of this type of producer while sales of pork pigs are uncontrolled, nor do we think it necessary to take note of these supplies for the purposes of the home quota. To establish the principle that bacon curing is a factory industry, we have therefore introduced the test of whether machinery driven by mechanical power is used, but we have also included a quantitative dividing line which will prevent the serious expansion of this butcher-curer trade, which might result in certain circumstances and which we should hold to be undesirable.

The effect of the definition will not be to exclude from the scheme any small bacon producer who might wish to become registered.

2. Constitution of Marketing Boards.

Different systems have been suggested for electing the Pigs and Bacon Marketing Boards, respectively. Pigs Marketing Scheme, paras. 5, 6, 7 & 58; Bacon Marketing Scheme, paras. 7, 51 & 52.

In the case of the Pigs Marketing Board, we suggest eight district and three special members. The eight districts were selected on the basis of their 1932 pig population, which was as follows:—

District.	Counties and areas included.	Pig population according to the Agricultural Returns, 1932.
1. South Western	{ Somersetshire Dorsetshire Devonshire Cornwall }	480,500
2. South Eastern	{ Kent Surrey Middlesex and London (including the City) Sussex Berkshire Hampshire (including the Isle of Wight) Oxfordshire Buckinghamshire Bedfordshire Wiltshire }	484,900
3. Eastern	{ Norfolk Suffolk Essex Hertfordshire }	504,600

<i>District.</i>	<i>Counties and areas included.</i>	<i>Pig population according to the Agricultural Returns, 1932.</i>
4. East Midland	Lincolnshire	500,900
	Nottinghamshire	
	Derbyshire	
	Leicestershire	
	Rutland	
	Northamptonshire (including the Soke of Peterborough)	
5. West Midland	Huntingdonshire	472,900
	Cambridgeshire (including the Isle of Ely)	
	Cheshire	
	Shropshire	
	Staffordshire	
	Warwickshire	
6. Northern	Worcestershire	488,800
	Gloucestershire	
	Herefordshire	
	Cumberland	
	Northumberland	
7. Wales	Durham (the whole County)	251,500
	Westmorland	
8. Scotland	Lancashire	163,200
	Yorkshire	
	Wales and Monmouth	

Through these district members, producers will maintain touch with the Board; but since district members might find difficulty in devoting adequate time to the daily affairs of the Board, we suggest three further special members, who, we contemplate, would need to devote the majority or the whole of their time to the Board's affairs.

In the case of the Bacon Board, the number of registered producers is likely to be small and therefore the need for district representation does not arise. The problem in this case is to give adequate representation to factories of different size; this our suggestion is intended to do.

3. Exemption of Pig Producers.

Pig Marketing Scheme, para. 22.

This paragraph deals with an important point—viz., what producers are to be exempt from registration. The effect of the paragraph is that any producer of pigs who does not desire to cater for the demand for pigs on the part of the bacon factories need not, unless he wishes, have anything to do with the scheme at all. It is only producers who desire to deal with bacon curers, either directly or (as subsequently provided in Part VI of the Scheme) through the medium of the Board, who will have any need to register; but any producer may become registered who wishes to do so.

4. Power of Bacon Marketing Board to Negotiate Contract Terms and Prices with Pigs Marketing Board.

Pig Marketing Scheme, para. 37.

On several occasions in our Report, we have referred to the negotiations of contract terms and prices between farmers and curers, and to the desirability that these negotiations should be conducted by the commodity boards.

We are advised, however, that it would not be possible under the Agricultural Marketing Act to empower a Bacon Marketing Board to regulate in any way the purchase of pigs by its members. We have therefore provided in paragraph 38 of the Pigs Marketing Scheme for the negotiations to be conducted on the curers' side by the members of the Bacon Marketing Board acting in an individual capacity, and in the Bacon Marketing Scheme we have been unable to make any reference to the negotiations.

This position is not satisfactory, and we recommend the amendment of the Act to enable a Marketing Board regulating the marketing of a manufactured article, to conduct negotiations, with regard to the purchase of the raw material, with any other marketing board of which that raw material is the regulated product.

5. Participation of Pigs Marketing Board in Contracts.

This paragraph embodies the central feature of the Scheme. It provides machinery for the supply of pigs by registered producers, through the Pigs Marketing Board, to curers, and it is on the contracts made under it that the home quota for bacon, and the shares in this of individual curers, will be based. Pigs Marketing Scheme, para. 38.

The procedure proposed is that the Board shall, after consulting representatives of the curers, from time to time fix standard prices and a standard form (or standard forms) of contract which are to be employed in all cases where a curer wishes a purchase of pigs to count for the purposes of the bacon quota. The actual contract which the curer enters into will be a contract, not with an individual producer, but with the Board; but the Board need only enter into such a contract if the curer has already found a registered producer who is prepared to contract with the Board to supply the necessary pigs; and if the curer does find such a producer, the Board will, subject to the qualifications mentioned below, have no right to refuse to enter into the contract. The Scheme thus definitely does not involve the taking away from individual producers of the right and duty to find curers who will purchase their respective pigs. It does, however, put upon the Board the duty of securing to the curers the supplies of pigs which they require to fulfil their quota obligations, and confers on the Board the corresponding power of enforcing against registered producers (if need be, by legal process) the fulfilment of their contracts.

The substantial qualifications on the absolute nature of the Board's duty to enter into contracts under this paragraph are those contained in provisos (a) and (b). Proviso (a) empowers the Board to limit their commitments over specific periods in respect either of pigs generally, or any particular kind of pigs. Some such power is necessary to ensure that more contracts are not entered into than are necessary to absorb the home quota or that deliveries under such contracts as are entered into are spread over the year to the satisfaction of the Quota Advisory Committee. Proviso (b) is self-explanatory.

Proviso (c) deals with a different point. It contemplates that, in certain classes of cases, at any rate, the obligations undertaken by the producer towards the Board may be different from those undertaken by the Board towards the curer. The terms of the proviso are elastic, but we have had two main points in mind. First, we contemplate the possibility of a scheme by which the Board would, in effect, insure the producer against disease or similar occurrences which prevented him from delivering the contracted number of pigs. This would be done by the insertion in his contract of an express provision that in the event in question he should be freed from his obligations; the Board would then have to supply the curer with his pigs from some other source. Secondly, we consider that the Board might wish to undertake additional functions, such as the duty of transporting the pigs from the farm to the factory; this result could be attained

by making the contract with the producer an "ex farm" contract, and the contract with the curer a "delivered at factory" contract. These two points are, however, merely examples and it is probable that there are other respects in which the Board might with advantage undertake the middleman's risks and duties. In cases where they do so, it is, of course, proper that their additional functions should be reflected in a margin between the price paid to the producer and that received from the curer, and the concluding words of the proviso duly provide for this.

It may be observed, in conclusion, that the opening words of the paragraph expressly "save" the powers conferred on the Board by the earlier provisions of the Scheme—e.g. the general powers conferred on the Board to buy and sell pigs, etc. We contemplate that, at first, these general powers will only be used in connexion with and in aid of the functions of the Board under this paragraph—e.g. for the establishment of a "surplus pool" of pigs, which may be used by the Board to make good defaults by suppliers under contracts entered into under this paragraph—but we foresee the possibility that, in course of time, the Board may desire to operate them over a wider field, and we think it proper that they should be in a position to do so.

APPENDIX D.

A SELECT BIBLIOGRAPHY ON THE PIG AND PIG PRODUCT INDUSTRIES OF THE UNITED KINGDOM.

1. Departmental Committee on Distribution and Prices of Agricultural Produce. (Linthgow Committee.) *Interim Report on Meat, Poultry and Eggs*. Cmd. 1927. H.M. Stationery Office, London, 1923.
A general description of the methods and costs of marketing meat, including pork and bacon.
2. Report of a Committee of Investigation appointed by the National Farmers' Union on the *Co-operative Bacon Factory Industry*. N.F.U., 45, Bedford Square, London, 1926.
A study of the history, working and difficulties of six co-operative bacon factories, with recommendations as to future policy.
3. Ministry of Agriculture and Fisheries. *Report on the Marketing of Pigs in England and Wales*. Economic Series No. 12. H.M. Stationery Office, London, 1926.
Results of an investigation into the marketing of pigs for pork and bacon, with recommendations for improved methods.
4. *Report of the Scottish Pig Industry Committee*. Scottish Agricultural Organisation Society, Edinburgh, 1927.
A survey of the weaknesses of the industry in Scotland with recommendations for the improvement of breeding, feeding, management and marketing.
5. Ministry of Agriculture and Fisheries. *Report on the Pork and Bacon Trades in England and Wales*. Economic Series No. 17. H.M. Stationery Office, London, 1928.
A detailed study of the supplies, preparation for market, transportation and distribution of the pork and bacon produced and imported into England and Wales, with additional sections on hams, lard and offals, and certain suggestions for improved efficiency.
6. Imperial Economic Committee. *Twelfth Report: Pigs and Pig Products*. H.M. Stationery Office, London, 1929.
In addition to a general Empire survey and a description of the supplies and requirements of the United Kingdom market, this report contains a summary of the methods and weaknesses of production and marketing in England and Wales, Scotland and Northern Ireland, together with recommendations in connexion therewith.
7. Pig Industry Council. Interim Report. *The Commercial Pig*. Marketing Leaflet No. 15. Ministry of Agriculture and Fisheries, London, 1929.
The use of the Large White Boar and the establishment of testing stations and an advanced register are advocated.
8. Pig Industry Council. Interim Report. *The Pig Industry in England and Wales*. Marketing Leaflet No. 16. Ministry of Agriculture and Fisheries, London, 1929.
A discussion of the weaknesses of the industry and possible remedies, with a recommendation for direct Government assistance.

9. Pig Industry Council. Interim Report. *The Bacon Industry*. Marketing Leaflet No. 23. Ministry of Agriculture and Fisheries, London, 1930.

The Council considered that internal reform or organization of the pig industry was dependent upon and subsidiary to a scheme for controlling imports.

10. Pig Industry Council. Interim Report. *Litter Testing and Pig Recording*. Marketing Leaflet No. 30. Ministry of Agriculture and Fisheries, London, 1930.

Detailed recommendations relating to litter-testing, pig-recording and advanced registers.

11. Pig Industry Council. Interim Report. *Veterinary Research*. Published in the Journal of the Ministry of Agriculture, September, 1931. H.M. Stationery Office, London, 1931.

A discussion of losses due to disease, with recommendations for research and other veterinary measures.

12. Government of Northern Ireland. *The Marketing of Northern Ireland Agricultural Produce*. H.M. Stationery Office, Belfast, 1932.

This survey includes a full descriptive section on the marketing of pigs and pig carcasses in Northern Ireland.

13. Ministry of Agriculture and Fisheries. *Pig-Keeping*. Bulletin No. 32. Third edition. H.M. Stationery Office, London, 1932.

A description of pig breeding and feeding methods.

14. East Anglian Pig Recording Scheme. *First, Second and Third Reports*. University of Cambridge, Department of Agriculture, 1929 and 1930.

Reports on the principles, operation and results of pig-recording in East Anglia.

15. Animal Breeding Research Department, University of Edinburgh. *First Report of the Pig Testing Station*, covering the period June, 1928, to March, 1930. Edinburgh, 1930.

Description of methods and results obtained at Edinburgh litter-testing station.

**NOTE.—For a List of other Reports in this Series,
see inside of front cover.**

Economic Series No.38



(For list of other Reports in
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MINISTRY OF AGRICULTURE AND FISHERIES

Report of the
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FOR
MILK

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The Ministry of Agriculture and Fisheries accepts no responsibility for the advertisements appearing in this publication.

MINUTE OF APPOINTMENT.

In accordance with Section 15 of the Agricultural Marketing Act, 1931, I hereby constitute—

SIR EDWARD GRIGG, K.C.M.G., K.C.V.O., D.S.O., M.C.,
 PROFESSOR A. W. ASHBY, M.A.,
 F. N. BLUNDELL, Esq., J.P., D.L.,
 A. E. CUTFORTH, Esq., C.B.E., F.C.A., and
 MAJ.-GEN. SIR PHILIP NASH, K.C.M.G., C.B.,

as an Agricultural Marketing Reorganisation Commission for England and charge it with the duty of preparing, in accordance with the provisions of the Act, a scheme or schemes (applicable in England and Wales) for regulating the marketing of milk, and I direct that the Commission, in the course of preparing any scheme as aforesaid, shall—

(a) investigate the extent to which the operation of the scheme may be facilitated by co-operation between the board administering it and any corresponding body in Scotland or Northern Ireland;

(b) investigate any other matter affecting the operation of the scheme; and

(c) make recommendations with respect to the matters investigated.

I further appoint Sir Edward Grigg, K.C.M.G., K.C.V.O., D.S.O., M.C., to be Chairman, Mr. J. B. Baber, M.C., T.D., to be Secretary, and Mr. A. R. Manktelow to be Assistant Secretary of the Commission.

(Signed) JOHN GILMOUR.

Minister of Agriculture and Fisheries.

18th April, 1932.

REPORT OF THE REORGANISATION COMMISSION FOR MILK.

INTRODUCTORY.

To :

MAJOR THE RIGHT HONOURABLE WALTER ELLIOT, M.C., M.P.,
Minister of Agriculture and Fisheries.

Sir,

1. **Terms of Reference and Procedure.**—In accordance with Section 15 of the Agricultural Marketing Act, 1931, we were constituted on April 18th, 1932, as an Agricultural Marketing Reorganisation Commission for England, charged with the duty of preparing, in accordance with the provisions of the Act, a scheme or schemes, applicable in England and Wales, for regulating the marketing of milk.

Our procedure was regulated by The Agricultural Marketing (Reorganisation Commission) (England) Regulations, 1932.*

2. **Scope of Inquiries and Recommendations.** We have received a great deal of evidence, formal and informal, written and verbal, from organizations and individuals connected with all branches of the milk industry—producers, distributors and manufacturers—and also from persons not directly concerned with the industry. We have held some sixty meetings and the conclusions we have reached on the evidence placed before us are set out in the following pages. The first seven Chapters of the Report are devoted to a very brief review of the industry as we see it, and are intended to serve as a background for the proposals for reorganization which we make in subsequent Chapters.

We have prepared a milk marketing scheme in accordance with the provisions of the Act under which we were constituted and have worked out in detail the price policy which we recommend should be followed. We venture to hope that the proposals we make in this connexion will prove generally acceptable to producers, and we believe them to be workable in practice. But, in carrying out this central and most important part of our task, we have, at the same time, given to the interests of buyers and consumers of milk that consideration to which we think they are justly entitled. We have, in fact, felt it necessary and desirable to interpret our terms of reference broadly, and we are convinced that we should have been held lacking in the performance of our duty had we failed to take the wide view which has led us to make certain recommendations which fall outside the scope of the Agricultural Marketing Act.

* S.R. & O. 1932, No. 396.

From the outset, we have been impressed with the urgency of the main part of our work, namely, the preparation of a scheme to be placed before the milk producers of the country, and we have made every effort to expedite our deliberations. We have devoted a considerable amount of time to an investigation into the accounts of certain large milk-distributing organizations, but it was not practicable for us to examine, without a much larger expenditure of time, all possibilities for the development of the home industry for the manufacture of milk products. Realizing that the regulation of the liquid market is the problem of immediate concern to the industry, we have felt it undesirable further to pursue our inquiries into that subject at the expense of delaying the completion of our Report and possibly of postponing for a further year the reorganization of the milk industry.

CHAPTER I.—MILK MARKETING IN ENGLAND AND WALES SINCE 1922.

3. **The Linlithgow Report.**—The marketing of milk and milk products in Great Britain was reviewed in a comprehensive manner some ten years ago by the Departmental Committee on Distribution and Prices of Agricultural Produce—better known, and hereafter referred to, as the Linlithgow Committee—which issued an Interim Report in 1923.* That Report gives a detailed survey of the conditions prevailing for the purchase and sale of milk at that time, and indicates the changes which had taken place, partly as a result of War control, and partly through developments in the intervening post-War years. It seems unnecessary for the purposes of this Report to retrace the ground there covered.

4. **Negotiation of Prices by Collective Bargaining.**—As compared with the pre-War period, the most striking feature in the milk marketing situation in England and Wales during the years 1922-32 has been the arrangement by which, for London and certain other large centres of population, producers' milk prices and conditions of sale have been negotiated by collective bargaining between producers, distributors and manufacturers. This development is dealt with in some detail in the memorandum which appears as Appendix B to this Report, but it may be convenient here to draw attention to certain points of special interest and importance.

In London, the Permanent Joint Milk Committee, first established in the summer of 1922, and composed of representatives of the National Farmers' Union, on behalf of producers on the one hand, and of the National Federation of Dairymen's Associations, the Amalgamated Master Dairymen, Ltd., the National Association

* *Interim Report on Milk and Milk Products* (Cmd. 1854).

of Creamery Proprietors and Wholesale Dairymen (Inc.), and (since 1929) the Milk Committee of the Co-operative Union, on behalf of distributors and manufacturers on the other, has become the marketing machinery through which an annual agreement has been negotiated for the sale and purchase of milk. Area Joint Committees in other large centres of population have negotiated regional agreements, which have largely followed the London agreement with adjustments to meet local conditions.

Though producers' prices have been thus negotiated over the past decade, it would be altogether wrong to assume that they have been universally accepted in practice. Many producers and distributors do not belong to any of the organizations represented on the negotiating bodies, and, further, the terms negotiated are not enforceable either upon producers or distributors, even though members of their respective organizations. There is no more than a moral obligation on the part of the negotiating parties to abide by the terms agreed upon, and contracts on other terms have been freely made by producers and distributors. Nevertheless, the annual agreements have provided a kind of standard or guide, and have undoubtedly exercised a considerable influence over liquid-milk prices and conditions of sale during the past ten years. Written contracts, for example, are now much more general than in pre-War years. The six-monthly contract which was then common has also been largely replaced by the yearly contract, which the farmer prefers because of its greater security and because it avoids the negotiation of terms at the beginning of the summer when the production situation normally tends to make his bargaining position weak.

5. **The First Agreement, 1922-3.**—The first agreement negotiated by the Permanent Joint Milk Committee in 1922 bears unmistakable evidence of adaptation from some of the milk marketing schemes then in operation in the United States of America, and which about that time had been examined by a delegation from this country representing producers and distributors. These schemes, though they differ considerably, all take cognizance of the fact that milk commands different values in different channels of utilization, and seek in diverse ways to apportion the share of the individual producer according to the value of his contribution. The scheme adopted by the Permanent Joint Milk Committee in 1922 departed from the pre-War method of sale on a flat-rate basis, and substituted the "basic surplus" principle, by which each producer is presumed to receive liquid-milk values for a certain basic quantity of his supply and manufacturing values for the remainder. In the original scheme, each producer's "standard quantity," as it was called, was determined on the basis of his average weekly deliveries during the four months November, 1922, to February, 1923—months when production approximated closely to the requirements of the liquid milk market and which were commonly

referred to as the "accounting period." The liquid milk rate was payable on all deliveries during the "accounting period," on 100 per cent. of the "standard quantity" in October and March, and on 110 per cent. of the "standard quantity" during the months April to September. Supplies in excess of these quantities were defined as manufacturing milk, and it was agreed that the price of such milk should be assessed each month on the basis of the average quoted prices of Canadian and New Zealand cheese of Finest and Fine quality on the London Provision Exchange during the preceding month, the price of milk per gallon to be the price per lb. of cheese, less 2*d.*, representing the cost of manufacture.

The liquid milk prices fixed were for milk consigned direct from the producer to the distributor and were carriage paid to buyer's station. Milk delivered to a creamery and payable at liquid rates was subject to two deductions—(i) a sum equal to "the actual railway carriage," and (ii) an additional sum of 1*d.* per gallon in the six summer months and 2*d.* per gallon in the six winter months. The first of these has, in actual practice, generally been interpreted as the railway carriage from the creamery to some large market to which the bulk of the milk of the district is consigned, and it has become a grievance with producers that, as a body, they have not shared, through a lowering of this charge, in the economies in transport secured by special rates or the greater use of tank wagons. The second is presumed to be in respect of the transport risks in delivery to an urban centre which are transferred from the farmer to the creamery, and was considered by the Linlithgow Committee to be excessive as a charge to cover the risks involved.*

Certain features of this new method of sale and new price structure deserve notice. The scheme sought, in a somewhat rough-and-ready way, to secure that the producer selling milk on a contract in accordance with its provisions received the liquid milk price for supplies actually sold liquid, and a price in line with their estimated manufacturing value for supplies in excess of this quantity. The method adopted assured a premium to the level producer through a larger proportion of his milk being payable at liquid-milk rates than in the case of a producer with a wide seasonal variation. As a result of the standard quantity being based on production in four winter months and the average returns of a producer throughout the year depending on his production in these months, the scheme placed a premium on and tended to stimulate winter production. This contingency was foreseen by the Linlithgow Committee and regarded by them with approval,† for, in their view, an extension in liquid-milk consumption could only be assured if the market were guaranteed against recurrent shortages in the winter months, which had, in pre-War days, been

* *Ibid.*, para. 47.

† *Ibid.*, para. 36.

a not uncommon feature of the industry. From the wider standpoint of distribution, the new system sought to re-allocate the risk involved through the existence of surplus. In pre-War days, that risk had been borne, nominally at least, by the distributor: it was now transferred to the shoulders of the producer through the purchase of supplies in excess of "standard quantities" at cheese parity price. The scheme did not fix retail prices, though the margin to be charged by distributors naturally bulked largely in discussions on the determination of producers' prices.

6. The Agreements for 1923-4 to 1928-9.—It speaks well for the original scheme that for the first seven years it was operated without any fundamental change of principle. In the first few years, alterations were made in the months which constituted the "accounting period"—alterations which were disturbing to producers who were never certain how they should arrange their calvings to ensure the establishment of the maximum "standard quantity." By 1925-6, however, this period had become stabilized as October, November and December. More salient, as reflecting the effect of the operation of the scheme, was the change made in the percentage of the quantity established on this production basis that was payable at liquid-milk rates. The scheme provided for producers establishing a new "standard quantity" in each subsequent year on the basis of deliveries in the current "accounting period." In the second year the proportion of the monthly deliveries payable at liquid rates during the winter months, including the "accounting period," was reduced to 95 per cent. of the "standard quantity," and as a compensation to producers the percentage in the six summer months was raised from 110 to 115 per cent. This tendency was continued in the following year when the winter percentage was further lowered to 90 per cent., all supplies in August and September in this and the four succeeding years being taken at liquid rates. In 1925-6, producers secured liquid rates for all deliveries during the "accounting period"—October, November and December—for 100 per cent. of the "standard quantity" in the remaining winter months, and slightly more favourable terms in the summer months. In the two following years liquid rates were payable only on 90 per cent. of all deliveries during the accounting period and on 90 per cent. of the "standard quantity" during the other three winter months: in the summer months the position was less favourable to producers than in the previous year. In 1928-9, the year which brought this method of payment to an end, all deliveries in the "accounting period" and 100 per cent. of the "standard quantity" in the remaining winter months were taken at liquid rates, with substantially better summer terms. Whatever the percentage payable at liquid rates under this method, it was always in the producer's interest that his production in the "accounting period" should be as large as possible; the effect of the scheme, therefore, was to stimulate production during the "accounting period," to bring about an

unwanted winter surplus, and to induce producers whose natural conditions favoured cheap summer production to abandon their natural advantages in pursuit of the liquid-milk market.

7. The Agreements for 1929-30 to 1932-3.—The principle of determining the individual's quota payable at liquid-milk rates on the basis of his actual production during certain specified months was abandoned in the 1929-30 agreement in favour of the principle of the "declared quantity," which was a producer's own estimate of what his daily deliveries would be during the contract year. A further elaboration was the introduction of three classes of contracts with three scales of prices according as the milk was sold on a 10, 20 or 50 per cent. variation either way from the "declared quantity." Equally significant was the change by which, in that year's agreement, the principle—which had previously been recognized—of relating the manufacturing value of milk to world parity through Canadian and New Zealand cheese prices was abandoned. Supplies in excess of the "declared quantity," with the percentage variation allowed, were to be bought at 2*d.* per gallon less than the liquid-milk price; similarly, any deficiency below the "declared quantity," with the percentage variation allowed, was to be subjected to a penalty of 2*d.* per gallon. This agreement partook of the nature of a distributors' gamble; everything depended upon the trend of milk-product prices in the contract year and how far these would permit of the payment of the liquid-milk price less 2*d.* per gallon on supplies in excess of the "declared quantity." As it happened, the gamble did not prove sufficiently attractive to induce distributors to prolong the experiment on the same basis for another year.

The principle of the "declared quantity" was retained in the agreements of 1930-1, 1931-2 and 1932-3, but the percentage variation allowed in Class II was increased from 20 to 25 per cent. Supplies in excess of the "declared quantity," with the percentage variation allowed, were again to be valued on the cheese-price basis—at 2*d.* per gallon less than the average price per lb. of New Zealand and Canadian cheese. In this way, the value of milk in excess of the "declared quantity" was again brought into line with world values. A new class for the sale of milk—the well-known and, from the producer's point of view, the unpopular Class II(b)—now took the place of Class III, and this new class incorporated a principle entirely different from that of the "standard quantity" or the "declared quantity" which had previously prevailed. The producer selling in this class was no longer required to establish a basic quantity, either on the results of his production in certain months or on his own declaration: the contract provided for the delivery of the whole of the producer's supplies. Payment was on the basis of a negotiated percentage at liquid milk rates and the remainder at manufacturing rates computed on the cheese-price basis. The percentage at manufacturing rates varied from month

to month, being higher in the summer when supplies were most plentiful and nominally averaging 20 per cent. for the year. In the agreement of 1930-1, sellers had the right to declare in which class they would sell, though in practice they were usually compelled to sell in the class which buyers chose; in the following year, they found themselves under the necessity of conceding to buyers the right to declare in which class they (the buyers) would buy. The worsening of the producers' position in 1931-2 is reflected not only in lower liquid milk prices but also in the fact that the average percentage payable at manufacturing rates was raised from 20 to 25 per cent. A proviso was, however, introduced by which buyers undertook that, should their sales in the liquid market of milk bought under Class II (b) terms exceed 75 per cent. of their purchases from all sources, they would refund to producers the difference between the liquid milk price and the manufacturing price on the excess quantity so sold. In this year, there seems little doubt that, having regard to the prevailing conditions, producers' winter prices were fixed too low; by November, a shortage of milk for the liquid milk market had become apparent, and to meet this shortage a certain amount of milk was imported from Continental countries as well as from the Irish Free State. Advantage was taken of a clause in the contract which provides for a revision of the terms in the event of such a contingency, and producers' prices were raised by 4d. in December and January and by 3d. in February, the London retail price being simultaneously advanced by 4d. per gallon for each of these three months.

The annual negotiations conducted in 1932 resulted in a deadlock. A complete hold-up of supplies was threatened by producers, but was averted in most districts by a last-minute compromise. Exception was taken by producers to the prices paid for liquid milk in the winter months in the previous contract and to the retention of Class II (b)—i.e., the class providing for the sale and purchase of whole dairies. Through the compromise effected, winter prices were raised very considerably as compared with the previous year and now stand only a fraction of a penny per gallon short of those prevailing in 1930-1; Class II (b) was, however, retained, the percentage payable at manufacturing rates being the same as in the previous year, and the valuation being on the same basis but with a guaranteed minimum of 5d. per gallon, irrespective of the price of imported cheese.

A copy of the form of contract approved by the Permanent Joint Milk Committee for the year 1932-3 appears as Appendix C to this Report.

8. Producers' Prices, 1922-3 to 1932-3.—The Table on page 16, shows the monthly liquid milk prices negotiated at successive settlements from 1922-3 to 1932-3, and the average winter, summer and annual negotiated prices. It will be noted that the variations from year to year have been practically confined to the winter

Milk Prices as agreed by the Permanent Joint Milk Committee during the Years 1922-3 to 1932-3.
Prices per gallon, delivered buyer's station.

	1922-3.	1923-4.	1924-5	1925-6.	1926-7.	1927-8.	1928-9.	1929-30.			1930-1.			1931-2.			1932-3.		
								Class I 10%	Class II 20%	Class III 60%	Class I 10%	Class II(a) 25%	Class II(b) *	Class I 10%	Class II(a) 25%	Class II(b) *	Class I 10%	Class II(a) 25%	Class II(b) *
October	d. 20	d. 17	d. 18½	d. 17	d. 16½	d. 16½	d. 16	d. 16	d. 16	d. 16	d. 16	d. 15	d. 12	d. 12	d. 12	d. 16	d. 16	d. 16	
November	20	17	18½	17	16½	16½	16	16	16	16	16	16	17	12	12	13	16	16	
December	20	20	18½	17	16½	16½	17	17	17	17	17	17	17†	16†	17†	17	17	17	
January	20	20	18½	17	16½	16½	17	17	17	16	17	16	17	17†	17†	17†	17	17	
February	20	20	18½	17	16½	16½	17	17	16	16	17	16	17	16†	16†	16	16	16	
March	20	17	18½	17	16½	16½	16	16	16	15	16	16	15	12	12	13	12	13	
April	12	12	12	12	12	12	12	12	12	12	12	12	13	12	12	12	12	12	
May	12	12	12	12	12	12	12	12	12	11½	12	11	11	12	12	12	11	12	
June	12	12	12	12	12	12	12	12	12	11½	12	11	11	12	12	12	11	12	
July	12	12	12	12	12	12	12	12	12	12	12	11	12	13	12	12	11	12	
August	12	12	12	12	12	12	12½	12	12	12	12	12	12	13	12	13	12	12	
September	12	12	12	12	12	12	16	16	16	12	12	12	13	12	13	13	12	13	
Average Winter price (Oct.-Mar.)	20	18½	18½	17	16½	16½	16½	16½	16½	16	16½	16½	16½	14½ (12½) †	14 (12½) †	14½ (12½) †	16½	16½	16½
Average Summer price (Apr.-Sept.)	12	12	12	13½	12	12	13½	12½	12½	12½	12	11½	12	12½	12	12½	12½	11½	12½
Average Annual price	16	15½	15½	15½	14½	14½	15	14½	14½	14½	14½	13½	14½	13½ (12½) †	13 (12½) †	13½ (12½) †	14	13½	14
Average Manufacturing price ‡	9½	8½	8½	9	7½	8½	8½	7			6			4½			11		

* Class II (b) liquid-milk prices are payable only on a negotiated proportion of total supplies; the remainder is payable at manufacturing rates.

† These are revised prices: for December and January they are 4d. and for February 3d. per gallon higher than the prices arranged in the original agreement.

‡ The figures in brackets are the averages of the prices which would have prevailed had there not been a revision of the agreement during the contract year.

§ The manufacturing price is based on the average price per lb. of Canadian and New Zealand cheese during the previous or current month, less a manufacturing deduction which has been 2d. throughout the period except in the months of January, February, June and July, 1928, when it was 1d. The average for the year is calculated on the manufacturing prices in the months for which such prices were operative.

¶ During this year, the price of manufacturing milk was related to the liquid-milk price and not to the price of Canadian and New Zealand cheese. Had the cheese-price basis been in operation, the average figure for the 12 months would have been 7½d.

|| The cheese-price basis—see § above—applies with a guaranteed minimum of 5d. per gallon. The price for October and December calculated on the cheese-price basis would have been 4½d., and for January, 1932, it would have been 4½d.; the guaranteed minimum was therefore operative. The figure for November, 1932, on the cheese-price basis was 5d.

⊕ For milk delivered London, the prices in these two months were transposed.

season ; summer prices have remained at about the same level throughout. The Table also shows the average price for manufacturing milk during the periods in which such price was payable. The fall in the manufacturing price has been much more marked than the fall in the liquid milk price : in 1922-3, the average price of manufacturing milk in the eight months when payable under the settlement was 9½*d.* per gallon, and in 1931-2 it had fallen to 4½*d.* per gallon—a fall of over 50 per cent. When about a quarter of the milk sold off farms has to be manufactured, a fall of this amount could not fail to exercise a considerable influence on the average returns of producers.

CHAPTER II.—PRODUCTION AND THE POSITION OF THE PRODUCER.

9. *Estimates of Production.*—Though various estimates of milk production in this country have been made at different times, the more reliable data for the present century are furnished by the three Censuses of Agricultural Production conducted by the Ministry of Agriculture and Fisheries in 1908-9, 1924-5 and 1930-1. In the year ended 4th June, 1925, the net production of milk in England and Wales (i.e. the total production less the quantity fed to livestock on the farms) was estimated at 1,117,000,000 gallons. This was produced from a dairy herd estimated at 2,688,187 cows and heifers in milk and in calf, giving an estimated average annual net yield of 416 gallons of milk. On the basis of this estimate of average yield, an annual estimate of total net production has been calculated by the Ministry of Agriculture and Fisheries and published in the *Agricultural Statistics* in each year since 1924-5. These annual estimates have merely reflected changes in the total number of dairy cattle and, with the passage of time, have been subject to an increasing margin of error arising from probable variations in the yield factor.

The preliminary results of the Census of Agricultural Production relating to the year ended 4th June, 1931, the details of which have just been published, are comparable with the results of the 1924-5 census and provide the most recent satisfactory data regarding milk production in England and Wales. The total production of milk during 1930-1 (exclusive of the quantity fed to livestock) was estimated to be 1,263,000,000 gallons from a dairy herd of 2,732,000 cows and heifers in milk and in calf ; this compares with a net production in 1924-5 of 1,117,000,000 gallons—an increase of approximately 13 per cent. The average annual net yield per cow for 1930-1 works out at 462 gallons of milk, which represents an increase of 11·1 per cent. on the 1924-5 figure, and thus indicates the increasing error in the annual estimates of production referred to above.

Of more immediate importance, from the standpoint of milk marketing, than the total net production of milk is the quantity of milk leaving the farms, although the quantity remaining on the farms is also important in the long run in so far as it constitutes the potential marginal supply. In 1924-5, it was estimated that 818,000,000 gallons of milk were sold off the farms, and for 1930-1 the quantity was estimated to be 949,000,000 gallons, an increase of 16 per cent.

The numbers of dairy cattle recorded annually in the Agricultural Returns show certain marked trends since 1922-3, when the system of collective bargaining and the price structure associated with it were first introduced. Between 1922 and 1927, there were steady annual increases in the number of dairy cattle—from 2,522,000 to 2,791,000—followed by reductions in the three years following to 2,675,000; significant increases took place in 1931—to 2,790,000, and in 1932—to 2,871,000. The latter figure is not only the highest since 1922 but is the highest ever recorded. While, in 1922, the dairy herd was equivalent to 66 per 1,000 of the population of the country, in 1932 the figure had risen to 72.

The increases that occurred in 1931 and 1932, both of which represent greater percentage changes than in any other year since 1923, seem to indicate that, despite the fall in milk values, milk production has offered smaller risks and more certain returns than other branches of agriculture.

10. *Geographical Distribution of Production.*—With the exception of Middlesex, London and Merioneth, every county in England and Wales carried more cows and heifers in 1932 than in 1922. In some districts, dairying is limited to supplying the liquid milk requirements of the farms and the locality, together with the manufacture of small quantities of farm butter, which are usually regarded as the perquisites of the farmers' wives. In other areas—notably parts of Wales, Cumberland and Westmorland—milk production is closely linked up with the raising of store cattle, with farm butter as a joint product. As regards the supplies of milk sold off farms, part of which is sold as liquid and part manufactured into milk products, there are two areas of major importance. One—the north-western area—includes Lancashire, Cheshire, Derbyshire, Staffordshire and Flintshire, and the other—the south-western area—comprises the counties of Wiltshire, Somerset and Dorset. In addition, there are several areas of less importance, such as East Sussex, the West Riding of Yorkshire and parts of South Wales. Milk production for the liquid market is of local importance in nearly all areas adjacent to consuming centres of any size, and in such areas dairying may be carried on irrespective of the suitability of the soil, the advantage arising from nearness to a liquid-milk market being sufficient to offset any disadvantages arising from unsuitable production conditions.

There have been no striking changes in the geographical distribution of the dairy herd in England and Wales in recent years. The increase in its numbers has been fairly evenly spread over all counties, though certain eastern counties—particularly Suffolk, Norfolk and Essex—show a percentage increase that is greater than the average. There is no doubt that dairying in arable areas has increased since 1922, a fact that is almost certainly associated with the decline in cereal prices and the depression in the trade in fat stock.

11. **Factors Affecting Production.**—The most important factors determining conditions of production are the systems of farming and the available outlets for milk. On grassland farms situated at a considerable distance from consuming markets, milk production is generally most economic when a policy of spring calving is followed, production being concentrated in the spring and summer months when there is a plentiful supply of grass. Under such conditions, deviations from a policy of summer milk production will occur only if sufficient inducement is forthcoming. Where, on the other hand, dairying is practised on farms that are mainly arable, the farming system may readily lend itself to winter milk production. In some cases, farms of this type may secure economies through the use of farm-grown feeding-stuffs in place of more expensive purchased concentrates. In others, the fact that stall feeding involves extra work at a time when other farming operations make little call on the labour supply may be a source of advantage. In still other cases, advantage may be taken of a winter milk-producing herd to provide for the arable crops a supply of farmyard manure which otherwise could only be obtained by keeping and feeding bullocks during the winter months.

Of equal importance as affecting methods of production is the way in which the milk is disposed of. In this connexion, transport plays an important part in so far as improvements in this direction bring about changes in the channels of utilization. In areas remote from a liquid market and not within reach of a creamery, milk production, where it goes beyond occasional sales or allowances to employees and neighbours, is generally associated with calf-rearing and butter-making. In these circumstances, there are no inducements to alter the natural seasonal variations in production. Similar considerations apply in the case of farm cheese producers and milk producers sending their milk to creameries, the chief output of which is cheese. Here again, the cost of the raw material is lowest during the summer months and grass-produced milk is more suitable for cheese-making than milk from stall-fed cows. In such areas, therefore, it is usual for production to show a marked seasonal swing as between summer and winter.

The liquid-milk market imposes requirements fundamentally different from those associated with the use of milk for stock-raising or manufacture. The demand for liquid milk is relatively constant

throughout the year and is best met by a supply of similar regularity. Consequently, it is to be expected that, in areas where the bulk of the milk is sold to distributors of liquid milk, the seasonal variation in production is not so marked as in the manufacturing areas, and the same is true of certain individual producers catering for the liquid market, irrespective of where they are situated. It must not be assumed that the demand for milk for liquid distribution is wholly met in this way by making production more level throughout the year ; some balancing is done by creameries which, drawing supplies from producers having a marked seasonal output, sell as much as possible of their supply in the liquid market and use the remainder for manufacture. These creameries may belong to producers or distributors ; the part played by distributors in this matter of balancing supply and demand is discussed more fully in the next Chapter.

Disposal has been affected to some extent in recent years by the increasing tendency on the part of buyers to buy under Class II (b), which involves the delivery of the whole of a producer's output of milk save that required for domestic purposes. The fact that they have been prevented from retaining surplus supplies for manufacture on the farm or for application to other uses has been a grievance with farmers compelled to accept these "whole dairy" contracts. The purchaser's aim, however, is to prevent the producer from embarrassing him in times of shortage by withholding part of his supplies ostensibly for manufacture on the farm but actually for casual sale in the accommodation milk market or to competing dairymen at a "cut" liquid-milk price.

12. **Outlets other than the Liquid Market.**—Despite the fall in the values of butter and cheese and the increase in the number of "whole dairy" contracts, the manufacture of butter and cheese on the farm and the sale of cream off the farm remain important channels of utilization. These outlets, however, are not equally available to all milk producers. Many producers, particularly those who have entered the industry in recent years, have neither the skill nor the equipment to undertake the manufacture of dairy products on the farm, and when they are within reach of a creamery they find it easier to sell their whole output. Cheese-making requires skilled labour and a certain amount of equipment, and to be an economic proposition it requires to be undertaken on a moderately large scale, especially if hired labour is used. For these reasons, it is not a form of utilization suitable for producers who sell the bulk of their supply as liquid and have varying quantities of surplus. Farm cheese production is undertaken mainly by specialized cheese-makers whose interest in the liquid-milk market is sporadic or confined largely to the winter season.

In disposing of surplus milk on the farm, the chief method adopted by producers who sell level quantities of milk to retailers, or who are themselves retailers, is the manufacture of butter.

Unlike cheese-making, butter-making can be undertaken on a relatively small scale. In some instances, the separated milk is sold for retail distribution, but, more often, butter-manufacture is associated with calf-rearing or pig-feeding.

The separation of cream for retail sale is limited more or less to producer-retailers and to producers situated in areas, such as Devon and Cornwall, with a large summer influx of population.

13. Clean Milk Production.—Clean milk of a high quality cannot be obtained without regard to the conditions of production, and the State, in its effort to ensure that the milk supply is clean and pure, has extended statutory control to the producer with a view to securing that the conditions of production are as good as can reasonably be expected. It has gone further and has taken steps to secure a supply of milk of guaranteed high hygienic quality, although the quantity is at present small. Control is exercised through the Tuberculosis Order, 1925, the Milk and Dairies Acts, 1915 and 1922, the Milk and Dairies Order, 1926, the Milk (Special Designations) Order, 1923, and the Sale of Milk Regulations, 1901. The operation of these various enactments, as they affect the producer and the distributor, is discussed in Chapter VI.

14. Producers' Gross Returns.—There is a lack of accurate data bearing upon the gross and net returns of milk production; such samples as are available are too few in number to permit of definite conclusions being drawn regarding the profitability or otherwise of this branch of agricultural production. Under the national agreement, a producer's gross returns depend upon three factors—the price paid to him for milk for liquid consumption, the price paid for milk for manufacture, and the proportions payable at these two prices. These factors vary considerably in their effect as between one producer and another.

The Commission has received much evidence, both oral and in the form of contracts for the sale of milk, to show that the prices of liquid milk and the conditions of sale, which have a bearing upon the gross returns, vary considerably from producer to producer. Speaking generally, the terms of the settlement negotiated by the Permanent Joint Milk Committee represent the maximum prices, and large quantities of milk are purchased on terms much less favourable to the producer. This evidence indicates the difficulty involved, under present conditions, in making any estimate of the gross returns from the sale of milk which will be true of any groups of producers. There are no published estimates of the changes that take place in the gross returns from the sales of all classes of milk.

The Index of Milk Prices calculated by the Ministry of Agriculture and Fisheries for each month and for each year, which is published in the *Agricultural Market Report* and the *Agricultural Statistics*, is an index of liquid-milk prices for milk sold under

contract at four important milk-receiving centres—two in London and one each in Birmingham and Manchester. In the compilation of this index, however, no account is taken of the prices paid for accommodation or surplus milk and the proportions of the total supply bought at these prices. It is therefore hardly adequate as a measure of gross returns from the sales of milk by producers generally, or even as an indication of changes in the gross returns from milk sold at liquid-milk prices in the country as a whole.

With this indication of the caution with which such figures must be used, the Milk Index Number and the Index Number of Agricultural Produce, including and excluding milk, are reproduced below. Milk is given a weight of 21 out of a total of 123 in the construction of the General Index Number of Agricultural Produce, and as the Milk Index, constructed as above, shows a relatively smaller fall in price than other produce, this has the effect of keeping the General Index Number higher than it would be with milk excluded.

Index Numbers of Milk and General Index Numbers of Agricultural Produce in the Years 1920-31.

(Base 1911-13 = 100.)

Index Number of—	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931
Milk	303	263	179	174	170	170	170	160	161	169	161	147
Agricultural Produce, including Milk ...	292	219	169	157	161	159	151	144	147	144	134	120
Agricultural Produce, excluding Milk ...	290	210	167	153	159	157	147	140	144	139	128	115

The highest returns per gallon for milk sold to the distributive trade are received by producers selling the whole of the milk leaving the farm at liquid-milk rates. As between individual producers in this class, variations will arise from differences in the actual rates received, which depend to some extent upon the regularity of the supply offered.

To speak generally, producers situated near to consuming centres, and offering more or less regular supplies of milk, obtain higher gross returns per gallon of milk than more distant seasonal producers. At the one extreme are the producer-retailer and the producer supplying level quantities at liquid rates, both of whom normally keep on the farm such surplus as they may have; at the other extreme is the seasonal producer selling his total output at creamery rates.

In the case of producers who have sold their milk under a contract on the terms of the Permanent Joint Milk Committee's Agreement, it is possible to indicate the variation of the gross returns in the

case of two dairies during the past eleven years, provided a certain seasonal variation of production be assumed. This latter is essential because the returns of the producer depend not only upon the total of his annual output, but also upon its distribution throughout the year. The Table on page 25 shows the gross returns in the case of two dairies, one with a small, and the other with a considerable, seasonal variation.

15. Producers' Net Returns.—To obtain an estimate of the producers' net returns it is necessary to make still further assumptions. The two most important deductions that have to be made from the gross returns to arrive at the net figure are (a) transport costs, and (b) in the case of supplies delivered to a creamery, the creamery charges stipulated in the agreement. The transport costs of any individual producer depend upon the distance from the farm to the point at which the buyer accepts responsibility. In the case of supplies for the liquid market forwarded direct by the producer to the buyer, this point is usually, but by no means invariably, the buyer's railway station; where delivery is to a creamery, the deduction in the case of manufacturing milk is the cost of transport to the creamery, and in the case of milk for liquid consumption a sum equal to the carriage from the creamery to the liquid-milk market to which the bulk of the milk is consigned.

Transport costs on milk consigned to the liquid market are commonly assumed to absorb, on the average, about 1½d. per gallon. The creamery charge is in respect of risks transferred to the creamery through the producer ceasing to be responsible for milk after delivery to the creamery. In recent years, this charge has varied between 1d. and 2d. per gallon, and in the most recent settlement is a trifle over 1d. per gallon in respect of Class II (a) supplies; in respect of Class II (b) supplies, the charge has normally been ½d. per gallon. It is possible to show on this basis how the gross returns for one year of the two dairies dealt with in the Table would be affected if allowance were made for transport and creamery charges. The following statement shows gross and net returns per gallon in the year 1931-2 :—

Dairy with :	Class I.		Class II (a)		Class II (b)	
	Gross Return.	Net Return.	Gross Return.	Net Return.	Gross Return.	Net Return.
Considerable seasonal variation ...	d. 12·6	d. 11·2	d. 12·6	d. 10·0	d. 10·9	d. 9·5
Small seasonal variation ...	d. 13·3	d. 11·8	d. 12·9	d. 10·3	d. 11·3	d. 9·8

Table showing, in pence per gallon, for each of the Years 1922-3 to 1932-3, (a) the Average Annual Liquid Milk Prices provided for in the Permanent Joint Milk Committee's Agreements, and (b) the Average Gross Returns obtained by a Dairy (i) with a Considerable Seasonal Variation* and (ii) with a Small Seasonal Variation.†

	1922-3.							1923-4.			1924-5.			1925-6.			1926-7.			1927-8.			1928-9.			1929-30.			1930-1.			1931-2.			1932-3.		
	Class I.	Class II.	Class III.	Class I.	Class II(a).	Class II(b).	Class I.	Class II(a).	Class II(b).	Class I.	Class II(a).	Class II(b).	Class I.	Class II(a).	Class II(b).	Class I.	Class II(a).	Class II(b).	Class I.	Class II(a).	Class II(b).	Class I.	Class II(a).	Class II(b).	Class I.	Class II(a).	Class II(b).	Class I.	Class II(a).	Class II(b).	Class I.	Class II(a).	Class II(b).				
(a) Contract prices ...	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.			
(b) (i) Considerable seasonal variation *	16-0	15-3	15-3	15-2	14-3	14-3	15-0	14-7	14-5	14-3	14-3	13-8	14-2	13-4	13-0	13-4	13-4	10-9	13-1‡	13-1‡	11-3‡	14-0	13-6	14-0	14-5	14-3	13-1	13-1	12-0	12-6	12-6	10-9	13-1‡	13-1‡	11-3‡		
(b) (ii) Small seasonal variation † ...	14-9	14-7	14-6	15-0	13-8	13-8	14-9	14-6	14-4	14-2	14-2	13-7	12-4	13-3	12-9	11-3	13-8‡	13-4‡	11-6‡	14-0	13-6	14-0	14-5	14-3	13-1	13-1	12-0	12-6	12-6	10-9	13-1‡	13-1‡	11-3‡				

Oct. Nov. Dec. Jan. Feb. Mar. Apr. May June July Aug. Sep.

* Seasonal variation assumed —100 84 76 72 67 81 95 122 135 121 113 92

† Seasonal variation assumed —100 96 94 93 92 95 99 105 109 105 103 98

‡ In calculating these prices, a manufacturing price of 5d. per gallon for supplies in excess of the quantities payable at liquid rates has been assumed for each month. The contract provides that the rate shall not fall below 5d. and it is not likely to rise much above that figure. In October and December, 1932, and January, 1933, the minimum was operative, but for November the price was 5d. per gallon on the basis of cheese prices.

16. **Costs of Milk Production.**—There is a lack of accessible data relating to costs of milk production. A certain amount of material has been collected by the Advisory Agricultural Economists, some of which has been published in the form of bulletins and monographs; but these accounts relate to dairy herds kept under different farming systems and the results, therefore, are not strictly comparable. They do, however, indicate the wide variations in costs of milk production that exist between one producer and another, even within the same area and producing under apparently similar conditions, and make it clear that the utmost care is necessary in making any generalized deductions in respect of costs of production.

Reference has been made above to the fact that the varying conditions of production are likely to be associated with variations in costs. Briefly, it is reasonable to suppose that costs of production are higher in the winter than in the summer, and that the costs of production of level dairy supplies are, on the average, higher than those of normal seasonal production. The adoption of measures to avoid bacterial contamination of milk and to prolong its keeping-quality may also result in higher costs of production, and it is partly in recognition of this fact that a number of milk-distributing firms have introduced schemes for the payment of bonuses for quality, the bonuses being paid usually on a competitive basis but sometimes for all supplies reaching a minimum standard of quality. The production of graded milk, and particularly tuberculin-tested milk, involves substantially higher costs, mainly due to the replacement in the dairy herd of condemned or reacting cows. As a result, prices exceeding those of ordinary milk prevail for officially graded supplies, the higher prices in this case being passed on to the consumer.

CHAPTER III.—DISTRIBUTION AND THE POSITION OF THE DISTRIBUTOR.*

17. **The Wholesaler.**—The intervention of a wholesaler between the producer and the retailer is not in all cases essential to milk distribution. The wholesaler's sphere is the provision of regular supplies to the great centres of population, and of casual or accommodation supplies to the large and medium-sized towns. The wholesaling operation may be carried out from a country plant or from urban premises, or from both in combination.

18. **The Retailer.**—Retail distributors may be considered under three classes, according to the nature and source of their supplies rather than to the distributive methods they practice. The diversity

* The subject of distributive margins is dealt with separately in Chapter VII.

of interests that exists between these three classes has direct repercussions on the producer and, in fact, creates a diversity of interests within the producing section of the industry.

(a) *Retailers with Country Depots.*—The large milk-retailing firms operating mainly in cities with over a quarter of a million inhabitants have progressively become less dependent upon local milk, and now obtain a large proportion of their supplies from more remote districts, where they have set up their own assembly plants in the country at which the milk can be collected and prepared for re-dispatch to the retailing centres. The setting-up of country plants enables them to convert surplus milk near its place of production, and, provided the surplus-milk price or the flat rate for all supplies is sufficiently low, they are not disturbed if the daily summer supplies delivered by farmers greatly exceed the daily winter supplies, or if individual supplies vary in quantity from day to day. They do, however, require a certain basic level of supply during the winter, and this can only be obtained by a winter price sufficiently high to induce farmers to continue milk production in the winter.

The importance of this class of distributor—the class known as the “big buyers”—lies not in numbers but in dominance over the industry and particularly over price negotiations, though the total quantity of milk handled by them appears to be less than that handled by either of the other two classes of distributor.

(b) *Retailers with Urban Premises only.*—The second class, and that responsible for retailing a greater total quantity than either of the others, consists of the retailers—whether large firms or individuals—that have no special facilities for, and prefer to avoid as far as possible, the conversion of surplus milk. Distributors in this class conduct their operations only from urban premises, which are not suitably situated for the manufacture of dairy products on a large scale. Consequently, these distributors aim at keeping their daily supplies as near as possible to the daily requirements of their retail trade. They depend mainly on local milk bought on level contracts and resort to accommodation supplies from urban wholesalers for making up shortages. Should the surplus exceed the limited conversion resources of their own plant, they divert some of their supplies to creameries and factories. Two courses may be followed—either the milk is sold outright to the creamery or factory, or it is manufactured by them on an agency basis at an agreed charge, the retailer remaining the owner of the product and assuming responsibility for its sale. Otherwise, where contracts permit, farmers’ supplies may be stopped for one day or more each week.

(c) *Producer-Retailers.*—The third class of distributor is the producer-retailer, a retailer dependent wholly or mainly on the milk produced by his own herd, which may be maintained on a farm in close proximity to the town or village where the milk is retailed, or—as is the case in certain towns, notably Liverpool,

Edinburgh and Cambridge—kept within the town itself. Producer-retailers usually carry on comparatively small businesses, and the main sphere of their operations is in rural districts and in small country towns where, as a class, they largely dominate the retail milk trade. As the total population residing in rural districts and in towns of under 5,000 inhabitants is roughly a quarter of the total population of England and Wales, it can be assumed that at least a quarter of the total quantity of milk consumed liquid is retailed by this class of distributor. The operations of producer-retailers, however, are by no means confined to these small centres of population. In the case of the largest consuming centres, the producer-retailer generally plays an important part in milk distribution on the fringes of the urban area and his activities may extend within the centre itself. In some towns of intermediate size, such as Stoke-on-Trent (277,000), Bolton (177,000), and Halifax (98,000), the producer-retailer is prominent. In Stoke-on-Trent, some two-thirds of the licences issued for milk retailing are held by producer-retailers; in Bolton, the proportion is nine-tenths, and in Halifax three-fourths. On the basis of the gallonage handled, the position of the producer-retailer does not assume the same relative importance, but the numbers of producer-retailers operating in these towns do show that the influence of this class is not restricted to those small centres of population where they practically dominate the market. In contrast to the towns mentioned above, there are other towns of comparable size—as, for example, Newcastle-on-Tyne, Leicester and Warrington—which license comparatively small numbers of producer-retailers.

Little information is available as to the proportion of the total milk supplies of the country that is delivered by producer-retailers, but the figure has been variously estimated at from 30 to 50 per cent. The latter figure is certainly an over-estimate.

The nearby producer enters very easily into the retail milk trade. He is not under the necessity of providing special urban premises from which to conduct his retailing operations, and he is assured of his supplies. Inability to secure a wholesale contract or dissatisfaction with wholesale prices or contract terms may induce a producer, if suitably situated, to undertake retailing. But, in the absence of any financial inducement, consumers do not readily take to a new source of supply and, consequently, the producer-retailer is the most prolific source of price-cutting in the retail trade. Very frequently, he gains a footing by under-cutting the prevailing local price until such time as he has obtained a sufficient connexion to justify his charging the recognized retail price, and even then there may be some persistence in under-cutting in order to maintain or extend trade.

19. **Adjustment of Supply to Demand.**—When once established, the producer-retailer adjusts his supplies to meet his requirements by buying milk, or buying down-calving cows in the autumn

to supplement the autumn calvings of his own cows. In the summer, he generally converts the daily surplus on the farm, sells the produce—cream, butter or cheese—on the milk round, and feeds the by-products to his stock.

For other retailers, the adjustment of supply to demand day by day is less simple. The balancing function falls on two classes, namely, producers selling milk wholesale in quantities adjusted to the retailers' daily requirements, and creameries and factories prepared to supply accommodation milk or to accept surplus for manufacture. The balancing task of the purely urban retailer is made easier when he is able to contract with producers for the bulk of his requirements in even quantities throughout the year. He knows then, within certain limits, by how much the volume of his regular supply may vary and to what extent he may be dependent on the services of those who have manufacturing plants and reserves of milk at their command. Farmers' co-operative cheese factories established early in the second half of the last century were the first to provide this balancing service to the retail trade, but, as the demand for the service increased with the growth of population in large cities, the function was exploited as a business by independent firms and, later, by large retailers who themselves set up country plants for the assembly and adjustment of supplies to meet their daily distributive requirements.

This development of independent creameries and of depots owned by large urban firms has been greatly facilitated by the use of motor transport for collection from farms hitherto inaccessible, and later by the use of tank rail wagons and tank road lorries for the conveyance of milk over long distances from depots, factories and creameries. By these means, new districts, mainly of uneven seasonal and cheap production, have been drawn upon which would otherwise have remained unconcerned with the liquid-milk market. The use of motor transport for collection has, however, also enabled urban retailers not possessing conversion plants to develop more intensively in some cases the production of milk in the neighbourhood of their towns, and to become less dependent upon regular but distant supplies. As a result, country creameries and factories independent of any retailing connexion have now less opportunity than they had hitherto of securing contracts for supplying regular quantities to urban retailers except at severely competitive prices.

There are thus two factors which greatly disturb prices—the producer-retailers and the independent creameries. The large distributive firms, taking account of these two elements, naturally endeavour to negotiate buying prices which will enable them to sell at retail prices immune from excessive price competition.

20. Development of Large Distributive Units.—The establishment of large distributive units, such as are now a dominating feature in the milk trade of some large towns and cities, is a com-

paratively recent development. Before the War, the trade was in the hands of relatively small wholesaling and retailing units that were in severe competition with one another, not only in the purchase of supplies from the producer, but also in the urban distributive trade and particularly in the semi-wholesale market where wholesalers were able to dispose of bulk supplies to institutions, hotels, shops and restaurants at cut prices. The desire to combine, and so to avoid a certain amount of this excessive competition, was no doubt present, but the opportunity and the definite incentive to give effect to that desire did not arise until the War period. The need for co-ordination of effort at that time resulted in the amalgamation of many businesses and also gave opportunity to the most efficient of the existing firms to outstrip their competitors and secure a greater share of the trade.

Although the activities of these large distributive units are mainly confined to the important urban centres, there is to be noticed a tendency, particularly on the part of the industrial co-operative societies, to reach out into less-thickly populated areas. On the strength of the character of their service, and assisted by improved transport facilities which enable them to "feed" subsidiary depots and roundsmen, the large distributors are undoubtedly gaining a foothold in districts where fairly close, if not direct, contact between the producer and consumer has been general and might have been expected to prove very difficult to sever. In spite of these tendencies towards the concentration of a greater proportion of the trade in a smaller number of hands, however, the total number of separate businesses does not appear to have diminished.

21. Industrial Co-operative Societies as Retail Distributors.—Apart from the growth of large distributive units in private and joint-stock company ownership, there has been an increasing participation in the retail milk trade by the industrial co-operative societies. In fact, the development of the milk trade of these societies since the War has been remarkable. In 1919, the co-operative movement was responsible for no more than 2½ per cent. of the total liquid-milk distributive trade in England and Wales, but by 1930-1, the proportion had increased to 14 per cent. The total quantity of milk distributed by 352 societies in the latter year exceeded 100 million gallons, and a steady rate of progress is being maintained. The trade has reached such proportions that the co-operative movement has established a special organization to deal with it—namely, the National Co-operative Milk Trade Association.

22. Improved Distributive Service.—The greatest change in retail delivery in recent years has been the widespread introduction of returnable glass bottles in place of the open can and measure. Where the use of bottles has become general, it has influenced

the type of vehicle used for delivery and has enabled delivery to be speeded up, and thus there is some saving in roundsmen's time to offset the costs of transporting, washing, capping and replacing the bottles.

The introduction of bottles has, however, been the cause of some avoidable trouble and expense to the distributive trade. Complaints are general that the consuming public is careless in the handling of bottles and in the uses to which they are put, but more serious is the deliberate and persistent use by traders of other traders' bottles. This increasing misuse of bottles has, in fact, resulted in the establishment of an organization for the recovery and return of bottles to their rightful owners. Over 7 million bottles are stated to have passed through the hands of this clearing-house in 1931, principally in the London area.

The method of distribution in non-returnable cartons, which is practised to some extent in the United States of America, has been tried in this country, but with little success, though one firm continues to distribute the whole of its supplies in this way and claims to have in use an improved process that gives satisfaction.

In addition to changes in the methods of delivery, there have been considerable developments since the War in the treatment and handling of milk before delivery, the most notable of which have been the increased adoption of heat-treatment of milk and mechanical refrigeration. Quality, as indicated by butter-fat content, has become more apparent to the consumer as a result of the use of glass bottles, which show a "cream line," and distributors therefore tend to pay greater attention to richness. Legislation designed to secure improvement in the sanitary conditions of milk distribution and the official recognition of grades or special designations of milk has caused distributors to pay greater attention to the hygienic quality of milk and has thereby increased distributive costs.

The service that is provided by the best distributive organizations has reached a high standard of efficiency. On the other hand, greater economy in distribution might be secured by the elimination of overlapping in the areas covered by individual firms; but a reform of this nature would, of course, involve at the same time the elimination of competition.

23. Official Supervision of Distribution.—Simultaneously, there has been an intensification of sanitary control in urban districts, as well as on farms. General control covers chemical composition, units of measurement, the hygienic condition of milk and dairy premises, and the use of legally recognized special designations. There has, however, been no reduction in the use of designations, such as "nursery" milk, that are unofficial and subject to no control.

24. Rail Transport.—Reference has already been made to facilities for the transport of milk. A feature of milk transport

in the last few years has been the rapidly increasing competition of road transport, from which, as in almost every class of traffic, the railway companies have suffered substantially. This will be seen from the following statement of the quantities of milk carried by all standard-gauge railways in Great Britain and the receipts in each of the last four years :—

Year.	No. of gallons carried.	Receipts £	Decrease compared with previous year.	
			Gallons.	Receipts.
1928	236,517,618	1,400,677	2·7	5·4
1929	230,115,208	1,364,674	2·7	2·5
1930	215,522,165	1,285,212	6·3	5·8
1931	208,462,182	1,245,056	3·3	3·1

Railways still hold their own on long-distance haulage, but, for hauls of less than 100 miles, road transport is undoubtedly gaining ground. In an effort to reduce the severity of competition, the railway companies have, in fact, introduced a specially low rate for milk travelling to London from a zone of 40-100 miles to the west and south-west of the termini and have offered other facilities, such as the provision of special rolling-stock.

A development of some importance, for which there is considerable further scope, is the use of rail tanks. These are provided by the milk distributive firms and mounted on underframes provided by the railway companies. There are about 120 of these tanks at present in use, the majority of which are of 3,000-gallon capacity and the remainder of 2,000-gallon capacity. A road-rail tank, which is more suitable for use where the collecting or distributing premises are not situated on a railway, has been introduced more recently.

25. Organizations of Distributors.—Like most distributive trades, milk distributors are organized both nationally and locally for safeguarding their particular interests, and in recent years these organizations have played a prominent part in the negotiation of agreements with producers as to the prices to be paid for supplies. In most towns there is a Dairymen's Association, membership of which is voluntary and involves no obligation other than the payment of a subscription. The Associations, which vary considerably in strength and also in the extent to which decisions by Committees are observed in practice by the individual members, are federated into a national body known as the National Federation of Dairymen's Associations, which represents the trade on the Permanent Joint Milk Committee and also on the Milk Distributive Trade Board, which is concerned with employees' wages. On these latter bodies is also represented the Amalgamated Master Dairymen, Ltd., a body which covers a section of the trade in the London area and has no connexion with the Federation.

CHAPTER IV.—CONSUMPTION AND THE INTERESTS OF THE CONSUMER.

26. **Disposal of Milk.**—The latest information available as to the disposal of the milk produced on farms in England and Wales is that provided by the Censuses of Agricultural Production for the years 1924-5 and 1930-1. The following summary, based on these censuses, shows the utilization of milk in the years ended 4th June, 1925 and 1931 :—

	1924-5.	1930-1.*
	Million gallons.	Million gallons.
Sold off farms as :		
Liquid milk	818	949
Butter	120	140
Cheese	54	60
Cream	8	18½
Consumed on farms as :		
Liquid Milk or Cream†	84½	64
Butter	30	32
Cheese	2½	1½
Total‡	1,117	1,263

From the point of view of consumption, the figure of most interest in the above summary is the amount of milk sold off farms in England and Wales, which amounted to 818 million gallons in 1924-5 and 949 million gallons in 1930-1. The bulk of this milk finds its way to the liquid-milk market, but a proportion of it—commonly spoken of as “surplus”—is definitely in excess of the requirements of that market and has to be manufactured. Exactly what that proportion amounts to is largely a matter of conjecture.

27. **Consumption of Liquid Milk.**—The statistical data relating to the consumption of liquid milk—whether of consumption in the country as a whole, or in particular areas or of particular classes of the community—are extremely meagre. In this respect, this country appears to compare very unfavourably with certain other countries for which comprehensive data of milk consumption and utilization are available. Estimates of domestic milk consumption have been made from time to time, but none makes any pretence to statistical accuracy and some have either been discredited or are now out of date.

The Astor Committee‡ accepted an estimate based upon data collected by the Local Food Committees in January, 1918. The conditions of the time were abnormal and the estimate of *per capita*

* Provisional figures.

† Exclusive of milk fed to stock.

‡ *Final Report of the Committee on the Production and Distribution of Milk, 1919 (Cmd. 483), para. 21.*

consumption in Great Britain of .25 of a pint per day which that Committee adopted cannot be taken as applicable to the present day.

The Linlithgow Committee, which reported in 1923, expressed the opinion that the consumption of milk had almost doubled within the previous 40 years,* an estimate which, taking into account the increase of total population of about 46 per cent. during the same period, would indicate an increase of about one-third in *per capita* consumption. Apart from this, the Committee made no direct estimate of consumption but reproduced the estimates of the Ministry of Agriculture and Fisheries that the total consumption of liquid milk in Great Britain in 1921 amounted to 600 million gallons (representing a *per capita* consumption of .31 of a pint per day), and in 1922 to between 650 and 700 million gallons (representing between .33 and .36 of a pint per head per day).†

In the Ministry of Agriculture and Fisheries' Report on *The Fluid Milk Market in England and Wales*,‡ the general average *per capita* consumption is put at just under .33 of a pint per day, the predominant range being between .25 and .40 of a pint. These figures were based upon general estimates made in a number of towns and cities and cannot be regarded as accurate statistical calculations. On the assumption that *per capita* consumption was one-third of a pint per day, or 15½ gallons per year, the total quantity of liquid milk consumed in England and Wales in 1925 was stated to be 593 million gallons.

In his Annual Report for 1928, the Chairman of United Dairies Ltd. stated that the average delivery per household made by their roundsmen was 1.7 pints per day. On the basis of the Registrar-General's figures for the numbers of persons per family and families per household, this delivery represents a *per capita* consumption of about one-third of a pint per day. A statement supplied by the Co-operative Union Ltd., showing the sales of milk by 17 large retailing societies in 1931, with a total annual turnover of over 20 million gallons, gives the average delivery per household at 1.33 pints per day, which is equivalent to .28 of a pint per head per day. The "round books" of certain other firms for which figures are available show deliveries in 1931 ranging from 1.00 to 1.75 pints per household per day. In the case of all estimates based upon milk sellers' returns, however, it must be borne in mind that many households are served by more than one milk seller, and, in so far as this is so, the above estimates must be too low.

There is another more general but less direct method of arriving at an estimate of liquid-milk consumption, namely, by converting into liquid milk equivalents the milk products produced off the farms as shown in the Report on the Census of Industrial Production

* Cmd. 1854, para. 14.

† *Ibid.*, paras. 9 and 11.

‡ Economic Series No. 16, pages 103 *et seq.*

and deducting this total, plus an allowance for wastage, from the quantity of liquid milk sold off farms.

In 1924-5, it was estimated that 932 million gallons of milk were sold off farms in Great Britain.* The Table reproduced as Appendix D shows the output of creameries and other establishments where milk was manufactured and the fresh-milk equivalents of these quantities, calculated on conversion figures supplied by the Ministry of Agriculture and Fisheries. The total quantity of milk absorbed in manufacture off the farms was estimated at 106.0 million gallons. If an allowance of 3 per cent. of the total production be made for wastage, the balance remaining, which presumably was disposed of in the liquid market, amounted to 787.8 million gallons. To this must be added the liquid milk consumed on farms, which raises the total to 896.4 million gallons and represents a *per capita* consumption of about .44 of a pint per day—a figure considerably higher than that indicated by the direct estimates noted above. This method of computation has also been applied to the preliminary results of the Industrial Census for 1930† and of the Agricultural Census for 1930-1, though the results for Scotland have not yet been published. The total consumption of liquid milk is estimated at 946.9 million gallons, which represents .46 of a pint per day per person.‡ It is probable that the estimates arrived at in this way are too high.

To sum up, the general indications are—firstly, that the daily *per capita* consumption of milk in this country falls between one-third and two-fifths of a pint, and secondly, that the total requirements of the liquid market of England and Wales in 1931 amounted to between 607 and 730 million gallons.

28. **Variations in Consumption.**—An important consideration in respect of milk consumption is the variations in *per capita* consumption in different consuming centres, although on this point also there is a lack of comprehensive statistical data. The causes of these variations are obscure, although, as is mentioned below, they do not appear to be closely associated with differences in retail prices.

* *The Agricultural Output of England and Wales, 1925* (Cmd. 2815), and *The Agricultural Output of Scotland, 1925* (Cmd. 3191).

It is more satisfactory to treat Great Britain as a unit when dealing with Census of Production figures; the application of the result to England and Wales is not likely to lead to any serious error.

† Preliminary Report on the Butter, Cheese, Condensed Milk and Margarine Trades, published in the *Board of Trade Journal*, 31st March, 1932.

‡ It should be borne in mind that the information upon which this figure is based is subject to revision and, further, that in using the provisional figures of industrial production some estimates have been made which may be subject to considerable error. The quantities of industrial production shown in the Table in Appendix D are based upon, but are not necessarily identical with, the official figures, which are not complete for all products.

A Table is given in *The Fluid Milk Market in England and Wales** which contains the estimated *per capita* consumption in 24 centres varying in size from Chichester, with 13,000 inhabitants, to Liverpool, with 856,000. The estimates of *per capita* consumption of milk vary widely from .22 of a pint per day in Hull to .71 of a pint in Chichester. The Health Departments of several towns and cities attempt in different ways to ascertain the total quantity of milk sold daily within their areas. From information obtained from this source, it is computed that, in 1931, the daily *per capita* consumption in Cardiff was .37, in Newcastle-on-Tyne .39, in Bradford .40, in Bristol .37, and in Bournemouth .68 of a pint.

With variations such as are indicated above it is necessary to treat with care any general estimates of total consumption or *per capita* consumption for the country as a whole.

Another kind of variation in *per capita* consumption is that associated with differences in social groups. This may be the result of differences in purchasing power, domestic habits or standards of dietetic education. While there are no reliable statistics regarding the variation of consumption as between different classes of the population, it is well known and generally accepted that such variations do exist. Further, it is reasonable to suppose that the response to changes of price is not the same for all groups, particularly if the groups differ widely in their economic status. In this connexion, it may be noted that the Chairman of United Dairies, Ltd., in his Annual Report for 1931, drew attention to the falling-off in demand among middle-class customers as a result of reduced purchasing power.†

There is evidence to show that the recent trend of consumption is downward rather than upward, a fact of some importance in view of the increase in milk production and the low values of milk for manufacture.

29. Influences Restricting Consumption.—An effort has been made to ascertain what restrictive influences are in operation in this country tending to keep the consumption of milk at such relatively low levels. It is a restatement of the position rather than an explanation to say that this is not a milk-drinking country. For the average adult, milk, as a beverage, occupies no place comparable with that of tea, beer or even spirits; there is, in fact, among many sections of the population, a prejudice against it as a beverage, except for children. In these circumstances, milk has gained but little from factors which might have been regarded as propitious to an increase in consumption. Through taxation in post-War years, beer has been raised in price to levels which would have been regarded as incredible in the days before the War, and spirits have not only been weakened in quality but their

* Economic Series No. 16, p. 109.

† See *Times*, 29th October, 1932.

price has been raised to levels which place them in the luxury class. It might be noted in this connexion that one of the alleged causes of the increase in milk consumption that has taken place in recent years in certain American cities, particularly New York, is the prohibition of the sale of alcoholic liquor. Whether or not this allegation has any foundation in fact, it is true that in that country milk is consumed as a beverage by sections of the population which in this country would hesitate to drink milk in public.

It might with almost equal truth be said that in this country milk is not commonly regarded as a food, except for infants and invalids. In the households of a very large section of the population it is as an adjunct to other beverages, of which tea is the principal, and to cooked dishes, that milk finds its most common use; it is comparable with sugar rather than with meat in its dietetic use. Tea requires a small addition of milk as compared with coffee, and this must always be borne in mind in any comparison between the consumption of milk here and in a coffee-drinking country. It is doubtful whether any importance can be attached to the temperate nature of the climate as a contributory cause of low consumption, though it is sometimes asserted that the demand for milk increases suddenly with periods of extreme heat or extreme cold.

Apart from general influences of the kind mentioned above, the criticisms of the milk supply that are frequently made by certain members of the medical profession cannot fail to exercise a deterrent influence on any expansion of milk consumption. The public is repeatedly alarmed by statements that milk is "unsafe" unless it is treated by heat, by statements that when it is treated by heat its nutritive value is impaired, and by reports of outbreaks of disease said to be due to milk-borne infection. Assertions that milk is an unsafe food are based mainly on the occurrence of living bovine tubercle bacilli in a percentage of samples of milk taken in the course of delivery to the public, and on the known high incidence of tuberculosis among dairy herds in this country. The impression on the public mind is strengthened by the insistent advertising of individual retailers that the milk they themselves deliver is "safe," the obvious inference being that other milk is unsafe.

Propaganda on the part of the medical profession may have little effect on ordinary purchases of milk for addition to tea or for cooking, but it is probably instrumental in deterring many parents from giving milk to their children to drink. It is in just this sphere that there is the greatest need and the greatest scope for increased milk consumption, and it is evident that the closest attention should be given to the question of setting up a hygienic standard capable of application to a large proportion of the total supply of milk offered to the liquid market. If a standard can be established that commands the support of the medical profession,

one of the great deterrents to an increase of milk consumption will have been removed.

It is generally conceded that in the methods of handling milk in the course of distribution there has been great improvement since the War, but much remains to be done before confidence can be instilled in the public mind that all milk is sold in conformity with the strictest hygienic standards. There are firms, large and small, whose operations cannot fail to command public confidence, but there are still many whose equipment and methods leave much to be desired. The sale of unbottled milk is still too prevalent, and when a bottled-delivery service is given the measures taken for washing and sterilizing the bottles are sometimes inadequate. The remedy of these defects by the voluntary initiative of the distributive side of the industry and by strict and uniformly administered sanitary control will go far towards creating confidence in the general milk supply and predisposing the public to a greater consumption.

The next consideration—namely, the price charged to the consumer—is one that some may regard as secondary in determining the consumption of liquid milk, but to which others would accord a primary place side by side with the influences previously considered. It has been confidently asserted that the demand for milk is comparatively inelastic—that though the raising of the retail price by 1d. per quart in the winter season may lead to a contraction of demand, the change is only temporary and soon the usual quantity is being taken at the higher price. This statement of the position accords with the conclusions reached by Ross,* whose researches in the New York market led him to say that “the demand for milk shows very little elasticity when the consuming public becomes accustomed to a retail price which changes occasionally; . . . a price which advances in the fall and recedes in the spring accustoms consumers to the idea of a variable milk price, so that consumption is practically unaffected when market conditions necessitate an advance in price.”

The lack of direct relationship between the price of milk and the quantity consumed receives further support from a comparison of the retail prices and *per capita* consumption (so far as known) in a number of English cities. There seems no connexion between the retail price-level prevailing and the *per capita* consumption; as often as not the city with a retail price above the average has a consumption higher than the average.

It is, however, difficult to accept the view that the retail price charged for milk is a matter of no importance in any consideration of the problem of consumption. The retail price for milk in this country since the War has been maintained at a level which makes it difficult to gauge the effect of price upon consumption over any

* *The Demand Side of the New York Milk Market*, by H. A. Ross. Cornell University Agricultural Experimental Station, Bulletin 459.

considerable period ; and there is no ground for assuming that lower prices would not lead to increased consumption. The fact that retail milk prices in this country have not fallen in sympathy with other retail prices may be assumed to have restricted the sale of milk in some measure. If the demand for milk is to be extended gradually but steadily in future years, the stimulus which would be given to this movement through a lower retail price must constantly be borne in mind.

Since July, 1914, the Ministry of Labour has collected regularly each month retail prices of a group of foods, including milk ; the price data have been collected from retailers situated in 500 towns in the United Kingdom, and may thus be regarded as generally representative. The following Table shows the Index Numbers of milk and of all foods (excluding milk) :—

Retail Index Numbers of Milk and of All Foods (excluding Milk).
(July 1914 = 100.)

Index Number of—	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931
Milk	268	254	186	180	178	178	177	174	176	178	176	170
All Foods (excluding Milk)	255	228	175	168	169	170	163	159	156	152	143	128

It will be seen that, since 1923, the average retail price of milk in the United Kingdom has fallen by about 5½ per cent., while other food prices in general have fallen by about 24 per cent. It cannot, therefore, be gainsaid that, as compared with 1923, milk is now a relatively dearer food.

The rigidity of retail milk prices is clearly brought out in the Table on page 40, which shows the average monthly retail prices for milk in the London area since 1922. As compared with 1922, average prices declined in 1923 and again in 1925 ; with the exception of a slight rise in 1926, the price level established in the latter year continued until 1928, since when there have been small fluctuations. Between 1923 and 1931, the fall in retail prices in London was about 6 per cent., which is very similar to the fall in retail milk prices for the country as a whole as recorded by the Ministry of Labour. It may be that in some towns a certain number of consumers have been able to buy milk at "out" prices which may not have been fully reflected in the Milk Index Number compiled by the Ministry of Labour, which is based on the predominant prices in the different towns.

The decline in retail milk prices has not been commensurate with the fall in producers' prices. The latter, measured by the Index of Milk Prices compiled by the Ministry of Agriculture and Fisheries* (which, because of the method of construction, gives

* See Chapter II, para. 14.

*Average Monthly Retail Milk Prices (per gallon) in London, 1922-32.**

Month.	1922.	1923.	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.	1932.
	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>
January	36	32	32	28	28	28	28	28	28	28	28
February	36	32	32	28	28	28	28	28	28	28	28
March	36	32	32	28	28	28	28	28	28	28	24
April	36	24	24	24	24	24	24	24	24	24	24
May	20	24	24	24	24	24	24	24	24	24	24
June	20	24	24	24	24	24	24	24	24	24	24
July	20	24	24	24	24	24	24	24	24	24	24
August	24	24	24	24	24	24	24	28	24	24	24
September	24	24	24	24	26	24	24	28	28	24	24
October	32	28	28	28	28	28	28	28	28	24	28
November	32	28	28	28	28	28	28	28	28	24	28
December	32	28	28	28	28	28	28	28	28	28	28
Average	29.0	27	27	26	26.2	26	26	26.7	26.3	25.3	25.7

* Based on the average retail price at the beginning of each month in 30 different districts in London as ascertained by the Ministry of Labour.

a favourable impression of producers' returns), fell by about 15½ per cent. between 1923 and 1931 as compared with a 5½ per cent. reduction in retail prices for the country as a whole and a 6 per cent. reduction in the London area.

30. **Consumption of Milk Products.**—In any study of milk consumption it would probably be wise to take into account not only the consumption of fresh milk but also that of milk in the form of manufactured milk products. Owing to the high *per capita* consumption of butter and cheese, the position of this country is much more favourable in comparison with certain other countries as a consumer of milk and milk products than as a consumer of liquid milk only. The important place taken by milk products in the dietary of the nation is clearly brought out by a consideration of the volume of the imported produce.* Butter and cheese may not rank consciously in the mind of the consumer as alternatives to milk, but the increase in the consumption of these products in recent years in response to falling prices, while the demand for liquid milk has remained more or less static, seems a matter deserving the closest attention of those responsible for the price policy to be followed in any milk marketing scheme. In contrast with butter and cheese, condensed milk, whether whole or skimmed, ranks as a direct competitor of liquid milk. For many purposes it can be, and in a very large number of households it undoubtedly is, substituted for liquid milk. The great expansion in recent years in the consumption of condensed, sweetened, skimmed milk, of which the bulk of the supplies are imported, cannot have failed to react to some extent on liquid milk consumption.

31. **The Special Case of Cream.**—The consumption of cream is deserving of special attention, since this commodity may be regarded as a rich form of milk, and its uses are in many respects similar to those of milk. Cream is the most palatable and most appreciated part of milk, and hence it is a commodity that should lend itself to stimulation of demand by advertising. The consumption of fresh cream purchased as such, however, is very low in this country and does not exceed one pint per head per annum, a fact which probably finds its primary causes in the high price at which cream is retailed and in the type of cream generally on sale. In the absence of standards of butter-fat content for cream, the public is compelled to judge quality by the criterion of thickness. Owing to factors other than butter-fat content being associated with thickness, if only to a minor extent, this is by no means an infallible indication of quality, but no other test is available to the consumer. The supply is mostly of cream with a consistency of not less than 50 per cent. of butter-fat, and the production of one gallon of cream of this quality requires about twelve gallons of

* See, in this connexion, Chapter V, para. 36.

milk. When, therefore, the value of milk for manufacturing purposes was almost at a parity with that of milk for liquid consumption, cream became recognized as a relatively expensive commodity and one that could only infrequently be afforded by the majority of consumers. Though much of the cream now sold is manufactured from milk that is bought at prices less—in many cases, considerably less—than those ruling for milk for the liquid market, there has been no disposition on the part of retailers generally to encourage a more widespread use of cream by a material reduction of retail prices. The policy has been to maintain the relationship between the retail price of cream and of milk—a policy unjustifiable in view of the wide disparity which has arisen between the value of manufacturing milk and that of milk for liquid consumption. The gross margin of profit taken when cream is retailed in cartons of less than half-pint capacity is in the region of three times the wholesale price of the cream. A high rate of profit on a small turnover seems definitely to be the price policy in the retail cream trade. Considering the price the farmer receives for the raw material, the consumer is at present being exploited in his purchases of cream; or, regarded from another point of view, considering the price the consumer pays, the farmer is being exploited. The demand for cream is very elastic, and a reduction in the retail price in proportion to the fall that has taken place in the wholesale price would undoubtedly result in an increase in demand. The conservatism of the trade and its not unnatural complacency with the existing position is also reflected by the fact that little or nothing has been done to stimulate a demand for cream of lower butter-fat content than that normally sold; such cream has a use in the diet—for example, with breakfast cereals, for which thick cream is less suitable—and its relative cheapness would be an added inducement to its purchase. The prescription of a butter-fat standard related to a trade description of such cream would be a first step in giving the consumer greater confidence in this product and popularizing its use. In cream rests one of the greatest possibilities of increased milk consumption, and both producer and consumer should benefit through a reduction of the distributive margin to more reasonable proportions.

There is also scope for extending the consumption of milk and cream through the sale of ice-cream. This product has advanced rapidly in public favour in recent years, but, in the absence of any legal requirements as to its constituents, milk and cream tend to give place to cheaper substitutes in its manufacture.

CHAPTER V.—MANUFACTURE AND IMPORTS.

32. *Manufacture in Relation to the Liquid Market.*—As compared with the dairying industries in such countries as Denmark and New Zealand, an outstanding feature of the dairy industry in England and Wales is the high proportion of the milk output which is absorbed for liquid consumption. While Denmark and New Zealand, for example, probably manufacture about nine-tenths of their total supplies, the liquid milk market in England and Wales absorbs between 55 and 65 per cent. of the total production, less such as is fed to stock. This leads to certain marked differences in the general structure of the dairy industry, for whereas in those countries its organization centres round the manufacture of milk products, in most districts of this country the liquid-milk market occupies a dominant position with the manufacture of dairy products essentially subsidiary.

It is a feature of milk marketing, not altogether confined to this country, that the sale of milk for liquid consumption affords to the producer the most remunerative outlet for his milk. The increasing disparity between liquid and manufacturing milk values since the pre-War period is shown by the following Table :—

Year.	Producers' Liquid Milk Price.*	Manufacturing Value on Cheese-price Basis.†	Disparity.
	Pence per gallon.	Pence per gallon.	Pence per gallon.
1913‡	8·75	4·80	3·95
1922-3§	15·62	9·63	5·99
1931-2§	12·12	4·75	7·37

Whatever may have been the weaknesses of the system of collective bargaining as practised in the last decade, it can hardly be doubted that it has assisted in cushioning the world fall in the value of milk which has taken place in the last few years. In these circumstances, the manufacture of milk products in this country, both farm and factory, has inevitably been attended in recent years by increasing difficulty. The farm producer of cheese

* Based upon monthly figures supplied by the Ministry of Agriculture and Fisheries.

† The figure for 1913 is based upon the average annual values of 1st and 2nd quality New Zealand and Canadian cheese, allowing 2d. per gallon for manufacture. The others are the values on a similar basis fixed by the Permanent Joint Milk Committee.

‡ Calendar Year.

§ Contract Year, October-September.

and butter, suffering through the depression of his market as a result of the low price of imported products and experiencing difficulty in securing the necessary skilled labour for his dairy, has sought in many cases to avoid manufacture, even though this entailed selling his milk at prices very much below those negotiated for his district. The position of the commercial producer of dairy products, except such as produce proprietary articles, has been equally difficult and has also had disturbing effects on the liquid milk market.

It must be remembered that one feature—in fact, a very definite weakness—of all the price-structure plans which have been in operation during the period of collective bargaining is that they have made no provision to enable manufacturers requiring milk purely for the manufacture of lower-valued products to obtain their supplies at prices which would make it possible for them to compete with imported supplies of those products. It is true that the negotiated terms provided for the purchase and sale of a *proportion* of total supplies on the basis of the estimated value for manufacturing purposes; but it made no arrangements for the manufacturer with no interest in the liquid market to obtain *all* his supplies at such prices. This omission has been responsible on several occasions for the refusal of the National Association of Creamery Proprietors and Wholesale Dairymen—the association on which manufacturing interests are largely represented—to be parties to the prices negotiated by the Permanent Joint Milk Committee. Their position, in so far as they are manufacturers of products subject to severe competition from imports, is perfectly intelligible. It was obviously impossible for them to purchase milk, part of which had to be paid for at prices entirely unrelated to the world value of manufacturing milk, to manufacture such milk and to sell the products at a profit in an open market, while similar products could be freely imported from abroad. While the negotiated terms may have catered admirably for the requirements of the liquid milk distributor, by assuring him that excess supplies need only be paid for on the basis of their potential value for manufacturing purposes, they have made it practically impossible for a manufacturer, as such, to accept the agreement. The creamery proprietors contend that circumstances have forced them and other manufacturers to buy outside the agreement terms or to invade the liquid market; they have, in fact, generally continued to buy their milk at a flat rate. As a result of competition from buyers for the liquid milk market, however, these terms have generally had to be higher than the milk was worth for purely manufacturing purposes. The inevitable result has been that such buyers have sought more and more to take advantage of the higher price prevailing in the liquid milk market, and, in order to secure an entry into and to maintain a hold on that market, they have resorted widely to the practice of cutting the prevailing

price. The absence of provision to make such milk as is not destined for the liquid milk market available in quantity to manufacturers at prices in accord with actual raw material value is undoubtedly one of the gravest weaknesses of the terms that have been negotiated; besides being a disturbing factor in consuming centres, it has tended to make manufacture more and more a secondary consideration to the liquid-milk market.

33. Farm Manufacture.—One of the outstanding features of the manufacturing position in this country is the way in which farm manufacture has persisted. In the year 1924-5 it would appear that something like 304 million gallons of milk were manufactured into milk products of one kind or another in England and Wales: of this quantity, 215 million gallons (71 per cent.) were converted on the farm and 89 million gallons in creameries or by milk-distributive firms. Butter accounted for over half of the gallonage manufactured on farms and in factories, and records indicate that about 13 or 14 times as much was made on the farm as in creameries or by milk distributors, (apart from supplies which are simply blended). Cheese ranked second from the point of view of the gallonage utilized, and farm output was in quantity about four times that of creameries and milk distributors.

The preliminary results* of the most recent Census of Agricultural Production for England and Wales, which relates to the year ended 4th June, 1931, show the farm production of butter and cheese and the sales of cream off farms as follows:—butter, 651,000 cwt.; cheese, 547,000 cwt.; and cream, 1,339,000 gallons. As compared with 1924-5, these figures represent an increase of about 14, 9 and 100 per cent., respectively. The estimated milk equivalent of the total farm production in 1930-1 is 250 million gallons, as compared with 215 million gallons in 1924-5.

The main reason for the continuance of manufacture on farms in the case of butter is the fact that it is closely linked up with a particular type of husbandry, namely, stock-raising; butter is, in effect, the joint product of this branch of farming. There must also be taken into account the preference amongst certain sections of the population for farm dairy products—a preference which, in some cases, especially as regards cheese, rests undoubtedly on merit. The prevalence of farm manufacture creates a complication, as part of the milk at present converted on the farm might in certain circumstances be sold off the farm, thereby increasing the amount of surplus to be dealt with.

34. Factory Manufacture.—In factory manufacture of milk products, private enterprise is much more prominent than co-operative enterprise, and in this respect England and Wales differ from such countries as Denmark and New Zealand, where manufacture is conducted for the most part through the producers' own

* Subject to revision.

associations. There are, at the present time, in England and Wales some 61 farmers' co-operative societies engaged either in the distribution of milk or in the manufacture of milk products, but the achievements of co-operative dairying in this country fall far short of what has been achieved in other countries. The causes of this comparative lack of success were fully analysed by the Lidlithgow Committee*, which considered that the movement merited more active encouragement than it had received. The intervening years have seen little development, but rather an increase in the difficulties of societies engaged solely in manufacture, owing to the penetration of large buyers for the liquid milk market into more outlying parts.

The majority of the creameries, cheese factories and condenseries in England and Wales† are concentrated in two main areas, one comprising Somersetshire, Dorsetshire and Wiltshire, and the other Cheshire, Flintshire, Shropshire, Lancashire, Derbyshire, Staffordshire, Leicestershire and Nottinghamshire. There are smaller concentrations in Yorkshire, Carmarthenshire, Devonshire and Cornwall, and Sussex. Until cheap and rapid transport made it possible to bring in milk from distant country districts to consuming centres, the dairy-product factories had to pay no more for their raw material than its value if retained for manufacture on the farm. Transport developments have, however, reduced progressively the number of districts in which milk can be bought exclusively for manufacture at prices that leave a profit.

35. **Output of Factories.**‡—The chief products manufactured in creameries and factories in this country are cheese, butter, cream, and condensed and dried whole milk. Considerable quantities of milk are also used in the manufacture of chocolate. There is also a small trade in the manufacture of secondary products, such as condensed and dried skimmed milk, skimmed-milk cheese, whey-butter, lactose, casein, and a number of pharmaceutical products, and in the sale of by-products such as separated milk. In addition, a certain amount of milk is used in the manufacture of margarine.

(a) *Cheese.*—The output of cheese in 1930 by firms in Great Britain employing more than 10 persons is given as 387,300 cwt.; in addition to this, 73,000 cwt. were made on the premises of milk distributing firms. Unfortunately, these census figures do not,

* Cmd. 1854, paras. 116 to 129.

† A list of creameries in England and Wales, together with a map showing their geographical distribution, is reproduced in the *National Farmers' Union Year-Book for 1930*.

‡ The figures of factory output, including the output of milk distributors shown in this paragraph are provisional and relate only to establishments employing more than 10 persons (see Fourth Census of Production, 1930: Preliminary Report No. 8. *The Board of Trade Journal*, March 31, 1932). Estimates of total output of all establishments are shown in Appendix D. The figures relate to production in Great Britain; separate figures for England and Wales are not yet available.

in the case of cheese, differentiate between cheese actually made and cheese which has been blended from either home or imported cheese. As this latter trade has expanded greatly in the years between 1924 and 1930, mere figures of the gross factory output in 1930 give no indication of actual changes in the production of English cheese. The exclusion of firms employing 10 or fewer persons also makes difficult a comparison with the census figures for 1924, but it is estimated that the quantity of cheese made in creameries and factories in 1930 "may have exceeded that made in 1924 in the proportion of 3 to 1."*

Milk sold off farms and surplus to the requirements of the liquid milk market is largely converted into cheese. In fact, the main role of the factory-cheese process in the dairy industry of this country is the conversion of milk for which no other use can be found. Nevertheless, there are also factories which exist primarily for the manufacture of cheese, notably those in the Stilton cheese-making district of Leicestershire. In such specialist factories, particular attention is paid to the quality of the output, but this can hardly be said of many of the factories or country depots, which exist primarily to supply the liquid milk market and in which much of the cheese made realizes a lower wholesale price than that of Dominion cheese.

(b) *Butter*.—The output of the factory-butter industry in this country consists mainly of blended butter in which imported butter is used with varying quantities of the home product. Less than a dozen small factories are engaged in making butter from home-produced cream and selling the output unblended. Some butter factories do not make any butter whatsoever, while others both make and blend. The total quantity of butter manufactured in creameries and by milk distributors in Great Britain in 1930 was 74,400 cwt., requiring for its production about 20 million gallons of milk. One of the main reasons for the failure of the creamery-butter industry in this country to expand is the small proportion of the milk constituents which butter-making absorbs and the consequent necessity for economic disposal of the by-products.

(c) *Cream*.—Cream production in creameries in Great Britain in 1930 amounted to 1,210,000 gallons, and by milk-distributive firms to 411,000 gallons, the total milk equivalent of these quantities being 21 million gallons. The demand for cream is very irregular though at the same time subject to well-known fluctuations at different periods of the week and of the year. In view of the fact that cream is at least as perishable as milk itself, the sale of fresh cream is not a suitable conversion outlet for surplus milk in country plants. On the other hand, in urban distributive businesses, this objection does not apply. Further, cream made by urban distributors which is surplus to demand can be made into butter, but only

* Fourth Census of Production, 1930 ; Preliminary Report No. 8, page ix.

a small quantity is so converted ; this is borne out by the fact that the butter produced in 1930 by milk distributing firms amounted to only 2,100 cwt. Fresh cream production in this country for retail sale is almost confined to thick whipping cream with a butter-fat content of not less than 50 per cent. ; this is sold at a high price and meets a limited—in fact, almost a luxury—demand. The greatest chance of expansion in cream consumption seems to lie in the reduction of present retail cream prices or in the development of a trade in cream of a lower butter-fat content ; this latter would probably be facilitated by the setting-up of butter-fat standards, voluntary or statutory, to take the place of the present quality criterion of thickness applicable only to thick, whipping cream. An industry is developing to compete with imports of sterilized tinned cream of 25 per cent. butter-fat content ; this cream is packed in tins of 6-oz. content and sold under brand names as a proprietary article.

(d) *Condensed and Dried Milks.*—The Census of Industrial Production for 1930 shows a total production in Great Britain of 874,300 cwt. of condensed milk, with or without the addition of sugar ; assuming that the product is for the most part condensed whole milk, this would require nearly 24 million gallons of milk as raw material. There are 12 establishments in Great Britain for the condensation of milk. The plant is costly and requires a large throughput for economical running. The product is, for the most part, packed in small tins, under brand names, for sale as a proprietary article. Similarly, the drying of milk requires a large throughput to make the plant economical in operation. Dried whole milk is packed ready for retail distribution and is sold under brand names as infant food, the milk in some cases having been modified in composition by extracting part of some of the constituents and adding other substances. Dried skimmed milk, on the other hand, is sold in bulk, for the most part for commercial purposes. The total quantity of milk-powder manufactured in 1930 was 134,000 cwt., equivalent to 10,500,000 gallons of milk. The factories for the manufacture of these condensed and dried products have been set up primarily for manufacturing, but as the products are not perishable and can be put into stock, the factories can, without dislocation of their trade, cease manufacture and transfer their supplies of raw material to the liquid milk market when it is more profitable to do so. It is a common practice for an arrangement to be entered into with milk distributing firms for the exchange of winter milk for summer milk ; then, when the distributive trade has more milk than it can handle in the flush period, it directs some or all of the excess to the factory, and in the following winter can rely on drawing on it for an equivalent volume.

(e) *Separated Milk.*—Separated milk—the by-product of butter and-cream production—is sold in comparatively small quantities by factories and creameries. In 1930, the sale of separated milk

accounted for only about one-tenth of the milk utilized for the manufacture of butter and cream, and showed a realization value of approximately 2½d. per gallon. It does not follow that the remainder of the skimmed milk is wasted; large quantities are used within the factories for further manufacturing processes and would not be recorded in the Census of Production returns.

36. Imports.—A memorandum on imports of milk and milk products appears as Appendix E to this Report, but it may be convenient here to draw attention to certain broad features of the import position.

As compared with home production, imports of dairy products assume large dimensions. During the 3 years 1929-31, the average quantities of milk and milk products imported into the United Kingdom and retained for domestic consumption (i.e. total imports less re-exports) were as follows:—

	<i>Cwt.</i>
Butter	6,877,000
Cheese	2,967,000
Cream	149,000
Condensed Milk, whole	663,000
Condensed Milk, separated or skimmed	2,104,000
Milk Powder	282,000
Preserved Milk of other kinds	3,000
Liquid Milk	63,000

These quantities converted into fresh-milk equivalents, on the basis of the quantity of milk which would be required to manufacture them in this country, give a total of 2,185 million gallons of whole milk, or nearly one-and-a-half times as much as the total production of milk of the United Kingdom in 1930-1. Expressed in another way, the imported supplies represented some 453,000,000 gallons of whole milk and the cream extracted from 1,732,000,000 gallons of whole milk, the residues of the latter milk being retained in the countries of manufacture or exported elsewhere.

The significance of the imported supply is emphasized when its estimated milk equivalent is contrasted with the estimated milk equivalent of the home-produced supply of milk products. The year 1924-5 is the most recent for which all the necessary data are available. On the basis of the figures disclosed by the Census of Industrial Production in 1924 and the Census of Agricultural Production in the year ended 4th June, 1925, it can be estimated that the total production of milk products in the United Kingdom was equivalent to approximately 401 million gallons of whole milk. Of this, 280 million gallons were converted on the farms and 121 million gallons in creameries and factories and by milk distributors. The estimated whole-milk equivalent of the average net imports in 1924 and 1925 was about 1,754 million gallons, or nearly four-and-a-half times the milk equivalent of the home-produced supply of milk products.

During 1930-1, the average net imports of milk products were

equivalent to approximately 2,265 million gallons of whole milk, some of the constituents of a large part of which were retained in the countries of manufacture. Home production of milk products in the United Kingdom during the same period may be estimated as equivalent to 483 million gallons of whole milk, of which 317 million gallons were converted on the farm.* In 1930-1, therefore, the milk equivalent of the imported supplies was approximately four-and-three-quarter times that of home-produced supplies.

The United Kingdom is the largest and most important market for practically all kinds of exported dairy produce. Slightly less than half of the imported butter is received from British countries, the most important Empire sources being New Zealand and Australia, from both of which there have been considerable increases in recent years. The most important source of foreign butter supplies is Denmark, which, in recent years, has exported steadily increasing quantities to the United Kingdom. Empire supplies of cheese in 1931 represent about 87 per cent. of the total imports, the chief sources being New Zealand and Canada; the bulk of foreign supplies is imported from the Netherlands and Italy. Empire supplies of cream (most of which comes from the Irish Free State) have declined in importance since 1923, and in 1931 represented about 44 per cent. of the total—a decline which is accounted for by the increase in the imports of tinned cream, chiefly from Denmark. Separated or skimmed condensed milk, which takes the place of first importance among imported varieties of condensed milk and of which the importation has increased tremendously since pre-War years, comes chiefly from the Netherlands; only about 2 per cent. is imported from British countries. Imports of condensed milk (both sweetened and unsweetened), other than separated or skimmed milk, come mainly from foreign countries. For a number of years prior to 1923, between 10 and 18 per cent. of the unsweetened variety was of Empire origin, but, with the decline in Canadian supplies, the proportion has fallen to about 7 per cent. The bulk of both these classes of condensed milk is derived from European countries—notably the Netherlands and Denmark—and the United States. Considerable quantities of dried milk, milk-powder and preserved milk of other kinds are imported from British countries, the chief Empire sources being New Zealand, Canada and Australia.

Imports of liquid milk other than across the land boundary between the Irish Free State and Northern Ireland are negligible or non-existent except in abnormal circumstances.

Imports of milk products from foreign countries and from the Irish Free State are subject to certain duties, particulars of which are given in Appendix F.

* Complete and final returns for production in the United Kingdom in 1930-1 are not yet available. In making this estimate, the figures shown in Appendix D have been used in conjunction with the 1924 figures of production and utilization in Northern Ireland.

CHAPTER VI.—THE LAW AS IT AFFECTS MILK.

37. **General.**—The milk industry is governed by the Milk and Dairies (Consolidation) Act, 1915*, the Milk and Dairies (Amendment) Act, 1922†, and the Food and Drugs (Adulteration) Act, 1928,‡, and certain Statutory Regulations. The Milk and Dairies Order, 1926,§ made by the Minister of Health with the concurrence of the Minister of Agriculture and Fisheries under the first-named Act, and the Sale of Milk Regulations, 1901,|| made by the Board of Agriculture under the Sale of Food and Drugs Act, 1899,¶ are the principal Statutory Rules under which the production and distribution of milk are carried on to-day.

38. **The Milk and Dairies Order, 1926.**—This Order is administered partly by the local Sanitary Authorities and partly by the Councils of Counties and County Boroughs. The Sanitary Authority is responsible for the registration of all persons carrying on the trade of cowkeeper or dairyman, and of all farms or other premises used as dairies. It also administers the elaborate provisions intended to secure the cleanliness of dairies, cowsheds, cows, and the persons milking or handling milk, as well as the provisions for preventing the milk itself from becoming contaminated or infected. Wide powers are also given to the Medical Officers of Health of the Registering Authorities to prevent the spread of infectious disease: they may, for instance, prohibit the sale of milk from suspected premises, or prohibit a suspected individual from taking part in the production, distribution or storage of milk.

On the Councils of Counties and County Boroughs there is imposed a duty to "cause such inspection of cattle to be made as may be necessary and proper for the purposes of the Act and the Order." The Order also forbids the sale of milk from cattle suffering from certain specified diseases.

39. **The Tuberculosis Order, 1925**.**—This Order, made by the Minister of Agriculture and Fisheries under the Diseases of Animals Acts, 1894 to 1925, enables a local authority, on the report of a veterinary inspector, to order the slaughter of cows giving tuberculous milk or which on examination show definite clinical signs of tuberculosis or appear to be suffering from tuberculosis of the udder, and provides for a sliding scale of compensation to the owner. This Order is administered by the Councils of Counties, County Boroughs, and certain other boroughs.

* 5 and 6 Geo. V, c. 66.

† 12 and 13 Geo. V, c. 54.

‡ 18 and 19 Geo. V, c. 31.

§ S.R. and O. 1926, No. 821.

|| S.R. and O. 1901, No. 657.

¶ 62 and 63 Vict., c. 51.

** S.R. and O. 1925, No. 681.

40. **Lack of Uniformity in Administration.**—Although the Milk and Dairies Order lays down that it is the duty of the Councils of Counties and County Boroughs to cause such inspection of cattle to be made as may be necessary and proper for the purposes of the Act, the authorities concerned have taken very different views of what is necessary and proper. In many counties, there is no routine inspection at all, and farms are only visited by the Veterinary Inspectors where there exists a definite suspicion that milk-borne infection is traceable to them. In other cases, the authority has instituted regular clinical inspection of dairy cattle at varying intervals by whole-time or part-time inspectors. In a few of these cases, this routine inspection is carried out as often as four times a year.

In this connexion, it is of interest to observe that routine clinical inspection, at least once every year, is compulsory in Scotland under Sec. 4 (2) of the Milk and Dairies (Scotland) Act, 1914. The Scottish Board of Health has recommended local authorities to increase the frequency of routine inspection beyond the obligatory minimum to three times a year. Several counties have given effect to this recommendation, and others arrange inspections twice yearly. The following Table relating to England and Wales summarizes the position in Counties and in such Boroughs as have administrative powers under the Diseases of Animals Acts:—

Areas.	Staff.	Cow and Heifer Population.
<i>(i) Routine Inspection by Whole-time Veterinary Officers.</i>		
6 Counties	26	311,617
25 Boroughs	38	27,920
<i>(ii) Routine Inspection by Part-time Veterinary Officers.</i>		
8 Counties	64	237,588
85 Boroughs	94	30,044
<i>(iii) No Routine Inspections.</i>		
45 Counties	—	2,073,137
84 Boroughs	—	27,448

Note.—The County of Nottingham, where a dual system of clinical inspection and herd milk-sampling is operated, is excluded from the above Table.

The six counties in which routine inspection by whole-time Veterinary Officers is in force are Cumberland, Durham, Middlesex, Surrey, Yorks., North Riding and Yorks., West Riding.

In consequence of these varied views, the Milk and Dairies Order is enforced—where it is enforced at all—with a striking want of uniformity. In some districts, the majority of the farmers remain in blissful ignorance that any inspection can take place. This lack

of uniformity in administration is not confined to that part of the Order which is entrusted to the larger authorities. There is plenty of evidence of anomalies arising under the other part, although the urban Sanitary Authorities have generally carried out their duties with considerable zeal. Some of these anomalies are caused by the nature and wording of the Order itself. General phrases must necessarily be employed because it is impracticable to define on paper the amount of light, for instance, which is desirable in a cowshed. Nevertheless, there is often a variety of interpretation by no means justified by vagueness of phrase. In such cases, variations of interpretation are chiefly caused by want of proper training of the Sanitary Inspectors for this part of their duties. They do not know how much light a milker needs and they do not know how far it is reasonable to insist on alterations to buildings. We have been informed of cases of real hardship inflicted on the owners and occupiers of farms by the too rigid attitude of inspectors without adequate knowledge of their business. On the other hand, in more remote districts, it is notorious that very half-hearted attempts at compliance with the Order pass muster.

While we have no particular criticism to make of the administration of the Tuberculosis Order, it is clear that it cannot be carried out effectively without an adequate staff of Veterinary Inspectors. This Order and the Milk and Dairies Order are complementary to one another. This is clearly indicated by the covering letter* of the Ministry of Health to local authorities when issuing the Milk and Dairies Order, in which attention is called to the convenience and economy of having the same veterinary surgeons available for the administration of both Orders. It follows that imperfect administration in one case involves to a large extent the same weakness in the other.

41. **The Milk (Special Designations) Order, 1923.**†—This Order, made by the Minister of Health under the Milk and Dairies (Amendment) Act of 1922,‡ recognizes and prescribes conditions for the following special grades of milk: (a) "Certified"; (b) "Grade A (Tuberculin Tested)"; and (c) "Grade A." The Order also recognizes the use of the designation "Pasteurized" in respect of "Grade A" and non-graded milk that has been heat-treated in accordance with specified conditions. Milk described as being of any of the above grades or as "Pasteurized" may be sold only under and in accordance with licences granted by the Ministry of Health or by a local authority.

The following Table summarizes the essential conditions that have to be observed in respect of milk sold under these statutory designations:—

* Ministry of Health Circular No. 711.

† S.R. and O., 1923, No. 601.

‡ 12 and 13 Geo. 5, c. 54.

MAIN CONDITIONS RELATING TO STATUTORY DESIGNATIONS OF MILK.

RAW MILK.

Designation.	Herds.	Bacterial Content.		Other conditions.
		Maximum number of bacilli per cubic centimetre.	Coliform bacillus.	
Certified.	Tuberculin tested and clinically examined at intervals of six months and all reactors removed.	30,000	Absent in 1/10 cubic centimetre.	Bottled on the farm; name of farm, day of production and word "Certified" to appear on each bottle cap.
Grade A (Tuberculin Tested).	Tuberculin tested and clinically examined at intervals of six months and all reactors removed.	200,000	Absent in 1/100 cubic centimetre.	Delivered to consumers in (a) the bottles or the sealed containers as received from the farm; or (b) suitable containers of not less than two gallons capacity; or (c) bottles with the name of the licensed dealer by whom the milk was bottled. The address of the farm or licensed bottling establishment, the day of production and the words "Grade A (Tuberculin Tested)" or "Grade A" to appear on each bottle cap.
Grade A.	Clinically examined once every three months and diseased animals removed. No animal known to have reacted to the tuberculin test may form part of, or be added to, the herd.			

PASTEURIZED MILK.

Grade A. Pasteurized.	Grade A milk that, after pasteurization in accordance with a prescribed method and by apparatus approved by the licensing authority, contains not more than 30,000 bacilli per cubic centimetre and no coliform bacillus in 1/10 c.c. All other conditions as required for Grade A milk.
Pasteurized.	Any milk that, after pasteurization in accordance with a prescribed method and by apparatus approved by the licensing authority, contains not more than 100,000 bacilli per cubic centimetre. No requirement as to bottling.

We understand that the number of licences granted for each grade has increased steadily since the scheme was first introduced, but that the total number of farms in England and Wales licensed on 31st March, 1932, for the production of any of the three grades was only 1,105. There is no doubt as to the high standard of hygienic quality reached by the producers of "Certified" and "Grade A (T.T.)" milk. The same may be said of the great majority of the producers of "Grade A" milk. The industry and the consumers generally owe a debt of gratitude to the pioneers who have faced the difficulties and discouragements necessarily incidental to a new development. The educational effect of the grading scheme has extended far beyond the limited number of licences, and has set a standard for all progressive producers. It is not too much to say that the recent improvement in the hygienic quality of milk, of which we have had abundant evidence, is in no small degree due to the scheme.

We have, however, been impressed by the weight of the evidence from all sides—producers, distributors, consumers, and members of the medical and veterinary professions—indicating that the nomenclature of the official grades of milk is complicated and confusing. It has been suggested, and we are disposed to agree, that the designations do not indicate clearly the order of merit in which the three grades should be placed. It would, in fact, be true to say that persons not fully conversant with the conditions prescribed are quite frequently under the impression that "Grade A" is milk of the highest quality because the title contains no qualification, "Grade A (T.T.)" of lower quality by virtue of the qualification added to the previous designation, and "Certified" the lowest of the three grades. The proper order is thus completely reversed.

We understand that the present nomenclature is, in part, a survival of War-time control. Designations were then introduced to distinguish milk of high hygienic quality in order that producers of such milk might be authorized to charge higher prices than those permitted by the Milk (Prices) Order then in force. Subsequent developments of the grading system were to some extent hampered by the existence of goodwill values in the designations already in use, and to this may be attributed, in part, the present confusion. "Grade A," now the lowest of the special grades, was originally the highest, and is still widely regarded as such. It is not unnatural that those at present selling milk under this designation have a sense of vested interest with which they desire no interference.

The lack of clarity in the present grade designations results in a further evil. It enables retailers to induce the public to pay some regard to unofficial titles, such as, "nursery milk," "invalid milk," and other expressions which may be applied to milk having no special hygienic quality at all, and which only serve to make confusion worse confounded. Within these misleading titles we do not include names indicating definite processes, such as "sterilized

milk," "homogenized milk," "irradiated milk" and "stassanized milk." We consider, however, that it should be made clear that these titles convey no official guarantee unless and until conditions have been officially prescribed.

Side by side with defects in the nomenclature of the grades is the lack of any guarantee to the public that ordinary ungraded milk is of recognized hygienic quality. In our view, this is perhaps the most serious hindrance to any efforts to secure an increase in the consumption of milk by the great mass of the community.

42. **The Sale of Milk Regulations, 1901.**—Apart altogether from the question of hygienic quality, there is no statutory definition of milk. The Sale of Milk Regulations, 1901, made under the Sale of Food and Drugs Act, 1899, provide that milk which is proved to contain less than 3 per cent. of fat or 8·5 per cent. of non-fatty solids is presumed to be adulterated. The cow herself, however, can rebut this presumption, for if, on "appeal to the cow," the bulk proves to be of the same inferior quality as the sample, it is held to be proved that the sample was not, in fact, adulterated. The existence of this presumptive standard, however, does not, and should not, prevent the producer from giving a guarantee of quality, whether relating to cleanliness or composition, as part of his contract with the consumer.

There are, however, certain aspects of the present law which appear to us to involve a certain amount of hardship to producers and distributors of milk. In particular, we would refer to the fact that, under the Food and Drugs Adulteration Act, 1928, the sale of adulterated milk is a quasi-criminal offence, and the seller must be convicted even though it is proved that he was neither responsible for, nor aware of, the adulteration. Many local authorities make it a practice before prosecuting to investigate fully all the circumstances which might have affected the question whether the offence was intentional or not, but this practice is not universal, and even where it is followed there is no absolute guarantee against the prosecution of an innocent person. The law, as it stands, does not distinguish between the wilful adulterator and the unwitting victim of circumstances. The penalty that may be imposed on conviction is in no sense a deterrent to the fraudulent adulterator; but, on the other hand, the honest man whose cows happen to have given milk of low quality is subjected to the indignity of a charge that suggests dishonesty.

CHAPTER VII—COSTS AND PROFITS OF DISTRIBUTION.

43. **Nominal Distributive Margins.**—The Linlithgow Committee, in their Interim Report on Milk and Milk Products, examined in some detail the nominal distributive margins in a number of towns in Great Britain, including London. The nominal retail margin of 8d. per gallon in London was regarded as a reasonable one, but, in the case of businesses engaged in the combined operation of wholesaling and retailing in London and elsewhere, the nominal distributive margin of 1s. per gallon was thought to be excessive. "In other words, the charge for handling and delivery of a gallon of milk should be less than a shilling a gallon."^{*}

The Table below shows the nominal distributive margin in London month by month from October, 1922, to September, 1932. It is based upon data strictly comparable with those used by the Linlithgow Committee when dealing with the distributive margin in London† from January, 1913, to March, 1923.

Table showing the Nominal Distributive Margin in London.‡

Month.	1922-3	1923-4	1924-5	1925-6	1926-7	1927-8	1928-9	1929-30	1930-1	1931-2
<i>Pence per gallon.</i>										
Oct. ...	12	11	9½	11	11½	11½	12	12	12½	12
Nov. ...	12	11	9½	11	11½	11½	11	11	12	11½
Dec. ...	12	8	9½	11	11½	11½	11	11	11	11½
Jan. ...	12	12	9½	11	11½	11½	11	11	11	11
Feb. ...	12	12	9½	11	11½	11½	11	11	11	12½
Mar. ...	12½	15	9½	11	11½	11½	12	12	12	12
Apr. ...	11½	12	12	9	12	12	12	12	12	11½
May ...	12	12	12	12	12	12	12	12	12	12
June ...	12	12	12	12	12	12	12	12	12½	12
July ...	12	12	12	12	12	12	12	12	12½	11½
Aug. ...	12	12	12	12	12	12	12	12	12	11½
Sept. ...	11½	12	11½	10	12	12	12	12	12	11½
Yearly Average	11-06	11-75	10-77	11-08	11-88	11-75	11-66	11-66	11-86	11-66
As a Percentage of the Average Retail Price.										
Per cent	42-5	43-5	41-4	42-3	45-7	45-2	43-7	44-3	45-7	46-4

* Cmd. 1854, para. 225.

† Cf. Cmd. 1854, page 7.

‡ The nominal margin is the difference between the average prices paid to producers for milk delivered, carriage paid to London (data supplied by the Ministry of Agriculture and Fisheries) and the average retail price at the beginning of each month in 30 different districts in London as ascertained by the Ministry of Labour.

These figures show that the nominal distributive margin in London has remained exceedingly rigid since October, 1922. Except for the 2 years 1924-5 and 1925-6, the average margin has remained at between 11½d. and 12d. per gallon. The charge for handling and distributing milk has thus shown no appreciable reduction on the figure of 12d. per gallon which the Linlithgow Committee considered was capable of some modification to the benefit either of producer or consumer. The average margin has not merely remained stable during a period, the latter part of which has been characterized by falling prices generally and much reduced purchasing power amongst consumers, but it has actually increased relatively to the retail price of milk. The proportion of the retail price represented by the nominal margin has increased from 41·4 per cent. in 1924-5, when it touched a low level, to 46·4 per cent. in 1931-2.

44. Special Inquiries regarding Actual Margins.—We have made considerable inquiries into the question of the actual margins which distributors (both wholesale and retail) have earned during the last few years, and the extent to which such margins have been remunerative; and we have focussed special attention on the matter of the retailers' profit-margin.

In addition to hearing evidence from a number of representatives of the milk-distributive trade, we have obtained information in regard to the costs, profits, etc., of individual businesses. Certain of this information has been obtained in reply to questionnaires, while in a limited number of cases inspection of the records of representative businesses has been carried out on our behalf and the results reported to us in detail.

45. Complexity of Distributive Businesses.—There are several circumstances connected with, or incidental to, the distributing trade which have militated against our obtaining, in many instances, precise figures. One circumstance is that a number of the businesses carry on a wholesale as well as a retail trade, and no proper apportionment of expenses as between the two classes of trade is available: while, therefore, the profit-margin per gallon of such a business as a whole could be ascertained, it has not been possible to calculate with any accuracy what the margins have been for the wholesale and retail sections of the business respectively. Another circumstance is that certain of the businesses undertake the manufacture and sale of milk products on a somewhat extensive scale; and here, again, the ascertainment of the true trading results from each of these departments of the business has not always been practicable.

A third problem which has presented itself is that of retail milk-distributive businesses which include in their activities the sale, by their roundsmen and from shops, of commodities such as butter, eggs and groceries. It is not surprising to find that, in some of the businesses, these sales of "outside goods" attain very con-

siderable proportions ; the fact that the milk roundsmen have to call daily at a large number of houses with deliveries of bottled milk and the existence of shops in connexion with the milk trade afford an exceptionally favourable avenue for the sale of other and (in relation to their weight and bulk) more valuable commodities. The suggestion has been made to us in certain instances, where the combined trade shows a favourable result, that, in fact, a high profit is earned on the " other goods " and a very small profit, or even no profit at all, on the milk. Obviously, much depends upon the basis on which the costs of distribution are apportioned as between milk and these other goods.

The basis indicated to us by more than one important retail distributive organization as reasonable is one upon which the expenses applicable to the trade in other goods are confined to the additional costs which this trade imposes on the business. To state the proposition in another way, it is suggested that the milk section should be charged with the whole of the expenses which it is estimated would have been incurred if there had been no sales of other goods. The result, as will be appreciated, is to burden the milk business with the great bulk of the expenses, and correspondingly to relieve the business in other goods. This basis has obviously been submitted on the hypothesis that the financial results from the trading in the " other goods " ought not to be taken into account in assessing the earning capacity of the milk-distributive business. We cannot accept this basis of apportioning expenses, or indeed this hypothesis, as equitable.

Our view of the matter is that, broadly speaking, the sales in other goods are ancillary to the milk business except, possibly, to the extent that " chance " sales are made in shops other than to regular milk customers. The profits from this trade are directly associated with the goodwill or profit-earning capacity of the business of distributing milk and should therefore be taken into account in considering whether the milk-distributive business is a particularly profitable one or not. A division of the profits arrived at by apportioning on some mathematical basis the expenses of distribution as between the milk and the other goods does not show the situation in its true light. In accordance with our view, the net profits on " chance " sales of other goods should be excluded and the remaining balance of profit should be regarded as earned on the distribution of milk. It may be contended that this basis is calculated to show the milk results in an unduly favourable light, but, on the other hand, it is possible to argue that any profit on " chance " sales also represents a recovery of milk distributing expenses.

We may mention a further fact which tends to emphasize the close association in principle between the trade in " other goods " and milk distribution, namely, that the milk distributors are in a position to handle those lines of groceries which are more profitable.

and can largely disregard other less profitable articles which a purely grocery business would have to stock in order to keep its connexion.

46. Expenses and Profit Margins.—From the accounts and returns which we have examined, we find that the cost to retailers during the last year or so of milk delivered at their urban premises or stations has been in the neighbourhood of 1s. 1d. per gallon,* and the retail price between 1s. 10d. and 2s. 1d. per gallon, leaving the retailers' margin of gross profit at between 9d. and 1s. In the two previous years, the cost and selling prices have been about 2d. higher, the margin of gross profit remaining approximately the same. We have already referred to the difficulties of apportioning expenses between milk and other goods and to the relevance of such calculations. It appears, however, that expenses represent between 7d. and 10½d. per gallon, while the net profits range between 1d. and 3½d. per gallon. These figures refer to retailers with large businesses. As regards the retailers with small businesses, we gather from enquiries that they may fairly be considered, as a class, to earn good profits.

We have mentioned the round figures above in order to indicate in very general terms the upper limits of the margin of profit out of which the retailer could concede something to the producer on the one hand or to the consumer on the other. So far as the consumer is concerned, it will be appreciated that if, for example, the price were lowered by 1d. per gallon, this would represent no more than ½d. per pint. In other words, a reduction in the retail price per gallon from 2s. to 1s. 11d. only represents a reduction of ⅓th, or ⅓d. in the shilling.

From the point of view of the producer, on the other hand, an increase of 1d. per gallon in the price at which he is able to dispose of milk for liquid consumption would be of great benefit. It would increase his gross takings by ⅓th (i.e., from 1s. 1d. to 1s. 2d.), and might well make all the difference between a reasonable profit and no profit at all. We should make it clear that we are only mentioning the sum of 1d. per gallon for purposes of illustration.

A useful test in considering whether a certain rate of net profit per gallon is reasonable or whether it is excessive is the percentage which the net profit bears to the capital employed in the business. By the term "capital employed," we mean tangible capital, represented by the assets used in the business—namely, premises, fixed and loose equipment, stocks, debtors, etc., less trade creditors. We exclude from such capital the intangible asset of "goodwill," although it is only fair to the large distributing interests to say that substantial sums have, in a number of cases, been paid for the goodwill of businesses which have been taken over by them.

* So far as the producer is concerned, this figure represents an average gross price and is subject to deductions—*s.g.*, for transport and, in some cases, for creamery services. Further, it is the average of prices paid by firms who may be classed as "good buyers."

One very noticeable feature about the data which have come before us in regard to retail distributive businesses is the extent to which the profit-margin per gallon varies as between one business and another. Also, in the relatively few cases in which we were able to procure the information, there are very marked differences in the percentage-return which the net profits of the milk retail businesses represent on the capital actually employed in such businesses.

In this connexion, we would make the general observation that two businesses of equal size, purchasing milk at the same average price and selling it at the same average price, may well show very different results when measured by the rate of net profit per gallon or by the percentage rates which the respective net profits bear to the capital employed. Such a difference may, in part, be due to one business being more efficiently and economically managed than the other; but, equally, it may be due to circumstances for which those managing the two businesses are not directly responsible, such as, for example, the relative proximity or density of the population served, and the strength and character of the competition. Our enquiries have led us to the general conclusion that the larger distributive businesses have made very satisfactory profits. Though, in the majority of these cases, the profits earned could hardly be described as exorbitant, we have calculated that a somewhat higher price—representing an increase of not less than $\frac{1}{2}d.$ per gallon and possibly more—could have been paid to the producer for milk intended for liquid consumption while still leaving the distributive business with a reasonable rate of profit on the capital invested in its undertaking. In certain other cases, however, it was clear that the distributors could have afforded to increase the price paid to the producer to a still greater extent.

The variations in expenses, when expressed in pence per gallon, disclosed by the accounts and returns have occupied our attention. We have found that, in the case of large distributors, the cost of pasteurizing and bottling show a considerable measure of uniformity—falling between $2d.$ and $3d.$ per gallon—but that the costs of distribution to customers and general overhead expenses vary widely—between $3d.$ and $7\frac{1}{2}d.$ per gallon.

47. Costly Services.—It seems to us that the service rendered to the customer by a large proportion of distributors is unnecessarily costly, not because, under existing conditions, the service is carried out inefficiently—which is far from the case—but because of the special demands made by the customer. Such demands include the delivery of milk in half-pint bottles, two deliveries a day, and deliveries at special times. The distributor is compelled to provide these services in order to retain his connexion.

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.

We consider that, were the consumer deprived only of the special services to which we have referred, he would suffer no great inconvenience, though for a relatively short time he might find it a little difficult to accustom himself to altered conditions.

The custom of two deliveries a day prevails over the whole of the London area, but in the provinces, we understand, one delivery is quite common. It seems to us that a one-delivery system should be more generally adopted. Such a change should by itself largely eliminate the demand for half-pint bottles of milk.

48. **Wages of Roundsmen.**—We should perhaps make some reference to the rates of wages, which are a very heavy item in the costs of distribution, representing anything between 30 and 50 per cent of the total. The wages of roundsmen are fixed by the Milk Distributive Trade Board and have statutory effect under the Trade Boards Acts. There has been no change in the rates since 1923, despite the fact that the cost of living has declined appreciably in the intervening period. For the purpose of the application of minimum wage rates, three types of area are prescribed, namely:—

A. Any area administered by a Rural District Council at the date of the 1931 census, and any area with a population of less than 10,000 administered by a Municipal Borough Council or Urban District Council.

B. Any area not included in A or C.

C. The City of London and Metropolitan Police District.

The minimum rates for roundsmen laid down in each area in 1923 are given below. The Trade Board has declared the normal number of hours of work in the trade to be 48 per week.

Age.	Area.		
	A.	B.	C.
	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
21 and over	42 0	52 0	56 0
20	38 6	47 6	53 6
19	33 0	40 6	46 6
18	28 0	35 0	39 6
17	21 0	26 0	29 6
16	15 0	19 0	23 0
15	11 6	14 6	18 0
Under 15	9 6	12 0	15 6

In practice, these rates are often materially supplemented by overtime and commission, the latter being largely on sales of goods other than milk. We may mention that where special services to the consumer are not provided, considerable economies in delivery

are effected by some firms by means of the employment of boys of between 14 and 16 years of age, and that these boys are discharged upon attaining the age of 16.

49. **Effect of Scheme on Distributors.**—We contemplate that the general effect of the proposals made in subsequent Chapters of this Report will be to reduce, in course of time, the number of individuals, firms or companies engaged in the retail milk-distributive trade, and that improvements in organization and economies of effort will result which will be of benefit to the producer on the one hand and the consumer on the other.

We have expressed the opinion that many large retail distributive businesses could have paid the producer a somewhat higher price in the last few years and still have earned satisfactory profits. We do not, however, believe that the large milk distributive undertakings which have a strong hold on the areas which they serve will be prejudiced by the operation of the scheme which we explain later in this Report; in fact, it is our opinion that they will be benefited. While they may be operating at a smaller margin of profit per gallon, they should be fully compensated by increased turnover and by still greater stability. They will be relieved of the burden of surplus milk; they will be freed from the unfair competition to which they are at present subjected by under-cutting on the part of individuals who purchase milk at manufacturing prices and retail it for liquid consumption; and they will benefit from the recommendations which we make with the object of improving the quality of milk.

CHAPTER VIII.—OBJECTS OF REORGANIZATION.

50. **Introduction.**—We have given in the preceding Chapters of this Report a brief review of the present position of milk marketing in this country. That the position is unsatisfactory and calls for some measure of reorganization at the earliest possible date is not only strongly felt by a great majority of producers, who are the worst sufferers under the present régime, but is also generally admitted by distributors and manufacturers, who have their own grievances against it. We also consider that the general public is entitled to some better assurance than it at present enjoys of a secure and satisfactory milk supply.

Before stating the Commission's proposals for dealing with the situation, it is desirable to set down what in our opinion are the fundamental objects to be aimed at in any scheme of reorganization. The interests to be considered are manifold and, moreover, of great importance, for the production of milk is one of the largest sources of income to the farming community in this country. In 1930-1, the value of milk and milk products sold off farms in England and

Wales is estimated at about £55 million, which represents nearly 28 per cent. of the total value of all sales of agricultural and horticultural produce.* This includes the value of butter, cheese, cream and liquid milk. The requirements of the liquid market alone probably account for not less than 1,800,000 gallons per day, or about 650 million gallons per year, representing an annual gross income to producers of about £32,500,000.†

The dairy group of products is, in fact, second in importance only to livestock, and we are satisfied that, with favourable conditions, the turnover is capable of considerable increase. Milk production is, moreover, closely related to other branches of farming, such as stock-rearing and pig-feeding, which should be developed in close association with it. The development of milk production is, therefore, one of the keys to a general agricultural revival.

As a staple diet, particularly for children, milk is an important factor in the health of the nation. This aspect of the industry raises the important consideration of quality, which depends partly on conditions on the farm and partly on the speed and character of the arrangements for the distribution of the milk supply. The medical profession is unanimous in its advocacy of milk as part of the diet, provided it is clean and free from infection; but owing to doubts as to the quality of some of our milk supplies, it has, on the whole, hitherto thrown its influence against rather than for an increase of milk consumption. These doubts should, in our opinion, be squarely faced by producers and distributors alike throughout the industry. Nothing can do more than their removal to further the interests of the milk industry; nothing can better serve the health of the whole community.

We have tried to give due weight to all these factors. We have studied the needs and interests of the distributor, the manufacturer and the general public, all of whom have legitimate claims to consideration, as well as the needs and interests of the farmer, who, under the Agricultural Marketing Act, has the first claim on our attention. We have sought in this Report to evolve a scheme of reorganization which may be expected to ensure stability and steady progress by establishing an equitable balance between all the interested parties.

51. Strengthening of the Producers' Position.—We have no doubt that the first step necessary to the welfare of the industry is to strengthen the position of producers, as a body, in negotiating with distributors and manufacturers. It is true that producers might secure this power for themselves by voluntary combination, as they have done in other countries; but it must also be recognized that the conditions of the industry in this country make combination almost impossible of attainment unless its maintenance can be

* *Agricultural Statistics, 1931, Part I, page 38.*

† Assuming an average producer's price of 12d. per gallon.

guaranteed by some such measure of statutory sanction as is contemplated in the Agricultural Marketing Act. The financial position of many milk producers is at present so weak, and their dependence on the liquid market so complete, that they cannot afford the risk of failure to obtain a contract. They must, therefore, often accept contracts on terms which are unsatisfactory both to themselves and to their colleagues in the industry. We do not see how this fundamental weakness can be overcome unless they are given, as a body, statutory power to secure universal adherence to negotiated agreements. This implies no disparagement of the excellent work done on their behalf by the National Farmers' Union. That organization has been as severely handicapped as many of its individual members by the peculiar weaknesses of the producing side of the industry, and it is to be complimented on the unremitting efforts which it has made in circumstances of exceptional difficulty.

As there are two markets, of which one is substantially more remunerative than the other, a measure of control over supplies in excess of the normal demand of the primary market is essential if the producers' position is to be safeguarded. With control over all such supplies, a producers' organization will be in a position to negotiate terms with manufacturers more satisfactory to both parties. Even so, the actual possession by producers of certain manufacturing facilities may well be found necessary or desirable. There is, it is true, a number of farmers' co-operative societies in existence in various parts of the country for dealing with milk and milk products. Largely owing to a lack of support from the farming community, however, these societies have failed to provide the full service of which in more favourable circumstances they should be capable, and to give to the producers' position the strength which is so much needed.

The greatest weaknesses of the present organization of milk producers are incompleteness and the lack of control over the individual. The National Farmers' Union no doubt includes in its membership a substantial proportion of milk producers in the country, but no organization can hope to secure the maximum effectiveness unless it is all-embracing and can count on the loyalty of its individual members. Every year the producers' representatives enter into negotiations with the distributive interests to reach an agreement on contract terms and prices. Every year the Union warns its members not to enter into any agreements for the sale of milk until the negotiations have been concluded, and to accept no contracts on terms less favourable than those negotiated. And every year, too, numbers of producers, paying no heed to the negotiations being conducted on their behalf, resort to individual bargaining, so that their official representatives are handicapped from the outset by the knowledge that a substantial quantity of the milk to be produced during the coming contract year has already been sold. This is not the only handicap upon producers' representatives.

They are without adequate data on which to support their case, since they have only a rough idea of the extent to which the quantity of milk produced exceeds the requirements of the liquid market and of the proportions in which this surplus is dealt with in other channels of utilization.

Whatever else it may be desirable to achieve by the reorganization of the industry, it is therefore essential to secure that the producers are placed on a stronger footing. They must be in a position, firstly, to bargain as a body with one voice; secondly, to speak with full knowledge of relevant facts; and thirdly, to ensure that no milk is sold outside the conditions laid down in the negotiated agreement, whether it be the national agreement or a variation of that agreement mutually accepted for application to a specific area. Until that position is reached, producers as a whole cannot but expect that the scales will be weighted more or less heavily against them.

52. Prevention of Under-cutting.—It has been one of the most keenly felt grievances of the producer that a proportion of the milk for which he is paid at manufacturing rates finds its way into the liquid-milk market and realizes something approaching the prices ruling for liquid milk. There is no certainty that all milk sold in the liquid market is bought from the producer at the liquid price; on the other hand, there is no certainty that all milk for which producers are paid the liquid price is actually sold in the liquid market. The forms of contract approved by the Permanent Joint Milk Committee for the sale of milk under Class II (b) during 1931-2 and the present year have included a provision to the effect that, if more than 75 per cent.* of the total quantity of milk bought by the purchaser from all sources during the contract year were sold for liquid milk purposes, the purchaser undertook to refund the difference between the full liquid milk price and the manufacturing price in respect of such excess. We have no reason to doubt the assurance given to us that this provision would be strictly observed by the large London distributive organization which obtains the whole of its supplies under Class II (b) terms. Moreover, we are informed that, in the 1930-1 contract year, this particular organization was under the necessity of manufacturing a greater proportion of its supplies than the 20 per cent. for which the manufacturing price was payable, a circumstance for which the terms of the contracts made no provision and which, therefore, involved the organization in a reduction of expected profits. Nevertheless, in the absence of any arrangement for the examination of distributors' books and the publication of the results of such inquiry in general terms, the operation of this type of contract must fail to win the confidence of the producer, and we cannot but agree that the position is far from satisfactory.

The position is quite as unsatisfactory in the case of milk sold to creameries for manufacture. As has been seen, for reasons into

* The average proportion of annual supplies available at 2 1/2 p.



which we need not here enter, the contracts negotiated by the Permanent Joint Milk Committee have included no class to meet the needs of manufacturers as such, who, in consequence, have been forced to secure their supplies on other terms—usually at a flat rate per gallon, though often the rate has not been low enough to render the manufacture of certain products profitable. This fact has provided a strong inducement to manufacturers to dispose of some part of their supplies in the liquid-milk market. To secure that outlet they have frequently been obliged to sell in that market at cut prices, and this under-cutting, which has been most marked in the wholesale and semi-retail trade, has been a most disturbing factor. There may be some justification for a reduction of price on bulk sales to one consumer, but instances have been cited where large institutions have been supplied with milk at prices even lower than those payable to the producer for standard quantities supplied under the negotiated agreement.

In this connexion, we give the following extract from a letter addressed to us by four of the largest wholesale distributing firms operating in the London area :—

“ Our function is to purchase milk under contract from farmers, process it and transport it under contract to the doors of our customers who are retailers and bulk consumers. We have bought our milk either on the terms of the recent agreement or at practically the equivalent.

Until recent years, the price charged to our customers was from 9d. to 10d. per gallon below the retail price, and although there was intensive competition, there was a limit to price-cutting, firstly, because the quantity of milk in the market was not excessive as it is now; and, secondly, because the disparity between the liquid and manufacturing prices was comparatively small.

During the last three years, this position has gradually disappeared, owing to the quantity of milk in the market being over-powering, and because the margin between the liquid and manufacturing prices has become extremely wide, as may be seen by reference to this year's settlement terms under which the average liquid price in winter is 1s. 3½d. per gallon, and in summer 1s. 0½d. per gallon for milk delivered London. If the manufacturing price is taken as 6½d. per gallon at London (which is a higher figure than last year), there is a difference of 9½d. per gallon and 5½d. per gallon.

The results are obvious. There has been a rush of manufacturers creameries and farmers to sell on the liquid market and our position has become untenable. It can be ascertained, for instance, that the largest bulk consumer in London has purchased milk by tender for the winter at about 2d. per gallon below the farmers' liquid milk price, in spite of the fact that the price includes processing, transport and attendant services.

This shows that the market is in the depths of uncontrolled competition, and so far as we can see we shall be obliged to join in at a future date and let all prices take care of themselves, but we recognize that this course should be avoided if possible, and desire to assure the Commission of our willingness to join in any constructive effort to build a way out of the present chaotic conditions.”

This letter describes better than any words of ours the present serious state of the market, and comment on it would be superfluous

We consider it imperative that this under-cutting should cease and that producers should receive their appropriate share of the proceeds of all milk sold for liquid consumption. We therefore regard it as the second object of reorganization to keep sales of milk in the two channels of utilization—liquid consumption and manufacture—separate and distinct, and to make definite arrangements whereby milk not required by the liquid market can be supplied to manufacturers at prices which will make it economically possible to manufacture milk products in this country more or less in competition with imported articles. At present, many manufacturers buy milk at a flat rate above its purely manufacturing value but below its value for liquid sale, and recoup themselves by reselling as much of it as possible for liquid distribution at a price above the flat rate they have paid. In future, manufacturers should buy at the manufacturing price only such milk as is actually manufactured.

One other form of under-cutting requires to be dealt with under any reorganization scheme—the under-cutting of the distributors' market by producer-retailers. It may happen that, in consequence of the loss of his usual channel of disposal in the wholesale market, or, perhaps, in the hope of securing some improvement in his returns, a producer elects to retail his milk direct to consumers in a neighbouring town. In order to establish a connexion, he not infrequently resorts to under-cutting and thus solves his own immediate problem at the expense of undermining the retail market and, incidentally, of causing injury not only to the distributive trade but also to his fellow producers. The existence of an assured wholesale market at a reasonable price would undoubtedly remove a good deal of the inducement to undercut the retail market; but, whatever the remedy, resort to these methods should definitely be made impossible.

53. Improvement of Quality.—The third object of reorganization should, in our view, be an improvement in the quality of milk. There can be no doubt that there has already been a material improvement during the last decade. This has been due, to a large extent, to the educational work carried out by the County Educational Authorities. An important factor, however, has been the recognition of certain statutory grades of milk. These grades have, in fact, become standards by which the quality of all milk can be measured, and have had an influence on the general level of production much greater than is indicated by the comparatively small number of farms licensed for the production of graded milk.

The existence of such standards, the organization by County Educational Authorities, with the assistance and encouragement of the Ministry of Agriculture and Fisheries, of Clean Milk Competitions, and the practice of some large distributive firms of giving monetary recognition to suppliers of milk of good quality, have had a marked effect on the industry. Many public-spirited persons not directly connected with the trade have also contributed to the improvement of quality. We are assured that, in some parts of the country at least

a great deal of the milk produced is now of the "Grade A" standard, though not sold under that designation, and that the bulk of the supply in these areas could, with little difficulty, be raised to that standard.

We regard it as essential to the well-being of the milk industry that the public in general, and the medical profession in particular, should have assurance that the supply of ordinary milk is produced under reasonably clean conditions and is, as far as possible, free from infection.

The question of the pasteurization of milk has recently received a good deal of attention. Although they are not unanimous in their views, the medical profession generally, and that section of it in particular which has a special protective responsibility for the health of the public within specific areas—namely, Medical Officers of Health—seem to take the view that the safety of the milk supply, at least in the large towns, can be ensured only if milk below the Tuberculin Tested grade is efficiently pasteurized. On the merits of this view, as also on the question of the effect of heat treatment on the raw product, we are obviously not competent to judge. It is understood that already a very large proportion of the milk supplied in the biggest cities—London and Manchester, for example—is pasteurized for commercial reasons: it is not for us to comment on the contention that, on grounds of public health, the remainder of the supplies in these and similar areas should be so treated. But there are certain aspects of the compulsory pasteurization controversy to which we feel it necessary briefly to draw attention.

In the first place, any measure to compel the pasteurization of milk supplied in urban areas would be almost bound to have an adverse effect on the producer who has hitherto derived some advantage from close proximity to large consuming centres. The preference that is at present accorded to near-at-hand supplies must thereby be weakened, and the competition of supplies from distant and cheaper producing areas increasingly felt unless measures are taken to prevent it.

Secondly, any such measure would necessarily affect very seriously the producer-retailer who is in a small way of business. No doubt there is scope for the development of pasteurizing plants of smaller capacity and cost, but, even so, there would probably be a number of producer-retailers who would be unable to provide facilities for the proper treatment of their supplies. It seems not unlikely that some of them would go out of business or be absorbed by large distributive firms, though, in this connexion, the possibility of making satisfactory arrangements to provide pasteurizing plant on a co-operative basis would no doubt be explored.

Thirdly, the evidence submitted to us is unanimous on the point that pasteurization is not and never can be a substitute for clean production and that the same care should, therefore, be exercised in the production of milk that is to be heat-treated as is required to be

observed in the production of milk that is to be consumed in its raw condition.

Fourthly, it is evident that pasteurization must be done efficiently if it is to be effective, and the process should, therefore, be automatically controlled and carried out under strict supervision.

Fifthly, we are satisfied that the re-pasteurization of milk is undesirable and should be prohibited.

54. Stimulation of Demand.—It has been commonly accepted that the consumption of milk per head of population in England and Wales compares very unfavourably with that in many other countries, notably the United States and the Scandinavian countries. This discrepancy is probably due, to some extent, to different habits; for instance, the consumption of milk would be expected to be higher in countries where coffee is as popular a beverage as tea is in England; further, extremes of heat and cold are said to stimulate the demand for milk. But when due allowance is made for influences such as these, the fact remains that our consumption could be increased substantially with benefit both to the health of the nation and to the milk industry.

We have been assured on more than one occasion by those engaged in the trade and best in a position to judge that the demand for milk is inelastic; that changes in price may affect demand slightly over a short period, but that, in the long run, the effect is negligible. We are by no means convinced, however, that on a long view, this conclusion is justified. We consider that the possibility of an extension of demand in response to lower consumers' prices will merit the continual attention of any producers' Board, and we shall have this in mind when we come to the difficult subject of the measure of price-control which can wisely be exercised in this trade. But other means of stimulating demand may be found, and, in our view, the two most promising are the encouragement of confidence in the quality of the milk supply, and adequate and effective educational work.

To the first of these we attach a great deal of importance. There seems to be no question that, on the grounds of public health, an increase in the consumption of "safe" milk is desirable, and it is for the industry to see to it that the quality of the product it supplies is, as far as possible, above reproach. Any reorganization scheme should, therefore, make such provisions as may be necessary to justify the claim that milk sold wholesale by the farmer for ultimate liquid consumption is above criticism. It would then remain for Medical Officers of Health to ensure that precautions are taken by the distributive trade to secure that the efforts of the producer are not rendered nugatory before the milk reaches the consumer. If the confidence and support of the medical profession can be won, we are convinced that the way will be made clear for a successful educational campaign on a scale such as has never before been attempted by the industry.

We have been impressed by the extremely useful educational work undertaken by the National Milk Publicity Council in circumstances that have been distinctly difficult. The Council is dependent on voluntary contributions—which are now at the rate of 1d. per 100 gallons—from both producers and distributors. Only a small proportion of those engaged in the industry have contributed, however, and the Council's income in 1931 amounted to about £7,000 only, a figure which it was anticipated would increase to roughly £10,000 in 1932. Handicapped by this lack of funds, the Council has been forced to confine its activities to a few of the most effective educational devices. It has provided lecturers, distributed literature, advertised by poster and in the press, and shown propaganda films; but the most useful work of the Council has been in the direction of stimulating the consumption of milk by school-children. More recently, a start has been made among factory workers and miners. Similar work has been done with good effect by the Industrial Co-operative Societies and United Dairies, Ltd. It is understood that about 800,000 children, or roughly 10 per cent. of the total school population of the country, are taking advantage of the facilities provided by school milk clubs, whereby children are enabled to obtain a daily ration of milk at the price of 1d. per bottle, containing one-third of a pint. It is, perhaps, somewhat disappointing that the maintenance of this ration during school holidays is not more widespread; nevertheless, the scheme must be doing good in encouraging children to acquire a taste for milk that must in many cases be retained after school years, and we are convinced that the movement is capable and worthy of considerable expansion.

Commodity advertising is essentially a matter for co-operative action by the beneficiaries: such benefits as accrue from publicity cannot be confined to those who advertise, and equity demands that all shall pay for a service from which all benefit. The establishment of a comprehensive milk marketing organization will provide an opportunity that has never before existed in this country of launching an educational campaign financed by all engaged in the industry. The possibilities of advertising by commodity marketing boards have for some time been recognized in the Dominions, as witness the campaigns carried out in this country to advertise Australian, New Zealand and South African products—such as, for example, fruit, dairy produce and honey. The cost to the individual of a national educational campaign for milk would be negligible and the benefit to be gained would be out of all proportion to the liabilities it would impose. It should be one of the main aims of reorganization to foster the development of the milk industry, primarily in its most profitable outlet—the liquid market—but not excluding the important manufacturing side, to which we refer later in this Chapter.

55. Recognition of Level Production Service.—The next point to which attention should be drawn arises from the variation in the production policy followed by producers, ranging from the

level producer to the producer whose supplies vary widely at different times of the year. In provincial towns, the majority of distributors have urban premises only, with little or no equipment for converting surplus milk into dairy products, and the type of supply they require is one which varies only within narrow limits from day to day throughout the year. The producers supplying this large class of distributor are consequently required to perform a special service, a service which debars them from producing on the natural and least expensive lines. Instead of calving the herd in the spring, so that the heaviest milk production period coincides with the abundant natural provision of grass, they arrange so that calvings are more evenly distributed throughout the year or they buy additional stock in what would otherwise be a period of low production. The dairyman thus pays a fairly high price for regular quantities of milk in order to ensure his supply and to avoid the necessity for resort to the uncertain accommodation milk market with the risk of having to pay high prices in competition with other buyers. In the summer, the producer undertakes to withhold his excess production so that his actual deliveries do not fluctuate to any great extent.

In contrast is the producer whose buyer is prepared to convert surplus and therefore requires of him no service of level deliveries. This producer is able to vary his deliveries according to his production. In summer, he takes the fullest advantage of pasture and produces to the utmost of his herd's capacity, knowing that his full output will be accepted, either at a flat rate per gallon or at a liquid-milk rate for an agreed percentage of his daily deliveries and a manufacturing price for the remainder. In the winter, he is not committed to any definite quantity or tied to definite limits of variation from day to day. Consequently, he is free at that season to produce winter milk or not, basing his policy on the prices of milk, milking stock and forage available, and the cost of concentrated foods.

As the distributive trade is at present constituted, there is a large demand for service of the former type from producers situated within easy distance of the consuming centres, and there is a preference for the performance of the service by these local producers individually rather than by a creamery. It is a service which entails higher costs of production in winter and some increase in labour in converting milk into products during the summer period; it therefore requires the inducement of adequate remuneration to ensure its continuance on a scale sufficient to satisfy the demand. In our view, it should be one of the aims of any scheme of reorganization to secure recognition for producers who render this service.

56. Development of the Manufacture of Milk Products.—We also consider that practical encouragement of the manufacture of milk products must be included among the main objects of reorganization. Hitherto, the requirements of the manufacturers, as such, have not been given adequate recognition. In the absence, firstly,

of any special arrangements for the sale of milk to manufacturers at what is to them an economic price, and, secondly, of some method of spreading the lower returns obtained from manufacture over all milk producers, it is inevitable that the manufacturers should seek to place milk on the liquid market. The manufacturing market is quite definitely a secondary outlet from the standpoint of the producer. Reference was made earlier in this Report to the large quantities of milk products imported from overseas; the possibilities for the development of manufacture in this country are great, and we are convinced that the placing of the terms of supply of the raw material on a satisfactory basis is an essential preliminary if these possibilities are to be realized, to the benefit not only of the milk industry but of the nation as a whole. We shall return later to the requirements of the manufacturing side of the industry.

57. *Recognition of all the Interests Affected.*—In any effective scheme of reorganization, close attention is also necessary to the complex organization which distributes milk—particularly in London and other large cities—throughout the country. It is true, as we have pointed out, that the larger concerns which perform this service have hitherto enjoyed a strong advantage in negotiation with the farmer. The balance between the profits of production and distribution, respectively, needs, in many cases, to be adjusted, and our recommendations should achieve that object. But no reorganization can serve the real interests either of milk producers or of the public, generally, which does not give due weight to the needs and interests of the distributive side of the industry.

A brief description of the range and character of the organization which supplies London with milk will illustrate the importance of this consideration. The milk supply of London is drawn from widespread sources and averages roughly one-third of a million gallons a day. The demand fluctuates from day to day over the whole London area, and is subject to a regular weekly oscillation, the requirements of the west of London being lighter at the weekend and those of the east heavier. To meet these variations, the trade needs to have available a regular reserve ranging from 12½ to 20 per cent. of the total supply. The magnitude and complexity of the distributive business will be appreciated when it is remembered that, unlike water, milk is produced by the close co-operation of man and nature and is subject at the source to a multitude of difficulties and accidents; that, unlike water, it is highly perishable in character; that, unlike water, its quality changes rapidly in transit from place to place; and that it has, nevertheless, like water, to be supplied in steady daily quantities throughout the year to great agglomerations of population at a distance from its place of origin.

The large organizations which undertake the distribution of milk in our chief cities have incurred a good deal of popular suspicion in recent times. This is due to the salient fact that, while the prices

which they pay to producers have fallen considerably in the last two or three years, the average retail price paid over that same period by the consumer has fallen only in a very small degree. The broad defence of their position lies in the equally salient fact that the prices paid to producers for milk have not, except at one brief moment, acted as a deterrent to the production of milk, the volume of which over the same period has, in fact, increased. It is also true that many of them have greatly improved their services to the public in the processing and delivery of milk, and that this has necessitated heavy expenditure on plant and personnel. These organizations have given the Commission every facility which it required for close examination of their books, and we have nothing to add to the statement, given in Chapter VII of this Report, of the conclusions to which that examination has led.

The Industrial Co-operative Societies have, on their side, played a part of increasing importance in the distribution of milk. They are now the largest retail distributors of milk in England and Wales, and though a part of their business has no doubt been secured by the elimination of smaller retailers, we have reason to believe that the service and the active educational work for which they are responsible have had salutary results in maintaining the consumption of liquid milk in a period of falling purchasing power, when pressure on family budgets naturally tends to reduce consumption of the liquid article and to encourage the use of substitutes. The fact that this great distributive organization is, in essence, a consumers' movement has also assisted to keep down the margin between wholesale and retail prices and to modify the hardness of purely commercial principles in the middleman section of the industry—at any rate, in their incidence on the consumer.

While, then, it is unquestionably desirable that both the producers' and the consumers' interests should be strengthened in the future organization of the milk supply, it must also be borne in mind that large distributive organizations, whatever their character, are an absolutely essential element in the provision of pure and adequate milk supplies for great centres of population; and that they have difficult balancing functions to perform owing to fluctuations of supply and demand at different times of the year and also as between the middle and the end of every week. Their services must show a rising standard of care and efficiency, if the efforts of farmers towards higher quality are to reap a fair return and if public confidence in the safety of milk as an article of diet is to be steadily built up. For these reasons, they are entitled to strong representation in any central system of control over the marketing of the nation's milk, both in their own and in the public interest.

Producers and distributors, now entirely disconnected and to a large extent working at variance, should be united in a common purpose—the development of the industry in which they are partners. But that development must be on the soundest of foundations;

there must be no suspicion of sheltering the inefficient producer, distributor or manufacturer at the expense of the consuming public.

Furthermore, no sound scheme of marketing reorganization can overlook the fact that milk, like water, light, fuel and transport, is one of the nation's daily necessities, the supply and quality of which are vital elements in national health. It will, therefore, not be enough to secure that the present disputes between producers, distributors and manufacturers are settled in a manner satisfactory to those respective interests. Whatever the scheme of reorganization adopted, it must be one which duly recognizes the not less important interest of the general public and prevents any combination to exploit the supply of milk at the consumer's expense. A reorganization of milk marketing which ignored this principle would, in our opinion, have unsound foundations and would fail to give the industry what it imperatively needs—namely, stable conditions in which efficient production and utilization may reap their reward in steadily growing prosperity.

58. Summary of Objects.—To summarize, the main objects of reorganization are, in our opinion, the following:—

(a) The strengthening of the position of the producers, by enabling them to negotiate as a solid body with one voice and with adequate information, and by ensuring that negotiated agreements are universally observed.

(b) The prevention of under-cutting of the liquid market, and the provision of satisfactory arrangements for the sale of milk for manufacture. This is necessary to establish a clear distinction between the two markets for milk—liquid consumption and manufacture—and to secure the return to producers of their fair share of the proceeds of all milk sold in the primary and more lucrative market.

(c) The improvement of the quality of our milk supplies.

(d) The stimulation of the demand for milk for liquid consumption.

(e) The recognition of the service rendered by producers who cater primarily for the liquid-milk market.

(f) The development of the manufacture of milk products.

(g) The co-ordination of the efforts of all concerned—producers, distributors and manufacturers—to secure prosperity for the whole milk industry of the country, but with adequate safeguards for the interests of the consuming public.

CHAPTER IX.—THE STRUCTURE OF REORGANIZATION.

59. *General.*—For all the reasons summarized in the preceding Chapter, we consider that the first requisite of any well-directed effort to place the industry on sounder foundations is the organization of milk producers in a marketing scheme under the Agricultural Marketing Act, 1931. We were instructed in our terms of reference to prepare such a scheme and also “to investigate any other matter affecting the operation of the scheme.” We have taken this last instruction to include the question of the co-operation of the producers’ organization with any other persons or bodies, as laid down in Section 15 (2) of the Act, which deals with the duties of Reorganisation Commissions. We have, therefore, given careful consideration to the bearings of a marketing scheme both upon the distributive and manufacturing sections of the industry and also on the interests of the general public, and have framed our proposals with due regard to all the factors briefly reviewed in the preceding Chapter. We propose to give in this Chapter an outline of the structure of the organization which we recommend. Particular features of our proposals will, where necessary, be more fully discussed in later Chapters. Our scheme for the organization of producers under the Agricultural Marketing Act will be found in Appendix A.

ORGANIZATION OF PRODUCERS.

60. *A Central Producers’ Board with Regional Committees.*—To anyone contemplating proposals for the comprehensive organization of milk producers on a national basis, the magnitude of the scheme and of the task of the Board to which its administration will be entrusted must be patent at the very outset. There are roughly a quarter of a million producers of milk in England and Wales, all but a small proportion of whom must be directly affected by any national marketing scheme. From the standpoint of convenience alone, there is a great deal to be said for a certain amount of regional devolution in the administration of so vast a scheme, but this is not the only consideration to be taken into account. The living contact with the individual producer—his appreciation, understanding, and personal interest—can better be maintained by Regional Committees in close touch with local conditions than by a single National Board dealing with the whole of England and Wales. We are convinced that anything short of complete financial success over the country as a whole, as judged by the producers of any considerable area, would subject a rigidly uniform national scheme to a great strain. There would inevitably be districts in which the price system worked less satisfactorily than in others, and in which

producers and retailers alike might consequently feel that local needs were not being taken sufficiently into account. The establishment of Regional Committees would strengthen the organization in this respect. It would make devolution possible wherever it was consistent with the interests of the industry as a whole, and would inspire in producers the confidence that the special circumstances obtaining in their particular area were not overlooked.

It is our opinion, therefore, that the organization of producers should be built on the basis of a National Board (subsequently referred to as the Central Producers' Board), with a number of Regional Committees to which reference should be made in all matters of local concern.

61. *Suggested Regions.*—In order to divide the country into regions with a maximum of practical convenience, it is necessary to secure as far as possible that the conditions of production within each region have some approach to uniformity or, at any rate, do not vary too widely. It is also of importance to remember that each region should have a natural "centre" (a word not necessarily to be interpreted in its literal sense) for organization and administration which is reasonably accessible from all parts of the area. The regions, eleven in number, suggested by us are detailed below. The figures represent the population of cows and heifers in the counties according to the returns made on the 4th June, 1932, and the towns in brackets are the centres suggested as being the most convenient for the purposes of regional administration.

SUGGESTED REGIONS.

[The figures represent the Population of Cows and Heifers, 1932.]

1. NORTHERN (Newcastle).

Northumberland	39,120
Durham	36,790
Westmorland	31,150
Cumberland	64,150
Yorks, North Riding	68,280
Yorks, East Riding	32,170
Total	271,660

2. NORTH-WESTERN (Manchester).

Lancashire	147,980
Chester	138,290
Derby	88,000
Stafford	112,310
Yorks, West Riding	140,360
Total	626,940

3. EASTERN (Grantham).

Lincoln	79,430
Norfolk	52,770
Cambridge	11,180
Ipswich	7,560
Suffolk	38,400
Total	189,340

4. EAST MIDLAND (Birmingham).

Nottingham	35,720
Leicester	55,090
Rutland	4,760
Northampton	41,560
Huntingdon	7,980
Warwick	52,420
Bedford	14,530
Total	212,000

5. WEST-MIDLAND (Worcester).

Monmouth	23,510
Hereford	41,580
Worcester	32,460
Gloucester	68,240
Shropshire	107,060
Total	272,850

6. NORTH WALES (Llandudno).

Anglesey	16,650
Caernarvon	24,310
Flint	24,640
Denbigh	32,740
Merioneth	13,340
Montgomery	28,340
Total	140,020

7. SOUTH WALES (Swansea).

Cardigan	26,990
Radnor	12,450
Brecknock	17,570
Pembroke	37,220
Carmarthen	60,340
Glamorgan	32,350
Total	186,920

8. SOUTHERN (Reading).

Oxford	31,970
Buckingham	39,160
Berkshire	34,340
Hampshire	73,220
Total	178,690

9. MID-WESTERN (Bristol).

Wiltshire	108,210
Somerset	143,210
Dorset	73,900
Total	325,320

10. FAR-WESTERN (Plymouth).

Cornwall	95,490
Devon	129,120
Total	224,610

11. SOUTH-EASTERN (London).

Essex	56,810
Hertford	23,050
Middlesex	6,660
Surrey	25,540
Kent	51,520
Sussex	79,490
Total	243,070

62. **Regional Committees.**—In each of these areas there should be a Regional Committee elected by the registered producers in the area. We suggest that the strength of these Committees might be left to the Central Producers' Board to determine in the first place, and to vary from time to time, having regard to the number of milk producers and the quantity of milk produced in the several areas. If it is found generally desirable to elect large Regional Committees, we think each Committee should elect a small Executive Committee. The normal term of office should be three years and, in order to secure a measure of continuity, it should be arranged that one-third of the members retire annually. Retiring members should be eligible for re-election. Any casual vacancy could be filled by co-option. The question of the remuneration of the members of these Committees is a matter of detail for the Central Producers' Board to decide; but the services of members of Executive Committees should be recognized by the payment of fees on a suitable scale. The members of all Committees should be entitled to recover expenses necessarily incurred by them in connexion with their duties.

63. **Regional Representation on Central Board.**—It is clearly essential that the several regions should be represented on the Central

Producers' Board, and we suggest that each region should elect a representative to that Board. Its size and importance seem to give the North-Western region a claim to special consideration in this connexion, and we think that two representatives might be sent from this region and one from each of the remaining ten, making a total of twelve regional members on the Central Producers' Board.

By virtue of their offices, the regional members of the Central Board should be members of the committees of their respective regions. They should hold office for a term of three years, one-third retiring every year, and they should receive fees in addition to out-of-pocket expenses. Retiring members should be eligible for re-election. Casual vacancies might be filled by special election except where they arise within six months of the date when the next election would be held in the normal course, in which case they might be filled by co-option.

It is unnecessary to observe that the work of the organization will make many calls on the time of these regional members. They will be required to represent the views of their Regional Committees on the Central Producers' Board, while at the same time assisting in reaching decisions of national scope and importance. Further, they will constitute a most essential liaison between the Central Producers' Board and the Regional Committees. The position will be no sinecure and will, therefore, call for men of the best type if these functions are to be performed adequately.

64. **Special Representation on Central Board.**—We are, moreover, of the opinion that the organization would benefit by drawing some, at least, of its directing ability from outside the industry altogether. We therefore suggest the inclusion on the Board of an element of "special" members, elected by registered producers as a whole, hoping that the best and fullest use will be made of the opportunity thus presented to introduce directors of wide vision and business ability. There should be five "special" members, to one of whom should be allotted the duties and responsibilities of the Chairmanship of the Board, and their normal term of office should be three years. Of the "special" members appointed to the Board at the first election, however, we suggest that two should hold office for three years, two for four years and one for five years, thus establishing a rotation for the retirement of succeeding "special" members. We think it desirable that an unsuccessful candidate for election to a Regional Committee or to regional membership of the Board should be debarred from appointment as a "special" member of the Board.

The Agricultural Marketing Act makes no provision for the representation of the owners of agricultural land, as such, on the Board controlling the producers' side of the milk industry. Those landowners who can register as milk producers will, of course, be represented; but representation by this means will bear no relation

to the capital supplied by landowners. We suggest that on the Board which will administer the scheme in accordance with the Act until the Central Producers' Board has been constitutionally elected, one of the two members to be appointed by the Minister might be selected in consultation with the Central Landowners' Association, and that it would be to the advantage of producers to continue subsequently to give representation to the land-owning interests on the Board.

65. Committees of Central Board.—The Central Board will doubtless find it convenient to establish committees to consider and make recommendations regarding questions arising in connexion with particular branches of the Board's operations. This is a matter entirely within the discretion of the Board, but we would suggest that considerable advantage might be gained by the establishment of a committee to deal, in the first instance, with all questions connected with the interests of producer-retailers. We think that the existence of such a committee would encourage among that very important section of producers a feeling that their particular interests were given adequate consideration.

Apart from committees of a specialist character, the Board will probably find it necessary to appoint a small permanent management committee, and, in the event of the appointment of such a committee, we think that the members should be suitably remunerated.

66. General Powers of the Board.—The Ministry's "Orange Book" on the Agricultural Marketing Act† explains very clearly the range of powers that may be placed in the hands of a Board by a scheme under the Act, and we have given a good deal of thought to the question of the powers with which it is desirable to endow a Board established to regulate the marketing of milk. The Board may have to deal with a certain amount of milk for which no buyers can be found, and, for this purpose, it will need the power to buy and sell on its own account and also to manufacture. It is also clear that sales of milk by producer-retailers must be subject to a measure of control (*see* paragraph 100); for this purpose, the Board will require the powers necessary to enable it to exercise regulatory functions. As regards milk that comes within neither of these categories, we have arrived at the conclusion that the Board should assume ownership at some stage between the producer and the buyer. In this connexion, we may perhaps at this point anticipate our later recommendations to the extent of saying that we contemplate a pooling type of scheme in order to equalize, in some degree, at any rate, the burden of production in excess of the requirements of the liquid-milk trade. In order to operate such a scheme effectively, the Board must exercise very close control over the dealings of its registered pro-

† Economic Series No. 33.

ducers and should preferably be the recipient of all payments for milk disposed of to distributors or manufacturers. But that, in our opinion, is not sufficient. We feel that it is desirable that the ownership of all milk should vest in the Board in order to strengthen the position of the producers' organization *vis-à-vis* the other sections of the industry. Further, we regard it as important that ownership should so vest in order that the Board may exercise to the full its power of rationalizing the general flow of supplies of milk and of ensuring that supplies in excess of the liquid market are concentrated in areas where manufacture can be most economically carried on.

We consider, then, that the Board should assume ownership of all milk sold off farms other than that retailed direct by producers. It is by no means necessary, however, that the Board should actually handle any milk for which producers are able to find buyers. All that is required is that, at one stage of the marketing operation, the Board shall become the legal owner of the milk, and this can be secured by means of contracts into which the Board enters as an intermediary between the producer and the distributor or manufacturer, as the case may be. The relations between these two parties will not be interfered with in the normal way, except that all payments will accrue to the Board for distribution to the producers in accordance with the price policy in operation. By becoming a technical party to all sales of milk (except that retailed direct by producers), the Board will be in a position to influence the direction of supplies to different markets or to other uses should it consider such a course desirable in the interests of the industry—a power that may be extremely important as the development of the industry proceeds.

67. *Negotiation of Contract Terms.*—It will be seen that, under this scheme, the Central Producers' Board will at one stage become the owner of all milk sold off farms throughout the country save that retailed direct by producers. It will be able, in consequence, to fix, by negotiation with the trade interests, the terms of the contracts on which all milk is sold, being itself a party to those contracts; and it will have legal authority to prevent the sale of milk off farms on any other terms. These are far-reaching powers, in some ways unexampled in the Statute Book, and it is of the utmost consequence, both to the industry and to the nation, that they should be wisely used. The power to fix the terms of contract on which all milk is sold off farms involves, in effect, the right to fix prices. We deal fully in Chapters XII and XIII with the price system which we recommend to the future Board for its consideration. It is, however, clear that the powers in question are such as a Producers' Board will be able to exercise effectively only with the close co-operation of the distributing and manufacturing sections of the industry. It is also

clear that they should not be employed without due regard for the interest of the consumer and for the welfare of the nation. These considerations necessarily affect the principles on which the re-organization of the industry as a whole is to be effected.

It is also, in our opinion, necessary to deal with a conspicuous defect of the present system, which is the absence from the negotiations of any impartial element charged with the mission of keeping the two sides in conference and of presiding over their deliberations. This defect was very marked in the proceedings of the Permanent Joint Milk Committee last summer, which also emphasized the difficulty of securing agreements of a really national character, and the lack of any representation of one very vital interest—that of the consumer. These conditions would not be remedied by a scheme of reorganization which concentrated statutory control of milk supplies in a Central Producers' Board and made no provision for the co-operation of that Board with representatives of the distributive and manufacturing side of the industry; nor would it be adequate to organize the two sides respectively for negotiation and co-operation without adding as a link between them an impartial element qualified to hold the scales evenly with due regard for the consumers' interests. We shall deal further with this question in Chapter XIV, which discusses the relationship and respective powers of the component parts of the organization which we recommend. For the purpose of the outline which we are here giving, it is sufficient to say that, in our opinion, the establishment of a statutory Central Producers' Board should be balanced by arrangements providing for the statutory representation of distributors and manufacturers in a Board equal in numerical strength to the Producers' Board; for the statutory co-operation of the two Boards on a Joint Milk Council to deal with certain matters of common interest and responsibility; and for the provision of an impartial element which will preside over their negotiations, harmonize their differences, and give due weight throughout that process to the interests of the general public.

68. Administration.—Administration of the scheme throughout the country will be in the hands of the Central Producers' Board, acting, wherever necessary, after consultation with the Regional Producers' Committees. We have given consideration to the possibility of devolving the administration by regions on the Regional Committees, but are satisfied that this would lead to some overlapping, confusion and unnecessary expenditure. The importance of keeping administrative costs at the lowest possible level in a scheme of this magnitude is so great that we have decided unhesitatingly in favour of a unified administration. It is, however, of almost equal importance that full consideration should be given to local conditions and that the local knowledge of the Regional Committees should be enlisted in support and guidance of the

administration. This should be assured by the presence of a majority of regional representatives on the Central Producers' Board. As the Board will need to establish local branches of the administration in every region, this liaison would also be fostered if the local manager were required to attend the meetings of the Regional Committee, and to act as its Secretary.

It is, perhaps, hardly necessary to point out that a scheme of such magnitude and importance as the milk marketing scheme we have prepared will saddle the chief administrative officers of the Central Producers' Board with very great responsibilities. The selection of these officers will be of cardinal importance to the working of the scheme, and we feel sure that the members of the Central Producers' Board will be fully alive to the absolute necessity of securing for their chief officials men of outstanding ability, and also of paying salaries commensurate with those paid to administrative officers in undertakings of similar magnitude. Nevertheless, we think that the Board will be well advised to consult with the appointed members of the Joint Milk Council in making appointments to these important managerial posts.

69. Accounting.—The principle of centralized administration should also apply to the accounting department. We were attracted at first to the possibility of putting Regional Committees in control of the Regional Accounts, but, after close consideration, we have decided in favour of a centralized system. The magnitude of the work to be done will be appreciated when the numbers of contracts, accounts, receipts and payments to be dealt with are taken into consideration. We are anxious, in the interests of farmers, that all this work should be done with the maximum efficiency at the minimum cost. A system of accounting by regions would inevitably lead to duplication and to some lack of uniformity; a larger staff would therefore be needed, and considerably increased expenditure would be incurred. Accounting, moreover, could not be carried out with the same promptness and accuracy as under a centralized system. Correspondence between regions and with the central establishment would cause delays, and farmers would be embarrassed by late payments. It is of the utmost importance that such deficiencies should be avoided, that expenditure should be kept as low as possible, and that the accounting system should be such as to command universal satisfaction and confidence. The first year or two years' working will be difficult enough in any case.

We do not wish to conceal the fact that the creation of an adequate administrative and accounting system, to operate as soon as possible after the scheme comes into force, presents greater practical difficulties than any other feature of the pooling scheme which we have recommended. No pooling scheme can operate successfully unless this part of the organization is, from the very

outset, efficient, thorough and reliable. It is therefore of critical importance to simplify its operation so far as possible, and, for that reason, we have no hesitation in recommending a centralized system, under the direction of the Central Producers' Board, at the headquarters of the industry.

ORGANIZATION OF DISTRIBUTORS AND MANUFACTURERS.

70. A Central Dairymen's and Manufacturers' Board, with Regional Committees.—We have already indicated (para. 67) that arrangements should be made for a statutory Board, representative of dairymen and manufacturers. This Board is to be equal in numerical strength to the Central Producers' Board, since these two bodies will meet for negotiation in the Joint Milk Council. The Central Dairymen's and Manufacturers' Board* will therefore consist of seventeen representatives of distributors' and manufacturers' organizations. We understand that these interests at present have twenty-one representatives on the Permanent Joint Milk Committee, and that the representation is allotted on the following basis :—

National Federation of Dairymen's Associations	...	12
Amalgamated Master Dairymen, Ltd.	...	2
Industrial Co-operative Societies	...	4
National Association of Creamery Proprietors	...	3

The representation of the latter body varies, but, in actual practice, the numerical strength of the several parties is of little consequence, as only one vote is exercised by each side of the Committee. Having regard to the relative importance of the different groups, we consider that the claims of all interests would be fairly met by the allotment of eleven of the seventeen seats on the proposed Central Dairymen's Board to wholesale and retail distributors, for sub-allotment to the organizations concerned on the basis of the gallonage of milk handled by their members; three to the Industrial Co-operative Movement; and three to manufacturers of milk products, including the National Association of Creamery Proprietors and any marketing boards that may be established by manufacturers under the Agricultural Marketing Act.

It should be sufficient, in our opinion, to establish this Central Dairymen's Board by statute, to make statutory arrangements for the allocation of seats upon it to the different sections of the distributing and manufacturing interests, and to give it a statutory place in the Joint Milk Council which we contemplate. The different sections of the trade may, we think, wisely be left to elect their respective representatives to the Board in their own manner, subject to the statutory allocation of seats which we have recommended. They should also, we consider, make their own arrangements for Regional Dairymen's Committees competent to negotiate

* Hereafter referred to as the Central Dairymen's Board.

and discuss common interests with the Regional Producers' Committees. The result of these negotiations will be subject to ratification or amendment by the Central Producers' Board and the Central Dairymen's Board, and we see no need for statutory organization of the trade in the different regions, where committees representative of trading and manufacturing interests should spring up naturally in response to local conditions and local convenience. In case, however, this voluntary system should prove inadequate, we consider that statutory power should be taken to enable the Central Dairymen's Board to establish Dairymen's Committees in any or all of the regions at a later date, should it find this course desirable. We also consider that power should be taken to amend the allocation of seats upon the Central Dairymen's Board, should the development of one or other of the sections represented make amendment necessary to maintain a fair balance of interests.

JOINT ORGANIZATION.

71. **A Joint Milk Council.**—We come now to the question of giving a statutory basis to the relations of these two Boards, and of providing for their co-operation in matters of common concern under impartial guidance and chairmanship. For this purpose, we recommend the establishment of a Joint Milk Council, consisting of the members of the two Central Boards and of three additional appointed members, one of whom should be Chairman of the Council.

With the most important of the powers of this Joint Milk Council—namely, the fixing of contract terms and prices—we deal later in this Report (para. 122); but it may be convenient here to refer to the matters of common interest to the industry as a whole which might well be in the hands of the Council. We have in mind the promotion of an educational campaign to encourage an increased consumption of milk; scientific research into methods of treating and handling milk; and a comprehensive market intelligence service for milk and milk products. In this latter connexion, it will be appreciated that the organization which we propose will possess a fund of information regarding the production and utilization of milk such as it has never yet been possible to accumulate in this country and the lack of which has been a handicap to the industry.

One further important task of the Council will be the submission of representations, on behalf of all the interests concerned in the industry, to the Import Duties Advisory Committee and to any similar body that may in course of time be constituted to advise His Majesty's Government on the quantitative regulation of imports.

72. **Selection of Appointed Members.**—We have given some consideration to the question of the authority which is to appoint

the Chairman of the Joint Milk Council and his two colleagues. These members of the Council will carry a special responsibility in three ways. They will be the permanent link between the two Boards, with the duty of studying on broad lines all measures that may enure to the advantage of the industry; they will have the final voice in determining contract terms and prices, with due regard for the consumers' interest; and they will have the task of supervising, in case of controversy, the relations between the statutory milk organization and the various forms of private enterprise which it will, directly or indirectly, affect. We recommend that the Chairman and his two colleagues should be appointed by a special Board of Trustees consisting of three members:—

1. The Speaker of the House of Commons.
2. One member nominated by the Minister of Agriculture and Fisheries, after consultation with the President of the National Farmers' Union.
3. One member nominated by the President of the Board of Trade, after consultation with the President of the Federation of British Industries.

The members of this Board should have between them a wide acquaintance with experienced men of the type required and may, we think, be trusted to make appointments which will be acceptable to the various interests concerned.

The appointments should be made for a definite term of years. We suggest, in the first instance, four years in the case of the Chairman, and three years in that of his two colleagues, one of whom should be named Deputy Chairman. They should be eligible for re-appointment at the end of their respective terms, and vacancies in their number should be filled by the same Board of Trustees. When once appointed, they should be subject only to the statutory provisions by which their duties are prescribed. Their remuneration should be fixed by the Board of Trustees, after consultation with the Central Producers' and the Central Dairymen's Boards.

These arrangements will, we believe, ensure that the Appointed Members of the Council are independent of interested pressure.

73. Summary.—The preceding paragraphs present in outline the scheme of reorganization which we recommend, and the broad purposes for which it is designed. The Producers' Organization will be built up on the basis of a number of Regional Committees, and it is not unlikely that the Dairymen's Organization will find it convenient to establish similar regional bodies. The complete central organization of the industry will consist of the following three bodies:—

1. A Central Producers' Board, consisting of twelve regional members and five special members. This Board of seventeen members will be endowed with trading and regulatory powers under the Agricultural Marketing Act. It will represent the

producers' side of the industry, regulate the wholesale supply of milk, and distribute the proceeds derived from it.

2. A Central Dairymen's Board, equal in numbers to the Producers' Board, selected by the main sections of the distributive and manufacturing industry in such manner as each of those sections may find convenient. This Board will represent its constituent interests in all negotiations with the Central Producers' Board. Certain powers entrusted to the latter will not be exercisable without previous reference to the Joint Milk Council, of which the Central Dairymen's Board will be part.

3. A Joint Milk Council, consisting of the Central Producers' Board, the Central Dairymen's Board, and three independent appointed members, one of whom will be Chairman. This Joint Milk Council will be the body dealing with the common interests of all sections of the industry. The Chairman and his two appointed associates will represent the wider interests of the consumer and the nation.

The powers to be entrusted to these bodies will be discussed in Chapter XIV.

CHAPTER X.—GRADES AND QUALITY.

74. *Importance of Improvement in Quality.*—We are convinced that the consumption of milk could be increased, and we think that this object should be constantly in the minds of all connected with the reorganization of the milk industry. There can be no doubt that the attitude of the medical profession is one of the most important obstacles in the way of increased consumption. It follows that any improvement in the hygienic quality of milk—which secured the approval of the profession would confer considerable benefits on the producers as well as on the consumers of milk.

The criticisms of the milk supply which emanate from the medical profession generally, and from medical officers of health in particular, are for the most part directed towards the present lack of safeguards against milk being, or becoming, infected with tubercle bacilli. They point to the fact that, while the general standard of cleanliness and methods of handling have undoubtedly improved greatly in recent years, there has been no reduction in the incidence of tubercle bacilli in raw milk, a statement that is borne out by the statistics relating to the examination of milk samples. This is a serious reproach, and one for which the dairy industry suffers.

It is this reproach which is responsible for what appears to be a growing movement in certain large cities at the present time

in favour of compulsory pasteurization. As we have already said (para. 53), we are not in a position to pronounce on the merits of pasteurization ; but, in our opinion, producers will have considerable difficulty in resisting the demand for compulsory pasteurization unless adequate steps are taken to improve the quality of raw milk supplies generally. With this consideration in mind, we make the following recommendations.

75. Compulsory Routine Inspection of Dairy Cattle.—Short of the cleaning up of the national dairy herd by the slaughter of all reacting cows and heifers—a step which cannot at present be contemplated—the most effective measure that could be introduced for tackling this serious problem of the tuberculous infection of the milk supply is the routine clinical examination of all the dairy cows in the country. We are firmly of opinion that this reform should be introduced with the least possible delay. The frequency of the inspections might perhaps vary according to the circumstances of the different areas, but, to begin with, inspection twice a year might be aimed at. While we do not wish in any way to disparage the work carried out by veterinary surgeons in private practice and employed part-time by local authorities, we are satisfied, by the evidence put before us, that this work should be in the hands of officers employed whole-time by County and County Borough Councils.

76. Revision of Official Grades.—The question of the routine clinical inspection of dairy cattle is closely allied to the general question of the grading of milk. There is no doubt a demand for milk of reasonably safe hygienic quality, but the price should approximate to that now paid for ordinary milk. Those who are prepared to pay a higher price for milk of guaranteed quality from tuberculin-tested cows, produced and sold under the control of the Ministry of Health and the Public Health Authorities, are already able to obtain what they desire. While it is clearly in the interest of the public health that provision should continue to be made for this special demand, we must recognize that, for the majority of people, such milk is too expensive. The costs of producing milk from tuberculin-tested cows are considerable, and are increased if the milk is bottled on the farm. The cost of distribution is also greater than in the case of ordinary milk, because consumption is much less concentrated. The demand for these high-quality milks must therefore remain a special, though we hope an increasing, demand.

When we come to the description of milk at present known as "Grade A," the case is different. No substantial extra expense is incurred in producing it, and we have frequently been assured that, with careful attention to cleanliness in cows, milkers, utensils and cowsheds, the prescribed bacterial standard can be attained anywhere. We should look, therefore, to milk of approximately the

present "Grade A" standard to fulfil the raw milk requirements of the consumer—namely, a milk of reasonably safe hygienic quality at a price approximating to that which prevails for ordinary milk. One of the aims of the dairy industry must be to foster public confidence in its raw milk supplies.

We have previously expressed the opinion that the present nomenclature of the officially graded milks gives rise to confusion in the minds of the public. We are of the opinion that the best interests of the industry would be served if the existing grading system were simplified by the provision of only one grade of raw milk. This we should call "Special" milk, which would be milk produced under the same conditions as the present "Grade A (T.T.)" milk. The maximum bacterial-content should vary according as this grade is described as "Bottled on the Farm" or "Not bottled on the Farm." "Special" grade milk "Bottled on the Farm" would be the equivalent to the present "Certified" grade.

We recommend that the present "Grade A" designation should, in due course, be abolished, but that, in fairness to the interests concerned, notice should be given that the grade will be continued for, say, a further two years. This would enable "Grade A" producers to qualify as producers of "Special" grade milk or to continue merely as Accredited Producers under the proposals we make below.

77. Roll of Accredited Producers.—We recommend that, for the purposes of our scheme, producers should be divided into two broad classes according to their general standards of production. This distinction should be secured by placing on a roll of Accredited Producers, maintained by the Central Producers' Board, those producers who comply with certain prescribed conditions. Under the recommendations which we make later, milk produced by these producers should carry a guaranteed premium (para. 97), while milk produced by other producers should be subject to a penalty if it fails to reach a prescribed minimum standard of cleanliness and bacterial content.

The prescription of the conditions which should be satisfied before a producer could qualify for registration on the roll of Accredited Producers we leave to the Joint Milk Council, but in our opinion they should include:—

- (a) The clinical inspection of herds and the elimination of diseased animals.
- (b) The inspection of buildings to ensure compliance with a reasonable standard.
- (c) The inspection of methods of producing and handling milk to secure compliance with a reasonable standard.
- (d) The taking of, say, three surprise samples of milk over a period of three months and the satisfaction of a prescribed bacteriological standard.

Continuance on the roll of Accredited Producers should be contingent upon satisfactory reports of further periodical and surprise

inspections made, say, once a year in the case of premises, twice a year in the case of dairy herds and three times a year in the case of milk samples.

Until such time as adequate veterinary services are provided by County and County Borough Councils under the Milk and Dairies Order, the Central Producers' Board might accept the certificate of an approved private veterinary practitioner as an alternative to the certificate of the veterinary officer of a local authority. Inspection of buildings and of methods of producing and handling milk should be entrusted, as in the case of "Grade A" milk at present, to the county authorities, who should make their own arrangements as to milk sampling. We think it is important that the county and provincial education and advisory staffs should be closely associated with the officers carrying out this inspection work, in order that the most may be made of opportunities to educate producers in the methods they should adopt to guard against failure to comply with the prescribed standards.

The main purpose of the roll of Accredited Producers in the initial stages will be to ensure some recognition and reward to producers who comply with certain conditions in matters that conduce to the production of good quality milk. Later, when the milk produced by Accredited Producers represents a substantial proportion of the total supply, the Joint Milk Council might consider the desirability of the establishment of an official grade, the qualifications for which should be similar to the conditions prescribed for the Accredited Producers' roll.

We are most anxious that there should be a progressive improvement in the quality and cleanliness of milk. We believe that the recommendation we make elsewhere for the payment of a guaranteed premium on all milk sold by Accredited Producers will have a considerable effect, but, to some producers, this premium may not be a sufficient inducement to improve their methods of production. We accordingly recommend that a minimum standard of cleanliness and bacterial content should be prescribed for milk other than that produced by Accredited Producers, and that a penalty, fixed by the Joint Milk Council, should be imposed on producers whose milk is found to be below that standard on being tested at the buyers' premises. The testing should be done only on premises and by apparatus approved by the Joint Milk Council, and the Central Producers' Board should have the right to send a representative to see the testing carried out. The penalty should take the form of a deduction from the regional pool price. The proceeds of these deductions might be used to defray the cost of the tests carried out by the buyers, and the balance should be added to the appropriate regional accounts. This recommendation regarding a penalty applies particularly to milk going to pasteurization.

78. **Pasteurization.**—We hold strongly that there should be strict official control, not only of the bacterial content of the milk after

pasteurization, but also of the process itself. If the confidence in pasteurized milk, engendered by the advocacy of members of the medical profession, is not to be misplaced, it is important that the risks of human error in carrying out the process be reduced to a minimum. We regard thermostatic control as essential and consider that the temperature charts should be available for inspection by the local authority.

79. Other Processes.—It must be made clear that descriptions suggesting other processes carry no guarantee unless some official control has been instituted to ensure that the descriptions are justified. We also consider that, at a later date, no treatment of milk should be allowed except by officially approved and controlled processes.

80. Interests Concerned in Grading.—In connexion with the general question of grading, we think it desirable to draw attention to the numerous interests directly or indirectly concerned.

The Ministry of Health is the authority mainly concerned with the conditions to be prescribed for the grades and with the administrative control to be exercised. The interest of the Ministry is not confined to grading, but is concerned with the treatment of milk generally from the standpoint of the public health and the legislation enacted to protect it. Local authorities are responsible for the administration of Orders made by the Minister of Health. The Ministry of Agriculture and Fisheries, through its outdoor staff, both educational and veterinary, is chiefly concerned with the practical aspects of clean milk production. The active co-operation of that Department is necessary in the education of producers as to the methods to be adopted in order that milk may comply with the standards that are established.

On the producer mainly falls the cost of compliance with grading regulations, and to him are best known the practical possibilities and difficulties of any proposals regarding grading. It is in his interest that regulations should pay as much attention to the methods of production as to the structural nature of buildings. The distributor, too, plays a most responsible part, for no control of quality at the farm or of conditions of production can ensure a safe and clean supply of milk to the public if the distributor's method of handling the milk leaves something to be desired. The distributor stands to benefit no less than the producer from the increased consumption that should follow if greater public confidence in the milk supply can be secured. The measures necessary to justify that confidence must include control over distributive processes, for, without it, control over production would be useless. Further, the distributive side of the industry is in closest touch with the consumer and is therefore in a better position to judge the probable response of the consumer to particular designations. The comparative failure of the present grading system, from a com-

mercial point of view, can be attributed partly to the selection of the designations without due regard to their effectiveness as "selling points."

Finally, there is the interest of the manufacturer. The sale of high-grade milk for manufacture has, up to the present, received no official recognition in this country, though it is true that some manufacturers have adopted the practice of buying milk on a quality basis, giving higher prices for milk of high butter-fat content and of good bacteriological quality.

The grading of milk is thus a matter of concern to the producer, the distributor, the consumer and the manufacturer, as well as to the medical profession and the Ministries of Health and Agriculture. It is partly for the purpose of dealing efficiently with such questions of common interest that we have suggested in the previous Chapter the appointment of three impartial members to the Joint Milk Council. We consider that this representation of general, as opposed to particular, interests should be an essential element of a unified milk industry. Through their contact with the Central Producers' and Dairymen's Boards, these members should be able to collect the fullest information regarding the practical aspects of grading, and we think that it would be desirable that they should be associated in the consideration and decision of all questions relating to that important subject. We would therefore strongly urge the Minister of Health to keep in closest touch with the Appointed Members of the Council and to exercise his powers on matters connected with grading only after consultation with those members.

81. Uniform Administration of the Milk and Dairies Order.— We consider it essential for the progress of the industry that the Milk and Dairies Order should be brought into universal operation and uniformly and efficiently administered. As one of the measures by which this might be facilitated, we recommend that County and County Borough Councils should be empowered to take over the administration of the Order in cases where it is felt that more uniform and effective administration could thereby be secured.

We must again emphasize our view that the routine clinical examination of all dairy cattle is of as much importance from the standpoint of establishing the confidence of the public and of the medical profession as it is an indispensable part of any scheme of milk grading. Although we feel that the financial burden of our recommendations for reform and reorganization should, in the main, be borne by the industry itself, we do not consider that either the Government or the Local Authorities should shirk the duties already laid upon them by Statute. We have pointed out that the Councils of Counties and County Boroughs have already the duty of causing such inspection of cattle to be made as may be necessary and proper for the purposes of the Milk and Dairies Order. We have drawn

attention to the inadequate manner in which this duty has, in many cases, been carried out, and we indicate later in this Chapter the comparatively small expenditure which is necessary in order to set up an efficient veterinary service. We would therefore earnestly beg the authorities concerned to reconsider their attitude in the interests, not only of the milk industry, but of the whole community.

82. A Whole-time Veterinary Service.—We are of opinion that the appointment of a whole-time Chief Veterinary Inspector by the Council of each County and County Borough is the irreducible minimum. We hope that such an appointment will be considered by the great majority of the Councils as the first step only in the setting-up of a whole-time veterinary service. For the efficient operation of the Milk and Dairies Order, the Tuberculosis Order and the Milk (Special Designations) Order, we are convinced that a whole-time service is essential, as and when the supply of qualified veterinary officers is equal to it.

The Ministry of Health has, however, no power to require the appointment of such officers, and only very limited powers to promote the general enforcement of the Milk and Dairies Order. We have given anxious thought to the best means of bringing about these reforms, and we would urge very strongly that the provision of an adequate veterinary service should be encouraged by substantial assistance from State funds. If, as we hope, it is found possible for the Ministry of Health's Vote to be charged with a contribution towards the salaries of the Veterinary Inspectors, the ordinary machinery of the Ministry will engage with the cogs of the Local Government machine, and, in due course, a Chief Veterinary Inspector will take his place in the official hierarchy of a Council.

As an alternative, we have considered the possibility of an inspectorate controlled and financed by the Central Producers' Board. There are, however, serious objections to any such scheme. Although veterinary inspectors could be appointed under the statutory powers to be taken by the Board, their status could hardly be more than "semi-official." They could not have the same position as men appointed by a Government Department or Local Government Authority. They would not be able to take over veterinary work under local authorities, and this would lead to over-lapping as well as waste. Their work would not dovetail into existing services. The fact that many Councils have already instituted whole-time or part-time veterinary services would create difficulties and anomalies.

There is another important consideration. A whole-time veterinary service would be of great value to producers and distributors of milk, but not to them alone. We believe that the consumer would benefit equally, because, if our scheme were adopted, he would be assured of an ever-increasing supply of reasonably safe raw

milk. We think, therefore, that it would be inequitable to lay so considerable a share of the cost on the producer alone.

Even a single Chief Veterinary Officer, giving the whole of his time, could do much to organize the service, to co-ordinate the work of part-time officers, and gradually to bring about uniformity in the interpretation of the various Orders and consistency in administration within his own area. When once such officers were in being, the Minister would have the machinery for inducing a reasonable measure of uniformity and consistency as between areas, by means of the usual circular letters and other means of pressure.

We may pause to observe that, in some of the counties in which whole-time veterinary departments have been set up, the department has taken over most of the veterinary work irrespective of whether it comes under the purview of the Ministry of Health or the Ministry of Agriculture and Fisheries. In this way, considerable economies are effected by the elimination of over-lapping. We have good reason to believe that a whole-time veterinary service would prove considerably cheaper than the present system.

On the subject of cost, we have been informed that, on an average, one whole-time officer may be expected to examine 10,000 cows three times in twelve months. On this basis, the examination of the whole of the dairy herd in England and Wales would involve the employment of about 300 whole-time inspectors, at a cost for salaries, travelling and administrative expenses of about £300,000. After allowing for the expenditure already incurred by local authorities, the additional cost would be in the neighbourhood of £200,000. This amount, for reasons already stated, would not be reached for several years. The service would have to be built up by degrees, and the area under whole-time officers and the frequency of inspection gradually extended.

83. Amendment of Law as to the Sale of Milk.—In addition to these reforms in administration, we recommend that the legal position regarding the sale of milk should be reviewed as soon as possible with a view to the introduction of legislation to put an end to anomalies such as that referred to in Chapter VI (para. 42).

84. Qualifications of Sanitary Inspectors.—Finally, we would strongly urge the authorities responsible for the administration of the Milk and Dairies Order to appoint as inspectors of cowsheds and dairies only persons who have attended, or are prepared to attend, a course in Clean Milk Production. We understand that ample facilities for such courses are offered by the various Agricultural Colleges and Farm Institutes.

CHAPTER XI.—PRICE POLICY—SCHEMES CONSIDERED.

85. **The Importance of Price Policy.**—The crux of a milk marketing scheme is the price policy which it is proposed to adopt. The farmer will be interested only indirectly in the constitutional structure of the organization; his attention will be concentrated on the basis on which he is to be paid for his milk and on how that price is to be determined. By this criterion he will judge the scheme, and not only he, but the consumer, whose interests are not second to those of the farmer himself. We are satisfied that under the present organization of the industry the farmer is not receiving a reasonable price when regard is had to the price which the consumer pays, and that it should be possible to improve the farmer's position without forcing the consumer to pay for milk at a higher rate. In order to secure this, it is essential that the system of price regulation to be established should give proper weight alike to the producer's and to the consumer's interest, and that the middleman section should obtain a fair, but not more than a fair, return on the important services which it renders to both. We have given the closest possible study to the problem of organization from all these points of view, and also from that of the manufacturers, whose relation to the question of price we have fully explained.

The weakness of the present position from the point of view of prices has been elaborated in previous Chapters. Stated briefly, it arises largely from the fact that milk sold for liquid consumption has commanded a higher price than that sold for manufacture, and that the disparity between these prices has increased in recent years. There has, however, been no scheme in universal operation for securing as between producers an equitable distribution of the higher returns from the liquid-milk market. The result has been that producers have resorted to the practice of cutting the prevailing price as a temporary expedient to secure a footing in the more lucrative liquid-milk market. The increasing mobility of milk has tended to make the position worse and the practice of price-cutting has become very general. Distributors have not failed to take advantage of the situation: they have shown a growing tendency to reach out for supplies into the more remote producing regions, where they have had little difficulty in making contracts at prices favourable to them. But they, in turn, have been forced to withstand the undercutting of their market by creameries and wholesalers who have consigned milk to the large consuming centres on terms permitting of re-sale at lower than the prevailing retail prices. These practices have had the effect of creating confusion within many retail markets; they are prejudicial to the interests of the great mass both of distributors and of producers without conferring an equivalent or permanent advantage on the consuming public. Any scheme which sets out to restore order in the milk market must,

in our opinion, begin by making these practices definitely impossible. We are convinced that this is one of the essential steps towards stable conditions and healthy progress in the milk industry.

The application of this principle, however, must have far-reaching consequences. Certain classes of producers who can best produce for manufacture have secured, by undercutting, a place in the liquid-milk market which, without permanent benefit to themselves, has seriously injured other producers. These will, in future, be precluded from doing so, and should in return be granted a share of the higher proceeds realizable from the liquid-milk market. The evolution of a system which will secure to all classes of producers, having regard to the varying circumstances which prevail in different parts of the country, an equitable distribution of the proceeds of the liquid milk market is one of the most difficult tasks with which we have been faced.

Various proposals have been put before us, both in written and oral evidence, offering a solution of this complicated problem, and all of them have received our very careful consideration. None is free from objections, but probably no solution can be found which is not open to criticism. It may, however, serve a useful purpose if we indicate why some of the proposals which have been made do not seem to us suitable for adoption.

86. The Creamery Proprietors' Scheme : A National Pool.— A pooling scheme on a national basis was put before us by the National Association of Creamery Proprietors and Wholesale Dairymen and has also been given a certain amount of publicity in the press. This scheme contemplates an average national price for all milk, calculated on the basis of the aggregate realizations from sales less a deduction for administrative expenses, and this price would be payable to all producers irrespective of the utilization of their milk. Certain refinements were also contemplated—e.g., the payment of a premium for quality. The scheme at first sight appears attractive on account of its simplicity. It possesses the great merit that it provides a self-acting check immediately operative against over-production, and further, it places the finances of the scheme beyond danger, in that the outgoings are entirely dependent on the incomings. After the fullest consideration, however, we feel that the introduction of a scheme of this nature is not a practical proposition under present conditions. It would undoubtedly stimulate production in outlying parts where the milk could not be made readily available for the liquid market, and would probably render milk production relatively unprofitable in areas which in the past have produced principally for the liquid-milk market. In short, the introduction of a scheme of this nature would, in our opinion, involve a gradual, but nevertheless inevitable, redistribution

of farming labour and capital, such as must, in the present agricultural depression, put the scheme definitely out of court. A basic national price may prove to be the ultimate ideal in a national milk marketing scheme, but we feel that it is imperatively necessary, even if this ideal be accepted, to work towards it by gradual stages.

87. The Industrial Co-operative Societies' Scheme : The "Basic-Surplus" Principle.—Another method suggested for securing an equitable distribution between producers of the proceeds of the liquid-milk market is that which rests on the "basic-surplus" principle. This is the essence of a scheme submitted to us by the Parliamentary Committee of the Co-operative Congress. Any scheme based on this principle would assign to each producer a quota, based on his actual production during some past period or on his own declaration of what he expected to produce in a future period, and this quota would be payable at a price approximating to the distributors' purchase price for liquid milk, while supplies in excess of the quota would be taken only at a lower price on the basis of their potential value for manufacture. The principle has been adopted in certain milk marketing schemes in operation in the United States, and actually formed the basis for the sale of milk under the collective bargaining agreements in this country until largely displaced by the practice of selling whole dairies with a variable percentage of deliveries payable at liquid-milk rates. As a price structure, the basic-surplus plan does assure to every producer a share in the proceeds of the liquid market no matter how his milk is used. Further, it secures to the level producer a higher average price than that received by the uneven producer because a larger proportion of the milk of the former carries a higher price. It is, therefore, one method of remunerating a service—viz. that of level supply—which certain sections of the distributive trade require under present conditions. A further attraction of such a scheme from the point of view of producers is that it enables the Board administering it to guarantee to every producer a certain price for a proportion of his supplies. If the Board can estimate fairly reliably the quantity of milk it is likely to sell to distributors for liquid consumption and has, at the same time, a certain quantity of milk offering as basic supplies, it should be in a position to declare that, for that proportion of basic supplies corresponding to the quantity sold liquid, it would guarantee a price not far removed from the distributors' buying price. This procedure, we recognize, would involve the Board in a certain element of risk ; its success in operation would depend upon the Board being in a position to compute fairly accurately what liquid-milk sales would amount to in the following year.

The most serious objection to the adoption of this principle is, in our opinion, the fact that it is practically impossible under such a scheme to prevent an excessive stimulus being given to winter

production. It may be thought that the fact that only a proportion of producers' basic quantities would be taken at the higher price would provide the necessary corrective against heavy winter production. This, however, is not the case. Whether a producer is paid at the liquid rate for 100 per cent. or 50 per cent. of his basic quantity, it is still in his interest to keep his basic quantity as high as possible, for on the quantity so established his payments throughout the year depend. This *a priori* objection was definitely confirmed in this country during the years when, under the collective bargaining scheme, a large quantity of milk was sold on this basis; the evidence submitted to us by distributors was practically unanimous on the point that one of the principal effects of the scheme had been to stimulate expensive winter production. We shall deal with this subject more fully in the next Chapter. But we consider that the best interests neither of the producer nor of the milk industry would be served if we advocated a scheme the inevitable effect of which would be to create an unwanted surplus of milk in the winter, when the cost of production is high and when production or manufacture is, therefore, most uneconomic. We also gather that a scheme of this nature is generally unpopular with producers, who dislike two prices related to the estimated utilization of their milk and prefer a flat price for all deliveries.

88. Regional Pooling.—We have also considered proposals for organization on the basis of a series of regional pools, each with an independent price structure. This was the essence of proposals put before us by representatives of the Eastern Area Milk and Dairies Organization Committee. While we cannot endorse in its entirety what we conceive to be the aim of the propounders of this scheme, we are prepared to concede that, under present conditions, a certain amount of regional price differentiation seems both necessary and desirable. Considerable variations prevail at present in different parts of the country, both in producers' prices and in retail prices—variations which depend to some extent on accidental causes, but for the most part upon real economic causes—and, in our opinion, any scheme which set out to abolish all such variations and establish uniformity throughout the country would ignore the fundamental economic facts underlying the milk situation. A scheme built up on a regional pool basis makes a certain amount of regional differentiation possible.

A regional pooling plan would work on the principle of a regional universal price calculated on the basis of the aggregate regional realizations during a certain period—e.g., a month—and this price, subject, it might be, to differentials for quality and service, would be payable to all producers, irrespective of the utilization of their milk. A scheme of this nature would still partake, though to a less degree, of certain of the disadvantages we have enumerated when dealing with a national pool. It is extremely difficult to delimit areas in

this country which are homogeneous from the point of view of milk production and disposal, and, unless the regions are very small, a regional pooling scheme must alter to some extent the balance of advantage enjoyed in the past by particular classes of producers or even by individual producers within the region. Two other difficulties present themselves. Firstly, if regions are to have different prices at which milk will be supplied to distributors for liquid-milk consumption, it would obviously not be possible to leave distributors situated in any part of the country free to buy in the lower-priced regions at the distributors' buying price prevailing there. In such circumstances, distributors would buy largely from those areas where they could obtain the cheapest supplies and, with a fixed or customary retail price, thereby swell their margin of profit. Secondly, a scheme of this nature, though it would effect equalization within the region, would be ineffective in securing any equalization as between one region and another. If, in one region, the percentage of the milk sold for liquid consumption were 90 per cent. and in another 50 per cent., then obviously the burden of surplus conversion would fall much more heavily upon the latter than the former. These are difficulties which, as we show in the following Chapter, it is possible to overcome, to some extent at least, by regulation; but they necessitate some modification of the price-policy recommended by the Eastern Counties' organization.

89. *The Scottish Milk Agency, Ltd.*—No discussion of schemes of the pooling type would be complete without a brief reference to the operation of the Scottish Milk Agency, Ltd.—the largest experiment of this kind yet attempted in Great Britain. A memorandum on the subject of the Agency appears as Appendix G to this Report. The principle on which the Agency was based—the deduction of a levy from the proceeds of liquid-milk sales in order to compensate sales of milk for manufacture—calls for no comment. The Agency, however, was purely voluntary and, therefore, prone to the difficulties and weaknesses that arise when control over supplies is confined to something less than the total quantities entering the market and when control over the individual member depends only on his readiness to accept it. The body responsible for the management of the Agency latterly followed the mistaken policy of fixing prices without adequate regard to the possibility of their maintenance nor to the reactions which they might produce, and the outcome was the rapid decline of an organization which, in spite of its weaknesses, might have continued to do much to improve the lot of the producer supplying the Glasgow market. The history of the Agency provides a warning, primarily to organizations of a voluntary and not all-embracing character, but not without application to organizations established on a statutory basis. An organization on a purely voluntary basis which leaves a section of producers outside its scope must continually be beset with difficulties arising from the

actions of the independent element. Even with an organization on a statutory basis, there remains the vital necessity of wise and far-seeing management, particularly in regard to price-policy.

90. **Sir Ernest Debenham's Scheme.**—The schemes that we have discussed are but a few of those that have been put before us. It would obviously not be possible to discuss them all in this Report, but there is one further scheme on which we should like to comment. This is the national scheme prepared by Sir Ernest Debenham, who very kindly placed his proposals before us in evidence.

Sir Ernest Debenham's proposals are built up on the system of milk distribution evolved by the Bladen Dairies, Ltd., after some three years of progressive experiment. Put briefly, the scheme envisages the setting up of an organization—a Producers' Board under the Agricultural Marketing Act, a Public Utility Company, or a Public Company—which would have the monopoly of the wholesale distribution of milk; and it involves the division of the country into a number of zones, in each of which would be established a factory for the collection of all milk other than "Certified" milk sold off farms in the zone. Milk required for liquid consumption would be processed and packed in non-returnable cartons, while supplies surplus to those requirements would be manufactured into products. Retail distribution would be completely reorganized, existing retailers being allotted areas in which they would have a monopoly; and with a view to further reductions in distributing costs, deliveries to each customer would be confined eventually, if not immediately, to three days a week.

As a result of the economies which the scheme would in these ways introduce in the distributive machine, Sir Ernest Debenham estimates that, on the basis of a retail price of 6d. per quart, the net price to the producer should be 1s. 2d. per gallon, after allowing for a levy of $\frac{1}{2}$ d. per gallon to cover the administrative and other expenses of the central authority and the factories, grants for education and research, interest on capital and the repayment of capital in ten years. The expected return from milk manufactured into products is not discussed in the same detail, although stress is laid on the importance of converting the by-products of butter and cheese manufacture into saleable commodities; nor is any indication given of the way in which the returns from liquid sales and manufacture are to be adjusted as between different producers, though it may be assumed that this could be done by pooling the realizations of each factory.

Enough has been said to show that this scheme involves proposals of interest and, in some respects, of far-reaching reform. The introduction of a scheme of this kind would be simplified if the field were clear for an entirely fresh start in organization, but, in present conditions, we feel that the scheme is hardly practicable, involving, as it does, changes of a very drastic character in the whole business

of milk marketing which would affect even the habits of the consuming public.

To the preparation of his scheme and of the accounts and estimates by which it is supported, however, Sir Ernest Debenham has obviously given a great deal of time and thought in an endeavour to solve what he regards as a very pressing problem.

CHAPTER XII.—PRICE POLICY FOR MILK FOR LIQUID CONSUMPTION.

MAIN RECOMMENDATIONS.

91. **A National Policy with Regional Pools.**—The evidence placed before us and our own study of the problem have convinced us that the price policy of a milk marketing scheme must be formulated upon a national basis. If Scotland is not included within the area of the scheme, it will be necessary for the Central Producers' Board to work in the closest collaboration with a similar producers' organization operating there, and the same applies so far as Northern Ireland is concerned. This question of co-operation between organizations operating in the component parts of the United Kingdom is considered in Chapter XVI.

Confusion would follow if the price-fixing powers contemplated by the Agricultural Marketing Act and the decisions regarding the price policy to be adopted were left to each separate Regional Committee. At the same time, it is our firm conviction that regional conditions and circumstances must be taken into account in any price policy adopted. We have therefore sought to evolve a scheme which permits of regional differences while securing a unified policy and central control.

The price policy which we recommend is of the nature of a compromise between a series of regional pools and a single national pool. A system of regional pools should constitute the framework of the price policy, but this should be combined with a system of price compensation as between regions. The regions recommended for administrative purposes in paragraph 61 are also intended to serve as the basis for the price structure.

92. **Regional Contract Prices for Milk for Liquid Consumption.**—For each region there will be fixed a distributors' liquid-milk buying price—hereinafter referred to as the "contract price"—which will be the price at which milk will be sold wholesale to the distributors for the liquid consumption market. The Central Producers' Board will ask for recommendations from the Regional Producers' Committees, which will discuss the matter with the respective Regional Dairymen's Committees and submit their views. The Central Producers' Board will consider the regional

proposals, and will then table its own recommendations for discussion in the Joint Milk Council. The final fixing of prices will be made by the Joint Milk Council in accordance with the procedure which we recommend in paragraphs 122 and 123. We do not contemplate that the contract prices will be the same in all regions.

We recommend that distributors who buy milk for re-sale in the liquid market within the same region should pay the regional contract price fixed as above. This will permit of the maintenance of variations as between regions, both in producers' prices and in retail prices—variations which are a feature of the milk market at present. On the other hand, distributors who buy for liquid sale outside the region should pay the contract price either of the region in which the milk is bought or of the region in which the milk is sold, whichever is the higher. Distributors will thus no longer be free to obtain milk from outlying parts at a cheaper rate than that prevailing in the region in which the consuming centre is situated. We are convinced that there is no other effective way of ensuring that the distributor shall not widen his margin at the producer's expense. On this condition, however, distributors will be free to buy milk where they like. It will be necessary for the Central Producers' Board, through the terms of the contracts it makes with wholesale buyers, to secure returns showing the sale and utilization of milk bought and, in the case of milk sold liquid, the consuming centres to which the milk was dispatched.

93. Two Types of Contract.—We are of opinion that the requirements of buyers can be adequately met by providing two types of contract on which milk may be bought—viz. :—

(a) contracts providing for the supply of level quantities charged to buyers at the liquid-milk contract price (plus any agreed level delivery premium—see para. 98); and

(b) contracts with no restriction on the day-to-day variation in supplies and providing for payment by buyers at the contract price for milk re-sold in liquid form and at the appropriate manufacturing prices for milk converted into products.*

Contracts of the first type will cater for distributors with no facilities for the manufacture of milk products except on a very small scale. If any variation in daily supplies is permitted, it should be small—not exceeding, say, 5 per cent. above or below the contracted quantity. Contracts of the second type will meet the needs of manufacturers and of wholesalers with adequate conversion plants, and it will be for the Central Producers' Board to consider what restriction should be placed on the offer of these contracts.

Some retail distributors requiring level supplies may find it convenient to enter into contracts with wholesalers: in such con-

* Recommendations regarding the price policy in respect of milk converted into products are made in Chapter XIII.

tracts, the Board would not be concerned, and the equivalent of the level delivery premium paid by the retailer would accrue to the wholesaler. Accommodation supplies in excess of contracted quantities will be obtainable at special rates, either through the Board or from wholesale distributors.

For any supplies for which no buyers can be found, either for liquid sale or for manufacture, the Board must accept responsibility. It may manufacture the milk on its own account or arrange for conversion by manufacturers on its behalf on a commission basis. Whatever the method of disposal, the proceeds from the sale of all manufacturing milk will be received by the Central Producers' Board, where they will be added to the proceeds from milk disposed of for liquid sale.

94. Total Realizations.—The total proceeds of the sale of all milk consigned both to liquid consumption and to manufacture will be administered by the Central Producers' Board, and (minus the levies for inter-regional compensation—see paragraphs 95 and 125—and for guaranteed quality premiums—see paragraphs 97 and 124) will be credited to the appropriate regional accounts. These monthly regional realizations will constitute the basis on which the universal price in each region will be calculated, subject to certain refinements which are discussed in the following paragraphs.

95. Levy for Inter-Regional Compensation.—We have previously indicated that, under a scheme of independent regional pools, a region with a high proportion of sales for liquid consumption would secure a higher regional universal price than one in which sales for manufacture bulked more largely. To rectify this to some extent, we propose a measure of inter-regional compensation from a fund accumulated by means of a levy on all sales of milk for liquid consumption. We deal with the way in which this levy should be assessed, collected and administered in paragraph 125. While there will be certain minor charges (e.g., the administrative expenses of the Central Producers' Board) on the proceeds of this levy, the principal purpose will be to provide for inter-regional compensation.

96. Method of Inter-Regional Compensation.—The method of allocation of this compensation fund calls for consideration. Two questions arise—first, the basis of allocation, and second, the period of the year when the allocation should be made. As the essence of the proposal is to assist areas in which the proportion of manufacturing milk is high, the system of distribution should be based on the proportion which the surplus in each region bears to the total surplus. We do not, however, recommend the payment of an allocation month by month throughout the year. This contribution is of the nature of a subsidy, paid by milk sold in the liquid-milk market, to milk which has to be manufactured. In our opinion, the national interest, as well as that of the industry, demands that this subsidy should be utilized to the maximum advantage, and this

would limit the payment of the subsidy to those months when the cost of the raw material is low. We therefore recommend that, during the winter months, the contributions should be accumulated, and that the amount so accumulated, less minor charges for purposes other than inter-regional compensation, should be allocated over the months of cheap production. For purposes of subsidy, there will thus be available, in each of the manufacturing months, the proceeds of the levy in the previous month plus the appropriate allocation from the sum accumulated during the winter months.

We consider that there should be a certain amount of latitude in the allocation of the fund accumulated during the winter months, and that, towards the end of each contract year, the levy should be subject to such revision as may be necessary to ensure that the receipts and payments in respect of the year are balanced.

We recognize that while the prices of milk sold liquid and milk sold for manufacture remain as far apart as they are at present, the compensation paid to regions where manufacture is prominent will not raise the summer pool price in those regions to equality with the pool price in regions where the greater part of the milk is sold for liquid consumption. Some disparity in price is justified by the lower costs of production in regions where winter production is low and summer production heavy, and there must obviously be a limit to the contribution in support of such regions which is demanded from the rest. This is desirable on grounds of equity alone; but it is also important to the working of the scheme, which must suffer if too heavy a burden is placed upon the production of milk for liquid sale, particularly in the winter months.

Since, therefore, it will not be possible, at present prices, to provide for more than partial compensation to those regions which produce mainly for manufacture, it is of the utmost importance to our scheme that the price of milk devoted to manufacture should bear some reasonable relation to the value of the product for which it is utilized. We deal with this subject in Chapter XIII. It will suffice to say here that, in order to give the milk industry, as a whole, the best results from the pooling scheme which we have recommended, close attention must be devoted to securing the highest possible value for milk used for manufacture, and also to combining the manufacture of milk products with the efficient use of by-products, such as separated milk.

97. Guaranteed Premium for Milk Sold by Accredited Producers.
—In Chapter X we have made certain recommendations with a view to improving the quality of milk, and have, in that connexion, suggested the institution of a roll of Accredited Producers (paragraph 77). This roll would automatically include all producers of graded milks and would also include such other producers as qualified under the conditions prescribed by the Joint Milk Council. We consider it imperative, from every point of view, that the price

policy should make provision to ensure that producers who undertake the additional trouble and expense involved in complying with the conditions prescribed for becoming Accredited Producers are adequately remunerated. In the past, the producer who has sought to improve the standard of his production has often been deterred by the fact that he has secured no special recognition from his buyer, and it is this situation that we are anxious to avoid. We are of opinion that the requisite assurance can best be provided through a guaranteed quality premium (referred to in the scheme as a "general service premium") payable in respect of all milk sold by Accredited Producers. We make recommendations in Chapter XIV (paragraph 124) on the raising and administration of the fund for the payment of this guaranteed quality premium.

98. Level Delivery Premiums.—The question of securing adequate remuneration for service, as apart from quality, is one which we believe can be left free to individual negotiation. As we have shown previously, a large section of the distributive trade, having no facilities for converting milk into milk products, prefers to buy on a level contract basis. We have received much evidence to the effect that the producer who supplies milk on this basis is involved in higher costs, and, in so far as such supplies are essential to an adequate supply of milk for the liquid-milk market in the winter season, their provision calls for some differential payment to the producer. At the same time, we recognize that the establishment of anything in the nature of a guaranteed premium on such supplies, whether they are bought for the liquid-milk market or not, might have the effect of perpetuating high-cost production and arresting the natural tendency for milk to be produced where the costs are lowest. If the distributor requires this service, it seems to us reasonable that he should be required to pay for it, and we therefore recommend that a producer who supplies milk on a contract of this nature should be in a position to secure by negotiation with his buyer a premium for this service over and above the normal contract price. Though the premiums will be paid along with the contract price to the Central Producers' Board, they will, subject to the reservation below, be allotted to the individual producers who made such contracts.

The level delivery premium may be justified from two different points of view. In the first place, it is necessary, under present conditions, to ensure adequate supplies of winter milk for liquid consumption; secondly, the producer who supplies on this basis has been accustomed in the past to make his own arrangements for dealing on the farm with his own surplus, and the continuance of this practice will relieve the Central Producers' Board of a certain amount of responsibility. We therefore suggest that the producer who elects to draw the level delivery premium should be under the obligation to retain on the farm any surplus over his contract quantity. If, on the other hand, he sells part of his dairy to one

or more buyers on a level contract basis, while disposing of the balance through the Board, we suggest that an appropriate amount of the level delivery premium secured on his contract should be retained by the Board.

Other points of service, which are mainly local in character or peculiar to certain buyers, will also be left to private negotiation between the parties concerned, provided that the agreements arrived at are duly included in the contracts. The Board would retain the power of supervising and disapproving such agreements should they conflict in any way with the central objects of the pooling scheme.

99. Premium for Graded Milks.—In the case of milk graded under the present Milk (Special Designations) Order, or under any subsequent Order, we suggest that the Joint Milk Council should recommend the normal premiums that such milk should carry over the ordinary contract price. With these normal premiums as a guide, producers should negotiate premiums with their buyers and the sums realized should be credited to the individual producers concerned. In addition to any negotiated premiums, all producers of graded milks will receive the guaranteed premium payable in respect of milk sold by Accredited Producers (paragraph 97).

100. Participation of Producer-Retailers.—We have finally to consider the participation of the producer-retailer in the scheme. This is indispensable to the success of any pooling scheme, since the producer-retailer is responsible for at least one-third of the total liquid milk sales in the country and probably for more. No pooling scheme could possibly establish a fair balance between the sellers of liquid and of manufacturing milk which failed to include so large a proportion of liquid sales. In view of this, the producer-retailers cannot, as a matter either of policy or of equity, be left outside the scope of a price policy built upon the basis we recommend.

It is true that a certain proportion of the milk retailed direct is sold by producers operating on a small scale in country districts, whose operations are such as would not imperil the success of the scheme and whose contributions in the way of levy would be so small that, on the grounds of expediency alone, they could and should be exempted from the general provisions of the scheme. On this subject of exemption, we make recommendations in the latter part of this Chapter. But, in the case of the rest, we regard their participation as indispensable, both to the scheme and to their own interests.

Fortunately, there is no difficulty in fixing principles of participation which are fair both to them and to the rest of the industry. Producer-retailers who qualify for registration on the roll of Accredited Producers will be eligible for the guaranteed premium equally with other producers. All producer-retailers should, therefore contribute to the fund from which this premium is paid

in the same way as other producers and distributors (see paragraph 124).

Producers who sell milk for liquid consumption will, under our scheme, be contributing in two ways to raise the price of milk sold for manufacture. They will, in the first place, be paying a general levy on all liquid-milk sales, for inter-regional compensation purposes. This general levy should be paid by producer-retailers in common with all other producers whose milk is sold for liquid consumption. We suggest that the Central Producers' Board might in the case of producer-retailers find it convenient to consolidate in one single payment the levy on this account and that for the quality premium referred to above.

By the operation of the regional pools, producers who sell milk for liquid consumption will, in effect, be contributing a further portion of the proceeds of their sales for the purpose of securing price equalization within the region. This contribution will represent the difference between the regional contract price, after the deduction of the quality and inter-regional compensation levies, and the regional pool price. In order that producer-retailers may participate in the scheme on equal terms with other producers for liquid sale, they should make a similar contribution. There is, however, one consideration to be taken into account in this connexion. In order to keep supply adjusted to demand in his individual business, the producer-retailer must incur the cost of maintaining level production throughout the year or the risk of buying accommodation milk at a premium when his own supply falls short. For this, he should be entitled, if he retains his surplus at home, to deduct from his payment the average level delivery premium for the region as declared by the Central Producers' Board. In this respect, therefore, he would be broadly in the same position as any other producer selling on a level delivery contract. He is also, we think, entitled to a little more. It may be, and probably is, the case that the adjustment of supply to demand imposes on the producer-retailer somewhat greater costs than on a producer selling on a level contract. In view of this, we suggest that, instead of paying the whole difference between the contract price of milk sold for liquid consumption and the pool price received by all other farmers, he should pay, in addition to his levy (as a producer) for quality premiums, and that for inter-regional compensation purposes, a contribution (described in the Scheme as a regional levy) equivalent to nine-tenths of the difference between the regional contract price (less the two levies above referred to) and the regional pool price. Under this arrangement, the producer-retailer would share, to the same extent as other producers, the burden of the levies for quality premiums and for inter-regional compensation, and, to a slightly less extent than others, that of equalization within the region.

We have recommended elsewhere that one of the functions of

the Central Producers' Board should be to license producer-retailers. Without such a licence, no producer, unless exempted from the provisions of the scheme, will be allowed to sell his milk direct to the consumer. As we indicate later in this Chapter, one of the conditions of the licence should be that the producer-retailer undertakes to pay regularly the contribution levied upon him. This would put the Board in the position of being able to refuse the renewal of the licence of a producer-retailer whose contributions were in arrears. If this procedure were adopted, we see no insuperable difficulty in the way of recovering the levies assessed upon producer-retailers.

101. The Calculation of the Regional Universal, or Pool, Prices.— We are now in a position to review in detail the credit and the debit sides of a Regional Account and the calculation of a Regional Universal Price.

On the credit side, the main items would be—

- (a) receipts from all milk sold liquid, including premiums realized for level contract supplies, and for graded milk. The levy payable to the fund for providing the guaranteed quality premiums and that for inter-regional compensation will have been previously deducted;
- (b) receipts in respect of manufacturing milk;
- (c) producer-retailers' contributions. In this case, also, the levy payable to the fund for providing the guaranteed quality premiums and that for inter-regional compensation will have been deducted;
- (d) the contribution from the guaranteed quality premium fund; and
- (e) (during the manufacturing period) the contribution from the inter-regional compensation fund.

On the debit side, there would stand—

- (a) guaranteed quality premiums;
- (b) premiums for level contract supplies and for graded milk included under (a) on the credit side; and
- (c) regional administrative expenditure.

The debit items would first be deducted from the total credits, and the balance would be divided by the total quantity of milk sold off farms in the region during the month. The figure thus calculated would be the Regional Universal Price. This price would be payable to all suppliers, irrespective of how their milk had been used. All suppliers of graded milk, and producers having level delivery contracts, would receive, in addition, the premiums to which they were entitled.

102. Summary of Recommendations as to Price Policy for Milk for Liquid Consumption.—The main points outlined in the previous recommendations may now be summarized—

1. The country shall be divided into regions.
2. For each region there shall be fixed a 'Distributors' Liquid-Milk Buying Price—the Regional Contract Price.
3. Buyers' prices shall also be fixed for milk going to the different manufacturing channels.
4. A Regional Universal Price, payable to all producers irrespective of the utilization of their milk, shall be calculated on the basis of regional realizations.
5. There shall be a guaranteed premium on all milk sold by Accredited Producers, whether consumed liquid or manufactured.
6. Normal premiums shall be recommended for graded milk and the premiums actually negotiated for such milk shall be credited to the individual producers concerned, who will receive, in addition, the guaranteed premium payable to Accredited Producers.
7. There shall also be a level delivery premium payable to producers who contract for level supplies to distributors and secure such premium.
8. Buyers' contracts will be of two types, viz. :—
 - (a) contracts for level quantities payable at the contract price for liquid milk, plus any premium for level deliveries ;
 - (b) contracts for the purchase of such supplies as may be offered by contracting producers and for payment on a utilization basis.
9. All sales of milk shall be subject to a levy for the fund to provide guaranteed quality premiums.
10. All sales of milk for liquid consumption shall be subject to a levy, the proceeds of which shall be used for compensation as between regions.
11. Inter-regional compensation shall be payable only in respect of the manufacturing season, and the allocation shall be on the basis of the quantities of milk manufactured in the several regions during such season.
12. Producer-retailers shall contribute—
 - (a) a consolidated levy covering the levy for guaranteed quality premiums and that for inter-regional compensation ;
 - (b) nine-tenths of the contribution towards equalization within the region which is made, in effect, under the regional pools by other producers selling milk for liquid distribution.

They shall receive the average regional level delivery premium and shall be eligible to qualify for the guaranteed premium payable to Accredited Producers.
103. Main Features of the Price Policy.—It may now be convenient to summarize the main features which it has been sought to incorporate in the price policy recommended.

1. It ensures that payments out of the Regional Accounts shall depend upon, and shall not exceed, receipts.
2. It provides an automatic check on over-production.
3. It permits of regional variation in producers' prices and retail prices.
4. It is essentially elastic, admitting of considerable adjustment within the framework suggested.
5. It secures to each region the advantage derived through sales of milk in a higher priced region.
6. It secures that distributors' margins shall not be inflated through the purchase of milk at rates below those prevailing in the region where the milk is sold.
7. It ensures that every producer within a region shall receive the same basic price.
8. It provides a guaranteed reward for good quality production while leaving producers of graded milk free to supplement the guaranteed premium by negotiation with their buyers.
9. It makes provision by which the producer benefits if he renders a service which commands a premium.
10. It effects a compromise between two positions—
 - (i) that each region should be responsible for its own surplus, and
 - (ii) that surplus is the joint concern of the whole industry.
11. It ensures equalization between the prices of milk sold liquid and milk manufactured within each region, and also provides for a certain amount of inter-regional compensation.
12. It sets out to assist the manufacture of milk products by subsidizing manufacture in the season when the production of milk products is most economical.

SUPPLEMENTARY ARRANGEMENTS.

There are several matters incidental to the scheme just delineated on which we desire to make observations and recommendations.

104. **The Accounting Unit.**—We think that the accounting work of the Central Producers' Board would be appreciably simplified by the adoption of a unit of, say, 100 gallons as the basis of calculation in all transactions. The same unit might also be used with advantage in the negotiation of contract prices, for it would permit of a much closer adjustment of price to the capacity of buyers to pay than is possible on the basis of a price per gallon.

105. **Forms of Contracts.**—We have recommended (paragraph 93) that contracts should be of two types—those for the sale and purchase of variable supplies and those for the sale and purchase of level supplies. These contracts should be tripartite agreements between the seller, the Board and the buyer, and their form should be standardized. The details of the forms of contract will be

negotiated by the Central Producers' Board, but we suggest that, *inter alia*, they might include clauses relating to—

1. The grade or quality which the producer undertakes to supply.
2. The restriction, if any, on the re-sale price.
3. The furnishing of returns as to the utilization of milk, whether for liquid distribution or for manufacture, and the production of records for inspection.
4. In the case of level supply contracts, the amount of the level delivery premium and whether the seller elects to keep his surplus on the farm.
5. In the case of contracts for variable supplies, the quantity or proportion which producers elect to withhold for use on the farms.
6. The payment by the buyer of his share of the levy for the guaranteed quality premium fund and the expenditure of the Joint Milk Council.

We think the contracts should also include a clause absolving the Central Producers' Board from liability for shortages, sourages and wastages.

106. Contracts with Accredited Producers.—In the early stages of the scheme, the total amount of milk available from Accredited Producers will probably be limited. A distributor who enters into contracts for the supply of such milk must have reasonable assurance that the quantity he has contracted for will be forthcoming. We therefore recommend that the Central Producers' Board should endeavour to make such arrangements that it would be in a position to make good the supplies of any defaulting producer who may be removed from the roll of Accredited Producers.

107. Producer-Retailers' Licences.—There should be laid down a universal form of licence for producer-retailers, which should contain the following provisions, *inter alia*:—

1. The method of determination and the amounts of the levies payable by producer-retailers.
2. An undertaking by the producer-retailer to pay the levies.
3. An undertaking to furnish returns and to produce books for inspection.
4. An undertaking to charge not less than the average retail price prevailing in the district.

Applications for these licences should be submitted to the Central Producers' Board through the appropriate Regional Committees and should require the recommendation of the latter before being granted. The licences should be renewable at periods of three months or for longer periods, at the Board's discretion.

In some cases, it may be difficult to secure from producer-retailers accurate returns of the gallonage which they have sold. In such cases, the Board, on the advice of the Regional Committee concerned, should calculate the producer-retailer's contributions on the basis of a fixed gallonage per cow; but every effort should be made to secure accurate returns of gallonage sold from all producer-retailers within a reasonable period.

108. **Transport.**—It is desirable that the scheme should interfere as little as possible with the existing method of meeting transport charges. At present, the cost of transport to the collecting station is paid direct by the producer; the further cost by rail or road is met by the buyer and deducted from his payment to the producer. Farmers have some legitimate grievances in regard to this system, which does not operate quite fairly in all cases.

In our opinion, the cost of transport to collecting stations within a radius to be laid down by the Central Producers' Board should be met direct by the farmer; but the Board, with the assistance of Regional Committees, should study all possibilities of reducing this charge to a minimum.

The arrangements for the payment of the costs of transport between the collecting station and the rail or road terminus at which the buyer assumes responsibility must be left to the decision of the Central Producers' Board. It may be that they will prefer that the charges should be paid direct by the individual producers. On the other hand, the Board may prefer that they should pay the charges and deduct them from the payments to farmers, in which case it will probably simplify the Board's accounting to arrange that the charges are met by the buyer and deducted by him from his monthly payments to the Board, the deductions being supported by vouchers. The Board's accounting system could then be further simplified by an arrangement whereby the deduction to be made for transport charges from payments to individual farmers is fixed on a zonal basis, the rates per gallon for transport over distances of, say, 20–40 miles, 40–60 miles, 60–100 miles, and so on, being standardized, whatever the means of transport actually employed. The rates would require to be fixed in such a way as to ensure, as far as possible, that, on balance, the total of the transport deductions from distributors' payments was not more than the total of the charges recovered from producers.

Whatever method is adopted, however, we think that, in cases where, under contracts made at the direction of the Board, milk is sold by a producer in one region to a buyer in another region and the transport cost is unusually heavy, the Board should make some allowance in reduction of the charge that would otherwise fall to be borne by the individual producer concerned.

The cost of transport between the rail or road terminus and the distributor's premises must remain the responsibility of the distributor.

109. **Exemptions.**—There must be a very large number of milk producers who keep one or two cows and utilize their milk in their own households or dispose of it by sale to neighbours or employees. The transactions with which the Board will be concerned will be numerous enough without those of producers on the smallest scale, whose operations cannot possibly have any appreciable effect on the

working of the scheme. We have therefore provided in our draft scheme for the complete exemption from its provisions of—

- (a) producers keeping not more than 4 cows;
- (b) producers who do not sell milk; and
- (c) sales of milk by producers to their employees.

Under the Act, the scheme may empower the Board to make such further complete or partial exemptions of classes or descriptions of producers and sales as it may determine. This power is included in our scheme and its use will be at the complete discretion of the Board.

110. **Milk Surplus to Contract Sales.**—In drawing up our scheme, we have considered that producers of milk should normally be expected to find their own buyers, as they do at present. In some cases, these buyers will be distributors; in other cases, manufacturers. Sometimes they will desire to purchase level dairies, sometimes varying quantities of milk. But, broadly speaking, sellers must dispose of their produce by their own efforts through one or other of the channels, and by one or other of the standard contracts provided in the scheme. It may, however, happen that certain producers will not be able to find purchasers. This may come about from a variety of reasons which it is not necessary to discuss. The Central Producers' Board may therefore be called upon to dispose of a certain amount of milk for which no purchaser can be found by the individual producer. In these circumstances, the Central Producers' Board should consider whether it would not be advisable, at least in the initial stages, to charge a small commission on the sale of supplies for which it has to find a buyer. This commission would take the form of a deduction from the regional pool price payable to the producers concerned.

111. **The Position of Farmers' Co-operative Societies.**—We have given some consideration to the position under our scheme of farmers' wholesale and retail co-operative societies. It is the general practice of these societies to accept milk from their members, to sell in the liquid market supplies for which that outlet is available, and to undertake the conversion of the remainder into products. Though their purpose may differ in that they exist and operate solely for the benefit of their producer-members, these societies perform the same functions as do private wholesalers. They should therefore be required to purchase their supplies through the Board on the terms and conditions applicable to all wholesale buyers.

In the event of the Board finding it necessary to have supplies of surplus milk manufactured on its own behalf, it will doubtless consider the claims of these co-operative societies to recognition. The Board may also wish to acquire conversion facilities of its own, and, in that eventuality, we think it should consider the desirability of taking over establishments owned by societies, provided

they are suitably situated and efficiently equipped. We have been assured that the societies are anxious to give every possible assistance under a marketing scheme, and it seems to us that the existence of a nation-wide producers' organization may give them a new economic purpose.

112. Farm Manufacture of Butter and Cheese.—The price policy we have formulated makes no provision for the payment of compensation to the milk producer who retains his milk on the farm for conversion into butter and cheese. So long as he does not sell milk, such a producer is, in fact, outside the scope of the scheme, while the producer who sells milk for manufacture into butter and cheese in factories will be subsidized to the extent that he will receive the regional pool price. If we have not made provision for compensation being paid to the farm manufacturer it is only because of the difficulty of formulating feasible and practical proposals in the present unorganized condition of the farm cheese and butter industry.

It seems probable, however, that a result of the adoption of a milk marketing scheme will be the establishment of cheese and, possibly, butter marketing organizations under the Agricultural Marketing Act, one of the main functions of which will be to establish and enforce grades for the sale of cheese and butter. It will be very much in the interest of the Central Milk Producers' Board that it should keep in the closest touch with any such organizations. It might consider the possibility of securing that the farm manufacturer of cheese and, possibly, butter of certain standards of quality prescribed by the appropriate organizations would be assured of the equivalent of the regional universal price for his milk. This would amount to little more than the recognition by the Central Producers' Board of such butter and cheese producers as manufacturing agents. Some such arrangement seems to us desirable in order to prevent the farm butter and cheese industries, and particularly the latter, from falling into decay.

The case of the producer selling cream to a factory for manufacture into butter is also one to which the Board should give careful consideration. The separation of milk on the farm and the sale of the cream to a butter factory gives the producer most of the advantages and relieves him of some of the disadvantages of farm conversion. It is a development to be encouraged, and we think the Board might consider the desirability of an arrangement whereby the producer receives the equivalent of the regional pool price after allowing for the value of the by-product retained on the farm.

113. Reduction of Price to Schools, etc.—It is desirable that schools, hospitals, welfare centres and other institutions of the kind which are at present securing milk on special terms should not be unduly penalized under the scheme. We regard the supply of good milk to schools and welfare centres as a matter of exceptional importance which the industry will do well to study in its own as

well as in the public interest. The Joint Milk Council should give immediate attention to it, and the Central Producers' and Dairymen's Boards should aim at arranging for the supply to such institutions on the lowest possible terms. A period when the supply of milk surplus to existing liquid requirements seems certain to increase affords an opportunity in which the Central Producers' Board may, with advantage to those it represents, take measures to lower the cost of milk of good quality to schools. We believe it possible, in these circumstances, to expand the market for liquid milk with lasting benefit to all concerned. It is better that good milk should go at a low rate to schools than that it should go at an even lower rate into manufacture, and the pooling scheme may stand to gain substantially by measures of this kind. The method to be adopted will require careful study; but we do not believe that the suggestion presents insuperable difficulties, and we recommend it to the immediate consideration of those who will exercise control when the new marketing organization comes into operation.

114. **Reduction of Price to Hotels, etc.**—The provision of bulk supplies of milk to hotels, restaurants and other consumers of that type presents a rather different problem. It is obvious that the distributing cost per gallon must be substantially lower when milk is supplied in any considerable quantities to large consumers; but, as regards these bulk sales, it is difficult to see on what grounds the producer can justly be deprived of any portion, however small, of his normal selling price. As we have previously mentioned, however, under present market conditions, it is not uncommon for large institutions to secure their supplies on terms which involve the producer in the sacrifice of some part of the price to which he is entitled. The full contract price should be paid by distributors for milk supplied to institutions as for all other milk, but distributors should be free to compete for this semi-wholesale trade by the reduction of their normal margin, and we suggest that this is a matter which might be considered by the Central Dairymen's Board.

CHAPTER XIII.—PRICE POLICY FOR MANUFACTURING MILK.

115. **The Present Position of the Manufacturer.**—The manufacture of milk products on a commercial scale in this country has, for the most part, come to occupy a position subsidiary to the supply of milk for liquid consumption. The reasons for this have already been elaborated in Chapter V. They arise from the facts that the returns in the liquid-milk market have been higher than could be obtained from manufacturing processes and that, except in a few districts, large and regular supplies of milk have not been

available at prices which would allow the manufactured products to be sold in competition with similar imported articles. We have conceived it to be one of the objects of any sound scheme of re-organization to secure that the supplies of milk for the liquid-milk market shall not compete in price with supplies for manufacture. We believe that one of the effects of the scheme we have elaborated will be to make milk available in certain areas, particularly in the summer months, at prices which will enable the buyer to manufacture many kinds of milk products and sell these in competition with imported produce. At the same time, even in areas where a large proportion of the milk is manufactured, the pool price, reinforced as it will be by the allocation from the Central Fund, should be such as will tend to encourage the producer to expand rather than restrict his output. In this way, the foundation of a manufacturing industry—namely, a plentiful supply of the raw material—will be more securely laid.

Abundant evidence has been submitted to us to show that milk for manufacture has been purchased in the past under extremely diverse conditions. We have previously called attention to the fact that, though the collective agreements which have prevailed since 1922 have made provision for producers to be paid for a proportion of their milk a price based upon its estimated value for manufacture into cheese, no provision has been made by which manufacturers could purchase the whole of their supplies on that or a similar basis. This omission has created a difficult position for the manufacturer. He has found himself in competition with buyers purchasing solely with a view to re-sale in the liquid-milk market, or with the object of selling all they could in that market and manufacturing the remainder. The prices the manufacturer has had to pay in the open market have naturally been affected by this competition, and his operations have to some extent been of the nature of a gamble. He has commonly bought at flat-rate prices higher than the value of the milk for his particular manufacturing purpose, and has taken opportunities of reducing his losses or obtaining casual profits through the sale in the liquid-milk market of a portion of the milk so bought. The recommendations we have made in previous Chapters should rectify this state of affairs and establish conditions under which milk for manufacturing purposes will be freed completely from the competition of the liquid-milk market.

116. *The Imported Cheese-Price Basis for Manufacturing Milk.*—Though the most common basis for the purchase of manufacturing milk has been the flat-rate price, the collective agreements negotiated between producers and buyers have provided for payment for supplies in excess of a specified quantity or percentage on a mutually agreed manufacturing-price basis. This basis has been the average price per lb. of New Zealand and Canadian cheese, of Finest and Fine Quality, less 2d. (except in a few months in 1926

when the charge was 1d.) to cover the cost of manufacture. As approximately one gallon of milk is required to make 1 lb. of cheese, the price of cheese per lb., less the manufacturing charge, gives the price of milk per gallon.

We are not here concerned with the equity of the deduction to cover manufacturing costs, though manufacturers themselves have admitted to us in evidence that the allowance is liberal. We are, however, concerned with the principle of the formula. It appears to rest on three assumptions—

(1) that the realization value of milk products made and sold in this country must conform to the value of similar articles which are imported ;

(2) that through competition in exporting countries, and the diversion of productive capacity there to the manufacture of those milk products which for the time being give the maximum return, the value of the raw milk in the finished articles will tend to equality ; or, in other words, that when allowance is made for differences in costs of manufacture and of selling, and differences in risk, the value of any given quantity of milk used for making one article will tend to be equal to that of the same quantity used for making another article, although the final products show wide differences in value.

(3) that in so far as this tendency to equalization of the raw material values of milk for the manufacture of different articles exists in this country, it has been considered convenient and equitable, both to buyers and sellers of milk for manufacturing purposes, to determine the price of that milk in terms of the price of one of its products.

Such, apparently, is the general foundation of the formula, and it may now be considered how far the assumptions have been borne out in practice.

So far as the first is concerned, there must undoubtedly be a tendency in the direction indicated. It is, however, subject to disturbing influences, and these operate more markedly in the case of some products than in that of others. For such goods as condensed whole or separated milk, tinned cream, or milk powder, there is little, if any, preferential demand on the part of the British consumer for the home product, and the price premium which it can carry over the similar imported article must consequently be comparatively small. In the case of fresh cream and, to a less extent, butter, there does exist a discriminatory demand for the home product which enables it to command a somewhat higher price. Further, the perishable nature of fresh cream also limits to some extent the competition of imported produce. With cheese, the main factor is quality, which depends largely on the efficiency of the technique of manufacture. Considerable quantities of

cheese of inferior quality are made in factories from milk first destined for the liquid market and subsequently found surplus to its requirements; such cheese realizes prices which are frequently lower than those of imported cheese of the same variety. On the other hand, where the manufacturing process and the subsequent ripening of the cheese are efficiently carried out, the quality of the product is superior to that of any imported cheese of the same variety, and the price is correspondingly higher. Where milk is manufactured into specialities, such as fancy cheeses, for which there is a limited market, the price bears little relation to that of the ordinary varieties of imported cheese.

The second assumption—viz., the equalization of raw-material values—also reflects a tendency which, in view of the qualifications mentioned above, is more likely to apply in the milk markets of our chief suppliers than in the home market. The United Kingdom occupies a dominant position as a market for dairy products, and changes in the margins of profit to be made from the manufacture of different products are not only closely watched but quickly acted upon, as far as circumstances permit, by our overseas suppliers. It is difficult to secure comprehensive data to show what milk has realized when diverted to different channels in important manufacturing countries. We do, however, notice that a random sample of eleven dual-purpose factories in New Zealand shows the difference in the payments made to farmers for milk going to butter and cheese, respectively, to be no more than $\frac{1}{10}$ d. per lb. of butter-fat or $\frac{3}{16}$ d. per gallon of milk.* It by no means follows that similar equality of raw-material values has been established in this country; the tendency is counteracted by the facts that certain products enjoy a relatively sheltered market and that the preferential demand for home produce is more marked in some cases than in others.

As regards the third assumption, there can be no dispute as to the convenience of such a formula, but there may be as to its equity. If the two previous assumptions were borne out in practice, it might well be held to be equitable to all parties; we have seen, however, that various disturbing influences may, and actually do, intervene. Many circumstances indicate that the imported cheese-price basis has not operated to the advantage of the farmer. It could not be maintained that the larger proportion of the milk which has been manufactured since 1922, when this method of determining price was first adopted, has actually been made into cheese. Indeed, the spasmodic character of much factory production of cheese suggests that milk realizes almost its lowest value as a raw material in the form of "factory cheddar" cheese. Further, the general tendency of the trade and of factory managements to utilize milk for any purpose other than making the ordinary type of cheese or making

* *New Zealand Exporter and Farm Home Journal*, October, 1932.

butter suggests that almost any use other than these gives a better return.

The milk which is bought as raw material for manufacturing is made into many products. If the wholesale prices of these different milk products be analyzed, they are found to be made up of a number of constituents which may figure in varying proportions in the case of different products. In addition to the cost of the raw material, there must be taken into account processing, manufacture, storage, transportation, selling and advertising costs, as well as risks of loss on account of perishability. Without a much more complete analysis of these various costs of manufacture and distribution than we have been able to obtain in the time at our disposal, it is impossible to indicate what proportion of the wholesale price of any milk product is represented by the cost of the raw material. We are not therefore able to differentiate between those cases where the cheese-price basis may have provided a reliable index of raw material values and those in which it was quite inadequate.

We have, however, had abundant evidence to show that circumstances have not in recent years led to the establishment of one uniform price for manufacturing milk. Some manufacturers have paid prices but little below those actually paid by many buyers for milk for liquid consumption. At the other extreme, the prices which it has been possible to pay for milk for conversion into butter or cheese have probably in many cases fallen below the farmer's cost of production. It is necessary to emphasize that, under recent conditions, milk for manufacture in any one season has been bought not at one price but at a series of prices, differing widely.

While we do not doubt that there may have been some tendency in this country towards equalization of the value of milk for different manufacturing purposes, there seems to us conclusive evidence that values have not, in fact, been so equalized. In this connexion, it must, however, be clearly pointed out that, whatever the conditions may have been while the United Kingdom market for dairy products was unfettered by any duties or regulations, with the imposition of duties no such equalization can be expected. We refer to this matter more fully in the next section.

117. The Flat-rate Principle Examined.—Upon the policy adopted in the determination of the price or prices of manufacturing milk, the success of a milk marketing scheme must largely depend. Some groups of producers situated in the vicinity of, and catering for, the special requirements of particular manufacturing concerns have, in the past, secured prices higher than would have been possible had the milk been manufactured into products of low value. These prices they may have secured because their buyers hoped to divert some of the milk to the liquid market, or because the product to be manufactured was of such a nature that the buyer could afford to pay a higher price. As soon as the milk

marketing scheme comes into force, producers will be precluded from exploiting their individual opportunities in this way.

In the course of our enquiries, we have taken the opinion of manufacturers upon this subject. We have found no particular attachment to the cheese-price basis; the view has even been expressed by more than one important witness that any other equitable basis should be acceptable to manufacturers. At the same time, the weight of opinion given in evidence was undoubtedly in favour of a single flat-rate basis, though the latter need not be dependent upon the price of imported cheese. After the most serious consideration, we find ourselves unable to accept this view and to recommend the adoption of such a policy. In our opinion, it entirely fails to take cognizance of three essential considerations.

In the first place, it involves a departure from the practice which has, to some extent, prevailed in this country in the past, by which the price paid for milk for manufacture has borne some relation to the value of the final product. If the flat-rate price were fixed on an imported cheese-price basis, a considerable loss would be incurred by the producers' organization in its sales of manufacturing milk. If, on the other hand, a composite flat-rate price were adopted dependent on the price of a number of milk products, this would press unduly on the manufacturers of certain low-valued products.

Secondly, the price policy we have suggested in the case of liquid milk contemplates advantage being taken, for the benefit of manufacture, of the naturally protected position which the liquid-milk market enjoys. It countenances the setting-up of a single selling agency with safeguards in the interests of the public, and the exploitation of the situation so created, at least to the extent of the levy payable on all sales of liquid milk. The proceeds of the levy will be used to assist producers whose milk goes to manufacture. Manufacturers, we understand, take no exception to this procedure, but, in fact, support it. It seems to us that if the application of this principle can be justified in the case of liquid milk, its application is *a fortiori* more justifiable in the case of manufacturing milk; in other words, the payment to be made for milk as the raw material of manufacture must bear some relation to the profits derived from the process in which it is used. Any argument that milk for manufacture should bear one price irrespective of the product into which it is manufactured, seems to us largely nullified by acceptance of the principle that the price in the liquid-milk market should be artificially maintained so that producers, some or all of whose milk is manufactured, may be compensated and thus protected against loss. To make supplies of milk available to all manufacturers at any flat-rate price that would be equitable to milk producers would have two effects. It would either make the position of manufacturers of certain products impossible, or it would enable the manufacturers of other products to make unjustifiably high profits at the expense of the consumer of liquid milk.

Thirdly, the argument for a flat-rate price, varying, say, with the price of imported cheese, appears to lose sight of the fact that the fixing of the price of manufacturing milk on such a basis rests ultimately for its validity on the freedom of the United Kingdom as a market for dairy products. If the free entry of milk products is interfered with by import duties or otherwise, a flat-rate price for manufacturing milk depending on the price of one product would not be equitable unless the scale of import duties were so adjusted as to fall with equal incidence upon all milk products. If cheese, for example, were admitted free while condensed milk were subject to a heavy duty, the sale of all manufacturing milk on an imported cheese-price basis would simply mean that manufacturers of condensed milk would secure abnormal profits, no part of which would be shared by the supplier of the raw material. When different proportions of one product and another are obtained from foreign and Imperial sources, and when, therefore, the effect of the duties and preferences is variable, the prices of milk products in British markets are bound to vary. Consequently, the raw-material values of the milk used in the manufacture of different products will follow the same course in this country. Under any system of duties or restrictions on imports of dairy produce, even such as is in operation at present, it is necessary to secure that producers of milk gain their due meed of benefit. We are satisfied that this cannot be secured by any process of valuing milk for manufacture on the basis of its value in any one product, such as cheese imported from the Dominions. A flat-rate valuation could, of course, be made on a composite basis, calculated upon the prices of such products as cream, condensed milk, cheese and butter. Even a valuation on this basis would not be particularly equitable, and it would press hard upon the manufacturers of the lower-valued products.

Attention has been called by more than one prominent manufacturer to an alleged disparity in the scale of duties adopted at Ottawa under which the Dominions and the home manufacturer are to have a preference of 5s. per cwt. on sweetened condensed milk and 6s. per cwt. on unsweetened condensed milk and milk-powder. It has been pointed out that since 1 cwt. of condensed milk is equivalent to, say, 34 gallons of fresh milk, and 1 cwt. of milk powder to 100 gallons, foreign imports of the former product are to be taxed 2d. per gallon or its equivalent, and milk powder only ½d. per gallon. It seems to us that this disparity may be accounted for by the fact that the bulk of the milk powder imported into this country is manufactured from skimmed milk, and that therefore the above comparison does not apply. But assuming for the moment that the comparison is valid and that reasonable grounds exist for making this differentiation, we are forced to conclude that the protection enjoyed by milk as a raw material going to the manufacture of condensed milk is greater than when it is

converted to milk-powder. It seems to us incontestable that, in these circumstances, a higher price should be paid for the milk converted to condensed milk than for that made into milk-powder.

118. **The Commission's Recommendations.**—We have been impressed by the fact that milk marketing schemes in the United States of America have commonly adopted the method of selling milk for manufacture on a classification basis. The New York Dairymen's League, for example, adopts the following classification for the sale of milk :*—

1. Fluid milk.
2. Cream, ice-cream, plain, condensed, and homogenised mixtures.
3. Evaporated whole milk, sweetened whole condensed, milk chocolate, whole milk-powder, soft and foreign cheese.
4. Butter.
5. American cheese.

The amount payable by the buyer for his supplies depends on the way in which he has utilized the supplies so bought. The adoption of this method is a recognition of the fact that raw-material values are not necessarily equal, and that factors, both natural and artificial, may make it possible and equitable for one product to bear for its raw material a price higher than is possible in the case of another.

After very careful consideration of all the circumstances we recommend that the Central Producers' Board should, in its sales of milk for manufacture, adopt the principle of payment on a utilization basis. We have previously indicated that liquid-milk prices should be fixed by negotiation in the Joint Milk Council. Prices to be charged for milk consigned to manufacture should be periodically fixed in the same way. The price for milk as a raw material would depend upon the realization value of the milk when manufactured, taking into account the costs of manufacture and distribution. Such prices need not be determined for each individual product if it is found practical to fix them for groups of products. The actual classification under which manufacturing milk should be sold we leave to the Joint Milk Council. Butter-fat is the constituent of milk which is of primary importance to the manufacturer, and the prices negotiated for milk going to each class of products should be on a scale related to the butter-fat content of the milk.

We have every confidence that manufacturers will accept this basis and readily assist in putting it into operation. Their co-operation in the task of reorganization is essential. Our proposal simply involves acceptance of the principle that compensation from the liquid-milk market should not be payable in respect of such supplies of manufacturing milk as would be forthcoming without assistance if the manufacturer paid a price for his raw material consistent with a reasonable profit on his operations. It seems to us that manufacturers will be quite inconsistent if, while accepting

* *Co-operation in Marketing Dairy Products.* R. W. Bartlett. (p. 198.)

the assistance which our scheme provides for their supplies of raw material, they press for a flat-rate basis of valuation. If a flat price were fixed, it would of necessity have to be low, in order to enable the less remunerative forms of manufacture to be carried on ; and the adoption of this principle would, at one and the same time, involve a departure from the practice followed by manufacturers in buying at present, a loss to the producers' organization, and the enjoyment of unearned increments by certain sections of manufacturers.

CHAPTER XIV.—THE DISTRIBUTION OF POWERS.

We have now set out the broad outline of our scheme of reorganization together with the principles of the marketing method which we recommend. The new authorities which will be established, if the full scheme comes into being, are, it will be remembered, three in number :—

1. The Central Producers' Board, with regional organization.
2. The Central Dairymen's Board, with regional organization.
3. The Joint Milk Council, consisting of the two Boards with the addition of an appointed Chairman and two appointed members.

It is next our duty to discuss the distribution of power between these three bodies and to make recommendations with regard to it.

POWERS OF CENTRAL PRODUCERS' BOARD.

119. **Marketing Provisions.**—The main functions of administration will fall to the Central Producers' Board, assisted in some important particulars by its Regional Committees. It will be convenient to take the powers of this Board first.

The Central Producers' Board will require to be furnished by the scheme with certain essential powers set out in paragraphs (a) and (b) of Section 5 of the Agricultural Marketing Act. It must, in the first place, be empowered to buy and sell the regulated product (Section 5 (a)), and registered producers other than producer-retailers must be required to sell the regulated product only to the Board (Section 5 (b)), though, as we have previously indicated, the requirements of these provisions will, in the early stages of the scheme and possibly in the normal course, involve no more than the formal intervention of the Board in the contract between the producer and the ultimate purchaser. The necessary control over the operations of producer-retailers can be secured by a system of licensing which will exempt these producers from the obligation to sell only to the Board.

The Board will thus have complete control over the sales of all registered producers—except in so far as they may be exempted by or under the scheme—for the provisions of the scheme will have the force of law, and, under Section 6 (1) (c) of the Act, the scheme must provide for the imposition of penalties for contraventions of the requirements to sell only to the Board or, in the case of producer-retailers, to sell on the conditions determined by the Board. Moreover, under Section 6 (1) (a), the scheme must prohibit sales of milk by producers other than those registered or exempted from registration, and contravention of this provision is an offence for which the Act itself (Section 6 (3)) prescribes penalties to which producers will be liable on conviction.

The possibility that circumstances may arise in which milk will be available in quantities in excess of those for which buyers can be found must not be overlooked, and the Board should therefore be empowered to provide for the manufacture of any such excess milk into specified products (Section 5 (a))—subject, however, to the limitation which we recommend later (para. 126).

These, then, are the main powers, other than financial, which the Board will require, and they are included in our draft scheme.

All payments for milk other than that distributed by producer-retailers will accrue to the Central Producers' Board, and it will be for the Board to distribute the proceeds of such sales among registered producers in accordance with the provisions of the scheme. The price policy which we commend to the Board has been explained in some detail in Chapter XII.

There are, in addition, certain powers of a less important character among those detailed in Section 5 of the Act that we think should be given to the Central Producers' Board, and these have accordingly been incorporated in the scheme. They are :—

- (i) the power to buy and to sell or let for hire to registered producers anything required for the production, adaption for sale, or sale of the regulated product (para. (c)) ;
- (ii) the power to co-operate with other persons in certain matters—*e.g.*, in connexion with the manufacture of products or with trading in agricultural requisites (para. (d)) ;
- (iii) the power to authorize persons to enter and inspect the land and premises of registered producers (para. (g)) ;
- (iv) the power to require registered producers to furnish estimates, returns, accounts and other information (para. (h)) ; and
- (v) the power to encourage agricultural co-operation, research and education (para. (i)).

There is one further matter which we think should be covered by the scheme. The establishment of the machinery necessary to put into operation a complete pooling scheme of the type we have recommended will take a certain amount of time, and it may not be convenient to the Central Producers' Board to exercise its full marketing powers immediately on the expiration of the suspensory period of one month following the declaration of the result of the

poll. We accordingly propose that for a transitional period the Board shall be able to exercise certain regulatory powers over sales by registered producers under the provisions of Section 5 (e) of the Act.

120. Financial Provisions.—The marketing scheme which we have recommended is self-balancing and will provide the funds necessary for administration as soon as the first monthly payments come in from buyers. The preliminary expenditure necessary in the suspensory period and in setting up the administration should be met by a short term loan from the English Agricultural Marketing Fund in accordance with the provisions of Section 11 of the Agricultural Marketing Act. We do not think that the Board will need to have recourse to a loan from the Marketing Fund for any other immediate purpose except, perhaps, to provide premises and equipment at central and regional headquarters. It is essential that expenditure in this, as in other respects, should be kept as low as possible; but the efficiency of the accounting system will be of great importance to the farming community, and to ensure that the Board must from the outset have adequate accommodation.

The questions of reserves, of loans raised for the provision of plant, such as creameries, which may be necessary to the operation of the scheme, and of credit facilities to farmers, are subjects which must be left to those who will control the organization when it comes into being. In so far as it is necessary that the Board should be provided with powers regarding these matters, the powers have been included in our scheme. We desire, however, to make one or two recommendations of a broad nature concerning them.

We consider it desirable that the Board should adopt a cautious policy regarding borrowing in the initial stages of the scheme, and we therefore hope that it will not incur any loan commitments that it can reasonably avoid until the general organization of marketing has proved its efficiency. It would, in any case, be best that any undertakings which prove indispensable should be financed so far as possible within the industry. In other milk-marketing organizations, particularly in the United States, much advantage has been derived from the establishment of a Revolving Fund based on the investment of producers in their own organization. Under this system, the Board issues certificates of indebtedness, carrying a fixed rate of interest, in place of payments for a proportion of each producer's milk. In this way, producers acquire savings invested in their own industry. The certificates mature and are paid off at the end of a prescribed term of years, so that the Revolving Fund consists mainly of the investments of producers still actively engaged in the industry. The organization stands to gain greatly in strength and stability by building up reserves in this manner, and we hope that the Central Producers' Board will adopt this procedure in accumulating such reserves as may be considered necessary.

FIXING OF GRADES, PRICES AND LEVIES.

121. **Power to Fix Grades of Milk.**—We now come to certain powers which raise wider considerations. The first of these is the power to fix grades and designations of milk—a function at present entrusted by statute to the Minister of Health. It is not, in our opinion, desirable that there should be more than one authority entrusted with this power, or that the responsibility at present resting upon the Minister of Health should be divided. On the other hand, we regard the present grading as unsatisfactory and consider that it should be reformed by the Minister of Health after due consultation with the industry. As already pointed out in Chapter X, confusion is at present caused in the mind of the consumer, not only by designations put forward for commercial purposes, but by the nomenclature of the statutory grades which have been in existence since 1922; and we have made recommendations for a simplified system of statutory grades. We have also recommended that the Minister of Health should exercise his powers in regard to grading only after consultation with the Appointed Members of the Joint Milk Council. This recommendation we desire to emphasize. Milk producers and the milk trade have a vital interest in the fixing of grades, and are entitled both to consultation when changes are proposed and to the right of making representations to the appropriate authority should they find cause to do so.

122. **Power to Fix Contract Terms for the Sale of Milk.**—The power next needing consideration is that of fixing contract terms and prices for the sale of milk. This is, of course, of cardinal importance to the producer; no marketing scheme which failed to strengthen and secure his position in this respect would serve its primary purpose or deserve his confidence. We have insisted so strongly on this that we need not repeat the argument here. But the machinery by which prices are fixed is of equal concern to distributors, manufacturers and consumers; and the producer would, in our opinion, derive but small advantage from any scheme which failed to secure their co-operation and goodwill. We have, therefore, to consider the subject from all these points of view.

We will deal firstly with the position of the Central Dairymen's Board. The distributing and manufacturing sections of the industry are responsible for a very considerable investment of private capital; they have brought much enterprise, research and skill in management to the distribution and utilization of milk, and, in so far as their businesses are conducted with efficiency and enterprise, they are entitled to safeguards proportionate to the services they render and to the large interests they represent. Our recommendation that a Central Dairymen's Board should be established on a footing similar to that of the Central Producers' Board is a recognition of this. It would not, however, be enough, as we conceive it, to bring the producing, distributing and manufacturing sections of the

industry into a statutory joint council under impartial guidance and chairmanship. In order to make that Council an effective organ of co-operation, it is also necessary to establish on it a fair balance of power between the different interests. For this reason we consider that the Central Dairymen's Board should have a voice equal to that of the Central Producers' Board in all matters affecting price.

To complete the balance, we have also to take into account the interests of the general public. A marketing organization of this scope must command the consumer's confidence if it is to serve the industry and the nation well. We have no doubt that both the Central Boards will, in the nature of things, take the consumer's position into careful account; but we are sure that they will be greatly assisted in keeping his goodwill if it is known that the Appointed Members have the final voice in the negotiations by which prices are fixed.

The bearing of these considerations upon the allocation of powers at the headquarters of the milk industry will be self-evident. They have convinced us that the power of fixing prices should reside in the Joint Milk Council, where the Central Producers' Board and the Central Dairymen's Board will present their respective proposals for discussion, and where either can achieve a majority decision by winning the three Appointed Members over to its view of the case. The normal procedure which we contemplate will be for the Central Producers' Board, after consultation with its Regional Committees, to set out before the Joint Milk Council the contract terms which it desires to fix for the different regions. The Central Dairymen's Board, advised where necessary by its own Regional Committees, will also submit its proposals or such modifications of the producers' proposals as it considers just. An initiative will also lie with the Chairman and his two appointed colleagues, who will produce their own independent proposals if their study of the industry's interest and that of the public has led them to such. The duty of the Appointed Members will be to secure early and careful consideration of any and all such proposals well before the contracts for the coming year would need to be fixed. They will endeavour to reconcile differences and to secure agreed conclusions. Any decision by a majority of the Council which includes them will be put into effect; but it will not be possible for a majority of the Council to enforce proposals which the Appointed Members do not approve.

In considering questions of price, the Appointed Members of the Council will require and should be able to obtain information as to the costs and profits of producers, distributors and manufacturers. We recommend, therefore, that they should be empowered by statute to call for such information and accounts from any section of the industry as they may require, but that all such information should be furnished under a strict seal of confidence so far as the operations of any individual or firm or organization are concerned. Whatever statements of a general character are prepared from this information

for the guidance of the Council as a whole, it is essential that particulars relating to individual businesses should be kept strictly confidential to the Appointed Members and their staff. We refer again to this matter in para. 125.

123. Provision to Meet a Deadlock.—One of the defects of the existing system of price negotiation is that agreements and decisions are invariably delayed to the last possible minute, with the result that the farming community is kept in protracted and unnecessary doubt. We have, therefore, to consider what provision should be made to minimize such delay, which is detrimental to the producers' interests, and to secure the final settlement of contract terms if a deadlock came about, the Appointed Members being unable to approve the proposals of either Board or of a majority formed from the two, and also unable to secure a majority for their own views. In as much as the Joint Milk Council will represent both the parties directly engaged in the industry and also the public interest, we consider that the power of ultimate decision should be entrusted to the Chairman of the Council and his two appointed colleagues. We have no doubt whatever that they may be relied upon to serve all sections of the industry with equal understanding and judgment.

124. The Levy for the Guaranteed Quality Premium and the Expenses of the Joint Milk Council.—We have already made recommendations for the payment of a guaranteed premium for milk produced by Accredited Producers. The steady improvement in standards of milk production appears to us to be of importance to all sections of the industry. For this reason, we consider that all sections should contribute to the fund out of which the premium is to be paid, and that all sections should have a proportionate voice in determining the scale and character of the joint levy and its application.

We therefore recommend that the rate of the guaranteed premium to be paid to individual producers should be fixed by the Joint Milk Council and that the Joint Milk Council should also decide on the rate of the joint levy. This levy should be paid on all milk bought and sold and should be borne as to one moiety by producers and as to the other moiety by buyers. The levy on the latter could be collected most conveniently with the payments to the Central Producers' Board for milk purchased. Producer-retailers should contribute to this fund, both as producers and as distributors. The proceeds of the joint levy, after deduction of the agreed expenses of the Joint Milk Council, should be distributed by the Central Producers' Board to Accredited Producers. The Central Producers' Board should be required to submit statements to the Joint Milk Council showing the incidence and application of the levy, in order that such information may be available for consideration together with other data when the Joint Milk Council is engaged in the process of fixing contract prices for milk.

Estimates of the administrative expenditure to be incurred by the Joint Milk Council and of the sums to be devoted to education, research and other matters of common interest in accordance with the general policy of the Council, should be prepared annually by the Appointed Members for the approval of the Council.

125. **The Levy for Inter-Regional Compensation.**—We now have to deal with the raising and application of the fund to provide compensation to regions where the proportion of milk consigned to manufacture is high. The purpose of this levy is to make possible an equitable adjustment of pool prices as between regions with a high and low proportion of sales to the liquid market. The marketing system is devised to protect the producer who supplies this market from the under-cutting of prices by supplies from cheaply producing areas. It is therefore on all producers selling to the liquid market who benefit by this security that the burden of the levy should fall. We accordingly propose that this fund be raised from producers for the liquid market by the Central Producers' Board and administered by that Board. We consider, however, that before any decision as to the rate of the levy is made, the Central Producers' Board should consult the Joint Milk Council in order that it may have the benefit of the comments of the dairymen's section of the industry and of the three Appointed Members.

It is of prime importance that the Joint Milk Council should be in possession of all important facts concerning the different sections or branches of the industry, especially at the time when decisions have to be taken on the subject of the contract prices. Clearly, the Joint Milk Council, as a whole, should not be entitled to information as to the profits, etc., of individual producers, distributors or manufacturers; but this information will be available to the three Appointed Members, whose staff will examine it in order that reports dealing with the situation in general terms and quoting figures (in totals or as averages) may be prepared and submitted to the Joint Milk Council by the three Appointed Members. In brief, we think that, when price negotiations take place, the principle of "all cards on the table" should be strongly upheld. In further pursuance of this principle, we think that the Joint Milk Council should have before it full information of the structure and the results of the producers' pools for the various districts for the last completed financial period in respect of which the results are available. It should also have knowledge of any changes to be made in the structure of such pools for the subsequent financial period and of the nature of the changes proposed. We therefore make the following recommendations :—

(a) That the Central Producers' Board, before coming to a decision as to the rate of the levy for inter-regional compensation, should consult the Joint Milk Council.

(b) That before the meetings of the Joint Milk Council at which the fixing of the contract prices for the ensuing year take

place, the Central Producers' Board should submit for the information of the Joint Milk Council—(i) a statement showing the financial effect of the inter-regional compensation levy currently in force, as regards each region separately; (ii) a statement of any changes to be made in the basis of the levy, both as regards its scale and its distribution, for the new financial period; and an estimate of, or comments on, the anticipated effect of such changes. The basis decided upon by the Central Producers' Board for the new financial period, and so notified to the Joint Milk Council, should not be departed from during the same accounting period without prior notice to the Joint Milk Council.

By the procedure we suggest, the following advantages will be obtained:—

(a) There will be a free exchange of views in the Joint Milk Council on the subject of the proposed scale of the inter-regional compensation levy and the basis of its distribution before either is finally settled by the Producers' Board.

(b) To whatever extent it may be material in the determination of the contract prices by the Joint Milk Council, full information as to the levy and its distribution will be available.

POWER TO ENGAGE IN DISTRIBUTION, TRANSPORT AND MANUFACTURE.

126. Finally, we come to the very important question of what may broadly be termed "trading powers."

As already mentioned, the Agricultural Marketing Act contemplates that under a marketing scheme very wide trading powers can be given to a Producers' Board. Certain powers of this character are clearly necessary in view of the fact that the Central Producers' Board will be responsible for the disposal of milk in respect of which individual producers are unable to obtain contracts. In the exercise of such powers, however, the Board could conceivably embark on far-reaching and costly schemes of distribution and manufacture, to the detriment, it might be, of existing distributors and manufacturers who had built up their organizations by the exercise of much skill and the expenditure of considerable capital. It is true that, under the Agricultural Marketing Act, a safeguard is provided in the form of the Committee of Investigation to which any party who considers himself prejudiced by the operation of the scheme can appeal; and that, on the report of that Committee to the Minister, far-reaching consequences may follow. It may also be true that the Central Producers' Board would be unlikely to venture producers' money in competition with existing distributing and manufacturing interests unless there was the probability of an exceptionally high rate of profit being earned (a contingency which would be unlikely in view of the future fixing of prices by the Joint

Milk Council) or unless the facilities available for distribution or manufacture were clearly inadequate.

At the same time, considerable apprehension might not unreasonably be felt by existing distributing and manufacturing interests that, in spite of these safeguards, the powers thus placed by statute in the hands of the Central Producers' Board might be abused.

We therefore recommend :—

(a) That whatever powers of engaging in distribution, transport, manufacture or experimental research are conferred on the Central Producers' Board under the scheme should also be conferred on the Central Dairymen's Board. Each Board would therefore be at liberty to embark on these activities with funds raised by a levy from its own constituents.

(b) That the two Boards should submit to the Joint Milk Council, for general discussion and interchange of views, particulars of their policy and detailed proposals in regard to these matters.

(c) That no expenditure of a capital nature by either Board in excess of £20,000 in any single complete installation or unit of equipment, or in excess of £200,000 in any year, should be made without that Board first obtaining the approval of the Joint Milk Council.

CHAPTER XV.—DEVELOPMENT OF MANUFACTURE AND RECOMMENDATIONS REGARDING DUTIES ON IMPORTED MILK PRODUCTS.

127. **Prospects before the Manufacturer.**—We have indicated previously in this Report that the development of the manufacture of milk products on a more systematic basis should be one of the features of any scheme of reorganization. It has been our aim in formulating a price policy to make proposals which will not only secure stability within the liquid-milk market, but will, at the same time, lay the foundations for the extension of manufacture in this country.

We are confident that, other things being equal, a scheme of the nature we have propounded will create conditions much more propitious than those which have existed in the past for the satisfactory development of the manufacture of milk products. The system of regional pooling, combined with the proposals we have made for inter-regional compensation, will have the effect of assisting, at the expense of the liquid-milk market, producers whose supplies are principally diverted to manufacture. Manufacturers should thus be assured of an abundant supply of raw material. The operation of the scheme should also eliminate the production of

winter surplus in any large quantities and with it the necessity of manufacturing a product likely to pay neither the producer of the milk nor the manufacturer of the product. On the other hand, it should result in plentiful production in the summer months, when the cost of producing milk is low and when its quality is most suitable for manufacture. Moreover, our proposal that, in the normal way, the distributor should pay the contract price of the area in which he sells and not of that in which he buys, should tend to concentrate the production of milk for manufacture in the most suitable areas. The circumstances should thus be favourable for the development of manufacture as a primary industry and not merely as an adjunct to the liquid-milk trade.

128. The Need for Efficient Production and Marketing.—Both Dominion and foreign producers of milk have recently suffered from low prices for their raw material, but the original cause of the increasing disparity between the prices of milk and milk products in this country was the increase in efficiency in milk production in the produce exporting countries, particularly in New Zealand and Denmark. We desire to emphasize that the only permanent basis of a sound manufacturing industry is a highly efficient system of milk production. In this sphere, producers alone are responsible, and no marketing scheme or proposed duties will absolve milk producers from the necessity of pursuing efficiency and economy in the production of manufacturing milk.

Under our proposal for payment of manufacturing milk on a realization basis, there will be established the closest connexion between the value of manufacturing milk and the cost of manufacture and the selling price of the products. Every effort must therefore be made to attain the maximum efficiency both in the manufacture and marketing of the manufactured products. This consideration, though applying generally, is of particular importance in the case of those products for which there exists on the part of the consumer a preference for the home-produced article but which, nevertheless, have returned a low price for the raw material. While it is desirable that as much manufacturing milk as possible should be diverted to the production of those products in which its realization value is relatively high, there is no likelihood of these channels being able to absorb all available supplies of milk. The manufacture of cheese and butter must continue to be important channels for the disposal of manufacturing milk in this country, and it is in the manufacture and marketing of these products that we suggest there is scope for investigation and improvement.

We have received abundant evidence to the effect that the production of factory cheese in this country has suffered through the subsidiary position which it has occupied relatively to the liquid-milk market. It has been a common practice for milk to be held in reserve for dispatch to the liquid market and only diverted to cheese production after all hope of such sale had disappeared

and the quality of the milk had deteriorated. In so far as the scheme we propose will enable cheese manufacturers to obtain regular supplies of milk at economic rates, this state of affairs should be largely remedied. The quality of factory-made cheese should thus show an improvement, and this, in itself, should constitute one factor tending to raise the value of manufacturing milk so used. Given the production of high-quality cheese of a fairly uniform standard, the possibilities of improved marketing through the adoption of a scheme for grading and marking—it may well be under the National Mark—should be explored. The establishment of an organization for the collective sale of all graded and marked factory-produced cheese might also be considered.*

Creamery butter production has been less important than cheese manufacture as an outlet for milk sold off farms and surplus to liquid requirements. It is, however, an outlet with considerable scope for expansion. The possibilities that exist for centralized manufacture combined, it may be, with a system of small separating depots or of collecting lorries equipped with separating appliances, require to be fully investigated. Steps in this direction must be accompanied by systematic arrangements for the economic utilization of the by-product, whether it be manufactured into condensed skimmed milk or skimmed milk-powder or fed to stock. There also appears to be an urgent need for some measure of quality-control and standardization if home-produced creamery butter is ever to command a more prominent place in the home market.†

We are also of opinion that steps should be taken to regularize the trade in cream. At one time, it was a common practice to sell cream either as single cream or as double cream, implying a more or less understood quality of about 30 per cent. fat in the case of the former and 50 to 60 per cent. in the case of the latter. We understand that, with the introduction of the homogenizer into the cream industry, the terms "single" and "double" are not so frequently used, probably for the reason that, by homogenization, cream of single quality can be rendered indistinguishable in thickness from double cream. The result is that the cream industry lacks standards and the consumer must be frequently deluded. There is great scope for an increase in cream consumption, and it is in the interests of all sections of the industry that the consumer should have full confidence in the standard of the product offered. It has been suggested to us that all cream might well be sold under one or other of three grades:—Breakfast Cream, Single Cream and Double Cream, with a minimum fat-content of 12, 25 and 50 per cent., respectively. We consider that this matter should receive

* These subjects have been fully reviewed in the Report on the *Marketing of Dairy Produce, Part I—Cheese*, and *Part II—Butter and Cream*. Economic Series No. 22 and No. 30.

† *Ibid.*

the early attention of the Joint Milk Council with a view to the formulation of cream standards on these or similar lines.

Co-operative manufacture of butter or cheese by producers has not developed to any considerable extent in this country, though it is very common in the countries with the biggest export trade to the United Kingdom. The Linlithgow Committee, in its Interim Report on Milk and Milk Products, made a recommendation for the encouragement of co-operative creameries for butter-making*, and we agree that the possibilities might well be examined by the Central Producers' Board.

129. Ice-Cream Manufacture.—The increased consumption of ice-cream in this country has been a feature of recent years and deserves the closest attention of the Central Producers' Board. Ice-cream, as sold in this country, is a product in which milk constituents, particularly butter-fat, may bulk largely; but much of the ice-cream that is sold, while containing some milk, consists mainly of cornflour, fat other than milk fat, sugar and gelatine. It is a matter for investigation to discover how the demand for this product may be made more advantageous to the home dairy industry. In certain other countries, minimum standards have been prescribed for ice-cream; in the United States, for example, ice-cream is required by law to contain a minimum of 12 per cent. of butter-fat, and ice-cream manufacture in that country is estimated to absorb 4 per cent. of the total quantity of milk produced.† The mere prescription of a minimum butter-fat standard in this country would of itself be of little benefit to the home dairy industry, for the butter-fat requirement could be met by the use of imported butter. The subject, however, seems to us to be one on which an agreement advantageous to an organized home dairy industry might be reached, without undue difficulty, with the Ice Cream Manufacturers' Associations at an early date.

130. Import Duties.‡—Imports of dairy produce from foreign countries are subject to duties imposed under the Import Duties Act, 1932, and the Ottawa Agreements Act, 1932. Heavy duties are also levied at present on dairy and other produce from the Irish Free State, though the effect of these is to some extent neutralized by export subsidies. Imports from the other Dominions enter free, and, under the Ottawa Agreements Act, His Majesty's Government in the United Kingdom is precluded for three years from imposing duties on dairy produce-imported from Dominions other than the Irish Free State.

After the expiration of the three years, the Government will have the right either to impose duties on Dominion produce, while

* Cmd. 1854, para. 161.

† *Co-operation in Marketing Dairy Products*, R. W. Bartlett, p. 69.

‡ A statement showing the scale of duties at present in force is shown in Appendix F.

maintaining preferential margins, or, in consultation with the Dominion Governments, to bring such produce within any system for the quantitative regulation of supplies from all sources to the United Kingdom market.

131. Recommendations Regarding Duties.—Under a price policy of the type we have recommended, it is a matter of the first importance, if the producer's price is not to be unduly depressed or the consumer's price for liquid milk unduly inflated, that the returns from the sale of manufacturing milk should be the maximum consistent with the economic and healthy development of manufacture. It is for this reason that we have recommended that the price for manufacturing milk should be assessed on a realization basis. We recognize clearly, however, that the mere adoption of this principle can do little to save a collapse of the value of manufacturing milk in this country if world prices of milk products continue to fall. Evidence laid before us suggests that the concentration of milk products upon this market, particularly from the Dominions, is in the near future more likely to increase rather than diminish in intensity. In these circumstances, it appears to us incumbent upon the Government to take whatever steps may be regarded as reasonable and practical to tide over the present emergency. We consider that, in the case of certain primary and secondary milk products imported largely from foreign sources, a substantial increase in the present rate of duty is justifiable in the interests of the home industry; in the case of other products, the common interests of all suppliers of the United Kingdom market may necessitate concerted action to regulate the flow of supplies and so prevent the complete collapse of the market.

We give below our views and recommendations in regard to the main milk products separately.

132. Primary Products.—(a) Butter.—Imports of butter from foreign sources are now subject to a duty of 15s. per cwt. and imports from the Irish Free State to a duty of 40 per cent. *ad valorem*. There exists in this country at present little or no butter industry on the creamery system which could benefit from increased butter prices on the home market. The Dominion producer is in a much better position than the English manufacturer to expand production for the purpose of taking advantage of higher butter prices in the English market. A further complication arises from the tendency towards the substitution of margarine for butter when the price of the latter rises above a certain point—a tendency which, in view of the present low purchasing power of large sections of the community, must always be borne in mind. While Dominion supplies are admitted free, we do not see that the home industry has much to gain from a high rate of duty on foreign supplies, and we therefore make no recommendation regarding the duty on foreign butter. Present indications point to the fact that, in spite of the

depressed level of butter prices, Dominion producers are extending their production. Should this process continue, it may become necessary to explore the possibility of the regulation of both home and imported supplies in the interests of all concerned. The case for the regulation of the home butter trade and of butter imports would be strengthened should the pig industry develop within the next few years to an extent which calls for greatly increased supplies of skimmed milk.

(b) *Cheese*.—Of the cheese imported into this country, some 87 per cent. comes from Dominion sources and, under the Ottawa Agreements Act, enjoys the right of free entry to the market of the United Kingdom for the next three years. Supplies of cheese from foreign sources are at present subject to a duty of 15 per cent. *ad valorem*. These foreign supplies consist mainly of varieties not manufactured in this country, many being of the luxury type which would continue to be imported though the duty were doubled. Thus, though an increase in the duty on foreign cheese might benefit to some extent the National Exchequer, it would yield little advantage to the home cheese industry. We therefore make no recommendation for a higher duty on foreign cheese. At the same time, we cannot view without apprehension the possibility of low butter prices leading to a greater concentration on cheese production in the Dominions, and, should this happen, the collapse of cheese prices might be even more drastic than that which has taken place in Dominion butter prices. In our opinion, the situation requires to be closely watched in the near future, and the possibility may arise that emergency action by agreement with, and in the interests of, the exporting Dominions may have to be considered.

(c) *Cream*.—Because of its perishable nature, fresh cream occupies, though to a less extent than liquid milk, a sheltered position in the markets of this country. Hence, it is a commodity which yields a high return per gallon of milk used as raw material; in some cases that have come to our notice the realization value of milk converted into cream has, in fact, been higher than that of milk sold for liquid consumption. We are anxious that the production of cream should expand in this country, and we consider that the process may be assisted by the imposition of a higher rate of duty on the imported product. The cream imported into this country is of two types—fresh cream in bulk and sterilized cream in tins. The former is, for the most part, of 50 per cent. butter-fat content and is imported practically exclusively from the Irish Free State; supplies from this source are now subject to a 40 per cent. *ad valorem* duty. The latter is generally of 25 per cent. butter-fat content or less, and is imported mainly from foreign countries, though the packing of this type of cream is also being developed in the Irish Free State. Foreign supplies of tinned cream are subject only to the general 10 per cent. duty imposed under the Import Duties Act but, as in the case of fresh cream, Irish supplies are sub-

ject to a 40 per cent. *ad valorem* duty. The canning of 25 per cent. cream has recently been commenced in this country, and we have been informed that this industry would expand rapidly under an adequately protective tariff. We have been assured that the whole of the demand for both types of cream could easily be met by home supplies, and we consider that, in so far as protection is to be afforded to the home dairy industry, cream is the product which should claim first attention. In our opinion, a much higher duty than the present might be imposed on all supplies of fresh and sterilized cream, and it might even be considered whether the duty should not be prohibitive. Though imports were virtually excluded, we see no reason why the present home demand should not only be met, but met at prices no higher than those now prevailing. The imposition of an increased duty should not absolve the industry from taking the measures to stimulate consumption which we have recommended in paragraph 31.

(d) *Condensed Whole Milk and Whole Milk Powder.*—The manufacture of condensed whole milk is already well developed in this country. We have received evidence to the effect that facilities exist for greatly increasing the present output and that expansion is impeded only by the low price of competing imported supplies received mainly from foreign sources. Under the Ottawa Agreements Act, imports from foreign sources are now subject to a duty of 5s. per cwt. in the case of sweetened supplies (this is in addition to the sugar duty) and 6s. per cwt. in the case of unsweetened supplies. We understand that the country's total requirements of this product could easily be met by the home industry. As all the solid milk constituents are retained, the expansion of production is not complicated, as in the case of butter, cheese and cream, by the necessity of securing an economical means of disposal of the by-product. We therefore recommend that import duties in the case of condensed whole milk might with advantage be largely increased. Similar considerations apply in the case of whole milk powder. Should it be found that the advantage accruing from these higher duties assists Dominion producers disproportionately by comparison with home producers, the case should be reviewed on the expiry of the period during which Dominion supplies are admitted free.

133. *Secondary Products.*—Only in the case of the last of the above primary products—viz. condensed whole milk and whole milk powder—are all the solid milk constituents retained in the final product. In the case of cream and butter, a large proportion of the solid milk constituents (nearly all the casein, sugar, albumen and mineral salts) is left in the separated milk. In the case of cheese, the fat and the casein are retained, but the sugar, albumen and mineral salts remain in the whey. The pressure on the market of condensed skimmed milk, dried milk powder, raw casein and lactose

is so great that the prices obtainable little more than cover the costs of manufacture.

The home dairy industry will be to some extent handicapped in its development if the ports remain open to by-products at the present low rates of duty. It seems to us, however, that the hoped-for development of the pig industry in this country is likely to provide a more remunerative outlet for the by-products of the butter and cream industry than is likely through powdering or condensing. As a result of experiments carried out at the Harper Adams College Pig-feeding Experimental Station between July 17, 1928, and January 29, 1929, the value of separated milk fed to pigs was assessed at 5·09d. per gallon. It has also been computed that, at the values prevailing in 1931 for cereal meals (7s. per cwt.) and for baconers (10s. per score dead weight), separated milk in the ration was worth 2·82d. per gallon.* We understand that these figures, though they may appear high, have never been seriously contested. Without a very high rate of duty on imported skimmed-milk products, it seems to us doubtful whether such realization values could be secured from powdering or condensing.

(a) *Skimmed Milk Powder*.—There has been a remarkable growth in the imports of milk powder, not sweetened, during the past ten years, and the proportion received from foreign sources has increased. This product is manufactured from skimmed milk and, apart from New Zealand, Holland is the main source of supply. Imports from foreign sources are now subject to a duty of 6s. per cwt. imposed under the Ottawa Agreements Act. Milk-powder is used largely as a raw material in the making of cream substitutes in the confectionery and ice-cream trade, and any rise in its price might have the very desirable effect of diverting part of the demand from cream substitutes to fresh cream. We therefore recommend that the present duty on foreign supplies should be substantially increased.

(b) *Condensed Sweetened Skimmed Milk*.—The imports of this product have increased at an amazing rate in recent years and have provoked much comment and criticism among milk producers in this country. Supplies come almost entirely from foreign sources. No action was taken in respect of this commodity at the Ottawa Conference, and foreign imports are now subject to a duty of 10 per cent. *ad valorem*, or the existing sugar duty, whichever is the higher.†

Condensed skimmed milk is a by-product of the manufacture of butter and cream, and it would take a much larger output of these products than we regard as probable in this country in the imme-

* *Journal of the Royal Agricultural Society of England*, Vol. 92, 1931, pp. 30-31.

† At the prices ruling since the Import Duties Act came into operation, 10 per cent. *ad valorem* has not exceeded the sugar duty.

diate future to yield sufficient separated milk to replace the present volume of imports. At the same time, the present consumption of condensed skimmed milk cannot fail to exercise a prejudicial influence on the consumption of fresh milk. The present price is extremely low, and the duty required to stimulate production of the product in this country would require to be heavy.

In the present period of depression, we feel great difficulty in recommending such a duty as might be considered reasonable from the point of view of the expansion of home production. At the same time, we consider that, as economic conditions improve and as the manufacture of cream develops, consideration should be given to the desirability of measures for the encouragement of home-produced supplies.

(c) *Lactose*.—The main constituent of whey is the sugar of milk, or lactose, the extraction of which is a costly process owing to the dehydration of 94 per cent. of the liquid. Lactose has a few special uses, one of which is in the preparation of infant foods, but the potential output from the cheese-making industry of the world far exceeds any possible demand. Facilities for the extraction of lactose exist in association with the home cheese-making industry and they are sufficient to supply the country's entire requirements. The manufacture of cheese would be assisted indirectly if the utilization of the by-product were made profitable, and we accordingly recommend that imports of lactose should be severely discouraged.

134. *General*.—One of the difficulties that arises in connexion with duties on milk products is that of the possibility of substitution. Any scheme to be effective requires to be comprehensive and interlocking, otherwise a duty on the whole milk product may simply lead to the increased substitution of the skimmed milk product. We have had this consideration duly in mind, and, if we appear to have been more definite in our recommendations for whole milk products, we have at the same time recognized the possibility of duties on these products being partly neutralized if those on skimmed milk products are not of similar incidence. It is only the present depressed conditions of large sections of the community which have prompted us to confine our main recommendations to the primary products, and though we recognize that demand may be to some extent deflected to the secondary products, we consider, nevertheless, that the duties we recommend should confer an advantage on the industry.

In making the above recommendations for increases in the duties on imports of certain milk products, we wish to make it clear that, in our view, the continuance of such duties as may be imposed should be contingent, firstly, upon the adoption by the milk industry of the scheme of reorganization which we have drawn up, and, secondly, upon the negotiation of satisfactory arrangements between the producers' and manufacturers' organizations for the payment

for manufacturing milk on a realization basis as recommended in Chapter XIII. Further, we have been concerned to suggest increased duties only on products which appear to offer favourable opportunities for the expansion of manufacture in this country, and we recommend that, if such duties are imposed, they should in due course be reviewed and either reduced or removed if it is found that the expansion of the home manufacturing industry has not been such as might reasonably have been expected.

CHAPTER XVI.—CO-OPERATION WITH SCOTLAND AND NORTHERN IRELAND.

By our terms of reference, we are required to investigate the extent to which the operation of our scheme may be facilitated by co-operation between the Board administering it and any corresponding body in Scotland or Northern Ireland.

135. **The Position of Scottish Producers in the English Market.**—We understand that there is a regular and not inconsiderable flow of milk across the border from the west and south-west of Scotland to the north of England, where it forms part of the normal supply of the liquid market in the large industrial areas. This trade has become firmly established and has created interests which, in fairness, must be duly recognized by the bodies administering schemes for reorganizing the milk markets of England and Scotland. The influence of the Scottish producer, however, extends much further. A certain amount of Scottish milk reaches as far south as London, though this traffic is not very great save in times of emergency. In normal times, the cross-border trade outside the regular connexion between west and south-west Scotland and the industrial north is very largely confined to the accommodation market and the bulk supplies consigned under contract or otherwise to manufacturers.

136. **The Case of Northern Ireland.**—Northern Ireland is not, in the normal way, an exporter of liquid milk, but its position is such that, if circumstances were favourable, a substantial trade in milk between Northern Ireland and our north-western industrial area could no doubt be organized without great difficulty.

The position, therefore, is that, in their own liquid market, English milk producers are subject to actual or potential competition from producers in the two other units within the United Kingdom customs union. They have also to face potential competition from the Irish Free State and the Continent, but that is a different problem. Imports from these sources can, and if necessary should, be restricted by means of a protective duty.

137. **The Organization of Milk Marketing in Scotland.**—The Agricultural Marketing Act does not apply to Northern Ireland but it is applicable in Scotland, and we think there would have been

substantial advantages to be gained had it been possible to arrange for the preparation of one scheme for the whole of Great Britain. However, circumstances were against the adoption of that course because, at the time of the constitution of the Commission, there was already a movement afoot in Scotland to organize milk producers under the Act. The Scottish Agricultural Organisation Society, in consultation with a number of producers' organizations, was promoting a scheme for regulating the marketing of milk produced in the area south of the Grampians. This scheme was formally submitted to the Secretary of State in June last, and a public inquiry has been held into the objections to the scheme.

It is a natural assumption that the draft Scottish scheme, subject perhaps to amendments, will in due course receive approval and come into operation. In any other eventuality, we are of the opinion that there should be a milk marketing scheme covering Great Britain as a whole. A regulated English market cannot possibly be left open to exploitation by unorganized producers across the border. We think that the scheme we have recommended could, if the need arose, be adapted without difficulty to cover the wider area.

138. **Organization in Northern Ireland.**—The position in Northern Ireland is somewhat different. There is, at present, no machinery for the organization of producers of agricultural products on a statutory basis, but we understand that it is the intention of the Government of Northern Ireland to take the necessary steps to promote legislation for the establishment of commodity marketing boards that may be necessary to supplement the activities of similar organizations in Great Britain. We have, in fact, been privileged to see a preliminary draft of the Northern Irish scheme for milk, which we observe with some satisfaction follows very closely in its constitutional structure the proposals which we have put forward earlier in this Report. We may assume, then, that with the constitution of a milk marketing board in England, a similar body will be brought into being in Northern Ireland.

139. **The Need for Co-operation.**—A scheme under the Agricultural Marketing Act can regulate the marketing of a product only in so far as it is produced within the scheme area. A Board administering a milk scheme operative in England and Wales, therefore, can have no jurisdiction whatever over the marketing of milk imported from Scotland, Northern Ireland, or any other country. This fact has an important bearing on any scheme which sets out to control prices in England and Wales. The success of such a scheme would be seriously jeopardized if the market were open to exploitation by producers outside the area of regulation, and it is clear, therefore, that close and effective co-operation between milk marketing organizations in the component parts of the customs union must be secured. It will not be the intention of that co-operation to restrict in any way the volume of the normal trade from one country to another; its purpose will be to ensure

that, when milk crosses a border, its sale does not prejudice in any way the operation of the marketing scheme in force in the selling area.

The position that may arise under our scheme is best illustrated by reference to transactions that might take place between producers in the south-west of Scotland, acting independently or through the medium of a Scottish Board, and distributors in the Newcastle area. If the price at which the Scottish producers, individually or collectively, are at liberty to sell is materially lower than the contract price in the distributors' region, there will be a definite incentive to distributors to secure as much as possible of their milk from across the border. To them the difference between the regional contract price and the price to the Scottish producers represents an equivalent addition to their proper margin. To English producers, every additional gallon of milk bought from Scotland represents a loss of the difference between the regional contract price and the price realized for the milk when sold for manufacture. For the proper working of the English scheme, it is essential that there should be close understanding between the English and Scottish Marketing Boards, whereby, in the circumstances mentioned above, the terms of sale would prevent distributors from deriving an unfair advantage from the transactions, whether they are of a regular or of an accommodation character.

Precisely the same considerations would apply in the case of transactions between producers in Northern Ireland and distributors in this country; and although, in the ordinary way, there is no export of liquid milk from England to Scotland or Northern Ireland, the development of such a trade in an emergency and the sale of the milk on terms detrimental to the marketing scheme operating in the selling area, is a possibility which, though perhaps remote, must not be overlooked.

140. *Voluntary Agreement between Boards.*—In our opinion, the Milk Marketing Boards in England and Wales, Scotland and Northern Ireland will recognize that, in their own interests, they must establish machinery for regular consultation on matters of mutual concern, and must arrive at satisfactory agreements regarding supplies passing from the area of one scheme to that of another. The matter is one of such importance, however, that we think producers in England and Wales would be well advised, before submitting a marketing scheme to the Minister, to consult the appropriate authorities in Scotland and Northern Ireland, with a view to obtaining assurances that Boards established in those countries will be prepared to co-operate with the English Board and prevent the under-cutting of the English market.

Apart from questions regarding the terms of individual sales across the borders, and the broader subject of trends in the volume of the liquid-milk trade between one country and another, there will be matters of general policy on which the marketing boards

will find it desirable, if not essential, to consult each other, and which would justify the holding of periodical joint meetings. We assume that permanent liaison officers would be appointed as a matter of course. The details of the machinery for securing the necessary co-operation, however, can be left to the Boards to decide in due course.

CHAPTER XVII.—SUMMARY OF MAIN CONCLUSIONS AND RECOMMENDATIONS.

141. **General.**—The main objects of the reorganization of milk marketing are :— Main objects of reorganization

(a) the strengthening of the position of producers, by enabling them to negotiate as a solid body with one voice and with adequate information, and by ensuring that negotiated agreements are universally observed ;

(b) the prevention of under-cutting of the liquid market, and the provision of satisfactory arrangements for the sale of milk for manufacture ;

(c) the improvement of the quality of the milk supply ;

(d) the stimulation of the demand for milk for liquid consumption ;

(e) the recognition of the service rendered by producers who cater primarily for the liquid-milk market ;

(f) the development of the manufacture of milk products ; and

(g) the co-ordination of the efforts of all concerned—producers, distributors and manufacturers—to secure prosperity for the whole milk industry of the country, but with adequate safeguards for the interests of the consuming public (para. 58).

142. **Organization and Powers.**—The following bodies should be established :—

(a) a Central Producers' Board with regional organization (para. 60) ;

(b) a Central Dairymen's and Manufacturers' Board with regional organization (para. 70) ; and

(c) a Joint Milk Council (para. 71).

The Central Producers' Board will be constituted under the Agricultural Marketing Act but the establishment of the other two bodies will require fresh legislation (para. 147).

The organization of producers should be built on the basis of a National, or Central, Board with Regional Committees Organization of Producers. (para. 60).

(e) Central Board.

The Central Producers' Board should consist of—

- (i) twelve "regional" members elected by registered producers in the several regions (para. 63); and
- (ii) five "special" members elected by registered producers as a whole (para. 64).

(f) Regional Committees.

In each region there should be a regional committee, elected by the registered producers in the region, to which reference should be made in all matters of local concern (paras. 60 and 62). Regional members of the Central Board should be *ex officio* members of the committees of their respective regions (para. 63).

Organization of Dairymen and Manufacturers.

The statutory organization of dairymen and manufacturers is necessary in order to balance the similar organization of producers (para. 67).

(e) Central Board.

The Central Dairymen's and Manufacturers' Board should be equal in numerical strength to the Central Producers' Board. Subject to such amendment as may be necessary from time to time to maintain a fair balance of interests, eleven representatives should be allotted to wholesale and retail distributors' organizations, three to the Industrial Co-operative Movement and three to manufacturers of milk products, including any milk product marketing boards that may be established by manufacturers under the Agricultural Marketing Act (para. 70).

(f) Regional Committees.

The Central Dairymen's Board should be left to make their own arrangements for the establishment of regional committees, but, if this voluntary system proves inadequate, they should be given statutory power to set up such committees (para. 70).

Joint Organization, Joint Milk Council.

A Joint Milk Council is necessary in order to give a statutory basis to the relations of the Central Producers' and Dairymen's Boards and to provide for their co-operation in matters of common concern under impartial guidance and chairmanship (para. 71).

The Council should consist of the members of the two Central Boards, together with three additional Appointed Members, one of whom should be Chairman (para. 71). In order that they may be independent of interested pressure, the Chairman and his two colleagues should be appointed by a Board of Trustees consisting of—

- (i) the Speaker of the House of Commons;
- (ii) one member nominated by the Minister of Agriculture and Fisheries after consultation with the President of the National Farmers' Union; and
- (iii) one member nominated by the President of the Board of Trade after consultation with the President of the Federation of British Industries (para. 72).

The Central Producers' Board should have the following Powers of Central Producers' Board. in addition to those which must be included in every scheme under the Agricultural Marketing Act : —

- (a) to buy and sell milk (para. 119) ;
- (b) to exercise functions incidental to the ownership of milk—e.g., transport, manufacture, etc.—(para. 119) subject to the approval of the Joint Milk Council in cases where capital expenditure exceeding certain limits is involved (para. 126) ;
- (c) to trade in agricultural requisites, to co-operate with other persons in certain matters, to authorize persons to enter and inspect the land and premises of registered producers, to require registered producers to furnish returns, etc., to encourage agricultural co-operation, research and education (para. 119) ;
- (d) to fix the amount of the levy for inter-regional compensation after consultation with the Joint Milk Council, and to distribute the proceeds (para. 125) ; and
- (e) to regulate sales of milk by registered producers during the transitional period before the full trading and pooling scheme is put into operation (para. 119).

The ownership of all milk, other than that sold by producer-retailers, should vest in the Board, in order, firstly, to strengthen the position of the producers' organization *vis-à-vis* the other sections of the industry and, secondly, to enable the Board to exercise to the full its power of rationalizing the flow of milk supplies and of concentrating surplus supplies in areas where manufacture can be carried on most economically. The Board should be a party to all contracts and should collect all monies payable for milk delivered except in the case of producer-retailers ; otherwise, the normal relations between buyer and seller need not be interfered with (para. 66).

The Central Dairymen's Board should have equal Powers of Central Dairymen's Board. with the Central Producers' Board to engage in distribution, transport, manufacture and experimental research (para. 126).

The Joint Milk Council should have power—

- (a) to fix prices for the sale of milk both for liquid consumption and for manufacture (para. 122), the Appointed Members having the power of veto and also the power of final decision in the event of failure to secure agreement (para. 123) ;
- (b) to recommend normal premiums for graded milks (para. 99) and to fix the guaranteed quality premium (para. 124) ;

(c) to determine the rate of the joint levy to meet the cost of the guaranteed quality premium and the agreed expenses of the Council (para. 124); and

(d) to deal with matters of common concern to the industry, such as an educational campaign to encourage milk consumption, scientific research into methods of treating and handling milk, a comprehensive market intelligence service for milk and milk products, the submission of representations to the Import Duties Advisory Committee and similar bodies (para. 71) and to the Minister of Health (paras. 80 and 121).

Any proposal by the Central Producers' or Dairymen's Boards to embark on trading ventures involving capital expenditure of more than a specified sum should require the approval of the Council (para. 126).

Confidence in
the milk
supply.

143. **Grading and Quality.**—It is essential to the well-being of the milk industry that the public in general, and the medical profession in particular, should have assurance that the supply of ordinary milk is produced under reasonably clean conditions, and is as far as possible free from infection (para. 53). The encouragement of confidence in the quality of the milk supply is one of the best means of stimulating demand (para. 54).

To these ends, steps should be taken to secure—

(a) the effective and uniform administration of the Milk and Dairies Order (para. 81);

(b) the compulsory routine clinical inspection of all dairy cattle (para. 75); and

(c) the institution of a roll of Accredited Producers (para. 77).

Administration
of the Milk and
Dairies Order.

County and County Borough Councils should have power to take over the responsibility for the administration of the Milk and Dairies Order in those cases where uniform and more effective administration is likely in that way to be secured (para. 81).

Routine
clinical inspection
of dairy
cattle.

The routine clinical examination of all dairy cattle is of as much importance from the standpoint of establishing the confidence of the public as it is an indispensable part of any scheme of milk grading (para. 81), and the compulsory routine clinical examination of all dairy cows for evidence of tuberculosis should therefore be introduced with the least possible delay (para. 75).

Whole-time
veterinary
service.

For the efficient operation of the Milk and Dairies Order and the Tuberculosis Order, a whole-time veterinary service is essential. The provision of an adequate veterinary service should be encouraged by substantial assistance from State funds. The appointment of a whole-time Chief Veterinary Inspector by the Council of each County and County Borough is the irreducible minimum (para. 82).

For the purposes of the marketing scheme, the Central Producers' Board should keep a roll of Accredited Producers who comply with certain conditions regarding their herds, buildings, methods of production and handling of milk, and the bacterial content of their milk. The milk produced by Accredited Producers should carry a guaranteed quality premium (para. 77).

The nomenclature of the present official grades of milk is complicated and confusing (para. 41).

The official grades should be reduced to one, namely, "Special" grade, which would be milk produced under the same conditions as the present "Grade A (Tuberculin Tested)" milk. The maximum bacterial count should vary according as this grade is described as "bottled on the farm" or "not bottled on the farm." "Grade A" should be abolished after a period of, say, two years (para. 76).

A minimum standard of cleanliness and bacterial content should be prescribed, and a penalty should be imposed on producers whose milk is found to be below that standard (para. 77).

The grading of milk is a matter of concern to numerous interests, and the Minister of Health should exercise his powers on matters connected with grading only after consultation with the Appointed Members of the Joint Milk Council (para. 80).

Pasteurization is not, and never can be, a substitute for clean production, and the same care should therefore be exercised in the production of milk that is to be heat-treated as is required to be observed in the production of milk that is to be consumed in its raw condition (para. 53).

Producers will have considerable difficulty in resisting the growing movement for compulsory pasteurization unless adequate steps are taken to improve the quality of raw milk supplies generally (para. 74).

There should be strict official control also not only of the bacterial content of the milk after pasteurization, but also of the process itself. Thermostatic control is essential and the temperature charts should be available for inspection by the local authority (para. 78). Re-pasteurization should be prohibited (para. 53).

144. Price Policy.—Under the present organization of the industry, the farmer is not receiving a reasonable price when regard is had to the price which the consumer pays, and it should be possible to improve the farmer's position without raising the price to the consumer. To secure this end, it is essential that the system of price regulation to be established should give proper weight alike to the producer's and to the consumer's interest, and that the middleman section should obtain a fair, but not more than a fair, return on the important services which it renders to both (para. 85).

The weakness of the present position from the point of view of prices arises largely from the fact that milk sold for liquid consumption commands a higher price than that sold for manufacture. Price-cutting and confusion have resulted in the absence of any scheme in universal operation for securing as between producers an equitable distribution of the higher returns from the liquid-milk market (para. 85).

Price policy recommended.

The price policy recommended introduces the pooling principle. It is based on a series of regional pools, combined with a system of price compensation as between regions (para. 91).

Liquid-milk prices.

After negotiation, the Joint Milk Council will fix for each region the price at which all milk will be sold wholesale to distributors for the liquid consumption market. Distributors buying milk for liquid sales outside the producing region should pay the price of the region where the milk is produced or that of the region where the milk is sold, whichever is the higher (para. 92).

Manufacturing-milk prices.

The Joint Milk Council will also fix prices for milk consigned for manufacture into products. The prices should be based upon the realization value of the milk when manufactured, taking into account the costs of manufacture and distribution, and should have reference to the butter-fat content of the milk (para. 118).

Types of contract.

Milk should be sold on contracts of two types—one providing for level deliveries for the whole of which the full liquid-milk price will be charged, and the other providing for variable deliveries for which liquid milk and/or the appropriate manufacturing prices will be charged according to the utilization of the milk (para. 93).

Proceeds of all sales.

The proceeds of the sale of all milk, including any for which, in the absence of a buyer, the Producers' Board has to accept responsibility, but excluding that sold by producer-retailers, will be paid to and administered by the Central Producers' Board (para. 94).

Levy for inter-regional compensation.

All producers' sales of milk for liquid consumption will be subject to a levy for the purpose of providing a measure of compensation to producers in regions where the proportion of manufacturing milk is high (para. 95). The amount of this levy (described in the scheme as the general levy) and the method of utilization of the proceeds will be determined by the Central Producers' Board after consultation with the Joint Milk Council (para. 125). In order that the levy fund may be utilized to the maximum advantage, the levy contributions should be accumulated during the winter months and compensation should be allocated to the regions only in respect of the summer months when manufacture is most economical (para. 96).

Level delivery premium.

A producer who supplies milk on contract for level deliveries should be in a position to secure by negotiation with his buyer

a premium for this service above the normal contract price. Any such premium should be credited to the individual producer unless he disposes of his surplus through the Board, in which case an appropriate amount of the premium should be retained by the Board (para. 98).

The Joint Milk Council will fix a guaranteed quality premium for milk produced by Accredited Producers, and this will be payable out of the proceeds of a levy raised by the Council equally from producers, on the one hand, and distributors and manufacturers, on the other (paras. 97 and 124).

The Joint Milk Council will recommend the normal rates of premium for graded milks. The premiums actually payable by distributors will be negotiated and will be credited to the individual producers concerned. Producers of graded milks will also receive the guaranteed premium payable to Accredited Producers (para. 99).

Other points of service, which are mainly local in character or peculiar to certain buyers, will be left to negotiation between the parties (para. 98).

Producer-retailers cannot, as a matter either of policy or equity, be left outside the scope of the scheme if it is to establish a fair balance between the sellers of liquid milk and of manufacturing milk. The participation of producer-retailers is indispensable both to the scheme and to their own interests (para. 100).

A producer will be allowed to retail milk only if the Central Producers' Board grants him a licence, one of the conditions of which will be the payment by him of the contributions levied on him (para. 107).

Producer-retailers will pay a consolidated levy covering the levy for guaranteed quality premiums and the general levy for inter-regional compensation, and a further contribution (described in the scheme as the regional levy) equivalent to nine-tenths of that which, by the operation of the regional pools, is made by other producers selling for the liquid market for the purpose of price equalization within the regions. As producers, producer-retailers will thus be in a position very similar to that of all other producers for the liquid market (para. 100).

Producer-retailers who retain their surplus milk on the farm should be entitled to deduct from their contributions to the Board the average level delivery premium for the region, and those who are on the roll of Accredited Producers should also be allowed the guaranteed quality premium (para. 100).

The total realizations from the sale of milk will be placed in the various regional accounts and, after making the necessary adjustments to provide for the payment to individual producers of the premiums to which they are entitled, there will be calculated a regional pool price payable to all producers irrespective of how their milk had been used (para. 101).

Guaranteed quality premium from fund raised by joint levy

Graded milk premiums.

Special service premiums.

Producer-retailers to be included in scheme.

Licensing of producer-retailers

Levies payable by producer-retailers.

Allowances to producer-retailers.

Regional pool prices.

The position of farmers' co-operative societies.

Farmers' co-operative societies should purchase milk on the same terms as other buyers, but the claims of these societies might be considered if the Central Producers' Board wishes to appoint manufacturing agents or to acquire conversion facilities of its own (para. 111).

The farm manufacturer of butter and cheese.

In order to prevent the farm butter and cheese industries from falling into decay, the Central Producers' Board should consider the possibility of assuring the equivalent of the regional pool price to the farm manufacturer of butter and cheese of certain standards of quality prescribed by any organizations of manufacturers that may be established under the Agricultural Marketing Act (para. 112).

Co-operation with Scotland and Northern Ireland.

It will be essential that the Central Producers' Board should work in the closest collaboration with similar organizations operating in Scotland and in Northern Ireland. In fact, producers in England and Wales would be well advised before submitting a marketing scheme to the Minister to seek assurances that the Boards established in those countries will be prepared to co-operate with the English Board to prevent the under-cutting of the English market (paras. 139 and 140).

Protection of liquid milk market.

Imports of liquid milk from beyond the United Kingdom customs union should, if necessary, be restricted by means of a protective duty (para. 136).

Manufacturers' position under negotiated agreements

145. Manufacturing Policy, and Recommendations Regarding Imports of Milk Products.—Although the terms of the contracts negotiated by the Permanent Joint Milk Committee may have catered admirably for the requirements of the liquid-milk distributor, by assuring him that excess supplies need only be paid for on the basis of their estimated value for manufacturing purposes, they have made it practically impossible for a manufacturer, as such, to accept the agreements (para. 32). In consequence, manufacturers have been forced to secure their supplies on other terms, usually at a flat rate per gallon, though often the rate has not been low enough to render the manufacture of certain products profitable (para. 52).

Prospects of manufacturing industry under scheme.

Practical encouragement of the manufacture of milk products must be included among the main objects of reorganization (para. 56). The proposals put forward should assure to manufacturers abundant supplies of milk concentrated as regards both time and place in a manner suited to their needs. Circumstances should be favourable to the development of manufacture as a primary industry and not merely as an adjunct to the liquid-milk trade (para. 127). Efficiency in the production of manufacturing milk and in the manufacture and marketing of products must, however, be pursued if the manufacturing industry is to be placed on a permanent basis (para. 128).

There is scope for investigation and improvement in the manufacture and marketing of butter and cheese. The possibilities of the following might be explored :—

Scope for improvement in manufacture and marketing of butter and cheese.

- (i) improved marketing of cheese through the adoption of a scheme for grading and marking—it may well be under the National Mark ;
- (ii) centralized manufacture of butter combined, possibly, with a system of small separating depots or of collecting lorries equipped with separating appliances ; systematic arrangements for the economic utilization of the by-product would be necessary ;
- (iii) the co-operative manufacture of butter and cheese ; and
- (iv) a measure of quality control and standardization of home-produced creamery butter (para. 128).

In cream, rests one of the greatest possibilities of increasing milk consumption (para. 31). The expansion of cream consumption seems to depend, however, on the reduction of present retail cream prices and the development of a trade in cream of a low butter-fat content. This latter would probably be facilitated by the setting up of butter-fat standards (para. 35). The regularization of the trade in cream should receive the early attention of the Joint Milk Council with a view to the formulation of cream standards (para. 128).

Development and regulation of the trade in cream.

There is also scope for extending the consumption of milk and cream through the sale of ice-cream. In the absence of any legal requirements as to the constituents of this product, milk and cream tend to give place to cheaper substitutes (para. 31). The subject of standards for ice-cream is one on which an agreement might be reached with the Ice Cream Manufacturers' Associations (para. 129).

Standards for ice-cream.

It is suggested that the Government may have to take special steps to tide over the present emergency and prevent a collapse of the market for milk products (para. 131).

Recommendations regarding imports of milk products.

While Dominion imports enter free of duty, the home industry has little to gain from an increase in the present duty. It may become necessary, however, to explore the possibility of the regulation of both home and imported supplies in the interests of all concerned. The case for the regulation of the home butter trade and of butter imports would be strengthened should the pig industry develop within the next few years to an extent which calls for greatly increased supplies of skimmed milk (para. 132 (a)).

(a) Butter.

An increase in the duty on foreign cheese would yield little or no benefit to the home cheese industry. In view of the possibility of greater concentration on cheese production in the Dominions, however, the price situation requires to be

(b) Cheese

closely watched in the near future, and the possibility may arise that emergency action by agreement with, and in the interests of, the exporting Dominions may have to be considered (para. 132 (b)).

(c) Cream.

A much higher duty than the present might be imposed on all supplies of fresh and sterilized cream, and it might even be considered whether the duty should not be prohibitive (para. 132 (c)).

(d) Condensed whole milk and whole milk powder.

Import duties in the case of condensed whole milk and whole milk powder might with advantage be largely increased (para. 132 (d)).

(e) Skimmed milk-powder.

The present duty on foreign supplies of skimmed milk powder should be substantially increased (para. 133 (a)).

(f) Condensed sweetened skimmed milk.

The development of the pig industry will provide an outlet for skimmed milk that is likely to be more remunerative than powdering or condensing (para. 133). As economic conditions improve, however, and as the manufacture of cream develops, consideration should be given to the desirability of measures for the encouragement of home-produced supplies of condensed, sweetened skimmed milk (para. 133 (b)).

(g) Lactose.

Imports of lactose should be severely discouraged (para. 133 (c)).

Conditions that should govern continuance of increased duties.

The continuance of such increased duties as may be imposed should be contingent upon, firstly, the adoption by the industry of the scheme of reorganization drawn up by the Commission and, secondly, upon the negotiation of satisfactory arrangements between the producers' and the manufacturers' organizations for the payment for manufacturing milk on a realization basis. The duties should be reviewed in due course and either reduced or removed if it is found that the expansion of the home industry has not been such as might reasonably have been expected (para. 134).

Distributive margins.

146. *Miscellaneous.*—The general conclusion reached after examining the books and returns of a number of firms is that the larger milk distributive businesses have in the last few years made profits which can hardly be described as exorbitant but are, nevertheless, very satisfactory. A higher price could have been paid to the producer while still leaving a reasonable rate of profit to the distributive businesses (para. 46).

Costly distributive services.

The service rendered to consumers by a large proportion of distributors is unnecessarily costly because of the special demands made by the consumers (para. 47).

Effect of proposals on distribution.

The general effect on the distributive trade of the proposals made will be to secure improvements in organization and economies of effort, which will benefit not only the distributor but also the producer and the consumer (para. 49).

Stimulus to demand through price.

If the demand for milk is to be extended gradually but steadily in future years, the stimulus which would be given to

this movement through a lower retail price must constantly be borne in mind (para. 30).

The legal position regarding the sale of milk should be re-viewed as soon as possible with a view to the introduction of ^{Review of law as to sale of} legislation to put an end to existing anomalies (para. 83).

The Joint Milk Council should submit to the Minister ^{Report on operation of} for presentation to Parliament an annual report on the operation of the scheme, and, at the end of every three years, a special report reviewing the position generally and stating what further measures, if any, should be taken to increase the efficiency of the industry (para. 149).

CHAPTER XVIII.—CONCLUDING OBSERVATIONS.

We have now completed the exposition of the scheme of reorganization that we recommend. Our proposals fall broadly into two main groups—namely, (i) those concerned with the structural machinery of the marketing organization, and (ii) those concerned with the operative arrangements to be adopted.

147. **Structure.** The framework of the organization that we have recommended is not new in principle or foreign to the existing practice of the milk industry. We have endeavoured to keep as closely as possible to the provisional organization which the industry has already evolved for itself under the pressure of circumstances and in the light of experience. Our proposals merely give statutory form to the existing Permanent Joint Milk Committee and equip it with one additional cementing element, the lack of which has been manifestly prejudicial to its efficiency—namely, the independent Chairman and his two colleagues.

The establishment of the Central Dairymen's and Manufacturers' Board and of the Joint Milk Council will require fresh legislation. No amendment of the Agricultural Marketing Act is necessitated by the recommendations of the Commission; but the milk marketing scheme will be subject to certain over-riding powers placed in the hands of the Joint Milk Council by the separate legislation.

148. **Pooling Arrangements.** The pooling arrangements which constitute the main feature of the operative section of our scheme involve a departure from the practice which has prevailed in this country in the past, though they have been common in many milk marketing schemes overseas. We believe our pooling scheme to be sound in principle and fair to all the interests concerned. Adjustment will no doubt be necessary in many particulars when practical experience has been gained in working; and the Joint Milk Council is so constituted under our proposals that the experience of all sections will be readily available at the Council table. Adjustments may thus be made without undue difficulty as the need for them is established.

149. **Report on Operation of Scheme of Reorganization.** The allocation of statutory powers to the Joint Milk Council and between its three main constituents has been one of the most difficult portions of our task, and we have been guided in it by two leading considerations—fairness to all sections of the industry itself and due regard for the interests of the consumer. Our proposals will have far-reaching effects and are calculated, we hope, to remove or minimize many of the difficulties and disadvantages incidental to the marketing of milk from which the milk industry suffers at present. At the same time, our enquiry into the conditions of the industry generally, though necessarily limited in scope, has led us to the conclusion that the statutory powers under our scheme, wide as they are, may yet be quite inadequate to bring to the industry that degree of co-operation and co-ordination which is necessary if it is to be free from criticism in this respect. We have therefore given very careful consideration to the question of whether we should not recommend the exercise of still wider powers, either by a majority of the Joint Milk Council or, in certain respects, by the Appointed Members.

We have reached the conclusion that it is not desirable that such powers should be conferred upon the Joint Milk Council as part of our scheme of reorganization. No body of men exists to-day which has had the opportunity of living in permanent contact with all sections of the industry and of studying their respective aspirations and needs. Under our proposals, however such a body will be brought into being. This body will have the fullest possible opportunity over the next few years of studying the many problems of the industry from all angles; it will be aware, in due course, of the extent to which the measures which we have recommended have brought about co-operation; it will have knowledge, also, of the steps which individuals engaged in the industry have taken on their own initiative for the purpose of reducing costs, whether of production, distribution or manufacture, improving services, eliminating wasteful competition and giving greater efficiency to the machinery of transport, distribution and utilization. With this knowledge it will be able to form a considered opinion—which we suggest no one is capable of forming at the present time—of what further legislative action, if any, is necessary in the interests of the industry or in the interests of the consumers of milk and milk products. It is conceivable that it may come to the conclusion that wider powers, to be exercised either by a majority vote of interested parties or by certain independent individuals, are desirable; and, if it should come to such a conclusion, it will also be well fitted to determine whether the structure which we have recommended for the exercise of the limited powers conferred under our scheme will or will not be suitable for the exercise of wider powers of regulation.

We therefore suggest that the Joint Milk Council should be required to submit to the Minister for presentation to Parliament

an annual report on the operation of the scheme and, in addition, a special report at the end of every three years from the inception of the scheme reviewing the position generally and stating in particular what further measures, if any, should in its opinion be taken by legislation or otherwise to increase the efficiency of the industry. If the various sections comprising the Joint Milk Council are unable to agree on the terms of these special reports, then each section should submit its own report, and the Appointed Members should submit a report of their own.

150. Factors Governing Success of the Scheme.—Finally, we feel bound to point out that no scheme, however far-reaching, can in present conditions guarantee prosperity to the industry. That prosperity must depend very largely upon the prosperity of the country generally and on the success of other branches of the farming industry in particular. Any steps that may be taken to re-establish stock-raising, for example, will also be of advantage to milk production. The ability or otherwise of countries overseas to place milk products on our market at prices with which home producers and manufacturers cannot compete is another consideration of vital importance, and it has led us to make recommendations in Chapter XV. of this Report with a view to maintaining at a reasonable level the value of milk utilized in the manufacture of products in this country. We would, however, strongly urge that the situation should be kept constantly under review, and that the Government should, if necessary, take emergency steps to prevent any collapse in the prices of milk and milk products.

But though prosperity cannot be guaranteed, we feel sure that our proposals are calculated to bring a greater degree of stability to the milk industry. They will also enable a closer study to be made of the needs and aspirations of the different sections of the industry and will facilitate co-ordination. Further, they should encourage a greater demand on the part of the public for milk and milk products.

If the industry accepts our proposals and makes a whole-hearted effort to render them effective, it will have taken a big step forward; and, when conditions generally become more normal, it should be able to secure for all its branches a greater measure of prosperity than in any recent period. Under these proposals, its future will be largely in its own hands, and we trust that it will come to deal with all its problems more and more as a single and united industry. Co-ordination in this spirit seems to us essential to its expansion, and we believe that it is far more likely to be secured by the industry's own exertions than by any hard-and-fast system of control imposed from without.

151. Acknowledgments.—In conclusion, we desire to record our indebtedness to the Markets Division of the Ministry of Agriculture and Fisheries for placing at our disposal the results of much valuable

investigation into the problem of milk marketing overseas. The information thus furnished has been of considerable assistance and interest to us.

We also wish to acknowledge the assistance we have received from producers, distributors, manufacturers and others in submitting evidence, both documentary and verbal. We found it necessary when dealing with the problem of distribution to make inquiries into the margins which had operated during the last few years, and a number of firms accorded to us every facility for the examination of their books. Their ready co-operation is greatly appreciated.

We have, finally, to express our appreciation of the assistance rendered us by the staff which the Minister of Agriculture has placed at our disposal. Mr. J. B. Baber was the Secretary to the Commission, and Mr. A. R. Manktelow the Assistant Secretary. Mr. Baber's time was mainly taken up by the Reorganisation Commission for Pigs and Pig Products, to which he was also the Secretary, but he rendered most valuable service to us as well. The bulk of the secretarial work for the Milk Commission fell to Mr. Manktelow, and was most capably and conscientiously discharged. We have also received invaluable help from Mr. W. H. Myles, one of the Ministry's Marketing Investigators, whose knowledge and ability, together with those of Mr. Manktelow, have greatly impressed us, and from Mr. K. H. Bond and Mr. W. J. B. Hopkinson, who were also seconded from the Ministry. These officers have spared themselves in no way during the nine months for which the Commission has been sitting. It is largely owing to their unremitting industry that we have been able to present in comparatively simple form the very large amount of statistical and other information concerning the milk industry which forms part of our Report. We desire, therefore, sincerely to thank the Ministry of Agriculture for having put these officers at our disposal and to assure them personally of our gratitude for the zeal and thoroughness which they have brought to a very exacting task.

We also wish to acknowledge the ready assistance that has been given to us by Mr. H. Crow, of the Scottish Office, and Mr. G. Scott Robertson, of the Ministry of Agriculture for Northern Ireland, who were appointed as liaison officers between their respective Departments and the Commission.

We have the honour to be,

Sir,

Your obedient Servants,
 EDWARD GRIGG, *Chairman*.
 A. W. ASHBY.
 F. N. BLUNDELL.
 A. E. CUTFORTH.
 P. A. M. NASH.

J. B. BABER, *Secretary*.

A. R. MANKTELOW, *Assistant Secretary*.

27th January, 1933.

APPENDIX A.

DRAFT SCHEME
 UNDER THE AGRICULTURAL MARKETING ACT, 1931.
 REGULATING THE MARKETING OF MILK.

PART I.—PRELIMINARY.

1. This Scheme may be cited as the Milk Marketing Scheme [1933], and applies to England.
2. The Interpretation Act, 1889, applies for the interpretation of this Scheme as it applies for the interpretation of an Act of Parliament.
3. For the purposes of this Scheme there shall be eleven regions called respectively the northern region, the north-western region, the eastern region, the east-midland region, the west-midland region, the North Wales region, the South Wales region, the southern region, the mid-western region, the far-western region, and the south-eastern region, and each of those regions shall consist of the area which, immediately before the day of [1933], is comprised in the counties and county boroughs specified in relation thereto in the First Schedule to this Scheme.

PART II.—THE BOARD AND THE REGIONAL COMMITTEES.

The Board.

4. The board to administer this Scheme shall be called the Central Milk Producers' Board, and is hereafter in this Scheme referred to as "the Board."
5. The Board shall be a body corporate, with a common seal and power to hold land without licence in mortmain.
6. Until the [1934] the Board shall consist of the following persons, that is to say:—

Two persons nominated by the Minister in accordance with the proviso to subsection (1) of section two of the Act.

7. After the [1934] the Board shall consist of twelve regional members elected for the several regions by the registered producers respectively producing milk therein, and five special members elected by the registered producers in general meeting.
8. There shall be two regional members for the north-western region and one regional member for each of the other regions.
9. An election of a regional member or regional members shall be held for each region in [1934]. Four regional members shall be elected in [1935] and in every subsequent calendar year. The regions for which regional members are to be elected in [1935, 1936 and 1937] respectively shall be determined by lot, so however that the two members for the north-western region shall be elected in the same calendar year. After the end of [1937] an election of a regional member or regional members shall be held for each region in the third calendar year after that in which the last such election was held for that region.

All elections of regional members under this paragraph shall be held in the month of _____ on such day as the Board may fix.

10. A regional member for any region shall, subject to the following provisions of this Part of this Scheme, hold office until the end of the day on which the next election of a regional member or regional members for that region held under the last foregoing paragraph is completed.

11. An election of special members shall be held in [1934] in the month of _____ and in [1937] and every subsequent calendar year on such day in the month of _____ as the Board may fix; but after the end of [1936] two special members only shall be elected in the first and second of every three calendar years, and one special member only shall be elected in the third of every three calendar years. Of the special members elected in [1934] two (to be selected by lot) shall, subject to the provisions of the next two following paragraphs, hold office until the end of the day on which the election of special members in [1937] is completed, and two (to be so selected) shall, subject as aforesaid, hold office until the end of the day on which the election of special members in [1938] is completed, and the remaining one shall, subject as aforesaid, hold office until the end of the day on which the election of a special member in [1939] is completed; but save as aforesaid, every special member shall, subject to the provisions of the next two following paragraphs, hold office until the end of the day on which the election of special members or a special member is completed in the third calendar year after that in which he was elected.

12. A member of the Board shall cease to hold office—

(1) if he delivers to the Board a written resignation of his office, and the resignation is accepted by the Board or, if not so accepted, is not withdrawn within seven days; or

(2) if he is detained for more than seven days in any place under any enactment in force in the United Kingdom relating to persons of unsound mind; or

(3) if he is adjudged bankrupt or enters into a composition or scheme of arrangement with his creditors.

13. Where a regional member for any region dies or ceases to hold office under the last foregoing paragraph, then—

(1) if the vacancy in the office occurs within six months before the beginning of the month in which the next election of a regional member for that region would be held under the foregoing provisions of this Part of this Scheme, the Board may co-opt in place of the first-mentioned member any person who, in their opinion, is qualified to represent the producers producing milk in that region; or

(2) in any other case, an election of a regional member for that region shall be held as soon as may be.

If a special member dies or ceases to hold office under the last foregoing paragraph, the Board may co-opt a person in his place.

Every person co-opted to the Board under this paragraph shall hold office for so long as his predecessor would have held office.

Elections of regional members under this paragraph shall not be taken into account for the purposes of paragraph nine of this Scheme.

14. A member of the Board who ceases to hold office shall be eligible for election or re-election.

15. The quorum of the Board shall be [seven] or such other number, not being less than [five], as the Board may fix, and the Board shall have power at all times to act notwithstanding any vacancy in their number.

16. The Board may appoint committees from among the members of the Board, and subject to the provisions of this Scheme with respect to the

application of the common seal of the Board, may delegate to any committee appointed by them any of the powers of the Board, except a power to impose penalties or a power in connexion with the borrowing of money.

The quorum of every committee of the Board shall be such number as the Board may fix for the committee, and every such committee shall report its proceedings to the Board and shall comply with their directions.

17. Any member of the Board may, and the secretary of the Board, on the request of any member thereof, shall, convene a meeting of the Board.

18. Questions arising at any meeting of the Board or of a committee thereof shall be decided by a majority of the votes of the members present, and if at any such meeting the votes are equally divided on any question, the chairman of the meeting shall, for the purpose of deciding that question, have a second or casting vote.

19. All acts done at any meeting of the Board or of any committee thereof shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment, election or qualification of a person purporting to be a member of the Board or of the committee, be as valid as if that defect had not existed.

20. Minutes shall be kept of the proceedings of the Board and of every committee thereof, and any such minutes shall, if signed by a person purporting to have acted as chairman of the meeting to which the minutes relate or of a meeting at which they were read, be evidence of the proceedings at the first-mentioned meeting, and the meeting to which any such minutes relate shall be presumed, until the contrary is proved, to have been regularly convened and constituted.

21. The common seal of the Board shall not be applied to any document except at a meeting of the Board, and the application of the seal shall be attested by the member acting as chairman of the meeting and at least one other member of the Board, and by the secretary of the Board.

22. Any contract or instrument which, if entered into or executed by a person not being a body corporate, would not be required to be under seal, may be entered into or executed on behalf of the Board by any person authorized by them in that behalf, either generally or specially.

23. The Board—

(1) may employ a secretary and such other officers, agents and servants as they think fit;

(2) shall have an office at which communications and notices will at all times be received, and shall notify the Minister of the address of that office and of any change in that address;

(3) may enter into such agreements, acquire such property and do such things as may, in their opinion, be necessary or desirable for the purpose of exercising or performing any of their powers or duties under this Scheme.

24. The Board may pay to any member of the Board any such travelling and out-of-pocket expenses as have, in the opinion of the Board, been reasonably incurred by him in connexion with the business of the Board, and shall also pay to the members of the Board such remuneration (if any) as may be determined annually by the registered producers in general meeting.

25. No contract to which the Board is a party shall be avoided by reason only that a member of the Board is also a party thereto or is interested therein, and a member of the Board who is a party to, or interested in, such a contract shall not, by reason only that he is a member of the Board, be liable to account to the Board for any profit realized by him by reason of the contract; but a member of the Board must forthwith disclose to the Board any interest which he has or acquires in any contract concluded or proposed to be con-

cluded by the Board, and shall not vote upon any question relating to the contract, and if he does vote, his vote shall not be counted :

Provided that a member of the Board shall not be precluded from voting on a question relating to the general policy of the Board with respect to any matter by reason only that the determination of that question will or may affect contracts which have been, or may thereafter be, entered into by him with the Board.

The Regional Committees.

26. There shall be for each region a committee (in this Scheme referred to as "a regional committee"), whose duty it shall be to report, or to make representations, to the Board from time to time on the operation of this Scheme in relation to the producers producing milk in that region, and when consulted by the Board with respect to any proposal of the Board, to advise them as to the desirability of the proposal in so far as it concerns those producers.

27. A regional member of the Board for any region shall, so long as he holds office as such, be a member of the regional committee for that region, but, save as aforesaid, the members of the regional committee for each region shall be elected by the registered producers producing milk therein.

The number of elected members of each such committee shall be such number, being a multiple of three, as the Board may fix for the committee.

28. An election of members of the regional committee for each region shall be held on such day, not being later than _____ after the day on which this Scheme comes into force, as the Board may fix, and in [1934] and every subsequent calendar year on such day in the month of _____ as the Board may fix. Of the members of each committee who are elected at the first election thereof held under this paragraph, one-third shall, subject to the provisions of the next two following paragraphs, hold office until the end of the day on which the election of members of the committee held in [1934] is completed, one-third shall, subject as aforesaid, hold office until the end of the day on which the election of members of the committee held in [1935] is completed, and one-third shall, subject as aforesaid, hold office until the end of the day on which the election of members of the committee held in [1936] is completed, but save as aforesaid every elected member of such a committee shall, subject to the provisions of the next two following paragraphs, hold office until the end of the day on which the election of members of the committee is completed in the third calendar year after that in which he was elected. The members of each committee who are to cease to hold office in [1934] and [1935] respectively shall be selected by lot.

29. An elected member of a regional committee shall cease to hold office—

(1) if he delivers to the committee a written resignation of his office, and the resignation is accepted by the committee or, if not so accepted, is not withdrawn within seven days ; or

(2) if he is detained for more than seven days in any place under any enactment in force in the United Kingdom relating to persons of unsound mind ; or

(3) if he is adjudged bankrupt or enters into a composition or scheme of arrangement with his creditors.

30. If an elected member of a regional committee dies or ceases to hold office under the last foregoing paragraph, the committee may co-opt a person in his place, and the person co-opted shall hold office for so long as his predecessor would have held office.

31. A member of a regional committee who ceases to hold office shall be eligible for election or re-election.

32. The quorum of each regional committee shall be such number as the Board may fix for the committee, and every such committee shall have power at all times to act notwithstanding any vacancy in their number.

33. The appropriate number of members of a regional committee may, and the secretary of the committee may, and on the request of that number of members of the committee shall, convene a meeting thereof.

The Board may, as respects any such committee, appoint one of the officers or agents of the Board to be secretary of the committee.

In this paragraph "the appropriate number" means, in relation to any committee, any number of members of the committee not being less than the number fixed in relation thereto by the Board.

34. Questions arising at any meeting of a regional committee shall be decided by a majority of the votes of the members present, and if at any such meeting the votes are equally divided on any question, the chairman of the meeting shall, for the purpose of deciding that question, have a second or casting vote.

35. The Board may pay to any member of a regional committee such remuneration (if any) as they think proper, and any such travelling and out-of-pocket expenses as have, in the opinion of the Board, been reasonably incurred by him in connexion with the business of the committee.

PART III.—REGISTER OF PRODUCERS.

36. The Board shall keep a register of producers (in this Part of this Scheme referred to as "the register"), and every producer shall, on application to the Board, be entitled to be registered therein.

37. The register shall be open for inspection at the office of the Board during office hours, and any person shall be entitled to be supplied with a copy of the register or any part thereof, on payment of a fee not exceeding [one halfpenny] for each entry copied, or to take extracts therefrom for his own use free of charge.

38. Every producer who for the time being has in his possession in England not more than four milch cows, or is not carrying on the business of selling milk otherwise than to his servants for consumption in their households, shall be exempt from registration and from the operation of this Scheme.

39. The Board, on being satisfied that a person who is registered has ceased to be a producer or is exempt from registration, shall remove his name from the register:

Provided that the name of a person shall not, by reason only that he is exempt from registration, be removed from the register without his consent.

PART IV.—POLLS.

40. On the coming into force of this Scheme, a poll of the registered producers shall be taken on the question whether this Scheme is to remain in force. The said poll (in the Scheme referred to as "the initial poll"), and any poll held in connexion with a proposal for the amendment or revocation of this Scheme, shall be taken in accordance with the following provisions of this Part of this Scheme.

41. The producers who are entitled to vote on the poll shall be the producers who are registered on the qualifying date, that is to say :—

(1) in the case of the initial poll, the day on which the time for registration specified in the notice to be published by the Board in accordance with sub-section (1) of section four of the Act expires ;

(2) in the case of any other poll, such day as may be determined by the Board.

42. The poll shall be conducted by post, and the Board shall, not later than the seventh day after the qualifying date, send a voting paper to every producer entitled to vote. In the event of the loss of a voting paper so sent, the Board may supply a duplicate voting paper.

43. The voting paper shall be in the form set out in the Third Schedule to this Scheme, and only voting papers which are properly completed and which reach the office of the Board on or before the fourteenth day after the qualifying date shall be taken into account ; and any person who knowingly makes any false statement in a voting paper shall be liable on summary conviction to imprisonment for a period not exceeding three months, or to a fine not exceeding one hundred pounds, or to both such imprisonment and fine.

44. For the purposes of any poll, the quantity of milk which a producer is capable of producing shall be taken to be proportionate to the number of milch cows in his possession in England at noon on the qualifying date.

45. The Board shall cause the votes given on any poll to be counted, and the result of the poll shall be declared at a meeting of the Board by the member acting as chairman at that meeting, and shall be published in the *Times* newspaper and such other newspapers as the Board think fit, or, at the option of the Board, by sending a notice of the result—

(1) in the case of the initial poll, to every person who is known to the Board to be a producer ; or

(2) in the case of any other poll, to every registered producer.

PART V.—FINANCIAL PROVISIONS.

46. There shall be established a fund (in this Scheme referred to as "the fund"), which shall be administered and controlled by the Board. All moneys received by the Board shall be paid into the fund, and any moneys required by the Board for the operation of this Scheme shall be paid out of the fund. Any moneys for the time being standing to the credit of the fund may be left on current or deposit account in any bank or invested in any securities in which a trustee might lawfully invest trust moneys under section one of the Trustee Act, 1925, as extended by any subsequent enactment.

47. The Board may borrow money in such manner, on such terms, and on such security, as may be arranged by them with the person from whom the money is borrowed.

48. The Board shall keep proper accounts, and in particular shall annually make out a balance-sheet and either a profit and loss account or, if the Board does not trade for profit, an income and expenditure account, and shall cause them to be audited by a Chartered or Incorporated Accountant nominated by the registered producers in general meeting, and, as soon as may be after the auditor has reported thereon, and in any case within three months from the close of the period covered by the profit and loss account or income and expenditure account, shall send to the Minister and to every registered producer a copy of the account and of the report of the auditor thereon, and also a report by the Board as to the working of this Scheme in the period covered by the account.

The Board shall, on the demand of any person and on payment by him of such fee, not exceeding one shilling, as may be fixed by the Board, furnish to him a copy of any of their balance-sheets.

**PART VI.—PROVISIONS AS TO MARKETING AND PRINCIPAL
POWERS OF THE BOARD.**

49. The provisions of this Part of this Scheme shall come into force at the expiration of the suspensory period, that is to say, at the expiration of a period of one month commencing on the date on which the result of the initial poll is declared to be favourable to the continuance in force of this Scheme.

50. There shall be exempt from the operation of this Part of this Scheme—

- (1) all sales of milk by a producer to any of his servants for consumption in that servant's household; and
- (2) producers and sales of such classes or descriptions (if any) as may be determined by the Board.

51. Subject to the provisions of the Act with respect to existing contracts and to the provisions of this Part of this Scheme—

- (1) a producer who is neither registered nor exempt from registration shall not sell any milk either in England or elsewhere; and
- (2) a registered producer shall not, either in England or elsewhere, sell any milk otherwise than to the Board:

Provided that—

(a) all sales of milk effected by a registered producer during the transitional period shall be exempt from the operation of sub-paragraph (2) of this paragraph, but the Board may, subject to the provisions of any enactment relating to milk, regulate such sales by determining for such period as may be fixed by the Board on the occasion of each determination—

- (i) the grade of milk which may be sold;
- (ii) the price at, below or above which, the terms on which, and the persons to, or through the agency of, whom, milk or any grade thereof may be sold; and

(b) the sale of any milk by retail shall be exempt from the operation of sub-paragraph (2) of this paragraph if the seller is the holder of a licence granted by the Board authorizing him to sell milk by retail, being a licence which is in force at the time of the sale, and for the purposes of this proviso the Board may, if they think fit, grant to any registered producer a licence to sell milk by retail (in this part of this Scheme referred to as "a retail licence"), which shall be valid for such period, and shall be granted on such conditions, as may be prescribed.

If any producer sells any milk in contravention of this paragraph or of any determination of the Board thereunder, then subject to the provisions of this Part of this Scheme, the Board shall by resolution impose on him, and shall recover from him, such monetary penalty (not exceeding the sum of one hundred pounds plus half the price for which the milk in question was sold) as the Board think just.

52. Subject to the provisions of any enactment relating to milk, the Board may—

- (1) buy milk;
- (2) produce from milk any of the commodities specified in the Second Schedule to this Scheme;
- (3) sell, grade, pack, store, adapt for sale, insure, advertise and transport milk or commodities produced therefrom by the Board;

(4) buy, and sell or let for hire to any registered producer, anything required for the production, adaption for sale, or sale of milk ;

(5) co-operate with any other person in doing any of the things which the Board are empowered to do by virtue of the foregoing provisions of this paragraph ;

(6) do such things as appear to the Board to be calculated to encourage agricultural co-operation among producers of milk, or research and education in connexion with the production and marketing of milk.

53. Subject to the following provisions of this Part of this Scheme, the Board shall, not later than [two weeks] before the end of the transitional period, and thereafter from time to time as occasion may require, prescribe the terms in which they will enter into contracts for the sale of milk by registered producers to the Board, and may prescribe different terms in relation to different circumstances, and whenever a registered producer requests the Board to enter into a contract with him in the terms for the time being prescribed under this paragraph in relation to the circumstances of the case, it shall, subject as hereinafter provided, be the duty of the Board to enter into the contract with him in those terms :

Provided that the Board shall not be bound to enter into a contract with any producer who they have reason to believe is incapable of fulfilling his contract.

54. The prescribed terms of a contract for the sale of milk by a registered producer to the Board whereby the producer undertakes to deliver milk at the rate of a specified quantity at a specified time, may provide that the producer shall be entitled to receive from the Board, as part of the price payable for each gallon of milk delivered in accordance with the contract, a specific sum (in this Part of this Scheme referred to as "a level delivery premium"), and in that event may also provide that if, at any time in the period during which the producer is required by the contract to make deliveries of milk, milk produced on any farm on which any milk delivered under the contract was produced is delivered under any other contract for the sale of milk by that producer to the Board, being a contract whereby no provision is made for payment of a level delivery premium, no right to receive a level delivery premium shall accrue to the producer in respect of any milk delivered under the first-mentioned contract.

When entering into any such contract as aforesaid which provides for the payment of a level delivery premium, the Board shall specify in the contract the amount of the premium, and the amount thereof shall be such amount as the Board think proper, having regard to the price at which they can resell the milk to be sold to them under the contract.

55. The prescribed terms of a contract for the sale of milk by a registered producer to the Board may provide that if, at the time when any milk sold under the contract is delivered in accordance therewith, the producer is an accredited producer, he shall be entitled to receive, as part of the price payable to him in respect of each gallon of that milk, a sum (in this Part of this Scheme referred to as "a general service premium") of the amount prescribed at the time when the milk was sold as aforesaid.

The power of the Board to prescribe a general service premium shall be subject to the provisions of any enactment relating to milk.

56. Without prejudice to the provisions of the last two foregoing paragraphs, any contract for the sale of milk by a registered producer to the Board may provide that the producer shall be entitled to receive from the Board, as part of the price payable for each gallon of milk delivered in accordance with the contract, a sum of such amount as the Board may specify in the contract, having regard to the price at which they can resell the milk to be sold to them under the contract.

smaller amount than is required for the purposes of this Scheme, the Board may, as the case may require, either remit the levy or reduce or (subject to the limitation imposed by this paragraph) increase the levy to such amount as they think proper. Where any such levy for any period is remitted, it shall be deemed never to have been prescribed, and where it is so reduced or increased, the reduced or increased amount shall be deemed always to have been the amount of that levy for that period, and all necessary payments by way of adjustment shall be made accordingly.

For the purposes of this paragraph, no account shall be taken of any sale which, by virtue of paragraph fifty of this Scheme, is exempt from the operation of this Part of this Scheme.

59. If the prescribed terms of a contract for the sale of milk by a registered producer to the Board provide for the payment of level delivery premiums, the Board shall, subject as hereinafter provided, be liable to pay to every registered producer being the holder of a retail licence, in respect of each gallon of milk produced in any region which is delivered upon the sale thereof by him in any year under and in accordance with the licence, the sum which, at the time when the milk is sold by him as aforesaid, is declared by the Board to represent the average of the level delivery premiums allowed for that year in respect of milk produced in that region :

Provided that where any such registered producer as aforesaid obliges the Board to enter into any contract for the sale of milk by him to them, for delivery in any period, being a contract whereby no provision is made for payment of a level delivery premium, he shall not be entitled to receive any payment under the foregoing provisions of this paragraph in respect of any milk delivered in that period upon the sale thereof by him, being milk produced on any farm on which milk delivered under the contract was produced.

Every registered producer being the holder of a retail licence shall, if he is an accredited producer at the time when any milk is delivered upon the sale thereof by him under and in accordance with the licence, be entitled to receive from the Board, in respect of each gallon of that milk, a sum equal to the general service premium (if any) prescribed at the time when the milk was sold by him as aforesaid.

Every sum payable under this paragraph by the Board to any person shall be a debt due from them to him.

60. The Board—

(1) may lend to any registered producer sums not exceeding in all two-thirds of the total amount which the Board estimate that he will receive from the sale of milk produced, or in course of production, by him ;

(2) may guarantee payment of any sums secured by an agricultural charge created by a registered producer under Part II of the Agricultural Credits Act, 1928.

61. Any moneys standing to the credit of the fund which, in the opinion of the Board, are not required for the operation of this Scheme after meeting the Board's administrative and other expenses, shall be distributed among the registered producers in proportion to the total amounts respectively contributed by them to the fund under the foregoing provisions of this Part of this Scheme.

62. Any registered producer who satisfies the Board or establishes by arbitration in accordance with Part IX of this Scheme that the Board have in any respect given an undue preference to any other registered producer, shall be entitled to receive from the Board such sums by way of compensation as may be necessary to make good any damage suffered by him by reason of the undue preference.

63. The Board may, whenever they consider it necessary for the operation of this Scheme so to do, serve on any registered producer a demand in writing

requiring him to furnish to them such estimates, returns and other information relating to milk as may be specified in the demand, and if without reasonable excuse he fails to comply with the demand, or if he knowingly makes any false statement in reply thereto, then, subject to the provisions of this Part of this Scheme, the Board shall by resolution impose upon him, and shall recover from him, such monetary penalty not exceeding twenty pounds as they think just.

64. Any person authorized in writing by the Board may, for the purpose of securing compliance with this Scheme, enter and inspect, at any reasonable time and on production of his authority, any part of the land or premises occupied by a registered producer (being a producer specified in the authority) which the person so authorized has reason to believe is used for producing, grading, marking, packing or storing milk, or adapting it for sale.

65. The following provisions shall have effect with respect to the imposition of penalties by the Board on registered producers under the foregoing provisions of this Part of this Scheme and with respect to the recovery of such penalties :—

(1) no penalty shall be so imposed in respect of any act or omission which constitutes an offence under any Act other than the Agricultural Marketing Act, 1931 ;

(2) every penalty so imposed, may, subject as hereinafter provided, be recovered as a debt due to the Board ;

(3) immediately on the passing of any resolution by the Board imposing a penalty, notice of the resolution shall be sent to the registered producer in question, and he may, within fourteen days from the day on which the notice was so sent to him, give notice to the Board referring the matter to arbitration under the provisions of Part IX of this Scheme ; and if the matter is so referred, no proceedings shall be taken by the Board otherwise than under or for the purposes of the arbitration or otherwise than for the purpose of enforcing the award of the arbitrator, and the arbitrator may award payment of such penalty, if any, (not exceeding the maximum penalty which could have been imposed by the Board), as he thinks just.

66. For the purposes of this Part of this Scheme, a registered producer shall be deemed to be an accredited producer if, and only if, his name is entered in a list of producers, which shall be kept by the Board for the purpose of this paragraph. Every registered producer who satisfies the Board that he is complying with such conditions as may, subject to the provisions of any enactment relating to milk, be prescribed for securing the purity and good quality of milk sold by producers, shall be entitled to have his name entered in the said list ; but the Board may remove from the list the name of any person with respect to whom they are satisfied that he is no longer complying with the said conditions.

67. The provisions of this Part of this Scheme under which any price or sum is expressed to be payable or determinable by reference to a gallon of milk, shall, if the Board so prescribe, have effect as if for references therein to a gallon there were substituted references to such number of gallons as may be prescribed.

68. In this Part of this Scheme, the following expressions have the meanings hereby respectively assigned to them, that is to say :—

"Accounting period" means such period, falling wholly within a year, as may be prescribed ;

"Assessable milk" means, in relation to any registered producer, milk in respect of which the price payable to him, or (in the case of milk sold by him to the Board and re-sold by them) the price payable to the Board, is not less than the sum prescribed for the purpose of this definition at the time of the sale ;

"Prescribed" means prescribed by the Board;

"Transitional period" means a period beginning on the day on which this Part of this Scheme comes into force, and ending on such day as may be prescribed;

"Year" means a period of twelve consecutive months beginning on the first day after the end of the transitional period or on the anniversary of that day.

Where, for the purpose of any provision of this Part of this Scheme, it is material to determine the time at which the sale of any milk was effected, the sale shall be taken to have been effected when the property in the milk was transferred from the seller to the buyer under the contract of sale.

PART VII.—MEETINGS OF REGISTERED PRODUCERS.

69. Whenever an election of a regional member or regional members of the Board or an election of members of a regional committee is to be held, the Board shall arrange for the holding of a regional meeting of registered producers at such time, and at such place within the region, as the Board may appoint, and whenever an election of special members of the Board is to be held or anything is to be done by the registered producers in general meeting, the Board shall arrange for the holding of a general meeting of registered producers at such time and place as the Board may appoint.

70. The chairman of every meeting of registered producers shall be appointed by the Board:

Provided that if the person appointed by the Board to be chairman is not present within fifteen minutes after the time appointed for the meeting, the meeting shall choose a chairman.

71. At least ten days before the day fixed for the holding of a meeting of registered producers the Board shall send to every registered producer who is entitled to vote at the meeting a written notice stating—

(1) the time and place appointed for the holding of the meeting;

(2) the business to be transacted;

(3) the name of the chairman;

(4) in the case of a general meeting at which an election is to take place, the time by which nominations of candidates must be received at the office of the Board;

(5) in the case of a regional meeting at which an election is to take place, the name and address of the person to whom nominations of candidates are to be sent and the time by which such nominations must be received at that address.

72. At a meeting of registered producers no business shall be transacted other than the business of which notice has been given as aforesaid by the Board.

73. At a general meeting every registered producer shall be entitled to vote, and at a regional meeting those registered producers shall be entitled to vote who are producing milk in the region.

74. At any meeting of registered producers, the producers entitled to vote thereat may vote either personally or by proxy. The instrument appointing a proxy shall be in writing in such form as the Board may require, under the hand of the registered producer or his attorney, or, if the registered producer is a limited company, either under their seal or under the hand of a person duly authorized by them in that behalf. The said instrument and the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) shall be deposited at the office of the

Board not later than the end of the third day before the day fixed for the meeting, and in default the instrument shall be treated as invalid.

The proxy of a limited company need not be a registered producer.

75. Every question put before a meeting of registered producers (not being a question as to who is to be elected a member of the Board or of a regional committee) shall be decided on a show of hands unless, either before or immediately after the show of hands, a formal vote is demanded by or on behalf of at least [three] registered producers entitled to vote, in which case a formal vote shall forthwith be taken.

76. The following provisions shall have effect with respect to elections of members of the Board and members of regional committees :—

(1) no person shall be qualified to be elected a regional member of the Board, or a member of a regional committee, for any region unless he has been nominated in writing as a candidate by at least [twenty-five] registered producers producing milk in that region, and the nomination has, not later than the end of the third day before the day fixed for the holding of the election, been received at the address designated in that behalf by the Board ;

(2) no person shall be qualified to be elected a special member of the Board in any calendar year—

(a) if he has been an unsuccessful candidate at any election of members of a regional committee or of a regional member or regional members of the Board held in that year ; nor

(b) unless either—

(i) he has been nominated as a candidate by a resolution of the Board ; or

(ii) he has been nominated in writing by at least [fifty] registered producers, and the nomination has, not later than the third day before the day fixed for the holding of the election, been received at the office of the Board ;

(3) where the number of the candidates duly nominated does not exceed the number of persons to be elected, those candidates shall be declared elected, but in any other case a formal vote shall forthwith be taken, and the candidates who receive the most votes shall be declared elected.

77. On the taking of a formal vote as aforesaid a registered producer shall, except in the case of an election of members of the Board or members of a regional committee, have the standard number of votes, and in the case of any such election shall have the standard number of votes multiplied by the number of persons to be elected at the meeting, but shall not give more than the standard number of votes in favour of any one candidate.

In this paragraph the expression "standard number of votes" means, in relation to any producer, one vote plus one vote for every [ten] milch cows in his possession in England or in the region, as the case may be, at noon on the day on which the election is held, and where the total number of such cows is not an exact multiple of [ten], the producer shall have the same number of votes as if the said total number were the next highest multiple of [ten].

78. Without prejudice to the provisions of this Part of this Scheme relating to proxies, a registered producer being a company may exercise any of their rights at a meeting of registered producers by any one of their directors, and a registered producer who is a partnership may exercise any of their rights at such a meeting by any of their partners.

79. At any meeting of registered producers the declaration of the chairman as to the result of any vote or show of hands shall be final ; and in the event

of an equality of votes the chairman shall, in addition to his other votes (if any), have a casting vote.

80. Without prejudice to any other provisions of this Scheme, the Board may convene a general or regional meeting of registered producers to discuss any question which, in the opinion of the Board, should be discussed at such a meeting.

PART VIII.—AMENDMENT AND REVOCATION OF SCHEME AND WINDING UP OF THE BOARD.

81. Before submitting a substitutional Scheme or an amendment of this Scheme to the Minister, the Board shall publish the proposed Scheme or amendment by serving notice thereof on every registered producer.

82. A poll on the question whether or not a substitutional Scheme or an amendment of this Scheme shall be submitted to the Minister may, within one month from the publication thereof, be demanded in writing by any two hundred registered producers, and a poll on the question whether or not this Scheme is to be revoked may be demanded at any time in the said manner by any five hundred registered producers; but no poll on the question whether or not this Scheme is to be revoked shall, without the consent of the Board, be taken within one year of the declaration of the result of a previous poll on that question.

83. Part X of the Companies Act, 1929 (which relates to the winding up of unregistered companies) shall apply in relation to the Board subject to the modifications set out in paragraphs 4 to 8 of the Second Schedule to the Act.

84. Contributions under paragraph 7 of the Second Schedule to the Act shall be assessed, in relation to each contributor, proportionately to the maximum number of milch cows which were in his possession in England at any one time during the relevant period, and shall not in any case exceed one pound per cow.

PART IX.—MISCELLANEOUS.

85. Any producer who is aggrieved by an act or omission of the Board may refer the matter to the arbitration of a single arbitrator to be agreed upon between the producer and the Board or, in default of agreement, to be nominated by the Minister on the application of either party, and the arbitrator may make such order in the matter as he thinks just.

The Arbitration Act, 1889, shall apply in relation to every arbitration consequent on a reference under this paragraph.

86. Any requirement of this Scheme that a document shall be sent to, or served on, a person by the Board shall be deemed to have been complied with if, within the period (if any) limited for the sending or service of the document, the document is dispatched to him by post, properly addressed and with the postage pre-paid.

87. In this Scheme, unless the context otherwise requires, the following expressions have meanings hereby respectively assigned to them, that is to say :—

“The Act” means the Agricultural Marketing Act, 1931:

“Calendar year” means a period of twelve consecutive months beginning on the first day of January:

"Milk cow" means a cow kept for milking purposes, but does not include a heifer which has never calved:

"Milk" means cows' milk produced in England:

"Producer" means a producer of milk:

"Region" means a region constituted for the purposes of this Scheme:

"Registered" means registered under this Scheme, and "registration" shall be construed accordingly:

"Secretary" includes any person for the time being authorized by the Board to act as secretary.

FIRST SCHEDULE.

EXTENT OF REGIONS.

Name of Region.	Extent of Region.
1. Northern Region.	The administrative counties of Cumberland, Durham, the East Riding of Yorkshire, the North Riding of Yorkshire, Northumberland and Westmorland, and the county boroughs of Carlisle, Darlington, Gateshead, Kingston-upon-Hull, Middlesbrough, Newcastle-upon-Tyne, South Shields, Sunderland, Tynemouth, West Hartlepool and York.
2. North-Western Region.	The administrative counties of Chester, Derby, Lancaster, Stafford and the West Riding of Yorkshire, and the county boroughs of Barnsley, Barrow-in-Furness, Birkenhead, Blackburn, Blackpool, Bolton, Bootle, Bradford, Burnley, Burton-on-Trent, Bury, Chester, Derby, Dewsbury, Doncaster, Halifax, Huddersfield, Leeds, Liverpool, Manchester, Oldham, Preston, Rochdale, Rotherham, St. Helens, Salford, Sheffield, Smethwick, Southport, Stockport, Stoke-on-Trent, Wakefield, Wallasey, Walsall, Warrington, West Bromwich, Wigan and Wolverhampton.
3. Eastern Region.	The administrative counties of Cambridge, East Suffolk, the Isle of Ely, Norfolk, the Parts of Holland, the Parts of Kesteven, the Parts of Lindsey and West Suffolk, and the county boroughs of Great Yarmouth, Grimsby, Ipswich, Lincoln and Norwich.

Name of Region.	Extent of Region.
4. East-Midland Region.	The administrative counties of Bedford, Huntingdon, Leicester, Northampton, Nottingham, Rutland, the Soke of Peterborough and Warwick, and the county boroughs of Birmingham, Coventry, Leicester, Northampton and Nottingham.
5. West-Midland Region.	The administrative counties of Gloucester, Hereford, Monmouth, Salop and Worcester, and the county boroughs of Bristol, Dudley, Gloucester, Newport and Worcester.
6. North Wales Region.	The administrative counties of Anglesey, Caernarvon, Denbigh, Flint, Merioneth and Montgomery.
7. South Wales Region.	The administrative counties of Brecknock, Cardigan, Carmarthen, Glamorgan, Pembroke and Radnor, and the county boroughs of Cardiff, Merthyr Tydfil and Swansea.
8. Southern Region.	The administrative counties of Berkshire, Buckingham, the Isle of Wight, Oxford and Southampton, and the county boroughs of Bournemouth, Oxford, Portsmouth, Reading and Southampton.
9. Mid-Western Region.	The administrative counties of Dorset, Somerset and Wiltshire, and the county borough of Bath.
10. Far-Western Region.	The administrative counties of Cornwall and Devon, and the county boroughs of Exeter and Plymouth.
11. South-Eastern Region.	The administrative counties of East Sussex, Essex, Hartford, Kent, London, Middlesex, Surrey and West Sussex, and the county boroughs of Brighton, Canterbury, Croydon, Eastbourne, East Ham, Hastings, Southend-on-Sea and West Ham.

SECOND SCHEDULE.

COMMODITIES WHICH THE BOARD MAY PRODUCE FROM MILK.

Cream; butter; buttermilk; cultured milk; evaporated and semi-evaporated buttermilk or cultured milk; milk-sugar (lactose); cheese whey preparations; milk-powder; condensed whole or separated milk; casein; and ice-cream.

THIRD SCHEDULE.

FORM OF VOTING PAPER.

THE CENTRAL MILK PRODUCERS' BOARD.

- (1) The Board must fill in the name and address of registered producer. To (1)

 A poll is being held under the Milk Marketing Scheme [1933], on the following question, viz.—
- (2) The Board must fill in the question on which the poll is being taken. (2)

 Do you wish this question to be answered "Yes" or to be answered "No" ? (Answer *Yes* or *No*).....
 How many cows being kept for milking purposes were in your possession in England and Wales at noon on (3)..... excluding heifers which had never calved before noon on that date ?
cows.
- (3) The Board must fill in the qualifying date. Signature of registered producer

 Address

- N.B.—Your votes will not count unless this paper, properly filled in and signed, reaches the offices of the Central Milk Producers' Board (4)..... on or before (5)..... If you wilfully mis-state the number of cows which you are asked to state above, you will render yourself liable to imprisonment or a heavy fine or both.
- (4) The Board must fill in the address of their office.
- (5) The Board must fill in the fourteenth day after the qualifying date.

For the *Central Milk Producers' Board*,

 Secretary.

APPENDIX B.

COLLECTIVE BARGAINING IN ENGLAND AND WALES.

1. Milk Marketing before 1922.

(a) **Pre-War Conditions.**—The most important development in the marketing of milk in England and Wales in post-War years has been the establishment and operation of the system of collective bargaining between producers and distributors. Since October, 1922, the sale of milk, particularly in the larger cities, has been considerably influenced by the conditions and prices negotiated annually by a council of producers and distributors, commonly known as the Permanent Joint Milk Committee. In order to understand how this organization developed it is desirable to review the relationships between the different interests involved for some years previous to its inception.

In the years before the War there was very little concerted action in the purchase and sale of milk. Producers and distributors made their agreements individually and generally on a purely verbal basis. Contracts were made for a year, or more commonly for 6 months—usually October to March and April to September. Producers working on 6-monthly contracts frequently found it difficult to obtain a buyer for the summer months and were often obliged to sell their milk during this period at a very low price, and so depressed the market for others.

It was customary for milk to be retailed at the same price all the year round, but the wholesale price was higher in winter than in summer. Under these conditions, the higher profits made by distributors in the summer compensated for the smaller margin obtained in the winter months. Thus, in pre-War days, the distributor undertook the function of equalizing the retail price of milk throughout the year as well as being nominally responsible for a portion of the surplus.

At this period, there was much less disparity between the value of milk for liquid and manufacturing purposes than exists at the present time.* It was usual for milk to be bought at a flat price, irrespective of whether it was to be consumed liquid or manufactured.

During this period, a number of farmers' co-operative dairy societies were started, mainly by producers who were dissatisfied with the returns received under the existing methods of sale and who hoped to obtain, through collective action, a larger proportion of the retail price. Many of these societies were inadequately financed and were not conducted on real co-operative lines. Very few met with any substantial measure of success.

The prevailing conditions of sale and prices were such as stimulated the production of cheap summer milk, and, in the two seasons immediately preceding the War, there was a definite shortage of winter supplies.

(b) **War-time Conditions and Control.**—Soon after the commencement of hostilities, a marked shortage of milk became noticeable. On the one hand, demand increased as a result of the requirements of military hospitals; on the other, as the general price-level rose, the increased costs of labour and feeding-stuffs raised the cost of milk production. The increased price which distributors found it necessary to pay for winter milk made it increasingly difficult for them to continue the customary practice of retailing at a uniform price throughout the year.

In order to promote economy in distribution, a number of the most important London wholesale firms, previously acting in competition with one another, decided that a certain measure of co-ordination was essential, and, in 1915, the United Dairies, Ltd., was founded as a holding company. In

* See Chapter V, paragraph 32.

this way, a large proportion of London's milk supply came under the control of one organization, and very considerable economies were effected by co-ordination of supplies and elimination of wasteful competition.

The problems of milk production and distribution were investigated by the Astor Committee, appointed in 1917. Their researches brought to light some of the major defects of the machinery for distributing the country's milk supply, of which one of the most significant was the wasteful competition in the trade supplying the larger cities. Owing to the large number of firms operating independently, there was a considerable amount of overlapping, both in producing and consuming areas. Nevertheless, the tendency towards rationalization was unpopular with producers and consumers alike, both of whom feared that they might be the victims of monopoly control, whether established in the wholesale or retail trades.

By means of their factories and milk depots in the country, the large wholesale firms had come to occupy a position whereby they balanced supplies throughout the season and thus exercised very considerable control over the milk market of the larger towns and cities. This feature of the industry attracted considerable attention when the milk situation necessitated Government intervention.

The Ministry of Food based its policy largely upon the findings of the Astor Committee and adopted temporary measures of control by taking over about 800 wholesale firms. The normal supply or quota permissible for consumption in each area was determined, and machinery was set up to regulate supplies and prevent shortage in part of an area by deflecting milk from factories or by reducing the quota allotted over the whole area. This ensured that each area obtained a fair share of supplies.

The price policy adopted during the period of control is worthy of note. It is significant that at that time, when there was a general rise in prices, the distributive margin was raised to that higher level which to a large extent still persists. Different retail prices were fixed for summer and winter, and, over the greater part of the country, this practice has been preserved to the present day. Maximum margins were fixed for different sections of the trade, and, in 1919, producers' prices were so fixed as to average 1s. 7d. per gallon over the summer months. A margin of 2d. per gallon was allowed to creameries and factories for cooling, pasteurizing (if necessary), and providing for accommodation and surplus milk. Wholesalers who delivered to retailers' premises the exact quantities required by them for daily distribution and provided for pasteurization and all carriage from the producer or from the country factory, were allowed 3d. per gallon over the creamery margin. The retailers' margin was fixed at 8d. per gallon to cover the whole cost of retail distribution to the consumer.

A proposal had been made by the Astor Committee that when, as a result of control, milk distributive firms began to operate as Government agents, the State, at the same time, should secure an option of purchase at a later stage with a view to becoming the sole wholesaler of milk. This proposal received a certain amount of press publicity at the time, but, though certain improvements in the methods of handling milk and in organizing transport were inspired by the Ministry of Food during the period of control, the idea of State purchase was not proceeded with and milk control was withdrawn in January, 1920.

(c) *Post-control Period.*—After the withdrawal of State control, its influence lingered and undoubtedly had an important effect on the subsequent development of the industry. Though control had been subjected to criticism in certain respects, it had demonstrated most forcibly the advantages of unified action in the marketing of milk. The various sections engaged in the industry saw the advantages from their own point of view of fixed prices or fixed margins, and realised that these would no longer be obtainable if the

industry reverted to the individualistic basis on which it had been conducted before the War.

Immediately after control came to an end in January, 1920, there was a sharp fall in prices; producers' prices fell some 20 per cent. in two months, although a subsequent recovery in the autumn led to the average for 1920 being slightly higher than for 1919. The wholesale trade in many parts of the country was now in a better position than previously to buy collectively, but farmers still continued to sell on an individualistic basis and the industry tended to revert to the practices of pre-War days. The balance of bargaining power was, however, more definitely than ever in the purchasers' favour and it was upon producers that the shock of falling prices fell. Wholesale prices fell before retail prices and many producers were induced to enter the retail business.

At the same time, farmers' dairy co-operatives attempted to extend their activities in order to obtain a share of the distributive margin. The experience and management of these organizations, however, was not equal to competing with private enterprise and the majority of them failed to benefit producers. These organizations found it very difficult to obtain a remunerative outlet. They could easily acquire supplies and carry on manufacture, but they found it difficult to secure a reasonable share of the more profitable liquid-milk trade without which they could not compete with well-established concerns. Co-operatives even competed for a market amongst themselves as well as with private companies. A movement was started to co-ordinate the co-operative societies under one central management, but no action was ultimately taken.

(d) Preliminary Approaches to Collective Bargaining, 1920-2.—Negotiations between producers and distributors had been going on for some time previous to the formation of the Permanent Joint Milk Committee in 1922. In the autumn of 1920, a meeting took place between the National Farmers' Union, representing producers, and the National Federation of Dairymen's Associations, representing distributors, to consider prices and conditions for the sale of milk, but no agreement was reached. Shortly afterwards, the Federation decided upon wholesale and retail prices without reference to producers, and urged its constituent members to abide, as far as possible, by this decision. Several meetings of the two bodies were held during the next two years.

Collective bargaining in the milk trade had been in operation for a number of years in certain areas of the United States of America and, particularly during the War period, much valuable experience had been gained. A delegation representing producers and distributors visited that country early in 1922 in order to study the milk market and the methods adopted to solve the difficulties of large-scale bargaining. One of the common features of schemes adopted there was the payment of different prices for milk according to the purpose for which it was used. It was noted that the different sections of the trade were on friendly terms and that there was a marked tendency for all to work together for the benefit of the industry as a whole. At the same time, it was found, when all circumstances had been taken into consideration, that the distributors' margin was considerably less than in Great Britain.

The drastic fall of producers' prices in this country in the spring of 1922 forced the issue to some extent and, in the late summer of 1922, the first collective bargain for the sale of milk was negotiated by representatives of producers and distributors. The negotiating body came to be called the Permanent Joint Milk Committee.

2. The Permanent Joint Milk Committee.

Since it was first established in 1922, the Permanent Joint Milk Committee has been composed of representatives of producers and purchasers of

milk. The Chairman of the Committee is elected from one or other of the two negotiating parties. As the Committee does not work on the principle of a majority vote, there is no significance in the relative numerical strength of each side on the Committee.

Milk producers have been represented on the Committee through the medium of the National Farmers' Union. At the time of the establishment of the Permanent Joint Milk Committee, there was in the National Farmers' Union a Central Milk Committee composed of delegates elected by Area Milk Committees, which in turn were elected from County Milk Committees; from this Central Milk Committee were drawn the representatives to the Permanent Joint Milk Committee. This method of electing the producers' representatives was afterwards changed, and at the present time they are elected from among the members of the Milk and Dairy Produce Committee, which is one of the Committees of the Council of the Union. Since 1925, special provision has been made for the inclusion in the producers' delegation to the Permanent Joint Milk Committee of at least one representative of farmers' co-operative dairy societies. Producer-retailers, who constitute an important element in the industry, have no organization of their own, and have no separate representation on the Committee. Some are members of the National Farmers' Union, and their interests *qua* producers are represented in the same way as other producers'. On the other hand, some producer-retailers are members of the distributors' associations and are represented on the opposite side of the Committee. It may be suggested that producer-retailers have no primary interest in wholesale milk prices, but they are definitely concerned with the maintenance of retail prices and with surplus disposal, both of which have been affected by the decisions reached by the Permanent Joint Milk Committee.

The distributive side of the milk industry is represented on the Permanent Joint Milk Committee by the various associations formed to promote general "trade" interests. First there is the National Federation of Dairymen's Associations—composed of local associations throughout the country—the membership of which consists of distributors with interests ranging from those of small producer-retailers to those of large wholesaling and retailing concerns. Practically every town of any importance has an association of milk distributors affiliated to the Federation, which also includes the large wholesale companies operating in the London area. In addition to the Federation, there is a body known as the Amalgamated Master Dairymen, Ltd., which incorporated the old London and Provincial Master Dairymen's Association. This Association is composed mainly of retailers who purchase their exact requirements of milk either direct from farmers or from the larger wholesale firms. London retailers constitute a very large proportion of its membership. There is also the National Association of Creamery Proprietors and Wholesale Dairymen, Inc., which is representative of manufacturing interests, though it also includes certain wholesale interests. Until some 4 years ago, this Association was affiliated with the National Federation of Dairymen's Associations, but it is now an independent body.

Prior to 1929, the representatives of the distributive side of the Permanent Joint Milk Committee were drawn from the above Associations, although, in certain years, the representatives of the National Association of Creamery Proprietors and Wholesale Dairymen did not approve of the terms of the settlement and did not consider themselves under any obligation to abide by its terms.

The milk trade section of the consumers' co-operative movement had been invited on several occasions to send representatives to the Permanent Joint Milk Committee, but it was not until 1929 that they accepted. About this time, the industrial co-operative societies took steps to consolidate their various milk interests, and established a special body, known as the

National Co-operative Milk Trade Association. The representatives of this Association have taken an important part in the negotiation of each contract since 1929.

3. The Agreement of 1922.

(a) **Main Characteristics.**—Considerable experience had been accumulated in the United States as to the merits and demerits of different schemes of production-control and price-fixation. That adopted in England in the first agreement in 1922 followed the lines of the "basic surplus" plan, in which the principle is recognized that milk commands a different value in different channels of utilization, and that the returns of each producer should approximately depend on the value of his deliveries. That value might be determined as a result of the actual realizations from sales; in the "basic surplus" plan, it is a proportion determined arbitrarily, but agreeing as nearly as can be estimated with the utilization of milk in the different channels.

In a scheme operating on the basic surplus plan, each producer is paid for a certain proportion of his supplies—(that proportion varying in the case of different producers with different seasonal variation)—at a higher liquid-milk rate, and for the remainder at a lower manufacturing rate. The particular proportion to be paid for at the higher rate may be determined in different ways—e.g. by taking the average of each producer's weekly deliveries over certain months, or by requiring each producer to declare the quantity he will supply and imposing penalties for supplies in excess or deficient of this quantity, or by taking a predetermined percentage of each producer's supply at the higher rate, but making this percentage lower in months when supplies are plentiful. Whichever method is adopted, the underlying aim is to secure that the quantity paid for at liquid rates shall coincide as nearly as possible with the requirements of the liquid-milk market and that producers whose production throughout the year is comparatively level shall receive, on the average, a higher price than producers with a larger seasonal variation.

(b) **The "Standard Quantity."**—Under the terms of the first agreement, the basis on which the proportion of each producer's supply payable at liquid-milk rates was determined was his average weekly deliveries during the 4 months, November to February. These were months when production approximated closely to the requirements of the liquid-milk market; they were termed the "accounting period," and the average weekly delivery during these months, the "standard quantity."

According to this agreement, a producer was allowed the (negotiated) liquid-milk price for all his deliveries during the "accounting period," November to February, for 100 per cent. of the "standard quantity" so established in October and March, and for 110 per cent. of the "standard quantity" during the 6 summer months, April-September. One effect of the selection of the months November to February as the accounting period in the first contract was that a producer could not receive his final payment for October until the end of February, because until the latter date his "standard quantity" had not been established, and his October payment was contingent upon this.

The original contract made provision for the adoption of two alternatives for the sale of milk. A producer could sell his whole dairy, in which case the buyer would be responsible for the conversion of supplies in excess of liquid milk requirements, though of course he would buy these at manufacturing rates if in excess of the percentage of the producer's standard quantity agreed for each month; or the producer might sell on a "maximum and minimum" basis, in which case he would himself be responsible for supplies in excess of the maximum stipulated in the contract. Provision was also made that if a producer's supplies fell below the minimum specified in the

contract, he should pay the buyer a sum arranged by mutual agreement for every gallon deficient.

A logical corollary to the acceptance of the "basic surplus" plan, especially when, as was proposed, prices were to be fixed for each month for a year ahead, was the adoption of a 12 months' contract period. The operation of the scheme would obviously be simplified if, after having established his "standard quantity," a producer sold to the same buyer throughout the year. The common practice before the War was a 6-months' contract period, and, at first, distributors strenuously opposed the change to a 12-months' contract. They maintained that in the unsettled conditions, both within and without the industry, it was difficult to fix summer prices so far ahead, and that, owing to the impossibility of farmers adjusting their production within the narrow limits of variation proposed, there would be reluctance on their part to enter into contracts of the type proposed. Eventually, the producers' delegates won the day, and the year has become the normal contract period for sales of milk arranged under the agreement.

(c) **Price Policy.**—The agreement provided for three sets of prices:—

- (i) the liquid-milk price,
- (ii) the manufacturing price,
- (iii) prices for milk delivered at creameries.

(i) **Liquid-Milk Price.**—The negotiated liquid milk prices for each month of the contract year to be paid to producers for quantities determined as already explained are given in the Table on page 186. The prices were for milk delivered at buyer's railway station, the producer paying the carriage and taking the risk of any loss as a result of souring, spillage or pilferage during transit. The average cost of transport works out at approximately 1½d. per gallon.

The distinction between summer and winter prices, which was officially recognized during the period of War control, was incorporated in the settlement. One effect of this was to substitute a comparatively constant distributive margin throughout the year in place of the pre-War system, in which the distributor counted on a higher margin during the summer months to balance the lower margin secured during the winter.

The prices agreed upon by the Permanent Joint Milk Committee were only producers' prices. The Committee did not attempt to fix retail prices, although distributive margins and, consequently, the retail price level were important considerations when producers' prices were the subject of negotiation. In some agreements, specific provision has been made as to the proportionate allocation of any increase or decrease in the retail price as between producer and distributor; no such provision was made in 1922, but if there had been any general increase in the margin—i.e. if retail prices had been raised—producers would undoubtedly have demanded that their price should be reconsidered, and *vice versa*. Furthermore, in the 1922 contract and during the next 6 years, it was made a condition that, if any milk purchased under the contract was retailed below the price fixed for the area in question by the National Federation of Dairymen's Associations, the producer could, without previous notice, cancel the contract and cease to supply the distributor concerned.

(ii) **Surplus Milk Price.**—Arrangements were made for the manufacturing price payable for supplies in excess of the "standard quantity" (with 10 per cent. extra in the summer months) to be ascertained monthly by a Special Sub-Committee of the Permanent Joint Milk Committee. The basis of computation was the average price per lb. of Canadian and New Zealand cheese, of Finest and Fine Quality, as recorded in the official Market Reports of the London Provision Exchange during the previous month. The price per gallon for milk for manufacturing purposes was taken at this price *less 2d.*

on the assumption that 1 gallon of milk was required to make 1 lb. of cheese, and 2*d.* covered the cost of manufacture.

(iii) *Price for Creamery Deliveries.*—In the case of milk supplied to a creamery, the liquid-milk prices stated in the contract were subject to two deductions, viz. :—

- (a) "a sum equal to the actual railway carriage,"
- (b) 1*d.* per gallon in the 6 summer months, and 2*d.* per gallon in the 6 winter months.

The first of these deductions has remained an item in the yearly contracts from 1922 to date, and it still stands expressed in the same vague way, without specifying where the milk is to be carried. In practice, this has been most commonly interpreted as the railway carriage to some large market to which the bulk of the milk of a district is consigned.

The other deduction was presumed to compensate the creamery for the transfer from the vendor to the purchaser of risks in delivery to an urban centre, and the scale of deduction on this score was commented upon as excessive by the Linlithgow Committee* which reported in 1923.

Both of the deductions mentioned above were applicable only to milk sold at liquid milk rates ; they did not apply in the case of milk sold at manufacturing rates.

(d) *Miscellaneous Details of the Contract.*—The contract included certain provisions which had been customary in agreements between producers and distributors before this time. In cases where the purchaser was to collect the milk, he was to make every effort to do so, but in cases of accidents or breakdowns, the vendor, on being given due notice, was to deliver the milk. Accounts might be paid fortnightly or monthly, as arranged by the parties concerned, and the purchaser had to pay within 7 days of the delivery of the account.

In view of the frequent prosecutions for deficient fat-content and the widespread attention which has been given to this subject, the requirements of the contract as regards quality are of particular interest. The contract specifies that every consignment shall be "pure, new milk, sweet, clean and marketable, with all its cream and without the addition of any preservative." If any consignment was unmarketable for any reason, the purchaser might return it or dispose of it at his discretion, provided he gave immediate notice to the vendor. The grounds for refusal were stated as follows :—"A consignment or part of a consignment shall be deemed to be unmarketable when it is of such quality and in such condition that a reasonable man, acting reasonably, would reject the goods in the circumstances of the case whether he were buying for his own use or to sell again." If milk should fall below the legal limits for butter-fat or solids-not-fat, or contain certain preservatives or other matter as certified by a public analyst, the purchaser should be at liberty to cancel the contract without previous notice to the vendor.

Milk must also be passed through a strainer and cooled to at least 60° F. immediately after it is milked. General provisions were also laid down as to the health and housing of the cows, as well as to the procedure to be followed by employees in milking and cleaning the utensils. The purchaser might also inspect the premises and make reasonable recommendations to ensure a pure and wholesome supply. Should the vendor not give effect to such recommendations, the purchaser was at liberty to suspend the contract by written notice until the matter had been remedied. The vendor was not liable for failure of supply caused by infectious diseases of his stock or staff, but he was

* Cmd. 1854, para. 47.

under the obligation to give notice in writing to the purchaser, to take all reasonable steps to overcome the risk of infection, and to resume full supply as soon as possible.

4. Changes in the Agreement since 1922.

The first agreement was, of necessity, experimental; it is, however, noteworthy that, for the first 7 years, such alterations as were made were alterations of detail rather than of principle. After that date, the changes made were of a more fundamental nature and involved in certain respects a departure from the original basis adopted. The main changes may conveniently be reviewed under the following headings:—

- (a) Changes in the method of determination of the quantity of milk payable at liquid rates in different months of the contract year;
- (b) Changes in the liquid milk price and in charges for creamery deliveries;
- (c) Changes in the price payable for milk in excess of liquid-milk requirements.

(a) **Quantity Payable at Liquid Price.**—(i) *The "Standard Quantity."*—The original basis on which the proportion of a producer's supply payable at liquid-milk rates was determined was, except in the months which constituted the "accounting period," when all supplies were taken at the full price, the average of weekly deliveries in 4 months.

The selection of the most appropriate months to serve as the accounting period seems to have been a matter of difficulty in the early years of the scheme. In the first contract, the months chosen were November, December, January and February; in the second year, November was omitted, only to be again included in the third year; for the next 4 years, the months October to December were selected, after which the accounting period was abandoned.

When, as in the first contract, payment was made for all supplies sold during the accounting period, it was plainly essential that the months selected should be such that sales in those months approximated closely to the requirements of the liquid-milk market. It would obviously place distributors in a difficult position if, having bought at liquid milk rates, they found themselves under the necessity of having to manufacture part of the milk they had so bought; on the other hand, it would be equally unfair to producers if, during the accounting period or subsequent months of the year, distributors could buy at manufacturing rates milk which they were able to retail at liquid rates. When, however, as in some subsequent years, a percentage of the milk sold by producers during the accounting period was bought at manufacturing rates, the selection of the particular months became a matter of less importance; the necessary adjustment could be made through the percentage of sales in the accounting period paid at liquid rates. Further, from the producer's point of view, it was a matter of inconvenience if the accounting period did not coincide with the first months of the contract year, for then the payment for the month or months previous to the accounting period could not be finally adjusted until the producer's standard quantity had been established. This probably accounts for the ultimate selection of the 3 months October to December as the "accounting period."

The principal methods of effecting adjustments in the terms of the contract were through alterations in one or other, or both of two variables—viz., the percentage of the quantity payable at liquid milk rates and the liquid milk price. The greater the disparity between liquid and manufacturing prices, the more effective does adjustment through the alteration of the percentage become. The percentage of total deliveries in the accounting period and of the standard quantity in other months payable at the liquid price in each month under the "standard quantity" regime is shown in the following Table.

Percentage of "Standard Quantity" Payable at Liquid Price, 1922-3 to 1928-9.

Month.	1922-3.	1923-4.	1924-5.	1925-6.	1926-7.	1927-8.	1928-9.
October ...	100	95	90	*All	*90†	*90‡	*All
November ...	*All	95	} †*90	*All	*90†	*90‡	*All
December ...	*All	*95		*All	*90†	*90‡	*All
January ...	*All	*95		100	90	90	100
February ...	*All	*95	100	100	90	100	
March ...	100	95	90	100	90	90	100
April ...	110	115	115	100	110	110	115
May ...	110	110	110	115	110	110	115
June ...	110	110	110	115	110	110	115
July ...	110	115	115	115	110	110	115
August ...	110	115	All	All	All	All	All
September ...	110	115	All	All	All	All	All

* Accounting period.

† Of all deliveries during this period.

‡ Of all deliveries during the month.

In the first year, the proportions were fixed more or less arbitrarily, as there was nothing to indicate how producers would respond to such a scheme. As previously stated, all deliveries in the accounting period were taken at liquid-milk rates, 100 per cent. of the standard quantity in October and March and 110 per cent. during the summer months.

In an official explanatory statement circulated by the National Farmers' Union to its members, attention was drawn to the fact that it was to the interest of producers that their deliveries for the period November-February should approximate as closely as possible to their average deliveries for the year, so that they should secure liquid rates for the maximum proportion of their milk. Producers reacted so favourably to the advice given by their organization that, when the negotiations were opened in the next year, distributors maintained that they had had to manufacture large quantities of milk purchased at liquid rates during the winter months and insisted on a part of the production in the accounting period being taken in this year at manufacturing rates. Accordingly, in the second year, the quantity payable at liquid rates was reduced to 95 per cent. of the standard quantity for the 6 winter months, including the accounting period, and, as compensation to producers, the percentage for the summer months was raised to 115, except in the case of May and June which remained at 110 per cent., as in the previous year. This alteration affords recognition of the fact that the method adopted was leading to an unwanted increase in expensive winter production, and the lowering of the percentage in the winter and a corresponding increase in the summer was an attempt to correct the balance between winter and summer production which had been upset through producers concentrating on heavy production during the accounting period.

This process was continued in the next year, 1924-5, when the winter percentage was reduced to 90 per cent. of the standard quantity, again including the accounting period*. The summer figures remained as for the previous year, except that for August and September all supplies were taken at liquid milk price. The intention was to induce production in the months of August and September at the expense of production in the winter months, when production costs were higher; this encouragement of production in these 2 months became a feature of the scheme, being continued during the remaining 4 years, when the scheme continued to function on a standard quantity basis, and during the first year, when a change was made to a "declared quantity."

The proportion of the monthly supplies paid at liquid rates in the succeeding years reflect the outlook for the industry at the time of the annual negotiations. In 1925-6, for example, producers were able to secure full liquid rates for all deliveries in the accounting period, 100 per cent. of the standard quantity in the remaining winter months, and roughly similar terms in the summer months. In the 2 following years, however, they were not able to maintain this position, the winter percentages again slipping back to 90, which applied also to the accounting period. In the last year of the standard quantity, the position again improved, producers securing liquid rates for all deliveries during the accounting period, for 100 per cent. of the standard quantity during the remaining winter months, for 115 per cent. for the first 4 summer months and for all deliveries in August and September.

Though little in the way of statistical data can be adduced in corroboration of the fact, there seems no doubt that one effect of the standard quantity policy was to stimulate production during the accounting period—i.e. during the period that milk production in this country is most expensive.

(ii) *The "Declared Quantity."*—In the agreement of 1929-30, the principle of the standard quantity, based upon the producer's average daily deliveries during an accounting period, was abandoned. In its place, each producer was required to state his "declared quantity," which was his estimate of what his daily deliveries would be during the contract year. In this contract, the milk was divided into three classes, the basis of classification being the percentage of variation from the declared quantity. The first class recognized a variation of 10 per cent. with one scale of prices, the second one of 20 per cent. with a scale of prices aggregating less on the year, and the third one of 50 per cent. with a scale having a still lower aggregate. If a producer's supply exceeded or fell short of his declared quantity, plus or minus the allowed percentage variation, he was subjected to a penalty of 2d. per gallon in respect of the excess or the deficiency. All deliveries in October, 1929, and in August and September, 1930, were to be paid for at full liquid rates.

The method of determining the price of manufacturing milk on the basis of imported cheese prices was discontinued, and milk in excess of the percentage variation allowed was to be paid for at the liquid-milk price, less 2d. This really amounted to divorcing the value of milk for manufacturing purposes from world parity, the manufacturers taking a certain risk though they probably imagined they were covered not only by the penalty of 2d. a gallon on deliveries exceeding the permitted variation, but also by the lower prices at which they obtained all milk supplied by producers who did not sell under the 10 per cent. variation class. As it happened, the manufacturing value of milk fell during the contract year. Some manufacturers undoubtedly incurred an unexpected loss, and when next negotiations opened the buyers made it clear that they were not prepared to accept liability for changes in

* In this year, the amount payable at liquid rates during the accounting period was 90 per cent. of all deliveries during November to February (inclusive). Average daily deliveries were substituted for "average weekly production"—i.e., deliveries.

the value of milk for manufacturing purposes as they had done in the year then ending.

(iii) *Percentage of all Supplies.*—A complete change of principle was incorporated in respect of one class of sale in the 1930-1 agreement. Milk was divided into three categories. The principle of the declared quantity was retained in the case of the first two, a variation each way of 10 per cent. and 25 per cent. being allowed: deliveries falling below the limits of variation were subject to a deduction at the rate of 2d. per gallon in respect of the shortage; supplies in excess of these variations were to be paid for at manufacturing rates.

The third class, Class II (b), rested neither on the principle of a standard quantity determined as a result of a producer's sales during a certain period, nor on a declared quantity stated by himself. Instead, it provided for all deliveries under this class being bought and sold subject to the payment of a variable monthly percentage at full liquid milk rates and the remainder at manufacturing rates. In this way, payment for each month's supply was rendered independent of the supply in any other month or of the quantity delivered during the whole year. The percentage payable at manufacturing rates varied from month to month—from as low as 10 per cent. in October and the 3 following months to as high as 35 per cent. in the months of May and June—and averaged 20 per cent. for the year for a dairy with level production.

In this agreement (1930-1), the price of all deliveries above the limits of variation in the first two classes and of the percentage to be paid at manufacturing rates in Class II (b) was again determined by the imported cheese-price formula; the liability for loss or gain by reason of fluctuations in the price of manufactured produce was thus again transferred to the producer. A new feature in this year's agreement was that, while formerly the producer had, at least nominally, the right to declare under which class he would sell, the purchaser now had the right to declare under which category he elected to buy. A producer who failed to secure a contract under the first two classes might find that, even though his production were comparatively level throughout the year, he had to sell at least one-fifth of his total production at manufacturing rates.

The agreement of 1931-2 and 1932-3 followed exactly the same lines, but the average percentage under Class II (b) payable at full liquid rates was lowered from 80 to 75, with a corresponding increase in the percentage payable at manufacturing rates. As a concession to producers, however, a statement was inserted to the effect that if a buyer sold more than 75 per cent. of his total purchases as liquid during the contract year, he undertook to refund to the vendor at the end of the contract period the difference between the full liquid-milk price and the manufacturing price in respect of the percentage of the excess sold under the contract.

(iv) *Summary.*—With the adoption of a method of sale under which the supplies of each producer are divided into two parts to which differential prices are applied, it becomes important on the grounds of equity that supplies purchased at the lower price should not be sold by the purchaser in the market in which the higher values prevail. In this connexion, the most important consideration is the method adopted for determining the quantity or proportion of total supplies payable at liquid rates. The three methods that have been operative in the contracts of the Permanent Joint Milk Committee, outlined above, may be looked at from this standpoint.

The method of the standard quantity calculated during a certain period of the year and combined with a monthly percentage applied to that quantity was, in effect, an attempt to equate the quantity of milk paid for at liquid rates with the requirements of the liquid market. Partly with this end in view, changes were made from time to time in the accounting period and in the monthly percentages of the standard quantity. The effect of the system

was to stimulate production during the accounting period, since it was always in the producer's interest to attain as large a standard quantity as possible, and in the long run the quantity payable at liquid rates tended to increase, irrespective of any changes in the requirements of the liquid milk market.

For the second method—that of the declared quantity with a given variation—there can be no claim that it provides any link between the quantity payable at liquid rates and the requirements of the liquid-milk market. Unless it had been combined with a percentage variation as in the previous method, the only way of reducing the total supplies coming forward at liquid rates was through the medium of price. As operated in the year 1929-30, it did not provide the basis for a permanent scheme.

The principle incorporated in Class II (b) represents another attempt, using more arbitrary methods, to equate the quantity paid for at liquid rates and the requirements of the liquid market. It provides no automatic or self-acting regulator, and for its successful operation depends upon sound judgment and knowledge of supply and demand on the part both of sellers and buyers.

(b) Changes in the Liquid Milk Price.—The liquid milk prices negotiated by the Permanent Joint Milk Committee from 1922-3 to 1932-3 are shown in the Table on page 186.

In the first contract, the price for milk intended for liquid consumption was fixed at 20d. per gallon for the 6 winter months and 12d. per gallon for the 6 summer months. The general level of prices was falling at this time, and, in the second year, it was found necessary to reduce the price of milk; the reduction was confined to 3 winter months, October, November and March, during which milk was paid for at 17d. per gallon, the other 9 months remaining as in the first contract. In the following year, the price was fixed at 18½d. per gallon for the 6 winter months, making the winter aggregate the same as for the previous year. In considering these reductions in winter prices, the percentage of the standard quantity payable at the liquid rates in different months of the year must be taken into account. In the fourth year, the reduction process was carried a step further by a fall of ½d. per gallon in winter, and, as a compensation to producers, April and September milk was paid for at 16d. per gallon instead of the previous 12d. It must be remembered, however, that under this settlement an increased percentage of the standard quantity was payable at liquid rates. For 1926-7, the winter price was reduced by another ½d. per gallon, and April and September prices reverted to the usual summer level of 12d. These prices were continued unchanged for another year, and, in 1928-9, the final season of the original scheme, liquid-milk rates were fixed at three price levels, 17d. and 12d. for 4 winter and summer months, respectively, and 16d. for 2 spring and 2 autumn months (March, April, October and the following September).

The scheme introduced for 1929-30 involved considerable elaboration of the price structure. Before this time, it was customary to have two or, at most, three price-levels for the whole year. Three classes for the sale of milk were now introduced with a different scale of prices for each, and Class III involved no fewer than five different prices for the 12 months. With the new scheme, the price for two months in summer was for the first time reduced below the customary 12d. per gallon.

The 1930-1 agreement saw changes in the conditions relating to the second and third classes of sale, and the prices for liquid milk in these classes were adjusted partly to meet the new conditions. There was a reduction of 1d. and ½d. per gallon in the months of November and September, respectively, for milk sold under Class I. As compared with 1929-30, Class II (a) prices showed reductions in a number of months, including some summer months. The prices for deliveries under Class II (b) approximated more closely to Class I prices, but were lower than those in some months and higher in

Monthly Liquid Milk Prices as Agreed by the Permanent Joint Milk Committee, 1922-3 to 1932-3.

(Prices in pence per gallon, delivered buyer's station.)

Month.	1922-3	1923-4	1924-5	1925-6	1926-7	1927-8	1928-9	1929-30			1930-1			1931-2			1932-3			
								Class I 10%	Class II 20%	Class III 60%	Class I 10%	Class II(a) 25%	Class II(b) —	Class I 10%	Class II(a) 25%	Class II(b) —	Class I 10%	Class II(a) 25%	Class II(b) —	
Oct. ...	20	17	18½	17	16½	16½	16	16	16	16	16	16	16	16	12	12	12	16	16	16
Nov. ...	20	17	18½	17	16½	16½	17	17	16	16	16	16	16	17	12	12	13	16	16	16
Dec. ...	20	20	18½	17	16½	16½	17	17	17	17	17	17	17	17	17*	16*	17*	17	17	17
Jan. ...	20	20	18½	17	16½	16½	17	17	17	16	17	16	17	16	17*	17*	17*	17	17	17
Feb. ...	20	20	18½	17	16½	16½	17	17	16	16	17	16	16	17	16*	16*	16*	16	16	16
Mar. ...	20	17	18½	17	16½	16½	16	16	16	15	16	16	16	16	12	12	12	13	12	13
April ...	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
May ...	12	12	12	12	12	12	12	12	12	12	11½	12	11	11	12	12	12	12	12	12
June ...	12	12	12	12	12	12	12	12	12	12	11½	12	11	11	12	12	12	12	11	12
July ...	12	12	12	12	12	12	12	12	12	12	12	12	11	12	12	12	12	12	11	12
Aug. ...	12	12	12	12	12	12	12†	12	12	12	12	12	12	12	13	12	13	12	12	12
Sept. ...	12	12	12	12	12	12	12	16	16	16	16	12	12	12	13	12	13	13	12	13
Aggregate ...	s. d. 16 0	s. d. 15 3	s. d. 15 3	s. d. 15 2	s. d. 14 3	s. d. 14 3	s. d. 15 0	s. d. 14 8	s. d. 14 6	s. d. 14 3	s. d. 14 3	s. d. 13 10	s. d. 14 2	s. d. 13 5	s. d. 13 0	s. d. 13 5	s. d. 14 0	s. d. 13 7	s. d. 14 0	s. d. 14 0

* These are revised prices ; for December and January they are 4d. per gallon, and for February 3d. per gallon, higher than the prices arranged in the original agreement.

† For milk delivered London, the prices in these two months were transposed.

Deductions made for Creamery Deliveries (Railway carriage not included).

(Pence per Gallon.)

Month.	1922-3	1923-4	1924-5	1925-6	1926-7	1927-8	1928-9	1929-30	1930-1			1931-2			1932-3			
								All Classes	Class I	Class II(a)	Class II(b)	Class I	Class II(a)	Class II(b)	Class I	Class II(a)	Class II(b)	
October ...	2	2	2	1	2	2	1	1		1	↓		1	↓			1	↓
November ...	2	2	2	1	2	2	1	1	No provision made.	1	↓		1	↓			1	↓
December ...	2	2	2	1	2	2	1	1		1	↓		1	↓			1	↓
January ...	2	2	2	1	2	2	1	1		1	↓		1	↓			1	↓
February ...	2	2	2	1	2	2	1	1		1	↓		1	↓			1	↓
March ...	2	2	2	1	2	2	1	1		1	↓		1	↓			1	↓
April ...	1	1	1	1	1	1	1	1↓	No provision made.	1↓	↓		1↓	↓			1	↓
May ...	1	1	1	1	1	1	1	1↓		1↓	↓		1↓	↓			1	↓
June ...	1	1	1	1	1	1	1	1↓		1↓	↓		1↓	↓			1	↓
July ...	1	1	1	1	1	1	1	1		1	↓		1	↓			1	↓
August ...	1	1	1	1	1	1	1	1		1	↓		1	↓			1	↓
September ...	1	1	1	1	1	1	1	1		1	↓		1	↓			1	↓

others. Substantial reductions in price were made in all classes in the following year: the process, however, was obviously carried too far, for a serious shortage of supplies in the late autumn necessitated a revision of prices, which, however, still left the aggregates for the 12 months substantially lower than in the previous year. The current agreement (1932-3) records increases in the prices relating to all three classes of sale, and the aggregates are only slightly lower than those for 1930-1.

Since the negotiations started, the most striking feature has been the decline in winter price; in fact, the decline in liquid prices has been almost entirely confined to the winter months. In the first contract, the average winter price was 167 per cent. of the average summer price; by 1930-1, the average winter price in Class I had fallen to 137 per cent. of the average summer price. For the year 1931-2, Class I winter and summer prices, as agreed at the settlement, averaged the same (the aggregate in each case being 6s. 3d.); the subsequent revision of the price for December, January and February raised the average winter price to 114 per cent. of the average summer price. The 1932-3 contract raised the winter level again relatively to the summer level; for Class I and Class II (b), the average winter price represents 130 per cent. of the average summer price, and for Class II (a) the figure is 136 per cent.

The rates shown in the Table on page 186 apply to milk sent direct to the buyer by the producer, and transport charges have to be deducted. Milk delivered to a creamery and payable at liquid rates is subject to two deductions—viz.: (i) for transport costs, a charge which, in spite of the improvements in transport that have taken place, has remained about the same throughout the period, and (ii) a creamery deduction for risks transferred from the seller to the buyer.

The Table on page 187 shows the deductions made for creamery deliveries, not including the charge made for railway carriage. During the first 7 years of the agreement, the creamery deduction was 2d. per gallon for the winter months and 1d. per gallon for the summer months, with the exception of 1925-6 and 1928-9, when the winter deduction was reduced to 1d. per gallon. In 1929-30, and for deliveries under Class II (a) in 1930-1 and 1931-2, the deduction was 1½d. per gallon for April, May and June, and 1d. per gallon for the other 9 months; in the 1932-3 contract, the deduction for Class II (a) is 1d. throughout the year, except in May, when it is 1½d. Since the introduction of Class II (b) in October, 1930, the deduction for milk sold to creameries on these terms has been ½d. per gallon. It may be observed that no provision has been made for creamery deductions for Class I in the last 3 years, as the majority of creamery suppliers would be unable to adjust their production within the narrow limits prescribed for this class.

(c) **Changes in the Price of Manufacturing Milk.**—Throughout the course of collective bargaining negotiations, the price per gallon of manufacturing milk, except in the year 1929-30, has been fixed at the average price per lb. of Canadian and New Zealand cheese, of Finest and Fine Quality, as ascertained from the Official Market Reports of the London Provision Exchange, subject to a deduction which has always been 2d. per lb. with the exception of the four months of January, February, June and July of 1926, when the deduction was reduced to 1d. per lb. When all deliveries were payable at liquid rates—as in certain months of particular years—there was, of course, no necessity to fix a price for manufacturing milk; further, in the contract year 1929-30, a manufacturing price was not required as all milk was sold at a price related to the liquid-milk price.

The month chosen as the basis of valuation has varied somewhat; in some years, the price of milk has been related to that of cheese in the previous month; in others, to the price of cheese in the same month. Which of these alternatives best serves the producer depends on whether cheese prices are rising or falling.

Monthly Prices (when applicable) for Manufacturing Milk (Sender's Station), 1922-3 to 1932-3.
(Pence per Gallon.)

	1922-3.†	1923-4.	1924-5.	1925-6.	1926-7.	1927-8.	1928-9.	1929-30.	1930-1.†	1931-2.†	1932-3†‡
October	7½	10	8½	—	7	9	—	—	6	4½	5
November	—	9½	8	—	7	8½	—	—	6	5½	5
December	—	9½	8	—	8	8½	—	—	5½	5½	5
January	—	9½	8½	10*	8	8	8½	—	5½	4½	5
February	—	9	8½	10*	8½	8½	8½	—	5	4½	—
March	12	7	9½	8½	7½	8½	9½	—	5	5	—
April	13½	7	9½	8½	7	8½	8½	—	4½	5	—
May	10½	7	8	8½	7½	9	8½	—	4½	5	—
June	7½	7½	8½	9*	7½	9	8½	—	4½	4½	—
July	7½	7½	9½	8½*	7½	9½	8	—	4½	4½	—
August	8½	8	—	—	—	—	—	—	4½	4½	—
September	10	8	—	—	—	—	—	—	4½	4½	—
Average	9½	8½	8½	9	7½	8½	8½	—	5	4½	—

* In these months, the deduction from the average price of Canadian and New Zealand Cheese was 1d. instead of 2d. which applied otherwise.

† In these years, the average price of Canadian and New Zealand Cheese in the *previous* month was taken as the basis of valuation; in other years, the average price taken was that of the *current* month.

‡ Prices in this year are on the imported cheese-price basis, with a guaranteed minimum of 5d. per gallon.

The manufacturing price can, of course, be announced earlier if it is related to the previous month. The particular month specified in the contract may not always be strictly adhered to, and it is not unprecedented for buyers, during a period of rising cheese prices, to pay their suppliers on the basis of the current instead of the previous month, and so pass on the benefit of increased prices to the producer.

The Table on page 189 shows the actual prices fixed for milk for manufacturing purposes, calculated as above. If these figures are read in conjunction with those for liquid-milk prices as shown in the Table on page 186, the widening disparity between liquid and manufacturing prices will be noted. It should be remembered that deliveries to creameries at liquid rates are subject to a deduction, which has generally averaged 1½d. per gallon, as well as a transport charge which, in many cases, is about the same; deliveries of manufacturing milk are subject to no such deduction. Hence, should the manufacturing price be 3d. per gallon less than the liquid-milk price, the net return per gallon to the producer who normally supplies a creamery will be the same for all his milk. It is only when the difference between liquid and manufacturing prices exceeds 3d. per gallon that the manufacturing price affects the returns of such a producer. For direct senders, only the actual railway carriage would have to be deducted from the liquid rates to show the effect of the lower manufacturing prices.

In the earlier years of the negotiations, the difference between the net returns from liquid and manufacturing milk was small. In the last 3 years, however, imported cheese prices have declined and the value of milk for manufacturing purposes has fallen very considerably. When a large proportion of the total output has to be sold at these rates, the average price for the total supply is greatly reduced, and producers who have been obliged to accept Class II (b) terms have been affected, particularly when they happened to be level producers.

The 1932-3 agreement introduces an innovation in respect of the price for manufacturing milk. While this still remains on the imported cheese-price basis, the producer is assured of a guaranteed minimum of 5d. per gallon. Through the guarantee, he gained one-farthing per gallon in October and December, 1932, and one half-penny in January, 1933; in November, 1932, the imported cheese price and the guaranteed price were equal.

There has been some variation in the different agreements as to the obligation which rested on the producer with regard to the delivery of milk in excess of the quantity payable at liquid rates. The first two agreements made no specific provision regarding this point. The agreements for the years 1924-5 to 1928-9 contained a special provision which enabled producers selling to a buyer other than a condensery or manufacturing firm to retain any surplus on the farm provided they gave notice at the time of making the contract. Later agreements have contained no ruling on this point, but producers selling under Class II (b) have had no option, since the feature of this class of sale has been the delivery of whole dairies. There is little evidence to show to what extent producers took advantage of the provision which enabled them in certain years to retain surplus milk on the farm. The fall in the value of manufacturing milk in recent years would probably have encouraged the practice of retaining such milk rather than selling it, and it has been a grievance with producers forced to sell under Class II (b) terms that, when they would have preferred to utilize the milk on the farm, they have been under the obligation to deliver their whole dairies.

5. National Significance of the Permanent Joint Milk Committee's Agreement.

While the two sides of the Permanent Joint Milk Committee are representative of producers and distributors in most parts of England and Wales, and while the settlement has been intended to apply nationally, subject to

modification by mutual agreement to meet local circumstances, the negotiated contracts have not found acceptance with any degree of uniformity throughout the country. Conditions of production and distribution vary considerably in different districts, and the negotiated terms, where adopted, are modified in a variety of ways to suit local conditions. In some areas, circumstances are unfavourable for its acceptance. The late date at which negotiations have been completed in some years has prevented full use being made of the contract by producers. This point has been stressed every year and negotiations have been commenced some considerable time before the expiry of existing contracts. Negotiations have, however, frequently been concluded at the last moment, with the result that a number of producers have sold their milk before the official settlement was announced.

In the first few years of the scheme, considerable emphasis seems to have been laid on the London market and the scheme became popularly known as the "London Agreement." The position of producers who catered for markets other than London was rather obscure. Throughout the country there are Area Joint Committees, composed of representatives of distributors, who belong to associations affiliated with the National Federation of Dairymen's Associations on one side and representatives of local producers on the other. In some areas, agreement has commonly been reached by deducting the equivalent of the railway carriage to London from the scheme prices.

At the beginning of the negotiations for the 1925-6 agreement, the scope of the scheme was discussed and the Permanent Joint Milk Committee resolved "that the terms and conditions of the National Farmers' Union scheme apply nationally, but are subject to modification in the light of local circumstances." In the event of the failure of any Area Joint Committee to agree to any proposed modification of the scheme terms for their area, the Permanent Joint Committee suggested that the Area Joint Committee should refer the matter or matters in dispute to the Permanent Joint Milk Committee for decision.

In 1932, the Permanent Joint Milk Committee went further and recommended the prices that ought to prevail in the Birmingham and the North-Western Areas. They offered to arbitrate in case of inability of the parties to arrive at a settlement, and undertook that, in the event of distributors refusing to submit to arbitration, supplies from the trade outside the area of the dispute would not be forthcoming. Nevertheless, disputes occurred in the North-Western area, the Birmingham area and in the Eastern Counties.

Prices in the north-west of England have been the subject of considerable discussion. The co-operative societies, which do a large amount of business in this area, were not represented on the Permanent Joint Milk Committee until the 1929-30 negotiations, and their relations with other distributors were unsatisfactory. Undercutting, mostly of a temporary nature, by producer-retailers, has been the cause of much dissatisfaction in this area.

In the north-east, the scheme has not received much support and prices have usually been settled locally by arbitration in individual towns. In the North Midlands area, which includes such towns as Leicester, Nottingham and Northampton, the scheme appears to have achieved considerable popularity, and the local joint committees have accepted the national settlement as the basis of discussion. In this area, as in other parts of the country, the provisions of the agreement are only binding if the distributors are protected against undercutting. The distributors only bind themselves to scheme terms, or a modification thereof, if their margin is guaranteed.

The Midlands, of which Birmingham is the chief centre, adopted the contract terms and prices for a number of years. In 1930, however, the position became rather difficult, owing to the large amount of surplus, and this, coupled with severe industrial depression, resulted in under-selling. In the following year, the national contract conditions were modified considerably for this area. In the South-Midlands division, there has been con-

siderable variation between different towns and from year to year in the same towns, but scheme terms and prices (less carriage to London) have been widely adopted. The same applies to the South-Western area.

The position of the home counties is somewhat different from the rest of the country. Formerly, it was customary for producers in this area to obtain enhanced prices due to their proximity to London and their ability to render special services to distributors. In recent years, it has become increasingly difficult for them to obtain any better conditions than the national agreements.

The fact that national prices and conditions are announced provides a good bargaining point for producers and distributors alike, as either party must put forward a logical argument for buying or selling on more favourable terms than the national agreement. Although the scheme has not been so widely adopted as its promoters would have liked, it has provided the industry with a basis on which to work. That the scheme has not been more widely adopted is due to the ineffective state of organization of the contracting parties rather than to any inherent defect in the scheme as such.

APPENDIX C.

CONTRACT APPROVED BY THE PERMANENT JOINT MILK COMMITTEE.†

This Agreement made this.....day of1932, between

1.
of
(hereinafter called the Vendor, which expression shall include where the context admits, his/their Executors, Administrators and agreed Assigns) and
2.
of
(hereinafter called the Purchaser, which expression shall include where the context admits his/their Executors, Administrators and agreed Assigns), of the other part.

† Note. If a Coy. say "its successors and assigns."

OPERATIVE PART.

IT IS AGREED AS FOLLOWS :

* If so desired delete the words "the whole of the."

† Insert No.

(a) Here say "the purchaser's premises situate No. (here set out address) or station on the Railway."

1. The Vendor shall supply and the Purchaser shall purchase from the first day of October, 1932, to the thirtieth day of September, 1933, the whole of the* milk produced by the Vendor's cows at Farm, the declared daily quantity for purposes of Classes I and II (a) of the Scheme annexed to be† imperial gallons per day in Class .
(a) To be delivered at

Except as follows —

In the event of the Purchaser and the Vendor mutually agreeing for the Purchaser to collect the milk it is agreed it shall be done on the following condition, namely, the Purchaser will use his/their best endeavours to collect the milk at the said Farm, the Vendor undertaking

† Representing the National Farmers' Union, the National Federation of Dairymen's Associations (Incorp.), Co-operative Milk Trade Association of the Co-operative Union, Ltd., and the Amalgamated Master Dairymen, Ltd.

to have his/their milk ready at the time to be named by the Purchaser and approved by the Vendor, but in case of accidents, breakdowns or other occurrence when the Purchaser shall be unable to collect the milk, the Vendor shall on having notice thereof in sufficient time deliver the milk to the Purchaser as mentioned in the preceding part of this clause. The Vendor will pay to the Purchaser.....per gallon for making such collection.

2. The Purchaser shall pay for the milk fortnightly/monthly (b) at the prices set forth in the Scheme annexed hereto within seven days after the delivery to him/them by the Vendor of an account in writing. ^{(b) Strike whichever is inapp etc.}

Payments made fortnightly will be subject to any necessary adjustment at the end of the month.

If the Purchaser shall at any time or times make default for seven clear days in any one or more of such payments the Vendor shall be at liberty to give or send by prepaid registered post to the Purchaser written notice of his intention to determine this Contract, and unless the Purchaser shall, within seven clear days of the receipt of such notice, remit to the Vendor the amount due the contract shall be deemed to have been determined at the end of the said period, but without prejudice to any claim for damages, including damage for loss of market, or otherwise. In this respect time shall be the essence of the Contract.

3. The Scheme annexed hereto shall be deemed to be part of this contract.

4. It shall be open at any time during the continuance of this contract for either side of the Joint Committee to report to the secretaries of the said Joint Committee that circumstances have arisen which render desirable the variation of the prices to be paid to the Vendor for milk supplied hereunder, either by way of increase or of deduction from prices hereby agreed. The secretaries shall thereupon summon a meeting of the said Joint Committee to be held within seven days from the receipt of such report at which the said report shall be considered. If the Joint Committee decide that such variation is desirable, the price to be paid to the Vendor under this contract shall be increased or reduced by such amount as the said Joint Committee may determine, or as shall be fixed in manner hereinafter set forth. For the purposes of the decision upon the said report, each side of the said Joint Committee shall have one vote only, to be recorded by their respective representatives at the said Joint Committee, but the vote of the distributors' side shall not be cast unless the representatives of all sections of the distributors' side are unanimous, and failing such unanimity no vote of the Joint Committee shall be taken. In the event of the said Joint Committee deciding that such variation is desirable, but failing to agree as to the extent thereof, the matter shall be referred for decision to a single arbitrator to be appointed jointly by the chairmen of the respective sides of the Joint Committee. The Vendor and the Purchaser hereby agree that in the event of such variation being made as aforesaid, the Vendor will accept and the Purchaser will pay such altered prices for the milk thereafter supplied under the terms of this contract.

5. The Vendor hereby warrants each and every consignment of milk under this Contract to be pure new milk, sweet, clean and marketable, with all its cream and without the addition of any preservative. In the event of the Vendor supplying to the Purchaser milk other than milk produced by the Vendor's own cows as stipulated in Clause 1 above the Purchaser shall be at liberty to give or send by prepaid registered post to the Vendor written notice to determine this contract at the end of seven clear days from the receipt of the notice and the Contract shall be deemed to have been determined at the end of the said period.

6. The Vendor and the Purchaser shall observe and carry out all the conditions and regulations endorsed on the back hereof so far as they are to be observed and carried out by the Vendor and Purchaser respectively, and such conditions and regulations form part of this agreement.

7. The Vendor agree(s) to contribute one penny for every one hundred gallons sent under this contract for the purpose of milk publicity. The Purchaser will deduct the contribution each month and forward the sum together with an equivalent contribution quarterly to :

The Secretary, Joint Committee Milk Publicity Fund,
45, Bedford Square,
London, W.C.1.

The Fund shall be used for such milk publicity purposes as may be determined by the Permanent Joint Milk Committee.

AS WITNESS the hands of the parties the day and year first above written.

(Signed) Vendor.

In the presence of :—

.....

Address

Description

(Signed) Purchaser.

In the presence of :—

.....

Address

Description

SCHEME FOR THE SALE AND PURCHASE OF MILK FOR THE CONTRACT YEAR, 1932-3.

1. *Classes of Milk.*—The Scheme divides milk into three categories :—

CLASS I.—Under this class milk will be sold and bought with a 10 per cent. variation each way from the quantity declared in this contract, hereinafter called the “declared quantity.”

CLASS II (a).—Under this class milk will be sold and bought with a 25 per cent. variation each way from the declared quantity.

CLASS II (b).—Under this class there will be no declared quantity, and all deliveries will be sold and bought subject to payment for the following percentages of the producer's monthly deliveries at full price and at manufacturing price as hereafter defined respectively :—

	<i>At full price.</i>		<i>At manufacturing price.</i>	
October, 1932	75%	...	25%	...
November, 1932	85%	...	15%	...
December, 1932	85%	...	15%	...
January, 1933	87½%	...	12½%	...
February, 1933	87½%	...	12½%	...
March, 1933	75%	...	25%	...
April, 1933	70%	...	30%	...
May, 1933	60%	...	40%	...
June, 1933	60%	...	40%	...
July, 1933	70%	...	30%	...
August, 1933	70%	...	30%	...
September, 1933	75%	...	25%	...

Should more than 75 per cent. of the total bought by the Purchaser from all sources during the contract year be sold by the Purchaser for liquid milk purposes the Purchaser undertakes to refund to the Vendor at the end of the period of this contract the difference between the full liquid milk price and the manufacturing milk price in respect of the percentage of the excess sold under this contract.

2. *Declared Quantity.*—For the purposes of Classes I and II (a) the declared quantity will be the producer's estimate of his daily deliveries during the contract year as set out in this contract.

3. *Monthly Prices.*—The price per imperial gallon for each month during the continuance of the agreement will be as follows for milk delivered to the buyer's station.

			Class I.		Class II (a).		Class II (b).
October, 1932	...	...	1/4	...	1/4	...	1/4
November, 1932	...	...	1/4	...	1/4	...	1/4
December, 1932	...	...	1/5	...	1/5	...	1/5
January, 1933	...	...	1/5	...	1/5	...	1/5
February, 1933	...	...	1/4	...	1/4	...	1/4
March, 1933	...	...	1/1	...	1/-	...	1/1
April, 1933	...	...	1/-	...	1/-	...	1/-
May, 1933	...	...	1/-	...	11d.	...	1/-
June, 1933	...	...	1/-	...	11d.	...	1/-
July, 1933	...	...	1/-	...	11d.	...	11/-
August, 1933	...	...	1/-	...	1/-	...	1/-
September, 1933	...	...	1/1	...	1/-	...	1/1

For purposes of Classes I and II (a) the deduction in respect of deliveries below or in excess of the declared quantity will be arrived at by taking the net deficiency or surplus for each month of the contract year.

4. In respect of all deliveries above the limits of variation above mentioned in Classes I and II (a) and in the case of the monthly percentages above mentioned in the case of Class II (b) payment shall be made for such excess and percentages of Manufacturing Price. In the event of deliveries below the limits of variation in Classes I and II (a) there shall be a deduction at the rate 2d. per gallon from the above-mentioned prices in respect of such shortage.

5. *Ascertainment of Manufacturing Price.*—The average price per lb. of Canadian and New Zealand Cheese will be ascertained each month by a Sub-Committee appointed by the Joint Committee of Producers and Distributors.

The Manufacturing Price per gallon will be the average price of cheese per lb. for the previous month, less 2d., at sender's railway station, e.g., if the Sub-Committee found that the average price of Canadian and New Zealand Cheese were 10d. per lb. for any month, the Manufacturing Price of milk for the following month would be 8d. per gallon. The minimum price of Manufacturing Milk shall be 5d. per gallon.

6. *Creamery Prices.*—In the case of milk sold under Classes II (a) and II (b) and delivered into a creamery, the Liquid Milk Price will be subject to a deduction of a sum equal to the actual railway carriage and, in addition, in the case of Class II (a) of 1d. per gallon in each month of the contract year except in May, when the deduction will be 1½d. per gallon, and in the case of Class II (b) of ½d. per gallon.

These deductions will not apply to deliveries paid for at Manufacturing Price.

(Signed) THOMAS BAXTER,
National Farmers' Union.

EDWIN WHITE,
National Federation of Dairymen's
Associations (Incorp.).

CONDITIONS AND REGULATIONS HEREBINBEFORE REFERRED TO :—

1. The Vendor shall send with each consignment of milk a ticket in the form provided by the Purchaser, stating the date, number of churns and total quantity of milk sent, and warranting such milk to comply with the terms of Clause 5 of this Agreement, which ticket shall be signed by the Vendor, or with his name, and the receipt of such ticket with a consignment of milk shall be deemed conclusive evidence, without further proof, that the said ticket was signed and sent by or on behalf of the Vendor and that the said consignment of milk was supplied under this Agreement. Such ticket shall comply with the regulations imposed by the Railway Companies as to labels attached to churns, provided that the Vendor shall not be liable in respect of any alleged deficiency in the quantity of milk stated on the ticket unless he shall have received notification from the Purchaser of such deficiency within 48 hours (Sunday being regarded as a dies non) from acceptance of delivery from the railway company by the Purchaser.

2. The (a) Purchaser/Vendor shall provide suitable churns for the conveyance of milk and shall be responsible (except as hereinafter mentioned) for the (a) delivery/supply of sufficient empty churns at the said Farm, or when the milk is being sent by rail, at the nearest station to the said Farm. The purchaser shall forthwith upon receipt of the milk (or within

hours from the receipt of the milk) dispatch to the Vendor the churns in which such milk was sent and shall be responsible for any delay on his/their part in this respect. In the event of delay in the delivery of empty churns at the said nearest station to the Farm by the Railway Company neither the Vendor nor the Purchaser shall be held responsible for the consequences thereof. The (a) Vendor/Purchaser shall take every care of the (a) Purchasers'/Vendors' churns and return any remaining on hand on the last day of the contract and any arriving later to such place as the (a) Purchaser/Vendor may direct.

3. The Vendor shall not be liable for the total or partial failure of the supply of milk as hereby provided if such failure shall arise through or from the occurrence of infectious disease among the employees or live stock of the Vendor, if the Vendor shall have notified the Purchaser in writing of the occurrence of the said disease immediately upon its coming to his/their knowledge, but the Vendor shall take all reasonable steps to overcome the risk of infection and to resume full supply as soon as possible.

4. In the event of any consignment or part of a consignment of milk being unmarketable for any reason the Purchaser may return or otherwise dispose of it at his/their discretion provided he/they give notice thereof to the Vendor so that such notification is received by the Vendor within 48 hours (Sunday being regarded as a dies non) from acceptance of delivery from the railway company by the Purchaser. A consignment or part of a consignment shall be deemed to be unmarketable when it is of such a quality and in such a condition that a reasonable man, acting reasonably, would reject the goods in the circumstances of the case whether he were buying for his own use or to sell again.

5. The Purchaser and his/their representatives shall at all times have free access to the cowhouses, farms and premises where the milk is or has been produced and full power to examine into the health of the cows and the suitability of the water supply and the sanitary condition of the premises, should the premises, their surroundings, the water supply or the condition or the treatment of the cattle or of milk be such as to render the milk impure or unsafe for human consumption, or should the Vendor fail to give effect to such recommendations as the Purchaser may reasonably make for insuring

(a) Strike out the top or bottom word to meet the case.

the sanitary condition of the premises, the purity of the milk and the health of the cows, then and in either of such cases the Purchaser shall on giving the Vendor notice in writing thereof be at liberty by the same or a subsequent notice in writing to suspend the contract until the matter complained of be remedied or such recommendations as aforesaid be given effect to, and the Vendor shall not be entitled to any compensation in respect of such suspension having become necessary or expedient. Should any milk received from the Vendor at any time be adulterated or through any wilful act or default of the Vendor or his/their servants be deficient in butter fat content or non-fatty solids or contain preservative or other foreign matter as certified by a Public Analyst, then the Purchaser shall be at liberty at any time thereafter to refuse to accept any more milk and to cancel this agreement with the consent of the Joint Committee or a sub-committee thereof, and the Vendor shall not be entitled to any payment or other compensation on account of such refusal or cancellation, but without prejudice to any right or remedy the Purchaser may have or might have had against the Vendor for any breach of this Agreement or otherwise.

6. COWHOUSES.—These must comply with the requirement of the local Sanitary Authorities.

7. COWS.—The occurrence of any infectious disease among the cows to be immediately notified to the Purchaser. No milk shall be sent from the cows that :—

- (a) Have calved, until after four clear days from calving.
- (b) Are in bad health.
- (c) Have been physicked, until after 24 hours from such physicking.
- (d) Show any symptoms of disease of the udder.

8. COWMEN.—To wash their hands immediately before milking; water, soap and towel to be provided for this. To wear a smock and cap kept solely for the purpose and washed at least once a week, a place to be provided where these are hung when not required.

A legible copy of rules of milkers is to be kept in a conspicuous place, and care shall be taken to make sure that every person employed upon the farm is made acquainted with such instructions and observes the same.

9. MILK.—All milk must be strained immediately after milking through a strainer, and cooled to a temperature of 60 degrees immediately after it is milked. No milk shall stand about in the cowshed nor shall two meals or any part of two meals of milk be mixed together in the same churn.

10. DAIRY UTENSILS.—Milking pails, refrigerator, strainer and all dairy vessels are to be thoroughly washed immediately after each time of using with :—

- Firstly—Cold water ;
- Secondly—Boiling water and soda.

Railway churns to be thoroughly cleansed by the Purchaser and, if necessary, washed by the Vendor with boiling water and soda when received empty.

All vessels are to be placed in a dry, sweet and airy place until again required.

All pails, railway churns or other vessels shall be made of tinned iron or steel and none shall be used which, by reason of wear, roughened surface, cracks or other causes, are difficult to clean thoroughly.

11. SICKNESS.—All sickness of an infectious nature occurring on the farm itself or in the dwelling of any person employed in connection with the milking shall be at once reported to the Purchaser, and the person or persons so affected and all who may be in contact with the person or persons so

affected shall be strictly prohibited from coming on the premises of the farm or from taking part in any of the dairy operations.

12. This Agreement is subject to any contingencies beyond the control of the parties hereto, such as strikes, lock-outs, fires, or riots, and in case either party is prevented from fulfilling the duties imposed upon him or them hereby, or the Purchaser shall be unable in consequence to deal with the milk, then, and in such case, so far as is necessary, the operation of the contract shall be suspended on notice by either party to the other during the contingency or contingencies in question.

13. If any question or difference shall arise out of or in connection with any transaction under this agreement or as to the construction hereof, or of any part hereof, the same shall be referred to an arbitrator to be appointed by the parties or, except as otherwise provided, to two arbitrators and their umpire in accordance with the provisions of the Arbitration Act, 1889.

APPENDIX D.

ESTIMATE OF UTILIZATION OF MILK SUPPLY OF GREAT BRITAIN IN 1924-5 AND 1930-1.

Channel of Utilization.	Quantity.		Fresh Milk Equivalent (see note 10).		Fresh Milk Equivalent as percentage of Total.	
	1924-5. <i>mil. gals.</i>	1930-1. <i>mil. gals.</i>	1924-5. <i>mil. gals.</i>	1930-1. <i>mil. gals.</i>	1924-5. <i>Per cent.</i>	1930-1. <i>Per cent.</i>
Liquid Milk :						
Consumed on farms (see note 8)	108·6	73·0	108·6	73·0	8·4	5·1
Consumed off farms (see note 9)	787·8	873·9	787·8	873·9	61·2	61·3
Total	896·4	946·9	896·4	946·9	69·6	66·4
Butter :	<i>Cwt.</i>	<i>Cwt.</i>				
Made on farms (see note 1)	621,000	702,800	164·1	185·6	12·7	13·0
Made off farms (see notes 2 and 3)	52,000	94,400	13·7	24·9	1·1	1·8
Total	673,000	797,200	177·8	210·5	13·8	14·8
Cheese :	<i>Cwt.</i>	<i>Cwt.</i>				
Made on farms (see note 1)	647,500	689,800	72·7	77·4	5·6	5·4
Made off farms (see notes 2 and 4)	214,000	532,000	24·0	59·7	1·9	4·2
Total	861,500	1,221,800	96·7	137·1	7·5	9·6
Cream :	<i>gals.</i>	<i>gals.</i>				
Sold by farmers (see note 1)	856,000	1,714,000	10·5	21·1	0·8	1·5
Sold by others (see notes 2 and 3)	2,280,000	1,806,000	30·9	24·6	2·4	1·7
Total	3,136,000	3,520,000	41·4	45·7	3·2	3·2
Condensed Milk (see notes 2 and 3)	<i>Cwt.</i>	<i>Cwt.</i>				
783,000	893,800	21·3	24·3	1·7	1·7	
Milk Powder (see notes 2 and 3)	123,000	139,700	9·6	11·0	0·7	0·8
Other Milk Products (see notes 2, 3 and 5)	77,000	35,600	6·5	3·0	0·5	0·2
Estimate for Unrecorded Farms (see note 6)	—	—	—	4·0	—	0·3
Wasted (see note 7)	—	—	38·3	43·0	3·0	3·0
Grand Total	—	—	1,288·0	1,425·5	100·0	100·0

NOTES TO APPENDIX D.

Note 1.—Authority : 1924/5—The Agricultural Output Reports of England and Wales, and Scotland.

1930/1.—Provisional figures supplied by the Ministry of Agriculture and Fisheries and the Department of Agriculture for Scotland.

Note 2.—Authority : 1924/5—The Final Report on the Third Census of Production (1924).

1930/1.—Preliminary Report No. 8 on the Fourth Census of Production and the Final Report on the Third Census of Production (1924).

Note 3.—Preliminary Report No. 8 excludes firms employing 10 persons or less. The figures given have been raised to include such firms on the assumption that their output bore the same relation to that of firms employing over 10 persons as in 1924.

Note 4.—The 1924/5 figure of output includes an estimate of 5,000 cwt. for cheese returned by value only.

The 1930/1 figure is based on the statement in Preliminary Report No. 8 that the "quantity of cheese made in these establishments (i.e., factories) in 1930 may have exceeded that made in 1924 in the proportion of 3 to 1." To the figure thus calculated is added the output of milk distributing firms.

Note 5.—In the Reports, this item is shown only in terms of value. The output has been estimated on the assumption that the average value of these products per cwt. is 20 per cent. higher than the average value of milk-powder.

Note 6.—In Preliminary Report No. 8, it is stated that returns are outstanding from establishments that employed 3 per cent. of the total number of persons recorded in 1924. A proportionate allowance has been made.

Note 7.—An arbitrary figure; relates to wastage elsewhere than on farms.

Note 8.—These figures are arrived at by deducting from the total net production the sales of milk off farms plus milk converted on farms. They include cream consumed in farm households and milk wasted on farms. The 1924-5 figure differs slightly from those shown in the Agricultural Output Reports of 1925 because revised conversion figures (shown below) have been used.

Note 9.—These figures are arrived at by deducting from the total sales of milk off farms the quantities of milk converted and wasted elsewhere than on farms. They must be used with the utmost caution.

Note 10.—Milk Equivalents used in Construction of Table—

	Gals. of whole milk.
1 cwt. of butter	= 264.1
1 " " cheese	= 112.2
1 " " condensed milk	= 27.2
1 " " milk powder	= 78.5
1 " " other milk products	= 84.6
1 gallon of cream sold off farms	= 12.3
1 " " cream sold by others	= 13.6

APPENDIX E.

IMPORTS OF MILK AND MILK PRODUCTS INTO THE UNITED KINGDOM.

1.—Fresh Milk.

Imports of fresh milk into the United Kingdom are summarized in the following Table :—

Year.	Gross Imports.				Net Imports.†		
	From British Countries.		From Foreign Countries.		Total Quantity.	Declared Value.	
	Quantity.	Per-centage of total imports.	Quantity.	Per-centage of total imports.			
	Gallons.	—	Gallons.	—	Gallons.	£	
1909-13 (average)	Nil.	—	44,154	100-0	44,154	44,154	1,902
1922	Nil.	—	174	100-0	174	174	116
1923	720,594	100-0	294	0-0*	720,888	720,801	30,489
1924	435,952	89-7	1,413	0-3	437,365	437,365	26,940
1925	547,946	99-9	424	0-1	548,370	548,326	32,637
1926	788,021	99-8	2,000	0-2	800,021	800,021	35,883
1927	880,307	98-6	31,077	3-4	911,384	911,384	36,348
1928	979,822	90-4	104,602	9-6	1,084,424	1,084,359	59,085
1929	609,307	100-0	Nil.	—	609,307	609,253	36,244
1930	535,444	100-0	Nil.	—	535,444	535,444	31,493
1931	757,128	83-8	146,278	16-2	903,406	903,363	53,712

* Less than '05 per cent.

Since 1923, there has been an annual net importation of fresh milk into the United Kingdom which has varied between 437,365 gallons in 1924 and 1,084,424 gallons in 1928; the source, in most years of the major part, and in 1929 and 1930 of the whole, of these imports has been the Irish Free State. This trade is chiefly over the land boundary between the Irish Free State and Northern Ireland and, except in special circumstances, very little of the supply shown as imported into the United Kingdom enters Great Britain. Imports from foreign countries were negligible except in 3 years—*viz.*, 1927, 1928 and 1931; in these years, imports from the Irish Free State were also above the average. The conditions prevailing in the last quarter of 1931 illustrate the influence that abnormal conditions in the milk market in this country may have on imports of fresh milk. During the latter part of 1931, the price of accommodation milk in England rose considerably as the result of several factors operating in combination, so much so, that, in November and December of that year, a small quantity of fresh milk was imported into England from Denmark and Holland. The whole of the quantity imported from foreign countries in 1931 was, in fact, received during these 2 months.

These imports, though not a significant feature in the milk marketing problem in this country, do, however, indicate that, once the margin between

† Throughout this Appendix, Net Imports mean gross imports less re-exports.

prices here and those in nearby countries expands beyond a certain point, imports may be attracted. In this connexion, the possibility of improvements in the means of transport and storage must be borne in mind as well as that of a widening margin between the value of fresh milk in this country and in neighbouring countries. The assumption that the liquid-milk market is naturally protected is subject to certain limitations, and the suggestion that home producers have an absolute monopoly of the home market must not be pressed too far.

2.—Cream.

The trade in imported cream, including fresh and tinned cream, has shown a steady expansion in recent years and, at the present time, is of considerable importance, both from the standpoint of quantities and values. The trade returns do not distinguish between fresh cream and tinned cream. It is understood, however, that the bulk of the cream from the Irish Free State is fresh cream; cream imported from foreign countries is, for the most part, tinned.

It is difficult to estimate accurately the total sales of cream produced in the United Kingdom, but an approximation for the year 1924-5 would be somewhere in the neighbourhood of 277,000 cwt.; the imported supplies in those 2 calendar years averaged 72,863 cwt. In 1924-5, therefore, the imported supply formed but about one-fifth of the total.

In the Table below the position as regards imports of cream is summarized:

Year.	Gross Imports.				Net Imports.		
	From British Countries.		From Foreign Countries.		Total Quantity.	Quantity.	Declared Value.
	Quantity.	Per-centage of total imports.	Quantity.	Per-centage of total imports.			
1909-13 (average)	Cwt. Nil	—	Cwt. 8,783	100-0	Cwt. 8,783	Cwt. 8,241	£ 32,864
1922	Nil	—	11,175	100-0	11,175	11,046	86,085
1923	34,266	75-5	11,092	24-5	45,358	45,147	237,711
1924	48,487	83-0	9,929	17-0	58,416	57,598	318,055
1925	65,596	73-8	23,258	26-2	88,854	88,129	481,955
1926	64,736	70-3	27,371	29-7	92,107	91,631	472,637
1927	91,288	73-1	33,523	26-9	124,811	124,227	662,065
1928	87,779	59-2	60,513	40-8	148,292	147,294	788,508
1929	76,660	55-3	61,954	44-7	138,604	137,794	696,452
1930	67,155	49-4	68,801	50-6	135,956	134,622	620,689
1931	79,473	44-3	99,762	55-7	179,235	175,941	731,725

The Irish Free State is the only Empire source of any importance, and the yearly imports from this source increased from 34,243 cwt. in 1923 to 91,253 cwt. in 1927, since when they have declined.

In the period 1909-13, the most important source of supply was France, about 90 per cent. of the total coming from that country. The only other sources of any importance were Norway and the Netherlands, the first-named being the more important of the two.

Since 1922, foreign cream has, to an increasing extent, been imported from Denmark. The annual quantities from that country

have increased steadily since 1923 from 2,062 cwt. to 65,708 cwt. in 1931. In the latter year, the Danish supplies accounted for over 65 per cent. of the foreign supplies and over 36 per cent. of the total imports. In recent years, the second most important source of foreign supplies has been the Netherlands; Dutch supplies have not expanded consistently from year to year as have Danish, nor has the increase between 1922 and 1931 been so great, Dutch supplies in 1931 being little more than 40 per cent. of the supplies from Denmark. From 1926 to 1930, small but increasing quantities were imported from Switzerland, but in 1931, supplies from this source decreased to 4,254 cwt. The quantities imported each year from Norway, which in 1922 supplied nearly 40 per cent. of the foreign cream, have declined, and, in 1931, were a negligible quantity. France, which supplied nearly 90 per cent. of the total imports in 1909-13, has, since 1922, sent small quantities in a few years only, and in recent years, the imports have either ceased altogether or been so small as to be unworthy of separate enumeration in the trade returns.

3.—Butter.

From the point of view both of the value of the produce and the quantity of milk used in its manufacture, butter constitutes the most important of the imported dairy products. The latest year for which comprehensive information is available of the total home production of butter is 1924-5, in which year the quantity produced in the United Kingdom was 853,000 cwt., of an estimated value of £8,364,000. The average quantity imported in the two years 1924 and 1925 was 5,299,000 cwt., so that home-produced butter—87 per cent. of which was made on farms—constituted about 13 per cent. of the home supply. A Table summarizing butter imports is given below:—

Year.	Gross Imports.				Net Imports.		
	From British Countries.		From Foreign Countries.		Total Quantity.	Quantity.	Declared Value.
	Quantity.	Per-centage of total imports.	Quantity.	Per-centage of total imports.			
1909-13 (average)	Cwt. 946,356	22.7	Cwt. 3,220,690	77.3	Cwt. 4,167,046	Cwt. 4,066,866	£ 23,426,024
1922	2,202,310	51.6	2,066,251	48.4	4,268,561	3,816,054	33,880,217
1923	2,201,181	43.2	2,894,330	56.8	5,095,511	4,953,597	42,996,022
1924	2,337,059	44.2	2,950,186	55.8	5,287,244	5,096,082	47,931,621
1925	2,989,273	51.1	2,863,072	48.9	5,853,245	5,502,579	50,153,654
1926	2,467,575	42.4	3,351,265	57.6	5,818,840	5,592,190	46,451,158
1927	2,329,119	40.0	3,489,492	60.0	5,818,611	5,581,640	46,293,572
1928	2,656,593	43.5	3,456,379	56.5	6,112,972	5,948,490	50,697,447
1929	2,682,543	41.5	3,744,723	58.5	6,397,266	6,274,549	53,622,728
1930	3,070,166	45.0	3,751,464	55.0	6,821,620	6,848,419	45,759,491
1931	3,990,033	49.5	4,070,035	50.5	8,060,068	7,708,619	44,335,367

The United Kingdom market is the most important buttermarket in the world and in recent years has absorbed over 70 per cent. of world exports.

During the pre-War period, only 23 per cent. of the imported butter came from British possessions, but in recent years this figure has risen to between 40 and 50 per cent. The chief cause for the change has been the increase in the quantities imported from New Zealand. The average annual imports from this source rose from 304,000 cwt., valued at £1,693,000, in 1909-13, to 1,145,000 cwt., valued at £9,980,000, in 1922-6, and to 1,454,000 cwt., valued at £10,677,000, in 1927-31, representing, respectively, 7, 22 and 22 per cent. of the average imports from all sources for these periods. Australia has also increased her exports to this country as compared with the pre-War period, but not on the same proportionate scale as in the case of New Zealand. Nevertheless, Australia ranks after Denmark and New Zealand as the third most important source of supply of imported butter. Since 1923, when shipments from the Irish Free State into other parts of the British Isles were first classified as imports into the United Kingdom, imports from the Irish Free State have fluctuated around the 500,000 cwt. level with a slight tendency to increase, except that in 1931 they declined to a low level, being 381,028 cwt. only. These three Dominions are the most important sources of Empire butter.

The most important source of foreign butter and the most important of all countries exporting to the United Kingdom is Denmark. Imports from Denmark were slightly smaller in 1922 than in 1909-13, and the proportion of the total fell from 40 per cent. in the period 1909-13 to 33 per cent. in 1922. Since 1925, however, there have been important yearly increases in the quantities of Danish butter imported, though the proportion of the total represented by these has stood around the 1922 figure.

On the average, Argentina ranks as the second most important source of foreign supplies, but, during the quinquennium 1927-31, imports from Argentina fell as compared with the quinquennium 1922-6. Among other sources of supply are two countries worthy of special mention—*viz.*, Sweden and Finland. The annual imports from these two countries, and especially from Sweden, although representing only a small proportion of total imports, have in the last decade increased remarkably.

The average *per capita* consumption of imported butter in the period 1909-13 was 10·1 lb., in the 5 years 1922-6 it was 12·6 lb. and in the years 1927-31 15·7 lb., which represent an increase of 24 and 55 per cent. respectively on the 1909-13 figures. The chief reasons for this increase are dealt with in the Ministry of Agriculture and Fisheries Report on the *Marketing of Dairy Produce—Part II* (Butter and Cream).^a The primary and immediate cause has probably been the great fall in the price of butter, which has led to its substitution for margarine, but over the long period the improvement in the quality of imported butter through the regulation of quality and packing by organisations in the chief exporting countries has been a contributory cause.

4.—Cheese.

Cheese constitutes the second most important class of imported dairy produce. During the past decade, the trade in imported cheese, unlike that in imported butter, has remained comparatively stationary. In 1924-5, the latest year for which complete statistics of total home production are available, the quantity of cheese produced in the United Kingdom was 862,000 cwt.; in the same years, the average quantity of cheese imported was 2,993,000 cwt. Allowing for exports of cheese of home manufacture and for re-exports, the home-produced product represented about 28 per cent. of the home consumption.

^a Economic Series No. 30.

The position regarding supplies of imported cheese is summarized in the Table below :

Year.	Gross Imports.					Net Imports.	
	From British Countries.		From Foreign Countries.		Total Quantity.	Quantity.	Declared Value.
	Quantity.	Per-centage of total imports.	Quantity.	Per-centage of total imports.			
1909-13 (average)	Cwt. 1,926,171	81-6	Cwt. 434,006	18-4	Cwt. 2,360,177	Cwt. 2,298,275	£ 6,836,918
1922	2,343,650	88-1	315,695	11-9	2,659,345	2,633,371	12,299,137
1923	2,416,320	85-1	422,226	14-9	2,838,546	2,797,147	15,031,560
1924	2,536,740	87-9	360,773	12-1	2,897,513	2,839,648	13,278,309
1925	2,732,431	88-2	366,271	11-8	3,098,702	2,959,819	14,899,831
1926	2,604,891	86-4	409,184	13-6	3,014,055	2,974,888	13,717,486
1927	2,495,063	84-6	464,029	15-4	2,949,082	2,909,739	13,277,132
1928	2,560,621	84-9	464,616	15-1	3,005,237	2,974,836	14,818,668
1929	2,576,367	86-0	417,681	14-0	2,994,038	2,962,001	13,733,030
1930	2,704,721	86-9	407,595	13-1	3,112,316	3,082,385	12,465,435
1931	2,524,545	87-5	361,249	12-5	2,885,794	2,866,397	8,946,049

One point of marked difference between cheese imports and butter imports is that a very much larger percentage of the former comes from Empire sources. Although during the 5 years 1927-31 only 44 per cent. of the butter imported has come from British possessions, the corresponding figure for cheese is 86 per cent.

During the years 1909-13, Canada was the most important source of Empire-produced cheese, and remained so until as late as 1920; the supply from this source, however, has declined from an annual average of 1,469,000 cwt. during 1909-13, to 1,053,000 cwt. during 1922-6, and 774,000 cwt. during 1927-31. In contrast, there has been a big expansion of the trade with New Zealand; the average annual imports from this source have risen from 462,000 cwt. during 1909-13 to 1,406,000 cwt. during 1922-6, and to 1,733,000 cwt. during 1927-31. The change-over in importance between these two countries has been so pronounced that to-day New Zealand occupies much the same position in the United Kingdom cheese market as Canada did in pre-War days. The decline in the Canadian supply appears to be accounted for by a falling-off in production and an increase in the domestic demand.* At the same time, the remarkable increase in the exports from New Zealand is undoubtedly largely the sequel to the systematic steps taken in New Zealand to produce a standardized product of reliable quality and to push its sale in the United Kingdom market.

Australia is the third most important Empire source. Imports since 1922 have been higher than in the period 1909-13, but they have fluctuated considerably from year to year, and over the decade have shown a tendency to fall. Annual imports from the Irish Free State since 1923 have declined from 5,000 cwt. to about 2,000 cwt.

* See Report on the *Marketing of Dairy Produce—Part I* (Economic Series No. 22), p. 35.

The two principal foreign sources of imports of cheese are the Netherlands and Italy. Imports from the former have been smaller since 1922 than they were in 1909-13, but over the 10 years 1922-31 have remained fairly constant. Except in 1922 and 1923, imports from Italy have been considerably higher in recent years than in 1909-13.

The bulk of the imported cheese is of the standardized, hard-pressed kinds, which are most easily made by using large-scale factory methods. One factor that has undoubtedly been a valuable asset to overseas cheese producers in maintaining their position in the United Kingdom market has been the attention paid to quality. In practically all the exporting countries, systems have been established for the control of the quality of the exported product. The details of these systems are set out at length in the Ministry of Agriculture and Fisheries Report on the *Marketing of Dairy Produce, Part I**, Chapters VIII and IX. Voluntary efforts have been and are being made in this country to improve and standardize the quality of home-produced cheese, but there is still no statutory control of quality similar to that applied to the greater part of the imported supply.

5.—Condensed Milk.

(i) *Separated or Skimmed, Sweetened.*

From the point of view of value, condensed skimmed milk is the most important of the three classes of imported condensed milk. During the years 1922-31, the value of the yearly net imports fell below £3 million on only two occasions; in 1931, the value of the imports of condensed skimmed milk was nearly double that of condensed whole milk, both sweetened and not sweetened.

Imports have shown a remarkable increase in recent years, as is seen from the Table below:—

Year.	Gross Imports.				Net Imports.		
	From British Countries.		From Foreign Countries.		Total Quantity.	Quantity.	Declared Value.
	Quantity.	Percentage of total imports.	Quantity.	Percentage of total imports.			
1909-13 (average)	Cwt. 81	0.01	Cwt. 804,906	99.99	Cwt. 604,987	Cwt. 602,520	£ 835,352
1922	5,348	0.4	1,244,641	99.6	1,249,989	1,248,335	3,332,858
1923	22,677	1.6	1,407,741	98.4	1,430,418	1,426,804	3,603,693
1924	27,181	1.8	1,452,032	98.2	1,479,213	1,477,829	3,457,667
1925	62,134	3.9	1,533,995	96.1	1,596,129	1,595,130	3,208,706
1926	79,354	4.5	1,694,077	95.5	1,773,431	1,772,525	3,176,066
1927	84,513	2.9	1,860,246	97.1	1,954,759	1,954,577	3,271,482
1928	83,120	4.3	1,867,905	95.7	1,951,025	1,950,403	3,371,723
1929	71,376	3.6	1,915,517	96.4	1,986,893	1,985,108	3,107,435
1930	70,666	3.6	1,901,766	96.4	1,972,432	1,972,334	2,828,301
1931	38,827	1.9	2,046,708	98.1	2,085,535	2,085,436	2,801,212

* Economic Series No. 22.

In 1922, the volume of the imports was double, and in 1931 more than treble, that of the years 1909-13. It is understood that only very small quantities of this product are at present manufactured in this country.

Another feature of the trade is that the source of supplies is almost entirely outside the British Empire. The slight rise in the proportion coming from the British Empire since 1922 is due to the inclusion of supplies from the Irish Free State, from which imports during the past decade have slightly increased. In 1929 and 1930, imports from this source were around 70,000 cwt., but in 1931 fell to less than 39,000 cwt.

The Netherlands occupies a predominant position as a supplier of condensed skimmed milk to this country. In 1922, imports from the Netherlands amounted to 901,452 cwt., and since that year they have increased steadily until, in 1931, they amounted to 1,827,907 cwt. The only other foreign source of any importance is Denmark, but, since 1922, the quantities imported annually from that country have shown a tendency to fall.

Condensed skimmed milk is a by-product of the butter-making industry; condensing (under which drying may for this purpose be included), skimmed-milk cheese-making and feeding to livestock are the principal outlets for the utilization of skimmed milk. Where large supplies are available it is worth while using them in one of these ways so long as the resultant product contributes, to however small an extent, to the overhead charges of the primary industry, and there is little doubt that much of the supply entering this country competes on this costing basis with other condensed milk products and even with fresh milk.

(ii) *Whole Sweetened and Not Sweetened.*

The trade in imported condensed whole milk, if sweetened and not sweetened are taken together, has shown some expansion in the last decade as compared with pre-War years. During 1909-13, the average quantity (net) of condensed whole milk imported yearly was 479,239 cwt., valued at £1,050,323, whereas, since 1922, with the exception of 1923 (when imports reached the record figure of 804,076 cwt.), the yearly quantities have fluctuated round about 662,000 cwt.

Imports of condensed whole milk represent the smaller part of the total home supply. In 1924 the total production of condensed milk in the United Kingdom amounted to 783,000 cwt., which was nearly 11 per cent. more than the quantity imported during that year; the home-produced supply was valued at £2,932,000, which was approximately 35 per cent. greater than the value (declared at the ports) of the imported supply.*

Although the trade in imported condensed milk as a whole has remained comparatively steady since 1922, and has increased but slightly since pre-War days, there have been important changes in the trends of the imports of the two classes of condensed whole milk.

* The basis of valuation may not be strictly comparable, and too much importance should not be attached to this comparison.

(a) *Sweetened*.—The position as regards imports of condensed whole milk, sweetened, is summarized in the Table below:—

Year.	Gross Imports.				Net Imports.		
	From British Countries.		From Foreign Countries.		Total Quantity.	Quantity.	Declared Value.
	Quantity.	Per-centage of total imports.	Quantity.	Per-centage of total imports.			
1909-13 (average)	Cwt. 177	0-04	Cwt. 463,624	99-96	Cwt. 463,801	Cwt. 435,365	£ 974,906
1922	73,892	20-0	295,874	80-0	369,766	355,579	1,440,702
1923	24,181	6-0	376,526	94-0	400,707	397,867	1,302,059
1924	30,732	8-7	285,271	80-3	317,003	313,605	993,978
1925	24,265	8-4	265,288	91-6	289,543	287,826	846,282
1926	19,187	7-5	237,946	92-5	257,133	254,678	836,521
1927	14,189	5-6	239,083	94-4	253,272	252,239	604,815
1928	15,988	5-4	281,027	94-6	297,015	296,296	712,230
1929	20,467	7-9	237,954	92-1	258,421	257,975	597,785
1930	22,980	10-1	203,686	89-9	226,666	224,813	481,962
1931	11,187	4-9	218,459	95-1	229,646	228,350	448,134

The most important sources of supply during the years 1909-13 were Switzerland, the Netherlands and Norway; on the average, about 70 per cent. of the total imports came from the first-named country and about 22 per cent. from the Netherlands.

Since 1922, the most important source of foreign supply has been the Netherlands; the annual quantities have fluctuated somewhat around an average of 161,000 cwt. During the same period, Switzerland was the second most important source of foreign supplies, though the annual quantities imported from that country were less than in pre-War years. Denmark is the other foreign source of importance, the annual quantities since 1922 being steady around an average of 28,000 cwt. Imports from Norway, which in 1909-13 was the third most important source, have, since 1922, been reduced to negligible quantities.

During 1909-13, the imported supplies of condensed milk, whole, sweetened, came almost entirely from foreign countries.

Since 1922, Empire supplies have provided a greater part of the total. The large proportion of Empire supplies in 1922 was due to imports from Australia and Canada, which amounted to 32,245 cwt. and 38,395 cwt. respectively; in addition, New Zealand sent 1,264 cwt. and the Straits Settlements 1,988 cwt. Since that year, Canada has been the only one of the above-mentioned countries that has consistently sent any considerable quantities, and these have declined from 38,395 cwt. in 1922 to 5,147 cwt. in 1931.

Between 1923 and 1931, the Irish Free State has exported each year to the United Kingdom quantities of sweetened condensed whole milk; the amounts have ranged from as low as 238 cwt. in 1927 to 5,860 cwt. in 1931.

(b) *Not Sweetened*.—In contrast to the decline in the trade in imported condensed whole milk, sweetened, imports of condensed whole milk, not sweetened, have been very much greater in the years since 1922 than in

pre-War years; since 1923, the yearly totals have remained comparatively steady. The imports are summarised in the Table below:—

Year.	Gross Imports.					Net Imports.	
	From British Countries.		From Foreign Countries.		Total Quantity.	Quantity.	Declared Value.
	Quantity.	Per-centage of total imports.	Quantity.	Per-centage of total imports.			
1900-13 (average)	Cwt. 201	0.4	Cwt. 56,911	99.6	Cwt. 57,112	Cwt. 43,884	£ 75,417
1922	11,522	4.3	258,584	95.7	270,106	245,025	658,657
1923	35,348	9.0	388,180	91.0	426,528	406,209	1,181,373
1924	51,297	12.3	366,870	87.7	418,167	390,521	1,184,023
1925	40,973	11.5	314,989	88.5	355,962	327,180	939,984
1926	57,438	15.9	304,320	84.1	361,758	357,239	1,006,437
1927	74,370	18.1	337,115	81.9	411,485	407,065	1,147,697
1928	43,502	10.2	381,904	89.8	425,406	422,022	1,152,803
1929	18,754	4.6	386,633	95.4	405,387	400,872	1,065,094
1930	18,780	4.7	394,187	95.3	402,967	398,991	989,495
1931	34,603	7.2	448,976	92.8	483,579	476,589	1,068,464

During the years 1900-13, over 75 per cent. of the total imports came from Norway, the other sources of any importance being Switzerland and the Netherlands.

Between 1922 and 1928, the most important source of foreign supplies was the United States, imports from which during 1922-6 represented, on an average, 75 per cent. of the total. In 1929 and 1930, however, the quantities imported from the United States fell considerably, and the Netherlands assumed the place of first importance, a position which was again held by the United States in 1931. The yearly quantities imported from the Netherlands have increased steadily from 3,748 cwt. in 1922 to 158,314 cwt. in 1929; 1931 showed a small decrease to 154,875 cwt.

Norway, the most important source of supply in the years 1900-13, was reduced to third place in importance in 1922, after which the yearly quantities declined until 1926, when Norway ceased to figure separately in the trade returns. In 1922 and 1923, Denmark was the second most important source of foreign supply, the quantities being 22,998 cwt. and 19,166 cwt., respectively. The quantities imported yearly from this country, however, have fluctuated very much from year to year with no definite tendency to increase or decrease.

Since 1922, the proportion of the total imported from the British Empire has been larger than in the pre-War period; it rose as high as 18.1 per cent. in 1927 but has since declined. The only Empire source of any importance has been Canada; the yearly quantities imported from this source increased from 11,474 cwt. in 1922 to 73,756 cwt. in 1927; since then they have declined and in 1931 amounted to only 24,489 cwt. Beginning in 1926 with 72 cwt., small but increasing quantities have been imported from the Irish Free State.

6.—Dried Milk.

Imports of dried milk are of three kinds—viz., milk-powder, not sweetened milk-powder, sweetened, and other kinds of preserved milk comprising various prepared milk foods. The greater part of the milk powder is used by bakers and confectioners, although some portion of it is used in making re-constituted milk and cream which are the chief sources of milk supply on ocean-going vessels. In 1924, the total production of milk-powder, sweetened and not sweetened, in the United Kingdom amounted to 123,000 cwt., valued at £871,000. In the same year, the net imports amounted to 84,235 cwt., valued at £234,651.

Comparison between the home production of "other milk products" and the net imports of "preserved milk, other kinds," is not possible.

(i) Milk Powder, Not Sweetened.

The most important of the three classes of imported dried milk products is milk powder, not sweetened, which is manufactured from skimmed milk; the import statistics in respect of this product are summarized in the Table below:—

Year.	Gross Imports.				Net Imports.		
	From British Countries.		From Foreign Countries.		Total Quantity.	Quantity.	Declared Value.
	Quantity.	Percentage of total imports.	Quantity.	Percentage of total imports.			
1909-13 (average)	Cwt. 4,368	14.8	Cwt. 25,168	85.2	Cwt. 29,526	Cwt. 28,405	£ 52,789
1922	62,932	79.8	15,892	20.2	78,824	67,914	247,004
1923	62,418	74.1	21,858	25.9	84,276	61,067	227,544
1924	76,041	74.3	26,296	25.7	102,337	84,183	234,314
1925	98,263	71.5	39,225	28.5	137,488	94,656	290,442
1926	55,758	41.3	79,410	58.7	135,168	129,009	359,389
1927	79,635	57.8	58,159	42.2	137,794	131,769	333,654
1928	113,363	56.8	86,353	43.2	199,706	179,567	467,791
1929*	148,703	56.6	114,345	43.5	263,048	245,659	625,731
1930*	120,997	48.3	129,453	51.7	250,440	233,109	548,301
1931*	162,056	43.1	200,696	56.9	352,652	339,147	640,802

* The figures for these years are not strictly comparable with those for earlier years as the returns for 1929-31 include quantities of dried milk previously classified as "preserved milk, other kinds." (See Table on page 212.)

A feature of this trade is the steady increase that has taken place since 1922. Further, since 1922 a diminishing proportion of the total supplies has been imported from the British Empire, although the proportion is still much greater than in the pre-War period.

In 1909-13, the only Empire sources of any importance were Victoria (Australia) and New Zealand; the average annual quantity imported from the former was about 2,500 cwt., and from the latter, 1,560 cwt. Since 1922, the greater part of the Empire supplies have come from New Zealand; for 1922-6, the average annual quantity was 51,600 cwt., and for 1927-31

it was 85,500 cwt. The second most important source of Empire supplies during the past decade has been Canada, but, compared with the trade with New Zealand, the quantities have been very small, although during the past 4 years they were considerably greater than in previous years. The imports from Australia (the bulk of which is manufactured in Victoria) have fluctuated considerably from year to year and, over the period, have shown a tendency to decline.

In the years 1909-13, the Netherlands and Sweden were the two chief sources of foreign supply, although numerous other countries exported small quantities annually to the United Kingdom. Since 1922, the Netherlands has occupied an increasingly important position and, in 1931, imports from that country reached the record figure of 100,169 cwt., which represented almost 60 per cent. of the total foreign supply, or nearly 29 per cent. of the total imports. There have been small and fluctuating quantities imported from Denmark and from the United States. Small annual quantities are also imported from France and Switzerland.

(ii) *Milk-Powder, Sweetened.*

The quantities of imported milk-powder, sweetened, are quite small, as the Table below shows. The most important single source of supply since 1922 has been New Zealand.

Year	Gross Imports.				Net Imports.	
	From British Countries.		From Foreign Countries.		Total Quantity.	Declared Value.
	Quantity.	Per-centage of total imports.	Quantity.	Per-centage of total imports.		
1909-13 (average)	Cwt. Nil.	—	Cwt. 20	100-0	Cwt. 20	Cwt. 9 £ 37
1922	Nil.	—	Nil.	—	Nil.	Nil.
1923	7,400	99-9	11	-1	7,411	7,391 54,833
1924	Nil.	—	57	100-0	57	52 337
1925	31	91-2	3	8-8	34	33 164
1926	Nil.	—	1	100-0	1	1 11
1927	Nil.	—	32	100-0	32	30 151
1928	62	98-4	1	1-6	63	58 124
1929*	16,468	99-98	7	-04	16,475	16,475 100,343
1930*	14,359	99-97	5	-03	14,364	14,364 82,248
1931*	8,106	100-0	Nil.	—	8,106	8,066 44,367

* The figures for these years are not strictly comparable with those for earlier years, as the returns for 1929-31 include quantities of dried milk previously classified as "preserved milk, other kinds." (See Table on page 212.)

(iii) *Milk Preserved, Other Kinds, Not Sweetened.*

The greater part of these products is made from half-cream milk. As compared with the years 1909-13, there was a considerable increase in the quantity and value of the imports in 1922, and since then the Empire

has supplied the greater proportion of the total. The Table below gives, in summary form, the most important statistics of this trade:—

Year.	Gross Imports.					Net Imports.	
	From British Countries.		From Foreign Countries.		Total Quantity.	Quantity.	Declared Value.
	Quantity.	Per-centage of total imports.	Quantity.	Per-centage of total imports.			
1900-13 (average)	Cwt. 815	10.9	Cwt. 7,517	89.1	Cwt. 8,432	Cwt. 7,037	£ 7,086
1922	88,645	98.1	1,720	1.9	90,365	83,168	624,252
1923	24,025	97.7	678	2.3	24,603	18,958	122,828
1924	16,541	97.7	391	2.3	16,932	9,883	63,304
1925	32,860	96.4	1,244	3.6	34,104	27,016	197,176
1926	27,866	94.8	1,633	5.2	29,399	23,429	141,490
1927	25,516	95.5	1,193	4.5	26,709	19,961	108,721
1928	31,523	92.5	2,550	7.5	34,073	27,509	159,454
1929*	699	14.2	4,213	85.8	4,912	3,360†	- 336†
1930*	369	15.6	1,991	84.4	2,360	2,163	3,399
1931*	345	6.8	4,755	93.2	5,100	4,959	10,770

* Owing to changes in the method of classification used in the trade returns, the figures for 1929-31 are not comparable with those of previous years. From 1929, onwards, quantities of dried milk previously classified as "milk preserved, other kinds," have been treated as either "milk powder, sweetened" or "milk powder not sweetened." (See Tables on pages 210 and 211). These years must be omitted in the examination of sources of supply, but it appears that no increase took place in the total imports during these years and it is probable that the chief sources of supply were the same as before.

† On the basis of the average declared value of the gross imports, the market value of this quantity may be estimated at £10,684.

‡ Re-exports in excess of imports.

The small quantities that were imported from the British Empire in 1900-13 came exclusively from Australia. Since 1922, however, the bulk of the Empire supplies have been imported from New Zealand; between 1922-8, 90 per cent., on the average, of the total imported supplies came from that source. The only other Empire source of supply of any importance was Australia.

The trade returns do not distinguish between the sources of foreign supply, but no single country can be of any importance, since the quantities involved are very small.

7.—Values and Fresh Milk Equivalents of Imported Supplies.

The seriousness of the competition of imported supplies of milk and milk products may be measured by two standards. The value of the imports provides the first standard, the importance of which lies in the indication of the purchasing power that might be retained at home. The milk equivalent of the imports provides the second standard, and from this may be gathered some idea of the possibilities of expansion on the production side of the

industry. In the following paragraphs these two standards are applied to imports in the years 1929-31, a distinction being made between Empire and foreign supplies.

(i) *The Value of Imports.*

During the 3 years 1929-31, the average declared value of the net imports of fresh milk and milk products amounted to approximately £65,493,000; of this, butter alone accounted for £47,906,000, and cheese for £11,712,000; the only other single item of importance was condensed separated milk, which was valued at £2,912,000.

The average yearly value of foreign imports* only was more than half the total, amounting to £34,452,000, of which butter accounted for £27,783,000, cheese for £1,723,000, and condensed milk, separated, for £2,814,000.

(ii) *The Fresh Milk Equivalent of Imports.*

The quantity of milk that would be used by the home producer to manufacture the whole or a part of the imported supplies has been ascertained by applying the conversion figures given in the Table on page 214.

The estimated milk equivalents of the average annual gross and net imports of fresh milk and milk products in 1929-31 are shown in the Table on page 215.

On the average, nearly 353 million gallons of whole milk were imported and retained in the form of fresh milk, cheese, condensed whole milk, and whole milk-powder. The net imported supplies of butter and cream represented nearly 1,833 million gallons of whole milk, but, actually, the imported products accounted for only the cream of this milk, the residue being retained in the country of manufacture or exported in some other form. Part of the skimmed milk derived from butter-making was imported in the form of condensed skimmed milk and milk powder made from skimmed milk; the net imports of these products were equivalent to 100 million gallons of skimmed milk. Finally, there were some 300,000 gallons of half-cream milk imported in the form of preserved milk of various kinds. Balancing the imports of skimmed milk against an equal quantity of milk of which only the cream was imported, and treating the 300,000 gallons of half-cream milk as whole milk (the difference does not materially affect the figures when dealing in millions of gallons), the average annual net imports of milk and milk products in 1929-31 represented some 453 million gallons of whole milk, and the cream from 1,732 million gallons of whole milk. The replacement of these supplies would require approximately 2,185 million gallons of whole milk, but this quantity of milk would not only produce the equivalent of the imported dairy produce, but leave a balance of skimmed milk obtained from 1,732 million gallons of whole milk, which would be available for feeding to livestock or manufacture into skim-milk products.†

* It is not possible to estimate the average value of the net imports coming from foreign countries, and in so far as some of this produce is re-exported, the values here shown may be too high. The difference, however, is not likely to be great.

† There would also be quantities of butter-milk and whey available for stock feeding.

The position may be summarized as follows :—

	<i>Million gallons.</i>
Whole milk, imported as fresh milk, half-cream milk, cheese, condensed whole milk and whole milk powder	352.93
Whole milk, the butter-fat of which is imported in the form of butter or cream and the skimmed milk as condensed milk, separated or skimmed, or skimmed milk powder	99.92
Whole milk, of which butter-fat only is imported, leaving skim milk in the country of origin	1,732.49
Total milk (wholly or partly used in production of imports) ...	2,185.34

(iii) *Imports from Foreign Countries.*

The average total gross imports from foreign countries of fresh milk, cheese, condensed milk, whole, and milk powder, whole, represented some 62 million gallons of whole milk; butter and cream represented the cream of 1,023 million gallons of whole milk; there were some 80 million gallons of skim milk imported as condensed milk, separated or skimmed, or milk powder made from skimmed milk, and about one-third of a million gallons of half-cream milk. The last item is ignored in the following calculations, which are in terms of millions of gallons.

The replacement of the foreign supplies would have required approximately 1,085 million gallons of whole milk, but from this quantity of milk there would remain a balance of skim milk obtained from 943 million gallons of whole milk, available for feeding to livestock or for manufacture.

The average yearly production of milk in the United Kingdom in 1929-31 may be estimated at about 1,625 million gallons; as compared with this, the average net imports of milk and milk products represented 2,185 million gallons—i.e., nearly one-and-a-half times the total home production. Of this, foreign countries contributed an average of something less than 1,085 million gallons, or about 70 per cent. of the total home-produced milk. These comparative figures indicate the margin for expansion of milk production in the United Kingdom.

CONVERSION TABLE.

CONVERSION FIGURES USED IN THE CALCULATION OF FRESH MILK EQUIVALENT OF IMPORTED MILK AND MILK PRODUCTS.

<i>Fresh Milk.</i>		
1 cwt. of :		gallons.
Fresh milk ... ..	...	10.87
Cream (from the Irish Free State) ... ..	...	151.00
Cream (from other sources) ... ..	...	68.00
Butter ... ..	...	264.10
Cheese ... ..	...	112.20
Condensed milk, whole ... ..	...	27.20
Milk powder, sweetened ... ..	...	78.50
<i>Skimmed Milk.</i>		
1 cwt. of :		gallons.
Condensed milk, separated or skimmed ... ..	...	32.10
Milk powder, unsweetened ... ..	...	118.60
<i>Half-cream Milk.</i>		
1 cwt. of :		gallons.
Preserved milk, other kinds ... ..	...	84.60

The Average Annual Gross Imports of Milk and Milk Products from British and Foreign Countries, * and the Average Annual Net Imports from All Sources, and the Milk Equivalents of these Imports, for the years 1929-31.†

Product.	Gross Imports.						Net Imports.	
	British Countries.		Foreign Countries.		Total.		Total.	
	Quantity.	Milk Equivalent.	Quantity.	Milk Equivalent.	Quantity.	Milk Equivalent.	Quantity.	Milk Equivalent.
	000 cwt.	Million gals.	000 cwt.	Million gals.	000 cwt.	Million gals.	000 cwt.	Million gals.
Fresh Milk ...	59	0-64	4	0-04	63	0-68	63	0-68
Cheese ...	2,802	291-94	395	44-32	2,997	336-26	2,967	332-90
Condensed Milk, whole ...	42	1-14	627	17-06	669	18-20	663	18-03
Milk Powder, sweetened ...	13	1-02	—	—	13	1-02	13	1-02
Butter ...	3,238	855-16	3,855	1,018-10	7,093	1,873-26	6,877	1,816-22
Cream (Irish) ...	74	11-18	—	—	74	11-18	73	11-02
Cream (Other)	—	—	77	5-24	77	5-24	76	5-17
Preserved Milk, other kinds (half-cream)	0-5	0-04	3-6	0-31	4-1	0-35	3-5	0-30
Total of Whole Milk Equivalent ...	—	1,161-12	—	1,085-07	—	2,246-19	—	2,185-34
Condensed Milk, separated or skimmed ...	60	1-93	1,955	62-75	2,015	64-68	2,104	67-54
Milk-Powder, unsweetened	141	16-72	148	17-55	289	34-27	273	32-38
Total of Skimmed Milk Equivalent ...	—	18-65	—	80-30	—	98-95	—	99-92

* It is not possible to calculate exactly the net imports from foreign and British countries, respectively.

† The conversion figures used in the calculation of these milk equivalents are shown on page 214 and were supplied by the Ministry of Agriculture and Fisheries, and show the approximate quantities of milk that would be required to manufacture the products in this country. A certain margin of error must be allowed for in any computation of this kind.

APPENDIX F.

IMPORT DUTIES ON MILK AND MILK PRODUCTS.

Summary of the Duties chargeable on 1st January, 1933, on Milk and Milk Products imported into the United Kingdom from Foreign Countries and the Irish Free State.

Product.	Foreign Countries.		Irish Free State.	
	Under Import Duties Act in operation on 1st March, 1932.	Under Ottawa Agreements Act, 1932, in operation on 17th November, 1932.†	Under Irish Free State (Special Duties) (No. 2) Order in operation on 9th November, 1932.	Under Import Duties Act in operation on 15th November, 1932.
Milk	10% <i>ad valorem</i>	No provision made.	—	10% <i>ad valorem</i>
Butter	*	15s. per cwt. (about 13% <i>ad valorem</i>)	30% <i>ad valorem</i>	do.‡
Cheese	*	15% <i>ad valorem</i>	—	do.
Cream	10% <i>ad valorem</i>	No provision made.	30% <i>ad valorem</i>	do.§
Milk Condensed, not sweetened, whole.	*	6s. per cwt. (about 13% <i>ad valorem</i>)	—	do.
Milk Powder, not sweetened.	*	6s. per cwt. (about 18% <i>ad valorem</i>)	—	do.
Milk Preserved, other than condensed or powder, not sweetened.	*	6s. per cwt.	—	do.
Milk Condensed, sweetened, whole.	*	5s. per cwt. (about 13% <i>ad valorem</i>)†	—	do.‡
Milk, Condensed, sweetened, separated or skimmed.	10% <i>ad valorem</i> or the sugar duty, whichever is the greater.	No provision made.	—	10% <i>ad valorem</i> or the sugar duty, whichever is the greater.
Milk Powder, sweetened.	10% <i>ad valorem</i> or the sugar duty, whichever is the greater.	No provision made.	—	do.
Lactose (Sugar of Milk).	10% <i>ad valorem</i>	No provision made.	—	10% <i>ad valorem</i>

* The Ottawa duties supersede any duties under the Import Duties Act.

† In addition to any duty payable on the sugar content.

‡ The *ad valorem* equivalents are based on 1931 average declared values.

§ In addition to the duty payable under the Irish Free State (Special Duties) (No. 2) Order.

NOTE.—The Ottawa Agreements Act continues, for three years from 15th November, 1932, the provisions in the Import Duties Act for the free entry into the United Kingdom of butter, cheese and other milk products from Canada, Australia, New Zealand, Union of South Africa, Newfoundland and Southern Rhodesia.

APPENDIX G.

MEMORANDUM ON THE SCOTTISH MILK AGENCY, LIMITED.

Previous to 1927, the price of milk in the Glasgow area was fixed by a joint conference of the Milk Committee of the Scottish National Farmers' Union and representatives of distributive and manufacturing organizations. The National Farmers' Union was concerned merely with the fixing of a reasonable price and the settlement of the general conditions under which milk should be sold; it took no part in finding a market for producers who were unable to arrange contracts. This arrangement was subject to two main weaknesses—firstly, though a price was fixed, there was no guarantee that distributors would pay it, and, secondly, there was no provision for the disposal of surplus on an equitable basis.

Under the auspices of the National Farmers' Union, the Scottish Agricultural Organisation Society and the Farmers' Dairy Co-operative Association, the Scottish Milk Agency, Ltd., was registered under the Industrial and Provident Societies Acts in October, 1927, and commenced operations in the Glasgow milk shed on November 1 of that year.

The objects of the Agency were to secure a market for the milk produced by its members and to make provisions for the disposal of supplies surplus to the requirements of the liquid market.

Membership was open to societies, associations, companies and individual milk producers who signed the Agency's form of contract and were admitted by the Committee of Management. Every producer of milk had to take out at least one share in the Agency and every corporate member one share for each supplying producer of milk.

The Committee of Management consisted of 12 members—6 representing farmers' co-operative dairy associations and 6 representing individual producers—with a neutral Chairman elected annually by the Committee of Management. On questions voted on at meetings, each corporation had one vote for every supplying producer.

Every member had to enter into a contract with the Agency, for a period of 3 years, to sell through the Agency all milk which would normally be sold in liquid form, and to sell no milk in liquid form without the written sanction of the Agency. The Committee of Management, however, agreed not to disturb, without good reason, relations existing between producers and distributors, and permitted contracts between individual producers and distributors provided such contracts were registered with the Agency.

Members were required to declare on their contract forms when entering the Agency the average daily quantities supplied in each month for the 3 previous years. For these basic quantities, with a variation of 10 per cent. either way, members were paid the liquid-milk price. The Committee of the Agency had power to pay a lower price for quantities in excess of this limit and to make deductions for shortages. There was no premium for uniform production, but members who had an abnormal variation in their monthly deliveries were required to accept a lower price for a proportion of their supplies.

Producer-retailers were eligible for membership on payment of a subscription of 5s. per cow, and the Agency undertook to purchase at manufacturing rates any surplus left on their hands. Producers of graded milk could also become members of the Agency, and they were paid whatever their milk realized as "graded," less the levy paid by the ordinary producers. Any "graded" milk surplus only qualified for the ordinary manufacturing price.

It was decided not to start the Agency unless 60 per cent. of the milk production in the Society's area was guaranteed; in the first month's operations, it was estimated that this proportion of the total was being consigned

from 1,200 individual members, and 600 members consigning through 14 creameries.

To meet the working expenses of the Agency and to provide for Compensation, Reserve and Development Funds, members had to allow the Agency to deduct an agreed amount per gallon. It was estimated, when the scheme was floated, that this deduction would range from $\frac{1}{2}$ d. to 1d., and in any case would not exceed the latter figure.

All sales of milk by members were registered with the Agency and the latter guaranteed payment for all such registered sales. All accounts for milk supplied by members, whether as individuals or through corporations, had to be paid to the Agency, which in turn paid the members after making the necessary deduction per gallon. The amount of this deduction depended primarily on the liquid and manufacturing prices and on the amount of milk handled in these two classes. When a member was unable to sell as liquid milk the supplies usually sold as such, he received from the Agency the liquid-milk price less the amount of the levy.

Creameries which were members of the Agency were under an obligation to accept all unsold milk at agreed manufacturing prices. The creameries could manufacture this milk in whatever way they pleased, but they could not sell it liquid without the consent of the Agency. Any profit resulting from conversion was the property of the creamery concerned; similarly, any loss sustained fell upon the creamery. The Agency might, however, in special cases make an allowance to creameries in respect of losses incurred in manufacturing on the instructions of the Agency.

In the case of milk sold liquid by creameries, the deduction per gallon was fixed at one-half the amount levied on the supplies of individual members. The abatement was made on account of the services rendered by creameries to their members and the use of their plant in disposing of surplus. This arrangement with creameries, however, had unforeseen results. Distributors contracted short, and many producers were forced to send to creameries supplies which were necessary for the liquid-milk market; this caused the Agency considerable loss of revenue which had not originally been contemplated.

Though sales of milk were registered with the Agency, contracts continued to be negotiated between individual producers and distributors. The producer might himself find his own buyer or require the Agency to find a market for him and register a contract on his behalf.

The Agency took a wide view when the question of prices came to be determined. Most producers' organizations or local joint committees have contented themselves with fixing producers' prices on the understanding with the Dairymen's Association that certain retail prices would apply, but, at the commencement of the Agency's operations, an agreement was reached between the Agency and the Glasgow and District Dairymen's Association by which producers', wholesalers' and retailers' prices were fixed for a year ahead. All prices were uniform for 9 months of the year, but lower by $\frac{1}{2}$ d. per gallon in the months of May, June and July. The producers' price was fixed for milk delivered to the buyer's railway station or to such a point that the cost of transport was approximately the same as to the railway station. Certain premiums and deductions were allowed, viz. :—

- (a) An additional 1d. per gallon for milk delivered at the dairyman's premises before 6.30 a.m.
- (b) A deduction of 1d. to $1\frac{1}{2}$ d. per gallon in cases where the purchaser collected the milk within 30 miles of Glasgow.
- (c) Special rates for brine-cooled, pasteurized and accommodation milk to be settled by the Joint Committee.
- (d) In selling its members' milk, the Agency was to have regard to special quality, such as butter-fat content.

Distributors purchasing milk through the Agency had to undertake to purchase all their supplies through that channel unless at the time of entering the Agency they had prior contracts with non-members, in which case those contracts were allowed to continue. This clause was introduced to prevent distributors from using the Agency exclusively as a source of accommodation supplies, and it also helped to increase the membership.

In the first year of operation, the Agency was very successful, chiefly on account of the large proportion of supplies sold as liquid. A profit of approximately £20,000 was made, the levy being 1d. per gallon on each member's basic quantity. The Agency purchased the Kyle Creamery, Edinburgh, on very favourable terms to provide a means of entry to that market and to strengthen its own position when dealing with surplus milk.

The Agency extended its operations to the Aberdeen area in 1928. Practically 100 per cent. of the milk producers in this area supported the Agency and the organization established there has actually proved more stable than in the Glasgow area.

In the second year—1928-9—the price of milk to the producer was increased by 3d. per gallon during each of 4 winter months. Prices seem to have been fixed without any regard to the practicability of their being maintained. Producers immediately increased production to the limit of their 10 per cent. allowance and competition from non-members became more intense: the Agency found itself with a greatly increased surplus and every gallon cost 3d. more than in the corresponding period of the previous year. The Agency's reserves were drawn upon to make good the loss, and in September and October, 1929, the Committee were compelled to reduce the price to the producer. This aroused much criticism amongst members, and even non-members who enjoyed the enhanced price without contributing anything to its maintenance were not slow to criticize the activities of the Agency.

There was considerable discussion over prices for the contract year beginning November 1, 1929. At one stage, it seemed likely that the producer's price would be reduced to 1s. per gallon, but outside influences were brought to bear on the Agency and the previous year's prices were maintained. The third year thus began with the Agency still following a policy which definitely encouraged over-production and accelerated the drift to milk production from other types of farming which were proving less remunerative. Over-production was general throughout the country, so the disposal of surplus as accommodation milk in other markets became increasingly difficult.

By August, 1930, the Agency was burdened with a daily surplus of 25,000 gallons, and under the existing arrangement a large proportion of this had to be paid for at basic prices. The price of cheese was very low and milk for cheese manufacture was worth only 5d. per gallon. Accordingly, when the Committee met to arrange September prices, the position was definitely serious: nevertheless, the price was increased for that month, just because the old Conference Agreement had been in the habit of arranging a higher price in the winter months. The result was that a levy of 3d. per gallon was necessary in order to compensate for the manufacture of the surplus and to ensure the financial stability of the Agency. That the imposition of so heavy a levy caused a great deal of dissatisfaction among members is not to be wondered at, especially when it is remembered that non-members were in the favoured position of receiving the artificially inflated price with no deduction whatever.

Dissatisfaction was reflected in the refusal of a large number of members to renew their contracts, and, at the beginning of the financial year 1931-2, the contracting membership had dwindled to 569. With such diminished membership it was impossible for the Agency to exert any real influence over prices. The Committee of Management therefore decided to effect all possible economies and to establish a condensed milk factory at the Stewarton

Creamery. The Agency has now ceased to exercise any real control over milk marketing in the Glasgow area.

The decline of the Agency may be ascribed to two main causes—the minority who remained outside profiting at the expense of members, and the unsound price policy. There were also minor contributory causes. The Committee of Management had no previous experience of running an organization like the Agency and it has been contended that the system of area representation did not make for harmonious working. What would have been the fate of the Agency had it received 100 per cent. support is a matter for speculation; with a large percentage of producers outside, the policy pursued could only lead to downfall.

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**NOTE :—For a List of other Reports in this Series,
see inside of front cover.**

STATUTORY RULES AND ORDERS.
1933, No. 789.

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AGRICULTURAL MARKETING. 993
Milk.

THE MILK MARKETING SCHEME (APPROVAL) ORDER, 1933, DATED JULY 28, 1933, MADE BY THE MINISTER OF AGRICULTURE AND FISHERIES UNDER SECTION 1 (8) OF THE AGRICULTURAL MARKETING ACT, 1931 (21 & 22 GEO. 5. c. 42).

Whereas the Minister of Agriculture and Fisheries laid before each House of Parliament a draft of a Scheme, as set forth in the Schedule hereto, under the Agricultural Marketing Acts, 1931 and 1933, (a) for regulating the marketing of cows' milk produced in England and Wales:

And whereas the House of Commons resolved on the twenty-seventh day of July, 1933, and the House of Lords resolved on the twenty-seventh day of July, 1933, that the said Scheme should be approved:

Now therefore the Minister of Agriculture and Fisheries as required by Section 1 (8) of the Agricultural Marketing Act, 1931, hereby makes the following Order:—

1. The said Scheme is approved in terms of the said draft.
2. The said Scheme shall come into force on the twenty-ninth day of July, 1933.
3. This Order may be cited as "The Milk Marketing Scheme (Approval) Order, 1933."

In Witness whereof the Official Seal of the Minister of Agriculture and Fisheries is hereunto affixed this twenty-eighth day of July, 1933.

(L.S.)

Charles J. H. Thomas,
Secretary.

(a) 21-2 G. 5. c. 42 and 23-4 G. 5. c. 31.

Draft.

Schedule.

SCHEME UNDER THE AGRICULTURAL MARKETING ACT, 1931, REGULATING THE MARKETING OF MILK.

PART I.—PRELIMINARY.

1. This Scheme may be cited as the Milk Marketing Scheme, 1933, and applies to England and Wales.

2. The Interpretation Act, 1889, (*) applies for the interpretation of this Scheme as it applies for the interpretation of an Act of Parliament.

3. In this Scheme, unless the context otherwise requires, the following expressions have the meanings hereby respectively assigned to them, that is to say:—

“ The Act ” means the Agricultural Marketing Act, 1931, as amended by the Agricultural Marketing Act, 1933 :

“ Calendar year ” means a period of twelve consecutive months beginning on the first day of January :

“ Minister ” means the Minister of Agriculture and Fisheries :

“ Market Supply Committee ” means the Market Supply Committee appointed in accordance with the provisions of section three of the Agricultural Marketing Act, 1933 :

“ Milch cow ” means a cow kept for milking purposes, but does not include a heifer which has never calved :

“ Milk ” means cows' milk produced in England and Wales :

“ Producer ” means a producer of milk :

“ Region ” means a region constituted for the purposes of this Scheme :

“ Registered ” means registered under this Scheme, and “ registration ” shall be construed accordingly :

“ Secretary ” includes any person for the time being authorised by the Board to act as secretary.

4. For the purposes of this Scheme there shall be eleven regions called respectively the northern region, the north-western region, the eastern region, the east-midland region, the west-midland region, the North Wales region, the South Wales region, the southern region, the mid-western region, the far-western region, and the south-eastern region, and each of those regions shall consist of the area which, immediately before the 14th day of March, 1933, was comprised in the counties and county boroughs specified in relation thereto in the First Schedule to this Scheme.

PART II.—THE BOARD AND THE REGIONAL COMMITTEES.

THE BOARD.

5. The Board to administer this Scheme shall be called the Milk Marketing Board, and is hereafter in this Scheme referred to as "the Board."

6. The Board shall be a body corporate, with a common seal and power to hold land without licence in mortmain.

7. Until the thirtieth day of June, 1934, the Board shall consist of the following persons, that is to say:—

T. Baxter, Beverley, Somerville Road, Sutton Coldfield, Warwickshire;

D. L. Bebb, Haimwood, Llandrinio, Llanymynech, Mont.;

H. B. Boden, Denstone Hall, Rocester, Staffordshire;

Major R. H. Dorman-Smith, J.P., Dockenfield Manor, Farnham, Surrey;

B. Hinds, Danyralt, Abergorlech Road, Carmarthen;

P. R. M. Jaggard, J.P., Hodnell Manor, Southam, Rugby, Warwickshire;

J. Joyce, J.P., Preston, Milverton, Somerset;

E. G. H. Maddy, J.P., Compton Abdale, Cheltenham, Glos.;

Oswald McBryde, Pegswood Moor, Morpeth, Northumberland;

J. W. Rickeard, Darsham Hall, Saxmundham, Suffolk;

J. G. Searle, Tregoose, Grampond Road, Cornwall;

Capt. C. G. Y. Skipwith, J.P., Loversal Hall, Doncaster, Yorks.;

Morley Slade, Anvilles, Hungerford, Berks.;

C. T. Sproston, Catten Hall, Frodsham, Cheshire;

J. Trehane, J.P., Manor Farm, Hampreston, Wimborne, Dorset;

J. L. Walton, Morven, Rusper Road, Horsbam, Sussex; and two persons nominated by the Minister in accordance with section fourteen of the Agricultural Marketing Act, 1933.

8. Subject to the provisions of this Scheme as to the filling of casual vacancies, the Board shall consist, after the thirtieth day of June, 1934, of twelve regional members elected for the several regions by the registered producers respectively producing milk therein, and three special members elected by the registered producers in general meeting, and two persons co-opted to the Board by the elected members of the Board after consultation with the Market Supply Committee:

Provided that during the period of twelve months from the thirtieth day of June, 1934, the co-option of any person to the Board shall be subject to the approval of the Minister.

9. There shall be two regional members for the north-western region and one regional member for each of the other regions.

10. The Board :—

- (1) shall elect from amongst their members a chairman and vice-chairman, both of whom shall (provided they remain members of the Board) hold office until the expiration of the day on which the next election of special members of the Board takes place;
- (2) may employ a secretary and such other officers, agents and servants as they think fit;
- (3) shall have an office at which communications and notices will at all times be received, and shall notify the Minister of the address of that office and of any change in that address;
- (4) may enter into such agreements, acquire such property and do such things as may, in their opinion, be necessary or desirable for the purpose of exercising or performing any of their powers or duties under this Scheme, and may sell or otherwise dispose of any property acquired by them which they do not need for such purpose.

11. The Board may pay to any member of the Board any such travelling and out-of-pocket expenses as have, in the opinion of the Board, been reasonably incurred by him in connection with the business of the Board, and shall also pay to the members of the Board such remuneration (if any) as may be determined annually by the registered producers in general meeting.

ELECTION OF MEMBERS.

12. An election of a regional member or regional members shall be held for each region in 1934. Four regional members shall be elected in 1935 and in every subsequent calendar year. The regions for which regional members are to be elected in 1935, 1936 and 1937 respectively shall be determined by lot, so however that the two members for the north-western region shall be elected in the same calendar year. After the end of 1937 an election of a regional member or regional members shall be held for each region in the third calendar year after that in which the last such election was held for that region.

All elections of regional members under this paragraph shall be held in the month of June on such day as the Board may fix.

13. A regional member for any region shall, subject to the following provisions of this Part of this Scheme, hold office until the end of the day on which the next election of a regional member or regional members for that region held under the last foregoing paragraph is completed.

14. An election of special members shall be held in 1934 in the month of June, and in 1937 and every subsequent calendar year on

such day in the month of June as the Board may fix; but after the end of 1936 two special members only shall be elected in the first and second of every three calendar years, and one special member only shall be elected in the third of every three calendar years. Of the special members elected in 1934 two (to be selected by lot) shall, subject to the provisions of the next two following paragraphs, hold office until the end of the day on which the election of special members in 1937 is completed, and two (to be so selected) shall, subject as aforesaid, hold office until the end of the day on which the election of special members in 1938 is completed, and the remaining one shall, subject as aforesaid, hold office until the end of the day on which the election of a special member in 1939 is completed; but save as aforesaid, every special member shall, subject to the provisions of the next two following paragraphs, hold office until the end of the day on which the election of special members or a special member is completed in the third calendar year after that in which he was elected.

VACANCIES.

15. A member of the Board shall cease to hold office—
- (1) if he delivers to the Board a written resignation of his office, and the resignation is accepted by the Board or, if not so accepted, is not withdrawn within seven days; or
 - (2) if he is detained for more than seven days in any place under any enactment in force in the United Kingdom relating to persons of unsound mind; or
 - (3) if he is adjudged bankrupt or enters into a composition or scheme of arrangement with his creditors; or
 - (4) if the Board, by resolution, declares that he has been absent from six consecutive meetings of the Board without reasonable excuse; or
 - (5) if he is convicted of any offence under subsection (2) of section seventeen of the Act.
16. Where a regional member for any region dies or ceases to hold office under the last foregoing paragraph, then—
- (1) if the vacancy in the office occurs within six months before the beginning of the month in which the next election of a regional member for that region would be held under the foregoing provisions of this Part of this Scheme, the Board may co-opt in place of the first-mentioned member any person who, in their opinion, is qualified to represent the registered producers producing milk in that region; or
 - (2) in any other case, an election of a regional member for that region shall be held as soon as may be.

If a special member dies, or ceases to hold office under the last foregoing paragraph, the Board may co-opt a person in his place.

If a person co-opted in accordance with the provisions of paragraph 8 of this Scheme dies or ceases to hold office under the last foregoing paragraph, another person shall be co-opted, in manner provided in paragraph 8, in his place.

Every person co-opted to the Board under this paragraph shall hold office for so long as his predecessor would have held office.

Elections of regional members under this paragraph shall not be taken into account for the purposes of paragraph twelve of this Scheme.

17. A retiring member of the Board or a member who resigns his office shall be eligible for election or re-election.

QUORUM.

18. The quorum of the Board shall be seven or such other number, not being less than five, as the Board may fix, and the Board shall have power at all times to act notwithstanding any vacancy in their number.

EXECUTIVE COMMITTEE.

19. The Board shall appoint from among their members an Executive Committee, consisting of not more than seven members at least one of whom shall be, during the period ending on the thirtieth day of June, 1934, one of the persons nominated by the Minister as a member of the Board and thereafter one of the persons co-opted in accordance with section fourteen of the Agricultural Marketing Act, 1933; and the Board shall delegate to the Executive Committee all their functions under this Scheme, except their functions under the following paragraphs:—sub-paragraph (1) of paragraph 10; sub-paragraph (4) of paragraph 15; paragraphs 18, 19, 20, 29, 48, 49 and 50; sub-paragraph (2) of paragraph 53; paragraphs 55, 56, 57 and 58; sub-paragraphs (2) (c) and (4) of paragraph 62; sub-paragraph (1) of paragraph 63; paragraphs 64, 67, 69 and 88.

A member of the Executive Committee may authorise any other member of the Committee to attend meetings of the Committee in his stead during his absence from England and Wales or during such time as he is unable to act as a member of the Committee, and may delegate to any such member the exercise on his behalf of all or any of his rights as a member of the Executive Committee:

Provided that any such authority shall be in writing and may be given in respect of a particular meeting or in respect of all meetings until the authority expires or is revoked.

COMMITTEES.

20. The Board may appoint committees from among the members of the Board, and subject to the provisions of this Scheme with respect to the application of the common seal of the Board, may delegate to any committee appointed by them any of the powers of the Board, except a power to impose penalties or a power in connection with the borrowing of money.

The quorum of every committee of the Board shall be such number as the Board may fix for the committee, and every such committee shall report its proceedings to the Board and shall comply with their directions, and shall not hold office beyond the next election of special members of the Board.

MEETINGS.

21. Three members of the Board may, and the secretary shall, on the request of any three members or of the chairman, convene a meeting of the Board.

22. Questions arising at any meeting of the Board or of a committee thereof shall be decided by a majority of the votes of the members present, and if at any such meeting the votes are equally divided on any question, the chairman of the meeting shall, for the purpose of deciding that question, have a second or casting vote.

23. All acts done at any meeting of the Board or of any committee thereof shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment, election or qualification of a person purporting to be a member of the Board or of the committee, or that a member of the Board had voted upon any question upon which he was not entitled to vote, be as valid as if that defect had not existed or such member had been entitled to vote.

24. Minutes shall be kept of the proceedings of the Board and of every committee thereof, and any such minutes shall, if signed by a person purporting to have acted as chairman of the meeting to which the minutes relate or of a meeting at which they were read, be evidence of the proceedings at the first-mentioned meeting, and the meeting to which any such minutes relate shall be presumed, until the contrary is proved, to have been regularly convened and constituted.

THE SEAL.

25. The common seal of the Board shall not be applied to any document authorised by the executive committee under its powers under paragraph 19 except by the authority of the executive committee, and the application of the seal shall be attested by the chairman and at least one other member and by the secretary of

the committee; and, except as hereby provided, it shall not be applied to any document except by the authority of the Board, and the application of the seal shall be attested by the chairman, or vice-chairman, and at least one other member of the Board and by the secretary.

CONTRACTS.

26. Any contract or instrument which, if entered into or executed by a person not being a body corporate, would not be required to be under seal, may be entered into or executed on behalf of the Board by any person authorized by them in that behalf, either generally or specially.

27. No contract to which the Board is a party shall be avoided by reason only that a member of the Board is also a party thereto or is interested therein, and a member of the Board who is a party to, or interested in, such a contract shall not, by reason only that he is a member of the Board, be liable to account to the Board for any profit realised by him by reason of the contract; but a member of the Board must forthwith disclose to the Board any interest which he has or acquires in any contract whatsoever, if such interest in any way conflicts with his duty as a member of the Board, and shall not vote upon any question relating to the contract, and if he does vote, his vote shall not be counted:

Provided that a member of the Board shall not be precluded from voting on a question relating to the general policy of the Board with respect to any matter by reason only that the determination of that question will or may affect contracts which have been, or may thereafter be, entered into by him with the Board.

THE REGIONAL COMMITTEES.

28. There shall be for each region a committee (in this Scheme referred to as "a regional committee"), whose duty it shall be to report, or to make representations, to the Board from time to time on the operation of this Scheme in relation to the producers producing milk in that region, and when consulted by the Board with respect to any proposal of the Board, to advise them as to the desirability of the proposal in so far as it concerns those producers.

29. A regional committee shall consist of the member or members of the Board for the time being representing the region, together with one or more representatives (in this Scheme called county representatives) of each of the counties in the region. Each county shall have such number of representatives as the Board shall fix and such representatives shall be elected by the registered producers producing milk therein.

For the purposes of this paragraph, "county" means an administrative county, and a county borough which is surrounded by an administrative county shall be deemed to be included in that

county; and in any other case, a county borough shall be deemed to be included in such administrative county as the Board may determine.

30. An election of county representatives for each region shall be held on such day, not being later than four months after the day on which this Scheme comes into force, as the Board may fix, and in 1934 and every subsequent calendar year on such day in the month of May as the Board may fix. Of the county representatives who are elected at the first election thereof held under this paragraph one-third shall, subject to the provisions of the next two following paragraphs, hold office until the end of the day on which the election of county representatives held in 1934 is completed, one-third shall, subject as aforesaid, hold office until the end of the day on which the election of county representatives held in 1935 is completed, and one-third shall, subject as aforesaid, hold office until the end of the day on which the election of county representatives held in 1936 is completed, but save as aforesaid every county representative shall, subject to the provisions of the next two following paragraphs, hold office until the end of the day on which the election of county representatives is completed in the third calendar year after that in which he was elected. The county representatives who are to cease to hold office in 1934 and 1935 respectively shall be selected by lot.

31. A county representative shall cease to hold office—

- (1) if he delivers to the committee a written resignation of his office, and the resignation is accepted by the committee or, if not so accepted, is not withdrawn within seven days; or
- (2) if he is detained for more than seven days in any place under any enactment in force in the United Kingdom relating to persons of unsound mind; or
- (3) if he is adjudged bankrupt or enters into a composition or scheme of arrangement with his creditors; or
- (4) if the regional committee by resolution declare that he has been absent from six consecutive meetings of the Committee without reasonable excuse; or
- (5) if he is convicted of any offence under subsection (2) of section seventeen of the Act.

32. If a county representative dies, or ceases to hold office under the last foregoing paragraph, the committee may co-opt a person in his place, and the person co-opted shall hold office for so long as his predecessor would have held office.

33. A retiring county representative or a county representative who resigns his office shall be eligible for election or re-election.

34. The quorum of each regional committee shall be such number as the Board may fix for the committee, and every such committee shall have power at all times to act notwithstanding any vacancy in their number.

35. The appropriate number of county representatives may, and the secretary of the committee may, and on the request of that number of members of the committee shall, convene a meeting thereof.

The Board may, as respects any such committee, appoint one of the officers or agents of the Board to be secretary of the committee.

In this paragraph "the appropriate number" means, in relation to any committee, any number of members of the committee not being less than the number fixed in relation thereto by the Board.

36. Questions arising at any meeting of a regional committee shall be decided by a majority of the votes of the members present, and if at any such meeting the votes are equally divided on any question, the chairman of the meeting shall, for the purpose of deciding that question, have a second or casting vote.

37. The Board shall pay to any member of a regional committee such remuneration (if any) as they think proper, and any such travelling and out-of-pocket expenses as have, in the opinion of the Board, been reasonably incurred by him in connection with the business of the committee.

PART III.—REGISTER OF PRODUCERS.

38. The Board shall keep a register of producers (in this Part of this Scheme referred to as "the register"), and every producer shall, on application to the Board, be entitled to be registered therein.

39. The register shall be open for inspection at the office of the Board from 10 a.m. to 4 p.m. on weekdays other than Saturdays, except on Christmas Day, Good Friday and any Bank Holiday, and any person shall be entitled to be supplied with a copy of the register or any part thereof, on payment of a fee not exceeding one halfpenny for each entry copied, or to take extracts therefrom for his own use free of charge.

40. The following producers shall be exempt from registration and from the operation of this Scheme, namely:—

- (a) producers who for the time being have in their possession in England and Wales not more than four milch cows unless they sell milk by retail;
- (b) producers who are not carrying on the business of selling milk otherwise than to their servants for consumption in their households.

41. The Board, on being satisfied that a person who is registered has ceased to be a producer or is exempt from registration, shall remove his name from the register:

Provided that the name of a person shall not, by reason only that he is exempt from registration, be removed from the register without his consent.

PART IV.—POLLS.

42. On the coming into force of this Scheme, a poll of the registered producers shall be taken on the question whether this Scheme is to remain in force. The said poll (in the Scheme referred to as "the initial poll"), and any poll held in connection with a proposal for the amendment or revocation of this Scheme, shall be taken in accordance with the following provisions of this Part of this Scheme.

43. The producers who are entitled to vote on the poll shall be the producers who are registered on the qualifying date, that is to say :—

- (1) in the case of the initial poll, the day on which the time for registration specified in the notice to be published by the Board in accordance with sub-section (1) of section 4 of the Act expires ;
- (2) in the case of any other poll, such day as may be determined by the Board.

Provided that a producer who is exempt from registration by or under the provisions of this Scheme shall, notwithstanding that he is registered, not be entitled to vote on the initial poll.

44. The poll shall be conducted by post, and the Board shall, not later than the seventh day after the qualifying date, send a voting paper to every producer entitled to vote. In the event of the loss of a voting paper so sent, the Board may supply a duplicate voting paper.

45. The voting paper shall be in the form set out in the Third Schedule to this Scheme, and only voting papers which are properly completed and which reach the office of the Board on or before the fourteenth day after the qualifying date shall be taken into account ; and any person who knowingly makes any false statement in a voting paper shall be liable on summary conviction to imprisonment for a period not exceeding three months, or to a fine not exceeding one hundred pounds, or to both such imprisonment and fine.

46. For the purposes of any poll, the quantity of milk which a producer is capable of producing shall be taken to be proportionate to the number of milch cows in his possession in England or Wales at noon on the qualifying date.

47. The Board shall cause the votes given on any poll to be counted by an independent person, and the result of the poll as certified by him shall be declared at a meeting of the Board by the member acting as chairman at that meeting, and shall be published in the *Times* newspaper and such other newspapers as the Board think fit, or, at the option of the Board, by sending a notice of the result—

- (1) in the case of the initial poll, to every person who is known to the Board to be a producer ; and
- (2) in the case of any other poll, to every registered producer.

PART V.—FINANCIAL PROVISIONS.

48. There shall be established a fund (in this Scheme referred to as "the fund") which shall be administered and controlled by the Board. All moneys received by the Board shall be paid into the fund, and any moneys required by the Board for the operation of this Scheme shall be paid out of the fund. Any moneys for the time being standing to the credit of the fund may be left on current or deposit account in any bank or invested in any securities in which a trustee may lawfully invest trust moneys under section 1 of the Trustee Act, 1925,^(a) as extended by any subsequent enactment.

49. The Board may once in every year by resolution require every registered producer to contribute to the fund a sum not exceeding one shilling for every milch cow in his possession on a date to be prescribed in such resolution. Every such sum shall be a debt due to the Board.

50. The Board may, for the purpose of exercising any of their functions under this Scheme, borrow money in such manner, on such terms, and on such security, as may be arranged by them with the person from whom the money is borrowed.

51. The Board shall keep proper accounts, and in particular shall annually make out a balance sheet and either a profit and loss account or, if the Board do not trade for profit, an income and expenditure account, and shall cause them to be audited by a member of the Institute of Chartered Accountants in England and Wales or of the Society of Incorporated Accountants and Auditors or of the Corporation of Accountants Limited or of the London Association of Certified Accountants Limited nominated by the registered producers in general meeting, and, as soon as may be after the auditor has reported thereon, and in any case within three months from the close of the period covered by the profit and loss account or income and expenditure account, shall send to the Minister and to every registered producer a copy of the account and balance sheet and of the report of the auditor thereon, and also a report by the Board as to the working of this Scheme in the period covered by the profit and loss or income and expenditure account.

The Board shall, on the demand of any person and on payment by him of such fee, not exceeding three shillings, as may be fixed by the Board, furnish to him a copy of any of their balance sheets.

PART VI.—PRINCIPAL POWERS OF THE BOARD.

52. The provisions of this Part of this Scheme shall come into force at the expiration of the suspensory period, that is to say, at the expiration of a period of one month commencing on the date on which the result of the initial poll is declared to be favourable to the continuance in force of this Scheme.

(a) 15-6 G. 5. c. 19.

EXEMPTIONS.

53. There shall be exempt from the operation of this Part of this Scheme :—

- (1) all sales of milk by a producer to any of his servants for consumption in that servant's household ; and
- (2) producers and sales of such classes or descriptions (if any) as may from time to time be determined by the Board.

PROHIBITION OF SALES BY UNREGISTERED PRODUCERS.

54. Subject to the provisions of the Act with respect to existing contracts and to the provisions of this Part of this Scheme, a producer who is neither registered nor exempt from registration shall not sell any milk either in England, Wales or elsewhere.

GENERAL POWER TO REGULATE MARKETING.

55. Subject to the provisions of paragraph 53 hereof the Board may regulate sales of milk by any registered producer by determining, for such period as may be fixed by the Board on the occasion of each determination, all or any of the following matters, that is to say, the description of milk which may be sold, and the prices at, below, or above which, and the persons to, or through the agency of, whom and the terms on which milk or any description or quantity of milk may be sold.

Provided that, in determining any description, the Board shall not, without the consent of the Minister after consultation with the Minister of Health, use any designation other than such designations as may from time to time be authorised by the Minister of Health in exercise of his powers under the Milk and Dairies (Consolidation) Act, 1915,^(a) and the Milk and Dairies (Amendment) Act, 1922.^(b)

MISCELLANEOUS POWERS.

56. The Board may—

- (1) buy milk ;
- (2) produce from milk any of the commodities specified in the Second Schedule to this Scheme ;
- (3) sell, grade, pack, store, adapt for sale, insure, advertise and transport milk or commodities produced therefrom by the Board ; provided that, in grading any milk, the Board shall not, without the consent of the Minister after consultation with the Minister of Health, use any designation other than such designations as may from time to time be authorised by the Minister of Health in exercise of his powers under the Milk and Dairies (Consolidation) Act, 1915, and the Milk and Dairies (Amendment) Act, 1922 ;
- (4) buy and sell or let for hire to any registered producer, anything required for the production, adaptation for sale, or sale of milk ;

(a) 5-6 G. 5. c. 66.

(b) 12-3 G. 5. c. 54.

- (5) co-operate with any other person in doing any of the things which the Board are empowered to do by virtue of the foregoing provisions of this paragraph;
- (6) encourage, promote or conduct agricultural co-operation among producers of milk or research and education in connection with the production and marketing of milk and milk products.

PRESCRIBED CONTRACTS.

57. Without prejudice to the generality of the powers conferred on the Board by the foregoing provisions of the Scheme, and subject to the provisions of this Part of this Scheme, the Board may from time to time, after consulting the persons who are for the time being members of any statutory board representing dairymen or if there is no such board, after consulting such other persons as they think best qualified to express the views of purchasers of milk by wholesale, prescribe all the terms on which and the form in which contracts for the sale of milk by registered producers (other than sales by retail) shall be made, and without prejudice to the power of the Board to prescribe any other terms, the Board may prescribe all or any of the matters following as terms of any such contract :

- (a) that the Board shall be an additional party to the contract and shall be entitled, in addition to enforcing on their own behalf any of the provisions of the contract which they are legally entitled to enforce, to enforce as agents of the registered producer any provisions which the registered producer might, on his own behalf, legally enforce :
- (b) such terms as the Board may deem necessary for securing that the purchaser shall not use or re-sell the milk for any purposes other than those specified in the contract, except upon the terms that the purchaser shall pay such price as may be determined as the price for milk to be used for such other purposes :
- (c) that the contract shall provide that the purchaser shall not sell the milk, or permit it to be sold, by retail, except upon such terms as the Board may determine and at a price per gallon (and proportionately for any other quantity) exceeding the purchase price per gallon by not less than such specified amount as may for the time being be prescribed by the Board after such consultation as aforesaid :
- (d) the prices at, below, or above which, or the method of arriving at the prices at which milk may be sold, and such prices
 - (i) may vary in accordance with the purposes for which the purchaser agrees to use or re-sell milk :

- (ii) may vary in accordance with the region or district in which the milk is to be produced; or
- (iii) in any case where milk is consumed outside the region or district of its production, may be the prices for milk in the district in which it is consumed or in which it is produced, whichever may be the higher :
- (e) that the purchase price shall be paid by the purchaser to the Board :
- (f) the period during which, and the dates when, deliveries of milk are to be made ; and the place of delivery :
- (g) the description, quality and/or condition of the milk to be sold :
- (h) the additional prices (hereinafter called Graded Milk Premiums) to be paid for milk graded under the Milk (Special Designations) Order, 1923,^(a) or any subsequent Order or legislation :
- (i) in the case of a contract for the delivery of milk in specified quantities at specified times, the additional price (hereinafter called Level Delivery Premiums) to be paid by the purchaser for such service ; and that if the registered producer does not retain on the farm the excess over such specified quantities, then the Board may retain and apply towards its general expenses such portion of the Level Delivery Premiums as the Board may think appropriate :
- (j) the additional prices to be paid for any special services to be rendered by the registered producer (hereinafter called Special Service Premiums) :
- (k) that the contract shall be conditional upon its registration with the Board pursuant to this Scheme :
- (l) that the Board shall not be liable for any breach of the said terms on the part of the registered producer or of the purchaser.

58. If any registered producer—

- (1) sells milk under a contract made in contravention of any determination of the Board under paragraph 55; or
- (2) sells milk under a contract which does not contain any term which the Board have prescribed under paragraph 57; or
- (3) sells milk in breach of any such term providing for registration of the contract by the Board unless he has a permit in writing from the Board allowing him to sell otherwise than under a contract so registered ;

then, subject to the provisions of the Act with respect to existing contracts and to the provisions of this Part of this Scheme, the Board shall, by resolution, impose upon and shall recover from him such monetary penalty (not exceeding the sum of £100, plus half of the price for which the milk was sold) as the Board think just.

(a) S.R. & O. 1923 (No. 601) p. 564.

Provided that nothing in this paragraph shall be deemed to prohibit or affect the sale of milk by retail.

59.—(1) If the Board in exercise of their powers under paragraph 57 prescribe that the contract for the sale of milk by a registered producer shall be made conditional upon its registration, the following provisions shall have effect with respect to a contract so made :

- (i) the contract shall be presented to the Board by or on behalf of the registered producer for registration and the Board shall register it unless they think fit to refuse to register it upon any of the following grounds :
 - (a) that it was received for registration by the Board later than the 14th day after the day on which it was made, unless the Board are satisfied that the failure to present it for registration was due to accident or other unavoidable cause ;
 - (b) that it is not in the prescribed form or that it contains terms other than the prescribed terms ;
 - (c) that it is a contract with which, in the opinion of the Board, the purchaser will be unable by reason of his financial status to comply ;
 - (d) that it is a contract the execution of which in the opinion of the Board would create a shortage of milk for use for any purpose which it is in the public interest to preserve :
- (ii) the Board may charge a registered producer such fee (not exceeding 2s. 6d.) as the Board may determine for registering the contract.

(2) Nothing herein contained shall be deemed to authorize the Board to refuse or to charge any fee for the registration of any contract which the Board are required by or under the Act to register.

60.—(1) During a period of 12 calendar months from the end of the suspensory period, the Board shall not (a) make any determination as to the price at, below, or above which, any milk may be sold by wholesale by a registered producer, or (b) prescribe any terms, which affect the price, of any contract for the sale by a registered producer of any milk, by wholesale, without previously consulting the persons who are for the time being members of any statutory board representing dairymen (herein called "the statutory board"), or, if there is no such board, such other persons as the Board think best qualified to express the views of purchasers of milk, by wholesale (herein called "the purchasers' representatives"), together with not more than three persons to be appointed by the Minister for the purpose (herein called "the appointed persons").

(2) If, after such consultation, the Board are unable to agree with the statutory board or the purchasers' representatives, as the case may be, as to the said price, the appointed persons shall fix the price and shall give notice in writing thereof to the Board.

(3) After receipt of any such notice, the Board shall not determine, or prescribe as a term of any contract for the sale of any milk by wholesale, a price other than the price so notified to them, unless and until some other price is agreed upon between the Board and the statutory board or the purchasers' representatives, as the case may be, after such consultation as aforesaid, or is fixed and notified to the Board in the manner aforesaid by the appointed persons.

UNSOLD MILK.

61.—(1) Subject as herein provided if any registered producer (other than a producer in receipt of Level Delivery Premiums) shall satisfy the Board that, notwithstanding due diligence, he has been unable to find a customer upon the terms of any contract prescribed under this Scheme for all or part of the milk produced by him, being milk which complies with any prescribed standard for the time being in force, then it shall be the duty of the Board to accept such unsold milk in consideration of which the said producer shall be entitled to participate in the fund as if that quantity of milk had been sold by him to a purchaser upon a prescribed contract. Provided that—

- (a) it shall be in the discretion of the Board as to whether such producer shall receive any Level Delivery or Graded Milk Premiums in respect of milk so accepted by the Board; and
- (b) the Board may charge him with a commission not exceeding $\frac{1}{2}$ d. per gallon of milk so taken by the Board; and
- (c) where a registered producer requires the Board to accept any unsold milk over a period of less than three months, the Board shall not be obliged to accept it otherwise than by such deliveries, and in such quantities, and over such period as the Board may determine.

(2) All milk so taken by the Board shall be the property of the Board and may be disposed of either by sale, manufacture or otherwise, and on such terms as the Board think fit.

(3) The Board shall not be obliged to accept any milk under the provisions of this paragraph until the provisions of paragraph 64 hereof are brought into operation.

PRODUCER RETAILERS.

62.—(1) No registered producer shall sell milk by retail, except under and in accordance with the terms of a licence (herein called a "retail licence") issued by the Board authorising him to sell milk by retail.

(2) Every such licence—

- (a) shall state the period of its validity ;
- (b) may be revoked by the Board upon breach of any of its conditions on the part of the holder thereof (herein called the " licensed retailer "), unless the Board are satisfied that such breach was due to accident or other cause beyond the reasonable control of the licensed retailer ;
- (c) may contain such conditions as the Board think fit as to the price at, below or above which, and the terms upon which, milk may be sold by retail.

(3) The Board shall not be entitled to refuse to issue a retail licence to any registered producer applying therefor, except a registered producer who has held a retail licence which has been revoked by the Board.

(4) (a) If any registered producer sells milk in contravention of sub-paragraph (1) hereof, the Board shall, by resolution, impose upon, and recover from, him such monetary penalty (not exceeding £100) as the Board think fit.

(b) If any licensed retailer sells any milk by retail in contravention of the conditions of his retail licence, the Board shall (in addition to, or in substitution for, the revocation of his retail licence), by resolution, impose upon, and recover from, him such monetary penalty (not exceeding £100) as the Board think fit.

ACCREDITED PRODUCERS.

63.—(1) The Board shall, as soon as they think it practicable, prepare a register of Accredited Producers and thereafter every registered producer shall be entitled to have his name entered therein upon satisfying the Board that he is complying, and will continue to comply, with such conditions as may be prescribed for securing the purity and good quality of the milk sold by such producer.

(2) The Board may remove from the register the name of any person who is in the opinion of the Board no longer complying with the prescribed conditions.

(3) Every registered producer whose name is, for the time being, on the register of Accredited Producers shall be entitled to such additional payment out of the fund (hereinafter called the " Guaranteed Quality Premium ") per gallon of milk sold by him as may be prescribed.

APPLICATION OF MONIES.

64.—(1) If and when the Board prescribe, as a term of any contract for the sale by a registered producer of any milk, that the purchase price shall be paid by the purchaser to the Board, the following provisions of this paragraph shall have effect.

(2) All monies received by the Board during any accounting period shall as soon as may be after the expiration of such period be dealt with in manner following :—

EXPENSES, LIABILITIES AND RESERVES.

Firstly—The Board shall estimate what amount will be required to pay the expenses and liabilities of the Board, including losses made by the Board in respect of milk received from registered producers and to provide reserves, and shall debit the respective regions with that amount in proportion to the milk sold in the respective regions (the sum per gallon of milk so charged to a region being hereinafter called the "General Expenses Levy" of that region).

LEVEL DELIVERY, GRADED MILK AND SPECIAL SERVICE PREMIUMS.

Secondly—The Level Delivery, Graded Milk and Special Service Premiums earned by the individual registered producers shall be credited or paid to them.

GUARANTEED QUALITY PREMIUMS.

Thirdly—The Board shall ascertain the amount required to pay all Guaranteed Quality Premiums due to Accredited Producers and shall debit the respective regions with that amount in proportion to the milk sold in the respective regions (the sum per gallon of milk so charged to a region being hereinafter called the "Guaranteed Quality Premium Levy" of that region).

Fourthly—The Board shall pay to, or credit every Accredited Producer with the Guaranteed Quality Premiums to which he is entitled.

INTER-REGIONAL COMPENSATION.

Fifthly—The Board shall estimate the amount (hereinafter called the Inter-Regional Compensation) which will, in the opinion of the Board, be required to secure that the Pool Prices do not vary unduly as between the several regions by reason of the fact that different quantities of milk sold for purposes other than liquid consumption (hereinafter called surplus milk) are produced in different regions; and shall debit the respective regions with that amount in proportion to the milk sold for liquid consumption in the respective regions (the sum per gallon of milk so charged to a region being hereinafter called the Inter-Regional Compensation Levy of that region).

Sixthly—The Board shall credit each region with such proportion of the Inter-Regional Compensation as the Board shall think just, but so that the Board shall be under no duty to secure that as between the several regions the pool prices shall be the same: Provided always that the Board may defer crediting all or any part of the Inter-Regional Compensation to the respective regions until the expiration of such future accounting period or periods as may be thought fit.

SURPLUS MILK.

Seventhly—The Board shall ascertain the total amount received by the Board in respect of sales of surplus milk (other than Guaranteed Quality, Graded Milk and Special Service Premiums, if any) and shall credit that amount to the respective regions in proportion to the amount of surplus milk sold in the respective regions.

LIQUID MILK.

Eighthly—The Board shall credit the respective regions with the actual sums (other than Level Delivery, Guaranteed Quality, Graded Milk and Special Service Premiums), received by the Board in respect of milk sold for liquid consumption in the respective regions, and with contributions received from licensed retailers in the respective regions.

TRANSPORT CHARGES.

Ninthly—The Board shall debit to each individual registered producer such sum (if any) as, in the opinion of the Board, is attributable to freight charges which have been deducted from the price paid to the Board by the purchaser in respect of milk sold for liquid consumption by such producer and which were, under the contract for the sale of such milk payable by such registered producer, plus such sum (if any) as in the opinion of the Board is equal to the transit risks which the registered producer would have run had he himself put the milk on rail and paid the freight charges.

Tenthly—The Board shall debit to each individual registered producer who has sold surplus milk, such sum per gallon of surplus milk actually sold by him as, in the opinion of the Board, fairly represents the freight charges and transit risks which he would have paid or run had his milk been sold for liquid consumption. The Board shall, however, take into consideration any such charges which have actually been paid by the registered producer in respect of surplus milk sold by him.

Eleventhly—The sums so debited to registered producers in respect of freight charges and transit risks shall be credited to the respective regions in which the respective registered producers sold the said milk.

POOL PRICE.

Twelfthly—The net sum standing to the credit of each region (hereinafter called the "Regional Pool") shall be credited to the respective registered producers in that region in proportion to the amount of milk sold (other than by retail) by the respective registered producers regardless of the purpose for which the milk sold by the individual producers was in fact used.

Provided that where by reason of the quality of milk sold by a registered producer being below the quality which he has contracted to sell, the purchaser pays a reduced price, the Board may deduct from such registered producer's share in the regional pool such sum as the Board think reasonable, not exceeding such proportion of his share as the difference between the price paid by the purchaser and the contract price bears to the contract price. Any sum so deducted shall be deemed to be, and shall be treated as, money received by the Board in the next succeeding accounting period.

Finally—The amount standing to the credit of a registered producer, after debiting him with such sums as are required to be debited by the provisions of this paragraph, shall be paid to him by the Board.

CONTRIBUTIONS BY LICENSED RETAILERS.

65.—(1) Every licensed retailer (other than a registered producer who has not in his possession at any time during the period of the validity of his licence more than four milch cows) shall on such accounting days as may be prescribed contribute to the fund in respect of each gallon of milk which he has produced and sold by retail—

- (a) the Inter-Regional Compensation Levy of his region ;
- (b) the Guaranteed Quality Premium Levy of his region ;
- (c) a sum equal to three fourth parts of the difference between the prescribed price, not being a price prescribed for a special grade, for the sale of milk for liquid consumption in his region or district (less the Inter-Regional and Guaranteed Quality Premium Levies) and the pool price of his region ;

but shall be entitled to receive—

- (d) if he has sold no milk by wholesale except on contracts carrying Level Delivery Premiums such sum per gallon as the Board may consider to be the average Level Delivery Premium prevailing in the district in which his milk is produced ;
- (e) if he is an Accredited Producer, such Guaranteed Quality Premium as may have been credited to him by the Board.

(2) A licensed retailer who has not at any time during the period of validity of his licence more than four milch cows in his possession shall contribute to the fund such sum not exceeding £2 per annum as the Board may prescribe.

(3) The said contributions shall be debts due to the Board, and if a licensed retailer shall make default in paying any sum so due the Board may, in addition to, or in substitution for, any other remedy, suspend his retail licence until the debt is paid.

(4) If the Board are unable to obtain from any licensed retailer a sufficient return showing the number of gallons of milk sold by him in any accounting period, the Board may treat him as having sold, on each day in that period, in respect of each milch cow which he had in his possession on that day, such number of gallons of milk as the Board think proper in the circumstances.

ADVANCES.

66. The Board—

- (1) may lend to any registered producer on such security, if any, and on such terms as to interest and otherwise as they think fit sums not exceeding in all two-thirds of the total amount which the Board estimate that he will receive from the sale of milk produced by him ;
- (2) may guarantee payment of any sums secured by an agricultural charge created by a registered producer under Part II of the Agricultural Credits Act, 1928. (a)

SURPLUS FUNDS.

67. Any moneys standing to the credit of the fund which, in the opinion of the Board, are not required for the operation of this Scheme after meeting the Board's administrative and other expenses and losses (if any) shall be distributed in such manner as may be determined by a resolution passed at a general meeting of registered producers.

COMPENSATION.

68. Any registered producer who satisfies the Board or establishes by arbitration in accordance with Part IX of this Scheme that the Board have in any respect given an undue preference to any other registered producer, shall be entitled to receive from the Board such sums by way of compensation as may be necessary to make good any damage suffered by him by reason of the undue preference.

INFORMATION AND INSPECTION.

69. The Board may, whenever they consider it necessary for the operation of this Scheme so to do, serve on any registered producer a demand in writing requiring him to furnish to them such estimates, returns and other information relating to milk as may be specified in the demand, and if without reasonable excuse he fails to comply with the demand, or if he knowingly makes any false statement in reply thereto, then, subject to the provisions of this Part of this Scheme, the Board shall by resolution impose upon him, and they shall recover from him, such monetary penalty not exceeding £20 as they think just.

(a) 18-9 G. 5. c. 43.

70. Any person authorised in writing by the Board may, for the purpose of securing compliance with this Scheme, enter and inspect, at any reasonable time and on production of his authority, any part of the land or premises occupied by a registered producer (being a producer specified in the authority) which the person so authorised has reason to believe is used for producing, grading, marking, packing or storing milk, or adapting it for sale and may take samples of milk; and the registered producer shall afford reasonable facilities for such entry, inspection and sampling.

71. The following provisions shall have effect with respect to the imposition of penalties by the Board on registered producers under the foregoing provisions of this Part of this Scheme and with respect to the recovery of such penalties :—

- (1) No penalty shall be so imposed in respect of any act or omission which constitutes an offence under any Act other than the Act nor until the registered producer has had a reasonable opportunity of being heard by the Board.
- (2) Every penalty so imposed may, subject as hereinafter provided, be recovered as a debt due to the Board.
- (3) Immediately on the passing of any resolution by the Board imposing a penalty, notice of the resolution shall be sent to the registered producer in question, and he may, within fourteen days from the day on which the notice was so sent to him, give notice to the Board referring the matter to arbitration under the provisions of Part IX of this Scheme; and if the matter is so referred, no proceedings shall be taken by the Board otherwise than under or for the purposes of the arbitration or otherwise than for the purpose of enforcing the award of the arbitrator, and the arbitrator may award payment of such penalty, if any (not exceeding the maximum penalty which could have been imposed by the Board), as he thinks just.

GENERAL.

72. The provisions of this Part of this Scheme under which any price or sum is expressed to be payable or determinable by reference to a gallon of milk, shall, if the Board so prescribe, have effect as if for reference therein to a gallon there were substituted reference to such number of gallons as may be prescribed.

73.—(1) Where, for the purpose of any provision of this Part of this Scheme, it is material to determine the time at which the sale of any milk was effected, the sale shall be taken to have been effected when the property in the milk was transferred from the seller to the buyer under the contract of sale.

(2) Where for the purposes of any provision of this Part of this Scheme it is material to determine the region in which milk was sold, it shall be deemed to have been sold in the region in which it was produced.

74. In this Part of the Scheme, unless the contrary appears—

“ Accounting period ” means such period as may be prescribed :

“ Prescribed ” means prescribed by the Board :

“ Pool Price ” in relation to any region, means the amount which every registered producer in that region will receive from the regional pool in respect of every gallon of milk sold by him otherwise than by retail :

“ Milk Sold ” means the quantity of milk sold under the provisions of this Scheme during the accounting period :

“ The sale of milk for liquid consumption ” means the sale of any milk for human consumption other than milk to be subjected to a process of manufacture by a manufacturer. For the purpose of this definition, “ a manufacturer ” does not include a person who subjects milk to a process of manufacture and uses or sells the manufactured article in a business carried on by him which is not primarily the business of selling the manufactured article ; and where the business of a purchaser of milk is partly to re-sell milk and partly to subject milk to a process of manufacture, the purchaser shall be deemed to be a manufacturer in respect of such part only of the milk purchased by him as the Board may determine.

PART VII.—MEETINGS OF REGISTERED PRODUCERS.

75. Whenever an election of a regional member or regional members of the Board is to be held, or anything is to be done by the registered producers of a region, the Board shall arrange for the holding of a regional meeting of registered producers at such time, and at such place within the region, as the Board may appoint, and whenever an election of special members of the Board is to be held or anything is to be done by the registered producers in general meeting, the Board shall arrange for the holding of a general meeting of registered producers at such time and place as the Board may appoint.

76. Whenever an election of county representatives is to be held the Board shall arrange for the holding of a meeting of those registered producers who produce milk in the county at such time, and at such place within the county, as the Board may appoint.

77. The chairman of every meeting of registered producers shall be appointed by the Board :

Provided that if the person appointed by the Board to be chairman is not present within fifteen minutes after the time appointed for the meeting, the meeting shall choose a chairman.

78. At least ten days before the day fixed for the holding of a meeting of registered producers the Board shall send to every registered producer who is entitled to vote at the meeting a written notice stating—

- (1) the time and place appointed for the holding of the meeting;
- (2) the business to be transacted;
- (3) the name of the chairman;
- (4) in the case of a general meeting at which an election is to take place, the time by which nominations of candidates must be received at the office of the Board;
- (5) in the case of a regional meeting at which an election is to take place, the name and address of the person to whom nominations of candidates are to be sent and the time by which such nominations must be received at that address.

79. At a meeting of registered producers no business shall be transacted other than the business of which notice has been given as aforesaid by the Board.

80. At a general meeting every registered producer shall be entitled to vote, and at a regional meeting those registered producers shall be entitled to vote who are producing milk in the region.

81. At any meeting of registered producers, the producers entitled to vote thereat may vote either personally or by proxy. The instrument appointing a proxy shall be in writing in such form as the Board may require, under the hand of the registered producer or his attorney, or, if the registered producer is a limited company, either under their seal or under the hand of a person duly authorized by them in that behalf. The said instrument and the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) shall be deposited at the office of the Board not later than the end of the third day before the day fixed for the meeting, and in default the instrument shall be treated as invalid.

The proxy of a limited company need not be a registered producer.

82. Every question put before a meeting of registered producers (not being a question as to who is to be elected a member of the Board or of a regional committee) shall be decided on a show of hands unless, either before or immediately after the show of hands, a formal vote is demanded by or on behalf of at least three registered producers entitled to vote, in which case a formal vote shall forthwith be taken.

83. The following provisions shall have effect with respect to elections of members of the Board and County Representatives :—

- (1) No person shall be qualified to be elected a regional member of the Board, or a county representative unless he has been nominated in writing as a candidate by a County Branch of the National Farmers' Union in the region or

for the county which he is to represent (as the case may be), or by at least fifteen registered producers producing milk in the region or the county (as the case may be), and the nomination has, not later than the end of the third day before the day fixed for the holding of the election, been received at the address designated in that behalf by the Board.

(2) No person shall be qualified to be elected a special member of the Board in any calendar year—

(a) if he has been an unsuccessful candidate at any election of county representatives or of a regional member or regional members of the Board held in that year; nor

(b) Unless either—

(i) he has been nominated as a candidate by a resolution of the Board; or

(ii) he has been nominated in writing by at least two County Branches of the National Farmers' Union, or by fifty registered producers, and the nomination has, not later than the third day before the day fixed for the holding of the election, been received at the office of the Board.

(3) Where the number of the candidates duly nominated does not exceed the number of persons to be elected, those candidates shall be declared elected, but in any other case a formal vote shall forthwith be taken, and the candidates who receive the most votes shall be declared elected.

84. On the taking of a formal vote as aforesaid a registered producer shall, except in the case of an election of members of the Board or county representatives, have the standard number of votes, and in the case of any such election shall have the standard number of votes multiplied by the number of persons to be elected at the meeting, but shall not give more than the standard number of votes in favour of any one candidate.

In this paragraph the expression "standard number of votes" means, in relation to any producer, one vote plus one vote for every ten milch cows in his possession in England or Wales or in the region, as the case may be, at noon on the day on which the election is held, and where the total number of such cows is not an exact multiple of ten, the producer shall have the same number of votes as if the said total number were the next highest multiple of ten.

85. Without prejudice to the provisions of this Part of this Scheme relating to proxies, a registered producer being a company

may exercise any of their rights at a meeting of registered producers by any one of their directors, and a registered producer who is a partnership may exercise any of their rights at such a meeting by any of their partners.

86. At any meeting of registered producers the declaration of the chairman as to the result of any vote or show of hands shall be final; and in the event of an equality of votes the chairman shall, in addition to his other votes (if any), have a casting vote.

87. Without prejudice to any other provisions of this Scheme, the Board may convene a general or regional meeting of registered producers to discuss any question which, in the opinion of the Board, should be discussed at such a meeting.

PART VIII.—AMENDMENT AND REVOCATION OF SCHEME AND WINDING UP OF THE BOARD.

88. Before submitting a substitutional scheme or an amendment of this Scheme to the Minister, the Board shall publish the proposed scheme or amendment by serving notice thereof on every registered producer.

89. A poll on the question whether or not a substitutional scheme or an amendment of this Scheme shall be submitted to the Minister may, within one month from the publication thereof, be demanded in writing by any two hundred registered producers, and a poll on the question whether or not this Scheme is to be revoked may be demanded at any time in the said manner by any five hundred registered producers; but no poll on the question whether or not this Scheme is to be revoked shall, without the consent of the Board, be taken within one year of the declaration of the result of a previous poll on that question.

90. Part X of the Companies Act, 1929^(a) (which relates to the winding up of unregistered companies), shall apply in relation to the Board subject to the modifications set out in paragraphs 4 to 8 of the Second Schedule to the Act.

91. Contributions under paragraph 7 of the Second Schedule to the Act shall be assessed, in relation to each contributor, proportionately to the maximum number of milch cows which were in his possession in England at any one time during the relevant period, and shall not in any case exceed one pound per cow.

PART IX.—MISCELLANEOUS.

92. Any producer who is aggrieved by an act or omission of the Board may refer the matter to the arbitration of a single arbitrator to be agreed upon between the producer and the Board or, in default of agreement, to be nominated by the Minister on the application

(a) 19-20 G. 5. c. 23.

of either party, and the arbitrator may make such order in the matter as he thinks just.

The Arbitration Act, 1889,^(a) shall apply to every arbitration consequent on a reference under this paragraph.

93. Where, by reason of a registered producer dying, or becoming subject to some legal disability, or entering into a composition or scheme of arrangement with his creditors, any property in, or control of, the regulated product is transferred from the registered producer to a personal representative, trustee, committee or other person, the personal representative, trustee, committee or other person, as the case may be, shall, for all the purposes of this Scheme be deemed to be a producer.

94. Any requirement of this Scheme that a document shall be sent to, or served on, a person by the Board shall be deemed to have been complied with if, within the period (if any) limited for the sending or service of the document, the document is dispatched to him by post, properly addressed and with the postage pre-paid.

95. For the purposes of this Scheme every cow which is for the time being upon premises occupied by a producer shall, unless the contrary be proved, be deemed to be in the possession of that producer.

(a) 52-3 V. c. 49

FIRST SCHEDULE.
EXTENT OF REGIONS.

Name of Region.	Extent of Region.
1. Northern Region.	The administrative counties of Cumberland, Durham, the East Riding of Yorkshire, the North Riding of Yorkshire, Northumberland and Westmorland, and the county boroughs of Carlisle, Darlington, Gateshead, Kingston-upon-Hull, Middlesbrough, Newcastle-upon-Tyne, South Shields, Sunderland, Tynemouth, West Hartlepool and York.
2. North Western Region.	The administrative counties of Chester, Derby, Lancaster, Stafford and the West Riding of Yorkshire, and the county boroughs of Barnsley, Barrow-in-Furness, Birkenhead, Blackburn, Blackpool, Bolton, Bootle, Bradford, Burnley, Burton-on-Trent, Bury, Chester, Derby, Dewsbury, Doncaster, Halifax, Huddersfield, Leeds, Liverpool, Manchester, Oldham, Preston, Rochdale, Rotherham, St. Helens, Salford, Sheffield, Smethwick, Southport, Stockport, Stoke - on - Trent, Wakefield, Wallasey, Walsall, Warrington, West Bromwich, Wigan and Wolverhampton.
3. Eastern Region.	The administrative counties of Cambridge, East Suffolk, the Isle of Ely, Norfolk, Huntingdon, the Soke of Peterborough, the Parts of Holland, the Parts of Kesteven, the Parts of Lindsey, and West Suffolk, and the county boroughs of Great Yarmouth, Grimsby, Ipswich, Lincoln and Norwich.
4. East-Midland Region.	The administrative counties of Bedford, Leicester, Northampton, Nottingham, Rutland and Warwick, and the county boroughs of Birmingham, Coventry, Leicester, Northampton and Nottingham.

Name of Region.	Extent of Region.
5. West-Midland Region.	The administrative counties of Gloucester, Hereford, Monmouth, Salop and Worcester, and the county boroughs of Bristol, Dudley, Gloucester, Newport and Worcester.
6. North Wales Region.	The administrative counties of Anglesey, Caernarvon, Denbigh, Flint, Merioneth and Montgomery.
7. South Wales Region.	The administrative counties of Brecknock, Cardigan, Carmarthen, Glamorgan, Pembroke and Radnor, and the county boroughs of Cardiff, Merthyr Tydfil and Swansea.
8. Southern Region.	The administrative counties of Berkshire, Buckingham, the Isle of Wight, Oxford and Southampton, and the county boroughs of Bournemouth, Oxford, Portsmouth, Reading and Southampton.
9. Mid-Western Region.	The administrative counties of Dorset, Somerset and Wiltshire, and the county borough of Bath.
10. Far-Western Region.	The administrative counties of Cornwall and Devon, and the county boroughs of Exeter and Plymouth.
11. South-Eastern Region.	The administrative counties of East Sussex, Essex, Hertford, Kent, London, Middlesex, Surrey and West Sussex, and the county boroughs of Brighton, Canterbury, Croydon, Eastbourne, East Ham, Hastings, South-end-on-Sea and West Ham.

SECOND SCHEDULE.

COMMODITIES WHICH THE BOARD MAY PRODUCE FROM MILK.

Cream; butter; buttermilk; cultured milk; evaporated and semi-evaporated buttermilk or cultured milk; milk-sugar (lactose); cheese; whey preparations; milk-powder; condensed whole or separated milk; casein; and ice-cream.

THIRD SCHEDULE.

FORM OF VOTING PAPER.

THE MILK MARKETING BOARD.

- (1) The Board must fill in the name and address of registered producer. To (1)

 A poll is being held under the Milk Marketing Scheme, 1933, on the following question, viz. :—
- (2)
 Do you wish this question to be answered " Yes " or to be answered " No " ? (Answer *Yes* or *No*).....
 How many cows being kept for milking purposes were in your possession in England and Wales at noon on
- (3) The Board must fill in the qualifying date. (3).....excluding heifers which had never calved before noon on that date?cows.
 Signature of registered producer.....
 Address
- N.B.—Your vote will not count unless this paper, properly filled in and signed, reaches the offices of the Milk Marketing Board (4)
- (4) The Board must fill in the address of their office.
 on or before (5).....
- (5) The Board must fill in the fourteenth day after the qualifying date. If you wilfully mis-state the number of cows which you are asked to state above, you will render yourself liable to imprisonment or a heavy fine or both.

For the *Milk Marketing Board*,

.....
Secretary.

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MINISTRY OF AGRICULTURE AND FISHERIES

Report of the
REORGANISATION COMMISSION
FOR
FAT STOCK
FOR ENGLAND AND WALES

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The Ministry does not accept responsibility for statements (other than those emanating from official sources) made in the advertisement pages of this publication.

MINUTE OF APPOINTMENT

In accordance with Section 15 of the Agricultural Marketing Act, 1931, I hereby constitute—

*COL. THE RT. HON. G. R. LANE-FOX, P.C., J.P., D.L.,
H. G. HOWITT, ESQ., D.S.O., M.C., F.C.A.,
SIR JOHN BUCK LLOYD,
JOHN BOYD ORR, ESQ., D.S.O., M.C., M.A., M.D., D.Sc.,
F.R.S., and
THE HON. JASPER RIDLEY,

as an Agricultural Marketing Reorganisation Commission for England and Wales, and charge it with the duty of preparing, in accordance with the provisions of the Act, a scheme or schemes (applicable in England and Wales) for regulating the marketing of fat stock, and I direct that the Commission, in the course of preparing any scheme as aforesaid, shall investigate and report on any matter which appears to them to affect its operation, and in particular shall investigate and report on the manner in which its operation could be facilitated.

(a) by co-operation between the board administering the scheme, and

(i) any corresponding board in Scotland or Northern Ireland,

(ii) any board that may be constituted in Great Britain or Northern Ireland for regulating the marketing of pigs or of bacon, and

(iii) any organisation concerned with the marketing in the United Kingdom of fat stock or meat produced in the United Kingdom or elsewhere;

(b) by the regulation of imports of live stock or meat or any products thereof;

(c) by improvement of the facilities for the slaughter of fat stock and for the production of commodities therefrom; and

(d) by use of the provisions of the Agricultural Produce (Grading and Marking) Acts, 1928-31.

I further appoint Col. the Rt. Hon. G. R. Lane-Fox, P.C., J.P., D.L., to be Chairman; Mr. J. B. Baber, M.C., T.D., to be Secretary, and Mr. W. H. Wilkin to be Assistant Secretary of the Commission.

(Signed) WALTER E. ELLIOT,
Minister of Agriculture and Fisheries.

21st December, 1932.

* Col. The Rt. Hon. G. R. Lane-Fox has since been created Lord Bingley.

REPORT OF THE REORGANISATION COMMISSION FOR FAT STOCK FOR ENGLAND AND WALES.

PART I.—INTRODUCTORY.

To :

THE RIGHT HONOURABLE WALTER E. ELLIOT, M.C., M.P., Minister
of Agriculture and Fisheries.

Sir,

1. **Terms of Reference.**—In accordance with Section 15 of the Agricultural Marketing Act, 1931, we were constituted on the 21st December, 1932, as an Agricultural Marketing Reorganisation Commission for England and Wales, charged with the duty of preparing, in accordance with the provisions of the Act, a scheme or schemes (applicable to England and Wales) for regulating the marketing of fat stock. Our procedure was governed by the Agricultural Marketing (Reorganisation Commission) (England) Regulations, 1932.*

In the course of preparing any Scheme, we were directed to investigate and report on any matter which appeared to us to affect its operation and in particular to investigate and report on the manner in which its operation could be facilitated :—

(a) by co-operation between the board administering the scheme and

(i) any corresponding board in Scotland or Northern Ireland ;

(ii) any board that may be constituted in Great Britain or Northern Ireland for regulating the marketing of pigs or of bacon ; and

(iii) any organisation concerned with the marketing in the United Kingdom of fat stock or meat produced in the United Kingdom or elsewhere ;

(b) by the regulation of imports of live stock or meat or any products thereof ;

* S.R. & O. 1932, No. 396.

(c) by improvement of the facilities for the slaughter of fat stock and for the production of commodities therefrom; and

(d) by use of the provisions of the Agricultural Produce (Grading and Marking) Acts, 1928-31.

2. **The desirability of a Great Britain Scheme.**—We have every reason to believe that the problems and difficulties confronting Scottish and English producers are broadly similar. We have seen that there is a very considerable cross-border traffic in live stock and meat. We anticipate that the task of synchronising and harmonising separate schemes for Scotland and England will be difficult, and we have therefore taken care to draft our Scheme in such a way that there will be no serious difficulty in converting it into a scheme for the whole of Great Britain, if it be the pleasure of producers that there shall be one scheme. We know that our Scottish colleagues have pursued a similar course. In our view the most workable plan will prove to be the adoption of one scheme for the whole of Great Britain.

3. **Scope of recommendations.**—Our terms of reference were wide and we have construed them accordingly. For the reasons set out in paragraph 32 we are extending our proposals to cover live stock as a whole and not only fat stock. Our proposals are broadly designed to assist the live stock industry in this country to hold and develop its share of the meat market and to retain its position as the premier* branch of the country's agriculture—a position which in recent years it has shown signs of losing mainly owing to the unregulated importation of meat. The issues involved are, however, so complex that we have not attempted to produce a plan for the rehabilitation of the entire home-produced meat industry, complete in all details, from the point of selection of suitable stock down to such technical details as the best methods of utilising by-products. We have, therefore, indicated what we regard as the essential measures of reorganisation which should be undertaken in the immediate future, and we have also endeavoured to sketch the lines on which we think the development of the industry as a whole should proceed if it is to keep pace both with meat production in exporting countries and with other branches of agriculture at home. We only *suggest* the lines of future development for further consideration by the Board administering the Marketing Scheme. It may be that experience will show that our suggestions need modification, and we are anxious that in that event the Board should have both liberty and power to adopt the line of action which at that time seems most likely to lead to increased efficiency.

4. **Interests consulted.**—We have received much valuable evidence and assistance from numerous individuals and bodies interested in various aspects of our task, from farmers, dealers, auctioneers,

* See Table I.

market authorities, wholesale and retail butchers, the trade unions connected with the meat trade and the consumers' co-operative movement. In particular, our consultations with the Scottish Reorganisation Commission for Fat Stock, under the Chairmanship of Major Sprot of Riddell, have proved of the greatest value. We have also had placed before us a mass of information collected by the Ministry of Agriculture and Fisheries, much of which will be found in the Ministry's Economic Series of Reports.

PART II.—SUPPLY REGULATION.

A. VOLUME AND SEASONALITY OF SUPPLIES (1927-1931).

5. **General.**—The meat supplies of this country, with which this report is concerned, comprise beef and veal, mutton and lamb, and pork. Beef supplies consist of fresh beef, chilled beef, frozen beef, canned beef, and negligible quantities of salted beef. Fresh beef is derived from cattle fed in England, Wales, Scotland and Northern Ireland, and from cattle imported from Canada and the Irish Free State; chilled beef is at present supplied almost entirely from South America; frozen beef comes mainly from Australia, New Zealand and South America; canned beef is mainly of South American origin. Veal supplies are almost entirely home-fed and home-killed.

Supplies of mutton and lamb consist chiefly of fresh meat, home-fed and home-killed, and of frozen meat imported from Australia, New Zealand and South America.

Pork supplies consist of fresh meat fed in Great Britain or imported from the Irish Free State, of frozen carcasses imported from Australia, New Zealand, United States of America and South America, and of small quantities of salted pork, mainly from Denmark.

6. **Volume of supplies.**—Table II shows the estimated number of animals sold off farms for slaughter and the estimated production of dressed meat from these animals in Great Britain for the years 1927-1932. Table III shows the sources and estimated meat equivalents of fat animals landed in Great Britain in the years 1927-1932, and Table IV gives for the same period the estimated total supplies of home-fed and imported meat for Great Britain. Table V, which is based on the average imports for the years 1927 to 1931, indicates the chief sources of the principal classes of imported dead meats and their relative importance.

The following statement shows the proportions in which home-fed supplies and imports contributed to the total meat supplies of Great Britain in the periods 1909-13 and 1927-31 :—

MEAT SUPPLIES

	Average 1909-13.			Average 1927-31.		
	Quantities Million cwt.	Per cent. of total.		Quantities Million cwt.	Per cent. of total	
		of class of meat.	of all meat.		of class of meat.	of all meat.
<i>Beef and Veal* :</i>						
G.B. Production	12.6	53	27	12.4	45	22
Net Imports to U.K.	11.1	47	24	15.0	55	27
Total ...	23.7	100	51	27.4	100	49
<i>Mutton and Lamb :</i>						
G.B. Production	5.6	50	12	4.9	43	9
Net Imports to U.K.	5.7	50	12	6.5	57	12
Total ...	11.3	100	24	11.4	100	21
<i>All Pig Meat† :</i>						
G.B. Production	5.3	45	11	5.6	35	10
Net Imports to U.K.	6.4	55	14	10.3	65	20
Total ...	11.7	100	25	15.9	100	30
<i>All Meat :</i>						
G.B. Production	23.5	—	50	22.9	—	41
Net Imports to U.K.	23.2	—	50	31.8	—	59
Total ...	46.7	—	100	54.7	—	100

N.B.—The estimates of Great Britain production are based on the Annual Agricultural Returns. The imports of dead meat are for the United Kingdom and are extracted from the Annual Statement of Trade; they include the estimated meat equivalent of fat animals landed at Great Britain ports.

* Includes canned beef.

† In order to show total meat supplies figures are given for all pig meat, i.e., including bacon and canned products.

Comparing the two five-year periods 1909-13 and 1927-31, the annual total meat supplies available in Great Britain showed an increase of 17 per cent., while the population increased by only about 8.9 per cent. The whole of that increase in supplies is accounted for by imports which increased by 37 per cent. Of the increase of 8.6 million cwt. in imports, 3.9 million cwt. was in respect

of pig meat and 3.9 million cwt. in respect of beef. The rate of increase accelerated greatly during 1931 and the early part of 1932 (paragraph 19 and Table IV).

7. Seasonality of supplies of butchers' meat.—In examining the seasonality of supplies of butchers' meat, we have confined our attention to fresh, chilled and frozen beef, fresh and frozen veal, fresh and frozen mutton and lamb, and fresh, salted and frozen pork. The principal kinds of meat derived from cattle, sheep and pigs, which we have not regarded as comprising part of the supply of butchers' meat, are bacon and hams with which we are not directly concerned, and tinned and canned beef and pig meat. The gross imports of canned meat of these kinds in recent years are shown below :—

	Tinned and canned beef			Tinned and canned pig meat		
	From Empire countries.	From foreign countries.	Total.	From Empire countries.	From foreign countries.	Total.
	cwt.	cwt.	cwt.	cwt.	cwt.	cwt.
1927	37,472	932,188	969,660	5,004	99,860	104,864
1928	41,054	928,354	969,408	6,968	116,849	123,817
1929	17,754	854,177	871,931	9,551	134,814	144,365
1930	17,892	1,079,012	1,096,904	7,095	142,308	149,403
1931	8,527	1,065,926	1,074,453	7,693	157,600	165,293
Average of						
1927-31	24,540	971,931	996,471	7,262	130,286	137,548
1932	21,582	731,002	752,584	5,756	140,560	146,316
1933	(a)	(a)	855,303	(a)	(a)	174,856

(a) Details not yet published.

During the years 1927 to 1931 the average annual supplies of the various categories of butchers' meat were as follows * :—

	Cwt. 000	Percentage of Total.
Beef	25,851	60.6
Veal	908	2.1
Mutton and Lamb	11,260	26.4
Pork	4,630	10.9
Total	42,649	100.0

* For detailed analysis see Table VI.

Total supplies of butchers' meat are fairly steady from month to month, although there is a tendency for supplies to increase from August to November, followed by a steep rise in December. The months of maximum supply in order of importance are December, October, November, January (see Diagram A.1).

The seasonal regularity of the meat supply of Great Britain is due to a large extent to the fact that the market is fed by supplies from all parts of the world. Table VII summarises, by classes of meat and by producing countries, the conditions of the import trade, and includes a "time-table" of production and of arrivals in this country.

The natural dovetailing of the grazing seasons of the northern and southern hemispheres, aided by the use of cold storage and arrangement of shipping programmes, has a balancing effect on the month to month supplies and, since the bulk of meat imports come from the southern hemisphere (i.e., Argentina and Australasia), monthly imports fluctuate inversely with home production. Thus whereas imports of dead meat normally constitute about 45 per cent. of the total supplies of butchers' meat, the percentage varies between about 52 per cent. in May, June and July and 37 per cent. in November—months in which home production is around the lowest point and at the highest respectively.

The second factor making for stability in seasonal supplies is the displacement of one class of meat for another, which takes place within the year (see Diagrams A.2 and A.3). Thus while the supply of butchers' meat as a whole falls off in the summer months, there is a tendency for the decrease in the supplies of beef in these months to be offset by heavier supplies of the lighter meats, mutton and lamb.

Despite the influence of the various factors—natural, economic and dietetic—which tend to smooth out the meat supplies from one month to another, the average supply of butchers' meat in the months October to January is 8 per cent. above the average monthly supply, an increase which is accounted for by a rise in home-killed supplies to 19.6 per cent. above their monthly average, whereas the supplies of imported dead meat only fall to 6.5 per cent. below their monthly average. In consequence, for all classes of butchers' meat except pork, wholesale prices in the months of October, November and December are lower than in the third quarter of the year, and in most cases are below the year's average price. (See Tables VIII to XI.)

8. Seasonality of home-killed beef supplies.—The monthly supplies of home-killed* beef (including veal) vary to a greater

* Supplies of home-killed beef are derived from cattle fed in Great Britain and Northern Ireland and imported from Canada and the Irish Free State.

INDICES OF THE AVERAGE MONTHLY SUPPLIES OF BUTCHERS' MEAT IN GREAT BRITAIN 1927 - 1931

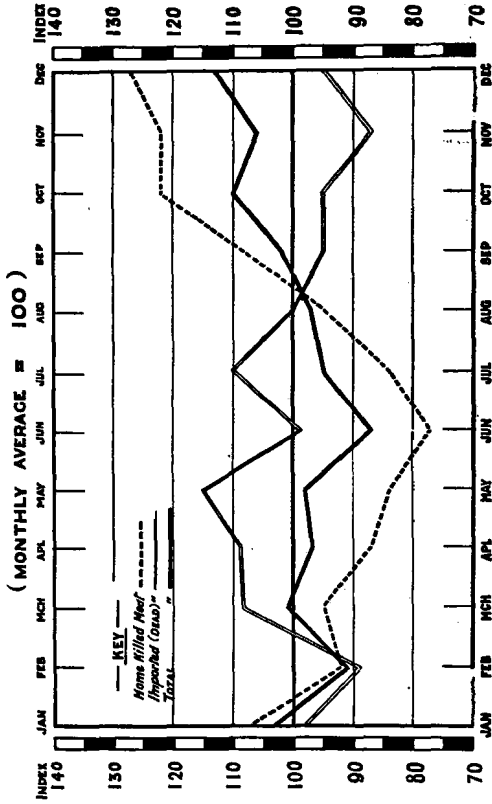


DIAGRAM A-1

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INDICES OF THE AVERAGE MONTHLY SUPPLIES OF BEEF AND VEAL IN GREAT BRITAIN 1927 - 1931

(MONTHLY AVERAGE = 100)

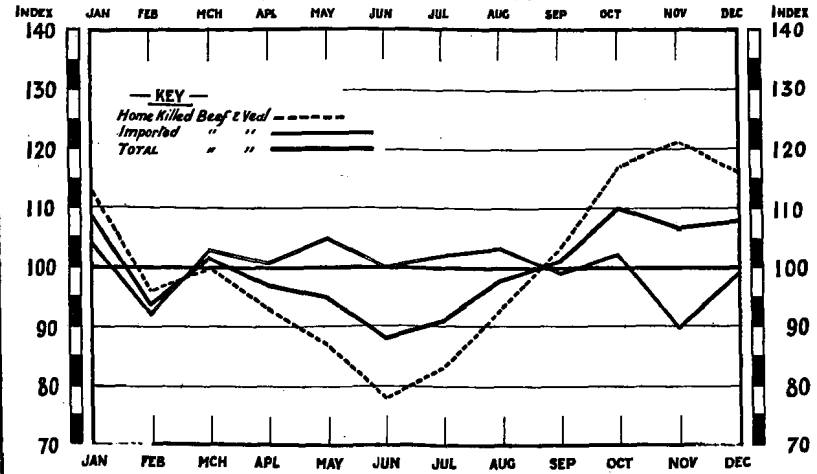


DIAGRAM A.2

INDICES OF THE AVERAGE MONTHLY SUPPLIES OF MUTTON AND LAMB IN GREAT BRITAIN 1927-1931

(MONTHLY AVERAGE = 100)

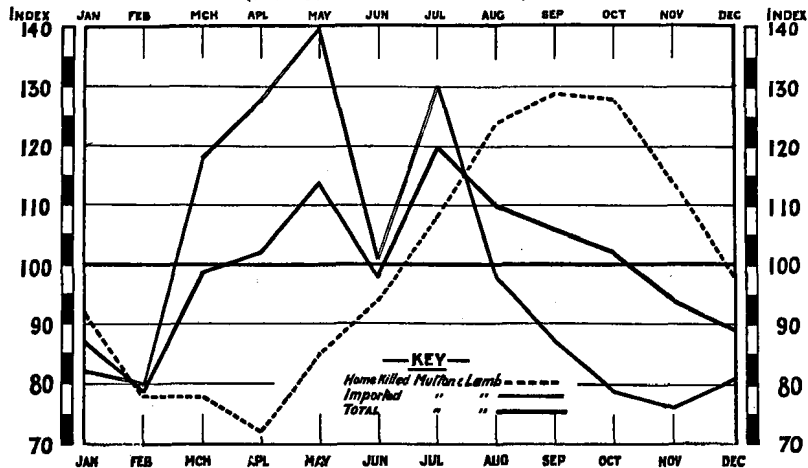


DIAGRAM A-3

**INDICES OF THE AVERAGE MONTHLY SUPPLIES OF HOME
KILLED AND HOME FED BEEF AND OF PRICES OF ENGLISH
LONG SIDES, 1927-1931.**

(MONTHLY AVERAGE = 100)

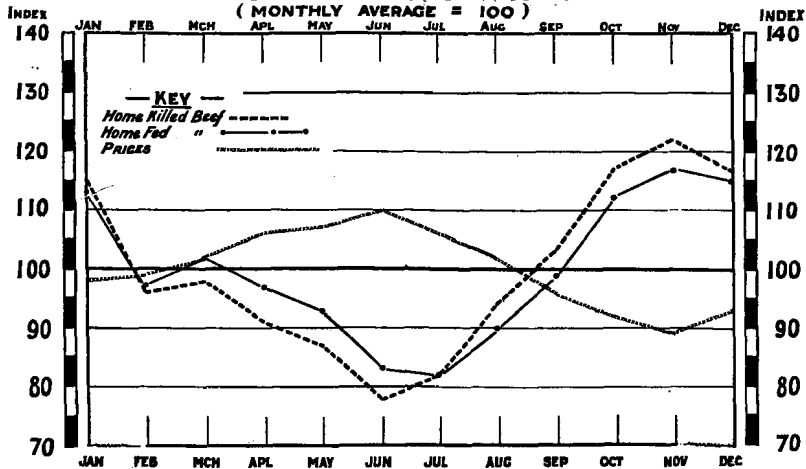


DIAGRAM B

extent than those of imported chilled beef or than total beef supplies. Apart from a slight increase in March, they fall from January to June, and then increase to a peak in November, with big increases in August, September and October (see Diagram B). The progressive increases result in particularly heavy supplies in the last three months of the year and in January, average monthly supplies in this period being 50 per cent. greater than in June.

The seasonality of the home-killed beef supply is a direct result of the prevailing system of beef production in the United Kingdom and the Irish Free State. Apart from a small increase in supplies in March, which is confined to cattle fed in Great Britain, stall-fed supplies fall off from January onwards and are practically cleared out by June. The grass-fed cattle, the earliest of which may have been started in yards, begin to come on to the markets in June and July, and increase in numbers as the year advances until the grass fails. Imports of fat cattle from Canada do not show this autumn seasonality, but have been inconsiderable in volume. Supplies from the Irish Free State, on the other hand, are even more markedly seasonal than those of Great Britain; they reach their lowest point in May or June, when they account for only about 5 per cent. of the fresh beef supply, and usually attain their highest point in October, when they account for an average of 16.5 per cent. of the fresh beef supply. It is clear, therefore, that the effect of the seasonality of the fresh beef supply is considerably aggravated by imports of fat stock for slaughter from the Irish Free State.

9. Seasonality of marketings and killings of home-fed cattle in England and Wales.—Investigations which we have made in regard to the monthly numbers of fat cattle arriving at 34 representative markets and the monthly killings at 33 public abattoirs in England and Wales have shown that there is a marked difference between the period of heaviest sales of live animals and the period of heaviest killings. The sales figures at these 34 markets indicate a definite peak in fat stock supplies in October and November with a considerable reduction in December, whereas the slaughtering figures of home-fed cattle at the 33 public abattoirs indicate that the months of heaviest supply are November, December and January. It thus appears that there is a lag between the marketing and the slaughter of a proportion of the cattle in the autumn, and that this lag is for a period of about two months, i.e. from October–November to December–January. We can only explain this lag by the theory that a number of producers are compelled by lack of grass to sell their cattle in the late autumn in a half fat condition. We refer to this matter again in paragraph 14.

10. Supplies and prices of beef in the autumn.*—The following table shows the normal relationships between supplies and prices of beef in the last five months of the year :—

Average supplies and prices of fresh and chilled beef and of fat cattle for the months August to December expressed as percentages of the monthly averages, 1927-1931.

Month.	Supplies.			Prices.		
	Home-killed.	Chilled.	Fresh and Chilled.	Fat Cattle.	Home-killed.	Chilled.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Aug. ...	94	95	94	101	102	108
Sept. ...	103	92	99	97	96	104
Oct. ...	117	93	108	93	92	102
Nov. ...	122	85	107	92	89	102
Dec. ...	117	93	106	95	93	100

There is a very close relationship between the supplies and prices of home-killed beef during the autumn glut period, and, despite the ramifications of the meat market, it seems that during this period the dominant factor in determining home-killed beef prices is the supply of home-killed beef. The close relationship between autumn supplies and prices does not, however, prevail in the case of chilled beef. Chilled beef prices exhibit a marked seasonal movement at this, as at other times of the year, but those movements in the autumn are closely linked to movements in home-killed beef prices and consequently to changes in home-killed and not in chilled supplies, which at that period of the year are well below average. There is, however, an important qualification to this statement. A large and sudden increase or decrease in the supply of chilled beef is generally accompanied by a price movement in the opposite direction; thus, for instance, in November, 1927, a 14 per cent. decline in chilled beef imports caused a rise in chilled beef prices, despite the fact that home-killed beef prices fell.

11. Seasonality of marketings and killings of sheep and lambs in England and Wales.—The determination of the seasonality of the mutton and lamb supply is a matter of some difficulty. As in the case of beef, the statistics of abattoir slaughterings of home-fed sheep and lambs in England and Wales show a different seasonal

* For comparisons between supplies and prices, total supplies for Great Britain have been taken since imports cannot be divided between England and Scotland.

INDICES OF THE AVERAGE MONTHLY SUPPLIES OF HOME KILLED MUTTON AND LAMB AND THE PRICES OF ENGLISH MUTTON, 1927-1931.

(MONTHLY AVERAGE = 100)

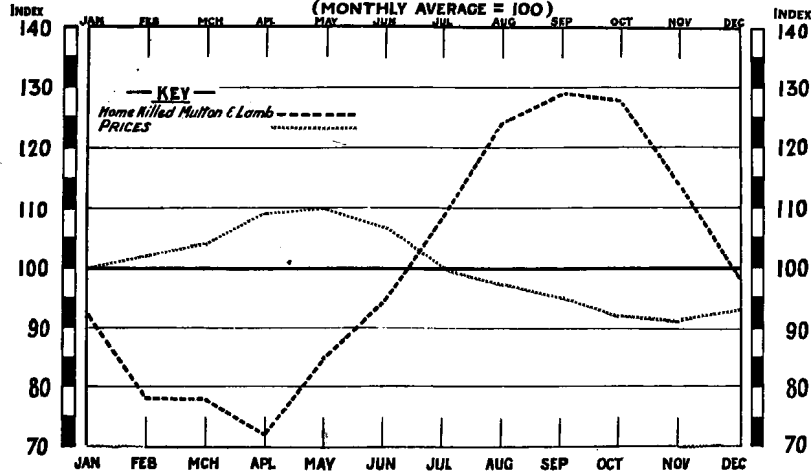


DIAGRAM C.

curve from that obtained from the figures of sheep and lambs entered for sale at representative markets. Both show a drop in February and again from October to the end of the year. The slaughtering curve, however, shows a steady increase from April to a peak in September or October, whereas the sales curve shows a rise from March to August, the latter month constituting the peak. Since sheep, unlike cattle, do not appear to be held over after purchase by butchers to any appreciable extent, we have had some difficulty in arriving at any conclusion as to the reason for the discrepancy between the marketing and slaughtering data. From enquiries we have made, it seems probable that in all years, and particularly in 1932, many lambs sold as "stores" in September and October—and therefore omitted from our sales data—are, in fact, slaughtered immediately, while, on the other hand, the available data as to slaughtering are not sufficiently comprehensive to take adequate account of the migration of population from the large towns to holiday resorts in July and August, when mutton and lamb are the more popular meats. An adjustment of these two deficiencies in the statistics obtained would have the effect of retarding the peak period of marketings for slaughter and of advancing—possibly only slightly—the peak period of the actual slaughtering.

Both sets of data are subject to the criticism that they refer to numbers killed or offered for sale and take no account of the average weight per animal, which increases considerably as the season advances. Despite these difficulties, it is possible to draw broad conclusions as to the seasonality of the mutton and lamb supply and its relationship to the seasonality of other classes of meat.

The supply of home-fed mutton and lamb, as measured by the abattoir data, is well above the average in the last six months of the year and below the average during the first six months of the year (see Diagram C). The flow of supply increases with the marketing of milk-fed lambs in May and, since sheep are now mainly produced on grass, the increase continues throughout the summer. In September, October and November the peak in supplies is caused by the heavy sales of lambs from the uplands, where there is insufficient keep for winter fattening. From December to April the market has to rely mainly on mutton produced in arable areas. Very few fat sheep and lambs are landed from Ireland for slaughter in the months of December to April, the peak of imports being reached in September. In any case the volume of imported live sheep and lambs is not sufficient appreciably to affect the seasonality of supplies.

12. Supplies and prices of mutton and lamb in the autumn.*—The following table shows the normal relationships between supplies

* For comparisons between supplies and prices, total supplies for Great Britain have been taken since imports cannot be divided between England and Scotland.

of home-killed and imported mutton and lamb and prices of mutton* in the last five months of the year :—

Average supplies of home-killed and imported mutton and lamb and prices of fat sheep, mutton and lamb for the months August to December expressed as percentages of the monthly averages, 1927-1931.

	Supplies.			Prices.			
	Home-killed.	Im-ported.	Total.	Home-killed.		Imported.	
				Fat sheep.	Mutton.	Mutton.	Lamb.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Aug. ...	124	98	110	96	97	100	100
Sept. ...	129	87	106	96	95	103	100
Oct. ...	128	79	102	93	92	100	100
Nov. ...	114	76	94	98	91	95	96
Dec. ...	98	81	89	98	93	93	95

As with beef, the autumn glut is accounted for by the heavy supplies of home-killed mutton and lamb, but the incidence of the autumn glut in home-killed mutton and lamb differs considerably from one year to another, and consequently the average figures shown above should be treated with caution. While, on the basis of abattoir data, the peak month for the home output is usually October, in some years it is September or even August, with the result that the total supply of home-killed mutton and lamb in the last three months of the year varies. It is interesting to note that, when the peak of home-killed supplies comes in August, the prices of home-killed supplies in the autumn tend to be nearer the annual average than when the peak of supplies comes in September or October.

There is a fair degree of correlation between the supplies and prices of home-killed mutton and lamb in the last five months of the year. Apart from 1929 and 1930, when the peak of home-killed supplies came abnormally early, the general position is that in all these months, except November, supplies and prices move in opposite directions. The dominant factor determining the prices of home-killed mutton and lamb would, therefore, seem to be the supply of home-killed mutton and lamb. The supply-price relationship, however, changes from month to month. There is a progressive fall in prices from August to November, although within this period there is considerable variation in the volume of home-

* Prices of home-fed lambs have not been taken into account owing to their very wide seasonal variations.

killed supplies. Moreover, prices continue to fall in November despite the substantial decrease in supplies, and in December the rise in prices is very small compared with a very substantial decline in the supply to a point below the monthly average.

The low level of home-killed mutton and lamb prices in November and December, when supplies of home-killed mutton and lamb are decreasing in volume, cannot be explained by changes in imports either of mutton and lamb or of other meats. Although imports of mutton and lamb usually are below the average and continue to fall from August to November, increasing a little in December, the prices of the imported article in November and December are usually below the average. The most reasonable explanation of the exceptional supply-price relationship in November and December offers itself when a comparison is made between prices of home-killed beef and home-killed mutton during these months. The similarity of movement suggests that in November and December the heavy supplies and falling prices of home-killed beef have an over-riding effect on the market for home-killed mutton and lamb. It is possible also that at this time of the year there is a conscious shifting of consumer-demand from mutton and lamb to beef and pork; that in August and possibly in early September mutton and lamb are more favoured meats than beef, but that around October a process of transfer of demand to beef as a heavier meat is set in motion.

13. **Seasonality of home-killed pork supplies.**—Rather more than 80 per cent. of the total pork supplies consumed in Great Britain is home-fed. Apart from a slight increase in March, home-fed pork supplies fall off from January to July and then increase until the end of the year, with particularly sharp increases in September, October and again in December. The course of pig supplies from Northern Ireland and the Irish Free State is very similar, except that the trough is reached in June and there is no big increase from November to December. In both cases the supply is nearly four times greater in the peak than in the trough month. Although supplies of home-killed pork rise to a peak at the end of the year, it cannot be said that the heavy supplies constitute a seasonal glut, since they are cleared at prices around the yearly average.* The increase in supplies is probably counterbalanced by an increase in demand.

14. **Special problem of the autumn glut.**—Generally speaking, the price problem confronting the home producer has been caused by the impact of imports upon the United Kingdom market in increasing volume, but the particular autumnal aspect of it is caused not by imports but by a heavy home-produced supply. In the normal

* The course of the pig cycle, however, may be such that, in a particular year, prices in the autumn may be slightly lower than for the year as a whole.

course of events it is to be expected that the output of fat stock, fattened cheaply on summer grass, will result in the offer of heavy supplies at the end of the grazing season. This natural tendency is not one to be discouraged, but trouble is caused by the simultaneous offer for sale not only of fat stock but of half-fat stock which producers have to clear off the farm when the grass fails. Before the War and in the earlier post-War years these half-fats were bought for finishing in the arable areas. With the subsequent decline of arable farming, however, there has been a tendency for farmers who had previously fattened their beasts during the winter—and obtained the benefit of better prices in the spring—to sell out or to refrain from buying in the autumn. At the same time there has been a decreasing price incentive to graziers to spend money in finishing their beasts before lack of grass compelled their sale. Thus circumstances have combined to increase the load on the home-killed meat market in the autumn, and to cause much of the increase to be of a quality calculated to meet with a poor demand. As stated previously, fat cattle imported from the Irish Free State accentuate the glut.

While the home production of mutton and lamb contributes to this glut in some seasons more than in others, it suffers from the glut to an equal extent. We believe therefore that, in suggesting measures which will alleviate the effect of the glut on the cattle grazier, we shall at the same time give real help to the sheep farmer.

It appears to us that the solution of the problem of the autumn glut of home-fed cattle is to encourage the grass feeder to finish his cattle properly by securing for him a remunerative market for those cattle. This should incidentally avoid the waste caused by the short-term transfer referred to in paragraph 9. In the recommendations which we make later regarding the regulation of meat supplies throughout the year, we attach particular importance to the reservation for the home producer of an adequate share of the market during the season of his heaviest output, which will also be that part of his output which will have cost least to produce.

B. THE REGULATION OF MEAT IMPORTS, 1932-1934.

15. *Introductory.*—Attention has already been drawn in paragraph 6 to the considerable increase in supplies relative to the increase in population compared with pre-War days, an increase for which imports are entirely responsible. Actually during the three years immediately preceding the Imperial Conference at Ottawa, i.e., from July, 1929, to June, 1932, the annual imports had increased by nearly 4 million cwt. at the same time as there had been a world-wide decline in purchasing power, and the prices of live stock in this country, and indeed throughout the Empire, were falling rapidly. Accordingly, arrangements were made at Ottawa to stem the

prevailing depression by checking the flow of imports of meat into this country, which was virtually the only market for exporting countries.

16. **The Ottawa Agreements.**—Briefly, the arrangements agreed between the United Kingdom and the Dominions* provided for :—

1. The regulation of imports of foreign beef, mutton and lamb in accordance with an agreed programme which was to take effect as from the 1st January, 1933 ; and

2. The stabilisation during 1933 of the supplies of frozen mutton and lamb from the Dominions and for a limited increase in Dominion supplies of frozen beef.

The declaration by the United Kingdom Government, in which the Dominion Governments concurred, stated that it was essential to take whatever steps were feasible to raise wholesale prices of frozen meat " to such a level as will maintain efficient production " : the improvement of prices was stated to be necessary both in the immediate interest of producers and in the long-term interest of consumers. In addition, the declaration laid down the principles of a meat policy which were, firstly, to secure the development of home production, and secondly, to give the Dominions an expanding share of imports into the United Kingdom.

For the purpose of the agreed programme, the year July, 1931–June, 1932, was taken as a standard. Accordingly, it was decided that, as from the 1st January, 1933, imports of foreign chilled beef should be restricted in volume to the amounts imported in the standard year, which were in fact only 93 per cent. of the average of the years 1927–1931. This restriction affected South American countries only, namely Argentina, Uruguay, and Brazil.

In the case of frozen beef and frozen mutton and lamb, which are imported both from the Dominions and from foreign countries, the arrangement was that the Australian and New Zealand Governments each undertook that their exports of mutton and lamb during 1933 would not exceed the amount exported in the Ottawa year : as regards frozen beef, Australia promised to use her best endeavours to ensure that her exports in 1933 should not be increased to an extent exceeding 10 per cent. of the quantity exported in the Ottawa year, while New Zealand estimated that her exports for the season 1932–3 would be approximately 10 per cent. more than in the Ottawa year. In the case of frozen carcase and boned beef and frozen mutton and lamb imported from foreign countries, imports were not to exceed, for the first quarter of 1933, 90 per cent. of those in the corresponding quarter of the Ottawa year, in the second quarter they were not to exceed 85 per cent. of the imports in the corresponding quarter of the Ottawa year, and so on by progressive reductions of 5 per cent. each quarter until in the second

* The agreements are embodied in the Ottawa Agreements Act, 1932.

quarter of 1934 imports from foreign sources should stand at 65 per cent. of the amount imported in the corresponding quarter of the Ottawa year. Thereafter, until December, 1937, foreign imports were to be stabilised at 65 per cent. of those in the corresponding quarter of the Ottawa year unless, in the meantime, other arrangements had been agreed. For the purposes of the regulation of imports, frozen veal was regarded as frozen beef.

During the period January, 1933, to June, 1934, the United Kingdom Government agreed not to impose any restrictions on imports of Australian and New Zealand meat. While, therefore, Australia and New Zealand are not committed in any way in regard to their shipments after 31st December, 1933, the United Kingdom may not impose any restrictions on Australian and New Zealand supplies before 30th June, 1934. After June, 1934, the United Kingdom will be free to regulate imports of Dominion meat in the interests of United Kingdom agriculture, but it is provided that in taking such action regard shall be had to the over-riding policy of securing to the Dominions an expanding share of imports.

17. **Emergency action in 1932.**—The Ottawa arrangements were due to come into operation on the 1st January, 1933. During the autumn of 1932, however, the live stock markets of the country collapsed, prices of all classes of fat stock falling heavily. Following rapid discussions between the United Kingdom Government on the one hand, and representatives of the Dominion and foreign Governments and the South American Meat Importers' Freight Committee on the other, the following voluntary arrangements, to take immediate effect, were made :—

The South American meat shippers voluntarily agreed to reduce their marketings of chilled beef to the United Kingdom by 10 per cent., and, if necessary, by 20 per cent., during the months of November and December, 1932. They also agreed to reduce by 20 per cent. their supplies of mutton and lamb for the same period. These reductions were to apply to the quantities which they had intended to ship before the agreement was reached. The Australian and New Zealand Governments also agreed, without prejudice to their position under the Ottawa Agreements, to reduce their shipments of frozen mutton and lamb to the United Kingdom in November and December to 10 per cent. below their shipments in the corresponding months of 1931. No reductions were arranged in the case of imports of frozen beef.

The continued weakness of the market, particularly in the case of beef, made it advisable to continue this policy into 1933 as regards chilled beef, and further voluntary arrangements were made under which total imports of chilled beef during the first quarter were not to exceed 90 per cent. of the imports in the corresponding

quarter of 1932. In the second quarter of 1932, imports of chilled meat were less than in the first quarter, whereas normally they are heavier. Accordingly for the second quarter of 1933 only a small percentage cut on the figure for 1932 was arranged. The failure of the market for beef to respond to this small reduction, however, made it essential that a further reduction should be made in the third quarter. It was, therefore, arranged that, for the first half of this period, imports of chilled beef should not exceed 90 per cent. and, for the second half, 87½ per cent. of the imports in the corresponding period of the Ottawa year, i.e., July-September, 1931. For the last quarter, imports of chilled beef were to be reduced to 85 per cent. of those in the corresponding quarter of the Ottawa year. No further special arrangements additional to the Ottawa Agreements were made in respect of mutton, lamb and frozen beef.

18. **The Argentine Convention.**—To complete the story, it is desirable to summarise the main provisions affecting meat in the trade agreement, signed on 1st May, 1933, between His Majesty's Government and the Government of the Argentine Republic. The Convention, which operates for a minimum of three years from the date of ratification*, provides that imports of chilled beef from Argentina are not to be reduced below the quantity imported in the corresponding quarter of the Ottawa year unless, after consultation with the Argentine Government, it is thought that such action is necessary in order to secure a remunerative level of prices in the United Kingdom market. No such restriction is to be maintained if it appears that the imports so excluded are being replaced by increased imports into the United Kingdom of other kinds of meat (other than experimental shipments of chilled meat from other parts of the British Commonwealth of Nations) with the result of neutralising the desired effect on prices. If, owing to unforeseen circumstances, His Majesty's Government consider it necessary that imports from Argentina of chilled beef should be reduced in any year by an amount more than 10 per cent. below the quantity imported during the Ottawa year, it is provided that imports from all the Dominions shall be reduced by the percentage over and above 10 per cent. that imports from the Argentine are reduced. Reductions, beyond those laid down at Ottawa, on imports of frozen beef, mutton and lamb from Argentina shall not be made unless the import of such meat from Empire sources is also restricted. In the Supplementary Agreement to the Convention, His Majesty's Government have undertaken not to impose any duties on meat, other than tinned, canned, extracts and essences, the duty on which cannot be increased beyond the existing rate of 10 per cent. ad valorem.

* 7th November, 1933.

19. Effect of quantitative regulation on supplies.—The following table shows the effect upon supplies in 1933 of the agreements and arrangements described in the previous paragraphs and also of the voluntary reductions which have been made in the supplies of bacon (including hams) which to a degree is interchangeable with butchers' meat :—

Imports of Regulated Classes of Meat and of Pork.
(000 cwt.)

	Chilled beef.	Frozen beef and veal.	Frozen mutton and lamb.	Fresh, salt and frozen pork.*	Total butchers' meat.	Bacon and hams.	Grand total.
1931—							
July-Sept. ...	2,246	749	1,829	168	4,992	3,057	8,049
Oct.-Dec. ...	2,112	881	1,625	277	4,895	3,100	7,995
1932—							
Jan.-March ...	2,285	539	1,637	169	4,630	3,177	7,807
April-June ...	2,200	469	2,248	143	5,060	2,967	8,027
July-Sept. ...	2,207	959	1,820	119	5,105	2,997	8,102
Oct.-Dec. ...	2,107	733	1,222	205	4,287	3,051	7,318
1933—							
Jan.-March ...	2,050	631	1,802	199	4,682	2,575	7,257
April-June ...	2,194	682	2,057	159	5,092	2,599	7,691
July-Sept. ...	2,028	1,056	1,776	197	5,057	2,533	7,590
Oct.-Dec. ...	1,901	713	1,020	283	3,917	2,248	6,165
Total Ottawa							
year ...	8,843	2,638†	7,339†	757	19,577	12,301	31,878
Total 1932 ...	8,799	2,700	6,927	636	19,062	12,192	31,254
Total 1933 ...	8,173	3,082	6,655	838	18,748	9,955	28,703

* Imports of fresh, salt and frozen pork, are included in the Table, although imports of fresh and frozen pork are not regulated, and imports of salt pork only came under regulation towards the end of 1933.

† These figures include 89,994 cwt. of frozen beef and 10,661 cwt. of frozen mutton and lamb which passed through this country on through Bills of Lading to other countries. Such imports are now transhipped under Bond, and for the calculation of current import quotas the Ottawa year figures are reduced by the amounts sent on through Bills of Lading.

20. The effect of quantitative regulation on prices in 1933.—The following table shows the price conditions which the arrangements discussed in the preceding paragraphs sought to remedy :—

Average Annual Prices of Fat Stock in England and Wales compared with pre-War Years.*

Year.	Fat cattle per live cwt.	Fat sheep per lb. d.w.	Porker pigs per score d.w.	Index of prices.		
				(1911-13=100.)		
				Fat cattle.	Fat sheep.	Porker pigs.
	<i>s. d.</i>	<i>-d.</i>	<i>s. d.</i>			
1924	53 2	14	14 9	153	187	139
1925	52 7	13·75	17 5	151	183	164
1926	49 0	11·75	19 6	141	167	184
1927	44 3	11·25	16 5	127	160	155
1928	48 1	12·5	14 8	138	167	138
1929	46 5	11·75	17 6	133	167	165
1930	46 2	12	17 6	133	160	165
1931	42 7	10	13 0	122	133	123
1932	39 11	7·25	10 4	115	97	98
1933	35 2	8·25	11 6	101	110	109

Following the application of quantitative regulation, there was a rise in the prices of fat sheep and pigs. The price of beef, however, after a temporary rise, remained at a low level. In November, 1932, when restriction of imports was imposed, there were indications of a catastrophic fall in beef prices. The arrest of that fall, even at the low level for beef indicated in the table, has been of material assistance to the live stock industry in this country. It is desirable, however, not only that the fall should have been arrested, but that there should be a rise in price. Two factors, to which we may briefly refer, intervened in 1933, which prevented the full effects of quantitative regulation. In our scheme we make recommendations to deal with these factors.

The first factor was the absence of knowledge as to the volume of home-produced meat coming forward. In 1933, the Agricultural Returns collected on 4th June showed a considerable increase in the numbers of cattle over one year old, but thereafter there was no reliable method of measuring the numbers of stock coming forward or likely to come forward for slaughter. It was likely that the drought would retard the rate of marketing of grass-fed cattle and would at the same time lower the yield of winter keep, in which case the numbers of cattle that would be retained for yard-feeding would probably be less than usual. Everything, therefore, pointed to unusually heavy offerings of stock, and possibly of half-finished stock, at the close of the year. The meagre knowledge available suggests that this happened, and the fact that cattle prices maintained

* Agricultural Index Number Prices, i.e., 2nd quality animals weighted according to the importance of various breeds.

themselves, though at an admittedly low level, at a time of the year when they habitually fall, can only be due to the fact that the maximum reductions in the volume of meat imports all took effect at that time.

The exceptional weather in 1933 influenced not only home supplies but home demand. Hot, dry weather ruled until late in the autumn and, in consequence, consumer-demand was transferred to an unusual extent from the heavier meat to mutton and lamb. It may be assumed that this had the effect of depressing beef prices and raising prices of mutton and lamb.

The other factor referred to was the difficulty of administration inherent in the initial stages of such a gigantic experiment in supply regulation. An example of the administrative difficulties that had to be met is provided by the case of frozen beef cuts and offals. The programme of reductions of foreign frozen beef arranged at Ottawa only dealt with foreign frozen carcase and boned beef, that is to say, it did not cover edible offals derived from chilled and frozen carcasses. The assumption, no doubt, was that the regulation of carcase and boned meat would automatically secure the regulation of edible offals. In the past, however, shippers had entered small quantities of frozen beef cuts, as well as all their offal shipments under the Customs classification of "other descriptions" of frozen beef, and this practice continued in 1933. But in the first quarter of that year there was not only an increase in imports in the category of "other descriptions" of frozen beef from certain foreign countries, but a greatly increased proportion of these imports consisted of beef cuts and not offal. Imports from foreign countries in the first quarter of 1933 of frozen beef of all kinds (including "other descriptions") exceeded by 48,673 cwt. the quantities imported in the corresponding quarter of 1932, to which period, in accordance with the Ottawa Agreements, a reduction of 10 per cent. on carcase and boned beef should have applied. Of this excess, consignments of "other descriptions" accounted for 46,445 cwt.

It was obviously necessary to take steps to deal with the situation, and in consequence it was arranged that as from 1st June, 1933, beef cuts should not be classified with "other descriptions," but with carcase and boned beef, and should form part of the shipments subject to progressive reduction under the Ottawa programme. Thereafter, the classification "other descriptions" should properly only cover edible offal. An agreement was also made with the importing interests whereby shipments of edible offals under the category "other descriptions" would be kept in approximately the same relation to total shipments of carcase and boned meat as in the Ottawa standard year. Owing to the uncertainty as to the exact classification of various parts of carcasses as offal or as boned meat, it is extremely difficult to arrive at an indisputable analysis of frozen meat imports, and we welcome the action recently announced by the Minister of

Agriculture with the object of readjusting the proportion of boneless meat imported.

21. Failure to adhere to supply arrangements.—We believe that, after 17 months' experience, it should be possible, as it has been shown to be necessary, to tighten up this policy—in fact, to regulate.

It is the expressed intention of the Government to regulate supplies in the interests of all suppliers of the United Kingdom market. We think it right that the Government should give every consideration to the aspirations and difficulties of supplying countries, and should make every effort to secure and retain their willing co-operation, but we maintain that, once a reasonable supply arrangement has been made or imposed, there should be strict adherence to it, and we are not satisfied that this has always been the case in the past year.

The following examples show what we have in mind:—

(i) In the three months July to September, 1933, the imports of frozen carcase and boned beef from foreign countries amounted to 83,338 cwt., a figure which was 8,091 cwt., or 10·75 per cent. greater than the maximum permitted under the Ottawa programme.

(ii) In the three months October to December, 1933, arrivals of chilled beef from South America were nearly 30,000 cwt. or 1·6 per cent. greater than should have been imported (even allowing for the agreed tolerance) under the voluntary arrangement whereby chilled beef imports from this source were not to exceed 85 per cent. of the quantity imported during the corresponding quarter of the Ottawa year.

(iii) In 1933, the imports of frozen beef from New Zealand were 706,750 cwt., a figure which was 266,750 cwt. or over 60 per cent. greater than the formal estimate contained in the Ottawa Agreements.

The above figures are taken from the Customs statistics. We understand that in certain cases the importers have been unable to reconcile their own records of imports with the official figures.

We do not think that any important deviations should be permitted. It is in accord with the spirit of the policy to permit oversea suppliers themselves to regulate their shipments, though we consider that, equally in the interests of all who depend upon the United Kingdom market, the Government should introduce, if it is not already in existence, a system by which the various categories of imports can be effectively checked. If, however, imports from any country fail to show reasonable adherence to the quantitative and other limits agreed upon (as in some cases we have shown that they have failed to do in 1933), then we recommend that the Government should not hesitate to employ the powers of Section I of the Agricultural Marketing Act, 1933, in substitution for

voluntary arrangements, and that, where statutory control already exists, they should, if necessary, introduce a stricter system of administration.

C. THE FUTURE OF SUPPLY REGULATION.

22. **Need for regulation of all meat imports.**—We have watched the development of the Government's policy of the regulation of meat supplies. In turn, there have been or are being brought under control, imports of bacon, frozen (carcase, boned and boneless) meat, chilled meat, live cattle and canned meat. We recognise the need to tread warily in this unknown country in which a false step might do serious damage to important established industries, might gravely inconvenience consumers and might only result in injuring the meat market to the detriment of the home producer whom it is desired to help.

We have found no practicable substitute for the policy of supply regulation capable of immediate application. Our enquiries have, however, left us in no doubt that it is necessary for the success of this policy that *all* forms of meat supplies should be regulated. In a later part of this report we make certain recommendations regarding the regulation of home-produced supplies.

As regards imports, we consider that it is equally necessary to control all imports, whether in the form of fat animals, or of fresh, chilled, frozen or canned meat. We, therefore, suggest that the Government should lose no time in opening discussions with the Dominions whose shipments, if unregulated, are capable at any time of dislocating the market. We recognise that, in accordance with the Ottawa Agreements, Australian and New Zealand supplies have a free run of our markets up to the end of June of this year, but we hope that a better appreciation of the situation, and a recognition of the difficulties of the home producer, will convince shippers from these Dominions of the un wisdom of over-supplying a recovering market.

23. **Administration to be tightened up.**—We have already recommended that the machinery of regulation should be tightened up and, in particular, that a system should be introduced to maintain a stricter verification of the volume of imports. Apart from this, we recommend no major change in administration.

24. **Releases from cold store.**—It has been put to us that it is not sufficient to regulate imports, but that releases from cold store in this country should also be controlled. We have given some thought to this point and advise that it should not be attempted. About 50 per cent. of the total supplies of beef, veal, mutton and lamb are home-killed, 25 per cent. are in the form of chilled meat and 2½ per cent. in the form of canned meat; none of these supplies is held in cold store. As

regards the balance of 22½ per cent., which consists of frozen meat, we believe that an adequate measure of control can be maintained through the regulation of importation, and that it would be impracticable, even if it were necessary, to control releases from cold store, without subjecting to control the complete wholesale and retail distributive machines.

25. **Marking of imported meat.**—We desire to support the recommendation of the Standing Committee under the Merchandise Marks Act, 1926,* with regard to the marking of imported meat.

26. **Regulation of home-produced supplies.**—Effective quantitative regulation of supplies involves the regulation of all supplies on the market. We have, therefore, considered in what way home supplies may best be regulated.

The contract principle, as employed for milk and for bacon pigs, has obvious advantages, but for a number of reasons we do not think it can be applied to live stock, other than bacon pigs. Cattle, for example, are slow to mature; it is difficult to anticipate the age at which a beast will be slaughtered, and the fulfilment of a contract would frequently be rendered difficult by disease or crop conditions. Similarly, the number of sheep a particular producer can fatten will depend on the conditions of his feed crops and grass, which cannot be foreseen. Thus, having regard to the known risks of losses and irregularities in production due to disease and weather conditions, a system embodying forward contracts for stated quantities of fat stock must of necessity require that there shall be a reserve of uncontracted production from which contract deficiencies can be made good, and also an outlet for animals surplus to contract commitments. But there is only one outlet for fat stock, whether produced in fulfilment of contracts or not—that is to say, the dead meat market; and the existence of these surplus supplies, which can only be absorbed by the dead meat market, would, therefore, seem to defeat the whole object of a contract system for fat stock.

It is also improbable that butchers and other buyers would be willing to contract to buy stock long ahead. This last difficulty would be avoided if it were possible for the producer to give a supply-guarantee to the Marketing Board, but the fundamental difficulty of the individual producer's inability to enter into a firm long-period contract covering the whole of his output would remain insuperable.

It would generally be possible for a producer to guarantee with reasonable accuracy his output of fat stock for, say, a maximum period of three months ahead, but that period would be far too short to permit efficient import regulation; we have found no satisfactory method whereby producers can individually guarantee their output for a longer period.

* Cmd. 4470.

Our enquiries have, however, shown us conclusively that the changes from year to year in the output of the home live stock industry are small. Excluding the abnormal years of and immediately following the War, the average percentage changes from year to year in the output of the live stock industry in Great Britain since 1900 have been :—

Beef and veal	...	...	...	...	2.2 per cent.
Mutton and lamb	...	...	...	...	4.5 per cent.
Beef, veal, mutton and lamb	...	...	...	...	2.0 per cent.*

There is thus a natural tendency to stability of home-produced supplies from year to year. This tendency does not, however, exclude the possibility of important changes over longer periods; for example, a general increase in live stock prices, and consequently in confidence in the future of the live stock industry, might well start a movement from dairying to stock feeding. In such circumstances, however, the slow rate of maturity of fat cattle and sheep will prohibit a rapid change in output or one which cannot be foreseen with the help of an adequate system of production statistics. We, therefore, conclude that strict regulation of the home output of the live stock industry is unnecessary; what is required is a complete and continual knowledge of production, which will permit any unusual changes in the home output to be foreseen in good time.

There is thus one notable difference between the method of regulating the home supply of bacon which is now in operation and the system which we recommend for other live stock. In the case of bacon and bacon pigs, the maximum output of home producers is now limited, but in the case of other kinds of live stock we propose no such limit. There were certain considerations which made the bacon system necessary and possible, namely, the speed with which the pig population can multiply, the short period pigs require to reach maturity and the existence of a surplus outlet in the form of the pork market. These considerations do not apply to cattle and sheep. Nevertheless we think it necessary that the volume of total supplies of butchers' meat, both home-produced and imported, should be regulated.

We recommend, therefore, that this regulation of total supplies should operate in the following way. It should be the duty of the Board to keep the actual and probable future output of home producers under continual watch by a system of half-yearly census (taken in June and December), quarterly forecasts of sales for slaughter and slaughtering returns and by the collection of information from other sources (paragraphs 37 and 71). Guided by this information and at regular intervals, instead of on the basis of

* The variation in the case of beef, veal, mutton and lamb as a group is smaller than the variation in the case of individual classes of meat since variations as between classes tend to cancel one another out.

contracts, periodic adjustments should be made to the volume of permitted imports.

These recommendations on this matter have already been put to a practical test. Owing to the uncertainty as to the extent of sales of fat stock in the autumn of 1933 and, therefore, as to the probable offerings in the first and second quarters of 1934, the Ministry of Agriculture took a live stock census* on 4th December and also asked farmers to forecast their probable sales for slaughter. The response made by farmers was better than could reasonably have been expected, and the information so obtained has been of the greatest value. It is greatly to be hoped that the Ministry will continue this work until it can be taken over by the Marketing Board which we hope will be set up as a result of our recommendations. In fact, if the work is not continued, we foresee the greatest difficulty in the regulation of meat supplies in 1934.

27. *Regulation of total supplies : Quantitative Limit.*—Within broad limits, meat supplies are interchangeable. At certain seasons of the year, certain types of meat are in bigger supply or in bigger demand. Over longer periods, there may be permanent trends of change, either in supply or in demand. We find it difficult, therefore, to recommend a figure at which supplies of the different classes of meat should be maintained. The improved market intelligence system which we suggest will considerably help the Government to arrive at a decision on this point.

28. *Supply regulation : Procedure.*—Assuming that the Government have determined in any year the quantitative level at which meat supplies are to be maintained, we visualise that on the information provided by the previous census, quarterly forecast, slaughtering returns and crop reports, it will be possible, well before the close of each year, to inform exporting countries as to the rate of importation which will be permitted in the following year, subject to a variation of x per cent. up or down in the third and fourth quarters; as regards the third quarter the final figures should be reached, say, in April, and the final figures for the fourth quarter will not be settled until after the results of the June census are known. There might be difficulty in this procedure if it were anticipated that the variation to be effected would be substantial, but judging from past experience and having regard to the greater adequacy of the information which will be at the service of the Government, we think that the variation should seldom exceed 5 per cent. in any quarter and would generally be considerably less.

* Table XII summarises the results of the census of 4th June and 4th December, 1933, and compares the variations in live stock population between these two dates with those which occurred between the census taken on 4th June, 1929, and 11th January, 1930, the date of the previous general winter census.

29. *Seasonal variations in supply regulation.*—There remains the question of seasonality. We have already pointed out that natural production conditions result in a heavy supply of home-fed fat stock in the autumn and early winter. This is not a fact which can be held against the home producer as a sign of disorderly production or marketing; it is merely that the home producer is taking advantage of one of the country's greatest agricultural assets, namely, first-class fattening pastures. The grasslands of the country are capable of improvement which might lead to a considerable net increase in the agricultural output. Apart from the relatively small expenditure on imported fertilisers, this increase should be at little additional cost. It is true that the stock sold off the grass in the late autumn is too frequently unfinished but we attribute this to the fact that prices ruling in the autumn have proved an inadequate incentive to all but the best farmers on the best land to finish their stock properly. Whereas a general raising of the price level will once more permit profitable winter feeding of stock, something more is necessary in the autumn when prices of all meat, whether home-produced or imported, or whether mutton or beef, are dominated by supplies of home-fed cattle. We regard it as essential that the greatest care should be taken in the regulation of imports during the last quarter of the year so that not only will a greater demand for home-fed cattle be created, which will make it worth while for the home farmer persistently to improve the quality of the meat which he offers in this period, but also so that the fattening of stall-fed cattle during the winter months will not be reduced by the elimination of the premium which he normally receives over autumn prices. If, however, the Government creates this opportunity for the grazier, it will be the duty of the Marketing Board to make every effort to secure that proper use is made of it.

30. *Supplementary measures.*—In drawing up our scheme in accordance with the policy of supply regulation, we have given considerable thought to supplementary or alternative measures, even though this country may momentarily be debarred by its treaty obligations from employing them. In the case of beef, mutton and lamb the problem is the more acute, because we believe that the production costs of oversea producers are at present at a much lower level than those of the home producer, however efficient. We make no attempt to give a figure to represent the fair average costs of home producers because we find that the wide variation in the farming systems of Great Britain makes it impossible at the present time to give a figure which would be of general use and validity. Such investigations as we have made have left us in no doubt that there is a considerable though immeasurable gap between the costs of home producers and their oversea competitors. The existence of this gap greatly complicates the consideration of the future regulation of meat supplies.

If, however, supply regulation, within the present limits of practicability and having regard to the requirements of consumers as to both volume and price, failed to restore prices of home-produced meat to a reasonable level, it would become necessary to consider supplementary methods of helping the home producer, of which the four most frequently mentioned are an import duty, a levy on the lines of the Wheat Act, an import board and a direct subsidy. Of these four, the one which we would commend to the first consideration of the Government is the levy plan, although this may not be immediately practicable owing to treaty arrangements. A levy, whatever may be its effect on wholesale prices, would provide a fund which could automatically be applied to the relief of the home producer. It is agreed that it would be an abuse of supply regulation so to restrict supplies for the purpose of increasing prices in the interest of home producers as to deprive the nation of a sufficiency of butchers' meat.

PART III.—LIVE STOCK MARKETING SCHEME.

Statement of some important recommendations.

31. Before describing in any detail our plan of marketing organisation and the scheme, under the Agricultural Marketing Acts, by which effect could be given to the plan, it is desirable to refer to a few recommendations which we believe to be of importance inasmuch as they provide the foundations upon which the structure of the plan has been built.

32. **A Live Stock Scheme.**—We were directed to prepare a scheme for regulating the marketing of fat stock but we have found it necessary to depart from those instructions and to prepare a scheme covering all cattle, sheep and pigs regardless of whether they are fat or store.

The major marketing problems of fat and store stock, other than those relating to slaughtering arrangements and to certain aspects of the supply situation, are similar. The general lack of marketing organisation, the excessive numbers of markets, auctioneers and dealers, the inefficient use of methods of sale, which are themselves of varying degrees of utility, the lack of market intelligence and of knowledge of supplies and prices, both past and prospective, the blind movements of stock in search of a reasonable market, the fluctuation of supplies at markets, the credit problem—all these problems are common to all forms of live stock, except bacon pigs, and are unfavourable to farmers' interests. The store stock trade needs marketing organisation as much as the fat stock trade and it

would be a pity if the opportunity were missed of bringing the whole live stock industry into one organisation. Moreover, the lack of knowledge of actual and prospective supplies and of prices applies equally to store as to fat stock and we regard it as essential, both for the purposes of supply regulation and for the sake of marketing efficiency, that any scheme should provide for obtaining this knowledge.

But we regard it not only as undesirable but as impracticable to restrict a scheme to fat stock for the reason that we have found it impossible to define what is fat stock. For example, butchers in the Lancashire industrial centres would without hesitation buy for slaughter a bullock which in Norfolk would be regarded as a strong store and, as such, would be bought for further feeding. A cow which was classified as fat in some areas would almost certainly require further feeding before butchers would buy it in others. A pork pig of the right age and weight for the Smithfield trade would probably need two months' further feeding before it suited the Midland trade. Thus the same animal would be classified either as fat or as store, according to the part of the country for which it was bought.

It has been suggested that fat stock could be defined as "stock intended for slaughter," but we can see no solution in this direction. Many a farmer, selling his cattle in the autumn, has no idea whether they have been bought for slaughter or for further feeding. Similarly, in the case of sales of store lambs from hill farms in the autumn, an uncertain proportion is usually drafted from each lot for immediate slaughter. Perhaps in some cases a farmer may be a bad judge of the degree of finish required by butchers: frequently, however, the destination of stock bought at a market depends on the current course of supply and demand in the meat market: there is, in fact, the class of stock in a border-line three-quarter-fat condition which will be bought for slaughter or for further feeding according to the requirements at the moment of the meat market. If the regulated product of a scheme was "fat stock," the sellers of these border-line animals would never know whether or not they were selling the regulated product.

It will make little difference to the size of the register of producers, who are participants in the scheme, whether the product be fat stock or live stock. There are few stock farmers, even in areas where store raising or dairying are most general, who do not occasionally and even regularly sell some stock which is immediately slaughtered.

In recommending, as we do, that there shall be a scheme covering all live stock, we cannot see that there is any practicable alternative. We do, however, recommend the exemption from the scheme of small producers and from the marketing provisions of certain identifiable classes of stock (paragraphs 63 and 64).

33. **Guaranteed or minimum prices.**—It has been pressed upon us by a number of witnesses that no scheme would be acceptable to producers which did not provide for the fixing of "minimum" or "upset"* prices. We have given considerable thought to this suggestion, which admittedly raises a question of the greatest importance, and record our conviction that any scheme seeking to impose minimum prices would be doomed to early failure.

Great Britain produces † 46 per cent. of her beef and veal supplies, 43 per cent. of her mutton and lamb and, probably, about 80 per cent. of her pork supplies. Home producers have not, and are not likely to have, a monopoly of the meat market as dairy farmers have of the liquid milk market or as potato growers might well obtain in the market for main-crop potatoes. Secondly, there comes a stage in the production of fat stock when the longer an animal is kept, the more money will be lost on it. Fat stock must be sold when ready for slaughter and has no economic outlet other than the fresh meat market.

It follows from these two premises that the function of a live stock marketing scheme must be to facilitate sales of home-produced fat stock and meat in competition with meat imports, and it seems to us to be incontrovertible that the proposal to fix minimum prices must place an obstacle in the way of sales.

In a free market (a market on which total supplies are regulated is still a free internal market) buyers are prepared to pay a price determined by the quantities available; that is to say, they will quote prices at which they will take all supplies offered, if of reasonable quality. If "upset" prices are to be effective in their sole object, namely, to raise prices, it seems to us to be inevitable that they will thereby reduce demand. The effects of the low prices ruling during the past year have been serious; they would have been far more serious if any proportion of stock had been *unsaleable*. It has been suggested that this difficulty should be met by compelling the Marketing Board to purchase all unsold stock at the "upset" prices for resale on the dead meat market; but the Board would have to resell for what the stock would fetch and would almost inevitably incur substantial losses in so doing, in addition to double selling expenses. Except for a few local buyers for slaughter in country districts, who are frequently willing to-day to pay a premium for the stock they want, it does not seem to us to be reasonable to expect butchers to pay "fixed" prices for live stock when they know that there will be a free market for the carcasses of all unsold stock. It has been argued that the system of fixed prices operated successfully during the War. Then,

* See paras. IV (e) and (f) and X of "Scheme for the better organisation of the Marketing of Fat Stock and Dead Meat in England and Wales," prepared by the National Farmers' Union early in 1932. Published in "The N.F.U. Record," June, 1932.

† On basis of average 1927-31—see Table VI.

however, the country was on a starvation basis; there was no question of a surplus; butchers and the public were only too thankful to take what they could get at any price. Moreover, price control covered all meat, home-produced and imported, and virtually covered all foodstuffs. The public to-day are unusually appreciative of the difficulties with which farmers are contending, but their will to help would stop short of a reversion to war conditions which, in our view, alone could make possible the fixation of fat stock prices.

We think that the importance which some witnesses have attached to the provision of machinery to secure minimum prices is no more than a reflection of their disappointment with the course of prices during the last two years. We agree that prices must be improved, but we are convinced that they cannot be improved by an arbitrary attempt to control the prices of one half of our meat supplies. This price increase will in the main have to be obtained by supply regulation, with or without supplementary measures. It will then be the function of the marketing scheme to equip the Board with the necessary power to secure that the producer gets the benefit of this improved price and we suggest that this cannot be done by an attempt at price fixing but can only be done by studying the finer points of marketing efficiency, by encouraging those channels of sale which are shown to give the best results, and by close co-operation with other sections of the industry where waste may also occur.

34. The case against the principle of "upset" prices appears so unanswerable that it is unnecessary to comment at length upon any administrative difficulties. A price guarantee for fat stock would, however, involve the segregation of fat stock and store stock, which we believe to be impracticable, and the classification of stock into quality grades which we consider would give rise to a number of serious administrative difficulties and would also make it necessary to prohibit all sales on the farm where such grading would be impracticable.

35. Quantitative regulation of home-produced supplies.—We have had to consider two forms of the quantitative regulation of the sales of home-produced live stock. As part of the Government's policy of regulating the total supplies on the market, it is necessary to take note of the total home output. Our recommendations on this subject are contained in paragraph 26.

There is also the question of the regulation of the individual producer's rate of marketing. On this difficult question we desire to state our general view. We think that the symptoms of unregulated marketing are prevalent to-day in the form of local market surpluses. These are symptoms of an inefficient system which needs to be remedied. It may prove necessary for the Board to exercise direct control over the individual producer's

rate of marketing but we think that it will not generally be so and even that the need for this direct regulation will only arise exceptionally, if ever. Crop and weather conditions undoubtedly affect the rate of weekly marketings and weather conditions affect consumers' demand, but the prime cause of supply irregularities at markets we believe to be the speculative activities of dealers and farmers which are encouraged, if not caused, by the market system. The repitching of stock, perhaps two or three times, between farm and slaughterhouse has been described to us as a balancing operation but it is one which would not be necessary if supplies were not uneven, owing largely to the temptation to producers to try market after market in a perpetual, but seldom successful, search for the best returns.

If, therefore, the system could be improved and the temptation removed, then the cause of supply fluctuation might also be removed and, with it, the need for the strict regulation of the quantities marketed weekly.

We desire to avoid anything which will interrupt the smooth orderly flow of stock from farm to slaughter and we are apprehensive of the consequences of an arbitrary control of the rate of marketing of fat stock. When, therefore, our proposals for tightening up the market system are examined (paragraph 42 *et seq.*) it should be remembered that, in our view, some such reform of the system is the alternative to a more drastic interference with the freedom of producers to select the place and time of sale.

Circumstances may arise which make necessary some direct regulation of the rate of sale. We have, therefore, included the necessary powers in the Scheme and have recommended methods of effecting this regulation (paragraph 52). Alternatively, it could be left to the Government, if the need arose, to regulate the rate of marketing by an Order under Sections 2 and 11 of the Agricultural Marketing Act, 1933. We express no preference in principle for either method, but observe that the latter method would permit emergency regulation to be undertaken without the Scheme having to contain provisions which would be alarming if they were put to general use.

An exception to our general view is provided by the case of pork pigs (paragraph 107).

36. Market Intelligence.—In Part IV we devote considerable space to our proposals for the provision and maintenance by the Board of a market intelligence service: this is to be a service for collecting, analysing and disseminating knowledge. We do not exaggerate when we say that this is the element, in our plan for reorganising the marketing machine, to which we attach the greatest importance. We recognise that no such service as we recommend could be maintained without the expenditure annually of a large sum of money, but we hope that the Board will pursue

economy in any direction rather than this: we believe that in a few years' time the service will amply repay its cost. We allude to this service at this point because one or two features of our main proposals, of the necessity for which some producers may be doubtful, are primarily or partly designed to facilitate the collection and use of marketing intelligence.

37. Census and forecasts: Forms.—We have explained in paragraphs 26 and 28 the function of the census and forecast in the regulation of supplies; they also will form an important part of the Board's market intelligence machine. It is desirable at this point to explain our proposals in greater detail.

A draft form of census and forecast is appended on page 127 (Appendix B). The census form has been kept as simple as is consistent with effectiveness, the necessity for which the Board should at all times bear in mind. It will be of vital importance to the individual as well as to the Board that the greatest care should be used to complete the form accurately, for not only do we suggest that the individual's voting capacity and liability to contribute to the Board's funds should be proportionate to the number of stock shown in the census form, but the administration of import regulation will be virtually based upon the aggregate returns.

As is the case with the statutory Annual Agricultural Returns made on 4th June, separate forms would be sent to a producer in respect of each holding. When holdings owned by a producer are in different voting districts, the issue of separate forms in respect of each holding will enable the producer's district voting power to be calculated without difficulty.

In a note on the *census* form it is suggested that a producer should make a return of all stock being fed on his farm even though not owned by him. This seems to be the only way of avoiding administrative complications, but it should be noted that the producer making the return will be liable for the levy imposed by the Board.

The classes of stock in the form are rather more elaborate than in the form used by the Ministry of Agriculture for the statutory 4th June returns. This is noticeable in the case of "other cattle," but the proposed age groups with intervals of six months between them will have an obvious significance when it is remembered that the census will be taken every six months.

It will be seen that the *forecast* form only applies to cattle and pigs. Sheep are omitted because it is not thought that any reliable individual forecast is possible. It is probable that in the course of a few years the information provided by the census will enable the Board to estimate fairly closely the seasonal rate at which the lamb crop is killed.

In the case of cattle, a producer will continually be asked to forecast his production of fat stock for two quarters ahead. Thus, at the time of the June census he will be asked to make a forecast

in respect of the periods 1st June to 31st August and 1st September to 30th November. Whereas his forecast for the first of these periods should be accurate within a small margin of error, his forecast for the second period must be less reliable; nevertheless it should provide a very useful indication of probable slaughterings. But when the next forecast is made, i.e., on 4th September, it will again be for two periods, namely 1st September to 30th November and 1st December to 28th February. The individual forecasts for the September-November period can now be made with more accuracy and will at the same time serve as a check on the earlier forecast for the same period.

In the case of pigs, a forecast is only asked for the ensuing three months.

Marketing Efficiency : The Scheme.

38. Existing system capable of improvement.—The farmer has as his disposal a number of alternative methods of selling his stock, of which the following are in most general use :—

- (a) Sale at market by auction, by the head or by live weight.
- (b) Sale at market by private treaty, by the head or by live weight.
- (c) Sale on the farm by private treaty, by the head.
- (d) Sale by dead weight and grade under the Ministry of Agriculture's Scheme.
- (e) Sale by dead weight on commission.
- (f) Sale (of sheep) by dead weight to or through dealer-slaughtermen.

Some of these alternatives we believe to be capable of giving better results than others and to be deserving of special encouragement, but each has its advantages. Therefore, our aim is not to build a new market structure, but to improve the existing one.

We believe that one weakness of the existing system lies in the fact that competition for supplies is dispersed over too many places of sale, e.g., over too many farms, too many markets, too many auctioneers. Thus, too many live stock selling centres are not "real and effective" markets, and all selling centres suffer from inadequate market intelligence. Our policy is to secure that stock should be sold, if possible,

- (1) in a "real" market (i.e., in a place where competition of buyers for supplies determines a fair market price); or
- (2) under conditions which offer the vendor a good prospect of obtaining the real market price if he negotiates a sale by private treaty outside a market.

We suggest the retention of the main existing methods of sale believing that experience will show the producer and his Board which method or methods most deserve encouragement. But, in

order that each shall operate under conditions of greater efficiency, which shall permit of a just comparison of results, we make three major recommendations, namely, the limitation of the number of selling points, the codification of trade practices, and the establishment of an efficient market intelligence service.

39. *Sales at auction.*—We believe that the auction system can be made to work more efficiently if certain defects are removed, and if opportunity is given to producers, acting corporately and in co-operation with other interests, to concentrate their sales in selected markets. This recommendation should not be interpreted as meaning that we desire to see the closing of markets on a large scale. Conditions vary in different parts of the country; in some parts it will be found that the location and size of markets correspond closely with the requirements of producers, but in others we are satisfied that the interests of the great majority of persons affected and the public interest would best be served by the rationalisation of market facilities even if hardship is thereby occasioned to individuals. We refer later to some of the considerations which should guide this plan of rationalisation (paragraph 45).

40. *Sales to butchers.*—Sales of fat stock to the wholesale meat markets constitute another important channel of sale in the case of cattle, sheep and pigs. Where, however, such sales are on a commission basis they involve the stock being slaughtered before the price is fixed, which in itself is unsatisfactory. Sales by this method are also too often open to objection, partly because many commission agents on wholesale meat markets are also trading as wholesale butchers and tend to neglect commission sales in favour of their own trading interests, and partly because farmers' lots tend to be small and irregular. In 1930, however, the Ministry of Agriculture introduced a system, in conjunction with its National Mark Beef Scheme, whereby wholesale butchers are enabled to quote prices, on a dead weight basis, according to the National Mark Grade in which the beasts kill out. The farmer is thus in a position to accept or reject a quotation before the animal leaves his farm and knows that the beast will be dressed and graded on a known standard and that the price he receives for the animal is the full amount due for the meat he has produced. Since June, 1933, the scheme has been successfully extended—by way of an experiment—to fat sheep and fat lambs,* and its extension to pigs is being explored. We consider that this scheme† represents a most economical method of sale and is one which the Board should encourage. We make further reference to the scheme in paragraphs 98–101.

41. *Sales on the farm.*—The value of the system of sale by private treaty on the farm is most difficult to assess. There are definite

* See Journal of the Ministry of Agriculture, December, 1933.

† Described in Marketing Leaflets Nos. 13, 27 and 46, issued by the Ministry of Agriculture and Fisheries.

advantages from the producers' point of view in farmer to farmer sales. The stock is transferred direct from one farm to another without the journey to, and handling at, market. The risks of disease infection and transmission are reduced and the purchaser is able to make more detailed enquiries and observations as to the quality and breeding of the stock he proposes to buy. Furthermore, it may well be that direct sales of fat stock on the farm to local butchers constitute a cheap and useful method of sale, provided that the farmer has a standard by which he can tell whether he is getting the full market value for his stock. At the present time the average farmer tends to be in a weak bargaining position in the sale of his fat stock on the farm, since he usually sells but few animals in a year and consequently has little knowledge of the weight of meat they will produce, whereas the fat stock buyer is an expert judge of the weight at which stock will kill out since this is such an important factor in his business.

We believe, however, that the bulk of the private treaty sales on farms is made to live stock dealers. There are two types of dealers engaged in the live stock trade, both of whom may buy in the market as well as on the farm. The types are usually well-known, but are not easily defined. The one lives by picking up animals cheap for a quick resale in the same neighbourhood; the other, the "long distance" dealer, carries on a highly-specialised trade in buying up mixed lots of stores in the breeding areas and transferring them in classified lots to the fattening areas, where they are required, or in assembling mixed lots of fat animals and sorting them out to suit the varied requirements of butchers in distant consuming areas. The "long distance" dealer performs a useful service, whereas this cannot always be said of the other type, the "higgler," and his purchases on the farm, in particular, should, in our view, be discouraged.

Although we appreciate the advantages of sales direct from farmer to farmer, to local butchers and to "long distance" dealers, we are impressed with the fact that the system of sale by private treaty on the farm flourishes in areas where the auction system is the least developed. In our view, it is one of the factors militating against the efficient operation of auction sales. The private sale of stock on farms robs the local market of supplies and depresses market prices; yet it is on these depressed prices that the farmer has to depend in judging whether the price offered is a fair one. The system of selling on the farm may be the easiest, but in the long run it may be the most expensive method of selling stock, because its costs to the farmer do not take the form of charges which can be compared with those of other systems.

We suggest that private treaty sales on farms from farmer to *bona-fide* farmer or local butcher should be left unrestricted, but that such sales from farmer to dealer should be closely regulated by the Board.

42. Bird's-eye view of scheme.—Briefly under our proposals a farmer could sell his live stock to :—

Persons to whom sales may be made.	(a) other farmers, (b) approved dealers, (c) approved butchers,* (d) the Board,
	<i>either</i>
Channels of Sale.	(e) direct or (f) through (i) approved auctioneers, (ii) approved dead meat commission salesmen,
	<i>on or at</i>
Places where sales may be made.	(g) specified auction markets (by the head or by live weight), (h) slaughterhouses or dead meat markets (by dead weight)† (j) farm premises (by the head)‡ (k) specially approved marketing centres (e.g., agricultural shows, old established fairs, private treaty markets, etc.),
Conditions of Sale.	<i>only on conditions of sale</i> (e.g., supply of information, standardisation of trade practices) approved by the Board,
Exceptions.	<i>but</i> bacon pigs and certain other classes of stock, emergency sales‡ (to be defined by the Board) and certain classes of small producers might be exempted from the above marketing provisions.

43. *Relation of producers' scheme to other interests.*—The Agricultural Marketing Act permits the regulation of marketing by producers, but does not permit the regulation of marketing by persons who are not producers, but who may be intermediaries between the farmer and the consumer. So far as practicable and necessary we are proposing that the actions of producers should be regulated, but it is clear to us that no effective reorganisation of the marketing of live stock can stop short at the regulation of the producers' functions. We have, therefore, sought means of bringing other interests within the purview of the scheme, and are relying partly on the results of negotiations, inspired by a common interest in an efficient marketing system, and partly on the powers in the Agricultural Marketing Act which enable a board to determine the persons to or through whom the regulated product may be sold. It is, therefore, fundamental to our proposals that all auctioneers, dealers and butchers who buy live stock shall be on the appropriate list of approved persons.

* The term "butcher" means a person who slaughters animals for food.

† Sales to butchers are frequently negotiated on the farm by the head. When weighing facilities at the slaughterhouse permit, it would be an advantage if such sales were made on a dead weight basis, or, at least, if they were so recorded. In this way a farmer would be in a better position to judge whether he was getting the full value of his stock.

‡ These should be strictly limited to real emergencies (e.g., accidents to animals) in which immediate action is essential.

We believe that our subsequent recommendations regarding the conditions of approval of certain classes of individuals forming part of the live stock marketing machine will be as much in the real interests of those classes as of the live stock producers of the country.

Sales at Auction.

44. The object of the following proposals is to increase the usefulness of the auction system, and to remedy four of its weaknesses which we believe to be :—

- (i) the existence of some redundant markets,
- (ii) the operation of two or more sale-rings for the same class of stock at the same time and place,
- (iii) the extreme variability from week to week in the turnover of individual markets.
- (iv) the lack of information as to supplies and prices.

45. **Approval of auction centres.**—The Board should maintain a register of auction markets at which approved live stock auctioneers would be permitted to operate; sales by auction of registered producers' live stock otherwise than through such approved auctioneers would be prohibited, except by special licence. Special licences would be given, for example, to annual fat stock shows or in the case of farm dispersal sales. In considering whether producers should sell by auction through an auctioneer operating at a specified market, the Board would have regard to the facilities of the market (e.g., its site, layout and accommodation, transport facilities, etc.), the volume and area of its supply and the proximity and relative efficiency of neighbouring markets; in certain cases the Board might need to negotiate with the market authority regarding improvements. Before approving an auctioneer the Board would satisfy itself as to his credentials and as to the suitability of the place at which he proposed to operate.

Although our proposals are necessarily made in the interests of producers, we believe that, if they succeed in increasing and making more regular the turnover of markets, they will add considerably to the security and prestige of the auctioneering profession. We appreciate that under present-day conditions it is frequently necessary for an auctioneer to open or to maintain one or more subsidiary markets in his area in order to prevent its invasion by competitors and it is therefore useless to expect auctioneers, however sympathetic, to close down existing superfluous market centres, unless they can be sure that the result will be to increase their sales at the bigger or better markets that remain and that others will not be able to re-open the auctions which they themselves have discontinued. Our plan should give them that security.

In arriving at decisions as to the approval of individuals and the selection of suitable markets the Board should, therefore, act in

close consultation with the auctioneers' professional organisations; indeed we think that in practice individuals might generally be nominated by those organisations for approval and that the rationalisation of market facilities should be based on a co-ordinated plan prepared by auctioneers, in consultation with the Board. On several occasions we have discussed this subject with representatives of the auctioneers' national organisations and have reason to believe that such a plan is, in fact, under consideration by them.

46. **Conditions of approval of auctioneers.**—The Board would, again in consultation with representatives of the auctioneering profession, draw up standardised conditions of approval of auctioneers which might include *inter alia*, an undertaking by the auctioneer:—

- (a) to abide by the standardised selling charges and practices agreed between the Board and the profession;
- (b) only to hold auction sales at places, on dates and at times approved by the Board;
- (c) only to sell live stock of the regulated classes which had previously been entered and accepted for sale in accordance with the Board's regulations;
- (d) to verify that the stock sent in for sale is of the same description as that notified and to deal with cases of misdescription in accordance with the Board's instructions;
- (e) only to sell (as agent for registered producers) to producers, to approved dealers, to approved butchers or to the Board;
- (f) to furnish the Board with information as to all sales of live stock; and
- (g) to co-operate with the Board in securing the smooth running of the scheme.

We think it would facilitate negotiations and inspire confidence if the Board made use of the powers of Section 13 of the Agricultural Marketing Act, 1933, which would enable it to bring an impartial element into its consultation with auctioneers.

47. **Producers' selected auction markets.**—To remove one of the causes of the extreme variability of turnover of individual markets from week to week and generally to facilitate the efficient organisation of the individual market, every registered producer should be required to select the market at which he desired his various classes of stock to be auctioned. He should be allowed to choose different auction markets for the various main classes of stock; but, having chosen, he should not be permitted to sell his stock at any other auction markets except after giving due notice (say, three months) of his desire to change his selection. Producers having farms in different parts of the country should be entitled to a separate choice for each district, and the Board would have to

exercise discretion in the case of producers who are producing on a very large scale in one part of the country.

48. Normal entries for sale by auction.—With a view to minimising week to week variations in supplies and to facilitate the regulation of the rate of marketing in case of emergency, every registered producer proposing to sell live stock by auction should be required to notify his intention to the local office or agent of the Board at least seven days before the market day, and no stock should be permitted to be sold unless the entry had been accepted by the Board—entry being regarded as accepted unless a notification to the contrary was received within three days. (In Appendix C we suggest a form of notification.)

If provision is made for emergency sales, we consider that farmers can give seven days' notice without inconvenience. Dealers whose business it is to transfer stock over considerable distances might sometimes experience difficulty in giving such notice, but we think it just as desirable that farmers should have advance knowledge of the entry of store stock at their local market as that butchers and other buyers on their behalf should have advance knowledge of the entry of fat stock.

Some difficulty may be occasioned by the offer for sale at auction of store stock imported from Canada or the Irish Free State which have been in this country an insufficient period of time to come under the Board's regulations. It will be highly undesirable for the stability of markets to be disturbed by unregulated offers for sale of stock from these sources. Unless the Board is able to reach agreement with auctioneers and importers we think that it may be necessary to prescribe by Order that compliance with any regulations governing home-fed stock should be made a condition of importation of similar stock. We have throughout assumed that, by negotiation with a live stock marketing board for Northern Ireland, sales of Northern Irish stock in England and Wales will be made subject to the regulatory provisions of the English Scheme. If, as we anticipate, there is one scheme for Great Britain, such an arrangement will be unnecessary in the case of trans-border traffic from Scotland to England.

49. Late entries and withdrawals.—We propose that the Board should accept late entries up to the time of sale at a fee of, say, 1s. per head for cattle and 3d. per head for sheep and pigs, provided that the acceptance of any such entry does not raise the number of effective entries, after deducting withdrawals, to a figure greater than 110 per cent. of the published entries for the particular market. Withdrawals should be permitted, at similar fees, provided that the effect of any such withdrawal, after adding the late entries, is not to make the number of effective entries less than 90 per cent. of the published entries.

50. **Failure to consign.**—We consider that variations of not more than 10 per cent. on the published anticipated entries would be a vast improvement on present conditions under which week to week fluctuations at individual markets are extremely violent and reliable information as to probable supplies is meagre. In order to enable the Board to maintain this standard of accuracy in its published forecast of pitchings, it is essential to take power to discourage producers from failing to consign stock entered by them and not withdrawn: the case of over-supply is met by the provision that stock may not be sold unless its entry for sale has been accepted by the Board. We propose, therefore, that if a consignor consigns less than 100 per cent. but not less than 75 per cent. of his accepted entries (including late entries) he should be charged a fee of, say, 2s. per head of cattle or 6d. per head of sheep or pigs for every animal he fails to consign; if he consigns less than 75 per cent. he should, in addition, be charged a fee of, say, 7s. 6d. and 2s. per head respectively for the number of animals by which his consignment falls short of 75 per cent. of his accepted entries. Neither fee should be charged if the producer satisfies the Board that failure to consign was due to circumstances beyond his control (e.g., disease outbreaks or restrictions arising subsequent to the making of the entry and notified by him at the earliest opportunity). The actual fees would necessarily be a matter for the Board to decide from time to time in the light of experience but we regard it as of importance that steps should be taken to ensure that the total actual entries at a market should never vary by more than 10 per cent. from the published anticipated entries.

51. **Publication of anticipated pitchings.**—The Board would thus have information at its disposal to enable it to publish the anticipated pitchings (classified by description of stock and correct to within 10 per cent.) at every market in the country, in time to enable buyers to arrange their programmes for the week; railway and road transport services would also be able to make their arrangements with far more precision and therefore more economically than at present. (See also Part IV.)

52. **Self-regulating character of the scheme.**—We have had strong evidence that where voluntary schemes somewhat on the lines of our proposals are in operation, e.g., where the list of entries for the next market is advertised, there is a marked measure of automatic regulation of the rate of marketing: the regular patrons of the market know that when the entries reach a certain number, it is unwise to add to the list and they withhold any additional stock. Our proposals are essentially a development of this idea. We consider that normally there will be no occasion for the Board itself to regulate the rate of marketing: it will merely have its finger constantly on the pulse of the market. If, however, it should prove necessary actively to smooth out the throughput of any

market (or markets) the Board should do so by the use of its powers under paragraph 42 of the Scheme; these powers are derived from Section 10 (1) of the Agricultural Marketing Act, 1933. In such an event the Board could prescribe the number of animals to be sold at a market; entries would be accepted in the order of priority of receipt and those left over should have a prior right of entry to the next market. Once more, however, we desire to issue a warning against any avoidable use of this power or against its misuse in an attempt to raise the general price level.

53. "Rings" and bidding agreements.—An auctioneer selling in a small auction with variable throughput has a difficult task; he is in a weak position to combat the formation of "rings." Under our scheme the throughput of markets, both individually and in the aggregate, should increase and become steadier insofar as stabilisation is consistent with the seasonality of production and the vagaries of the climate. The risk of "rings" and the like should be proportionately reduced. Nevertheless, we consider that the Board should be armed with powers, for use in emergency, to deal with any such contingencies which might threaten the efficiency of the scheme. There is only one really effective weapon for this purpose—the power to enter into the bidding and break the ring. We propose that the Board should have this power and consider that the existence of this power will in itself go a long way towards avoiding the necessity of its use.

Sales to Butchers.

54.—Register of approved butchers.—The Board should maintain registers of approved butchers and approved dead meat commission salesmen to or through whom producers could sell. In order that producers may be fully aware of the real price they are being offered for the meat they have produced, all direct sales to butchers or through commission men should be on a dead weight basis. It may not be possible to insist upon dead weight purchases by the country butcher, when negotiated personally on the farm, though it would be preferable if these could be negotiated, or at least recorded, in terms of dead weight. Approved butchers would also be free to buy by the head or by live weight at all approved markets. We suggest that the machinery of approval of individual butchers should be similar to that adopted in the case of auctioneers.

55. Conditions of approval of butchers.—After consulting representatives of the butchers, the Board would draw up conditions of approval which would include an undertaking by the butcher to:—

- (a) adopt standard trade practices so far as they concern the producer (e.g., standard methods of carcase dressing, etc.);
- (b) in the case of purchase direct from farmers, furnish the vendor with a purchase note of each transaction;

(c) allow inspection of premises to check methods of carcase dressing, weights and records ;

(d) record all purchases of live stock and permit the Board to inspect their records ;

(e) supply the Board with weekly slaughtering returns and other information.

56. **Dead meat commission salesmen.**—In a like manner the Board would negotiate conditions of approval of dead meat commission salesmen which would be broadly similar to those for butchers.

57. **Prior selection of dead meat market unnecessary.**—Live stock markets are local assembly centres for the sale of all classes, weights and qualities of fat and other stock, whereas slaughterhouses are distributing centres and often handle only those specific classes, weights or qualities of meat which are in local consumer-demand. While, therefore, there is a strong case for restricting farmers to one live stock market for the sale of each class of live stock, it would not be an advantage to either farmer or butcher to restrict direct sales of fat stock to one slaughterhouse because the farmer cannot consistently produce the particular weights and quality required by one butcher or in one locality. We suggest that registered producers should be normally free to consign their stock to an approved butcher or dead meat commission salesman in any part of the country for sale on a dead weight basis without any formality except that they would be required to countersign and pass on to the Board, for statistical purposes, the purchase note (or duplicate) furnished to them by the approved butcher.

In the event, however, of the Board finding it necessary to regulate the rate of marketing of live stock, it might be found essential to require advance notifications of dead weight sales and only to permit sales in priority of notification up to a prescribed quantity.

Sales to Dealers.

58. **Conditions of approval of dealers.**—The Board would maintain a register of approved dealers. The conditions of their approval should provide for the regulation, where necessary, of their purchases on farms either by reference to quantities or to areas of purchase or to both, i.e., they might be authorised only to purchase up to a specified number of stock on farms within a given period or only to buy that stock in certain areas. The terms of the conditions of approval and the machinery of approval of individual dealers would, as in the case of other intermediaries, be the subject of consultation between their organisation and the Board, but the conditions might include an undertaking by the dealer to :—

(a) adopt standardised trading practices ;

(b) observe agreed conditions as to notification of entries for and withdrawals from, sale at auction markets ;

(c) provide the vendor with a purchase note of each private treaty transaction ;

(d) record all purchases of live stock and permit the Board to inspect the record ;

(e) furnish the Board with statistical and other information.

59. **Board to be notified of sales.**—The farmer would be required only to countersign the purchase note of private treaty sales to dealers and forward it to the Board for record purposes and as a check on the volume of purchases on the farm made by the dealer. The vendor would require some guarantee that the person to whom he proposed to sell was in fact an approved dealer ; this could be effected by the issue of " identity certificates."

60. **Board to have power to restrict dealing on farms.**—Our proposals as regards dealing on farms are designed to encourage sales by auction and, in the case of fat stock, by dead weight, and by grade where grading facilities are available. Circumstances may arise, however, in which the Board may wish to restrict or even prohibit private sales, e.g., in the event of such sales having a deleterious effect on the scheme either generally or in a specified locality, and we have provided the Board with powers for this purpose.

Farmer to Farmer Sales.

61. *Bona-fide* farmer to farmer sales should be free of all restriction, but it should be a condition of sale that the purchaser (a) would not resell the stock within 14 days, and (b) would furnish the vendor with a purchase note which the latter would countersign and forward to the Board as his record of the transaction. In order to enforce condition (a) and as a protection, in certain cases, to the vendor, it would probably be necessary for the Board to issue some form of " identity certificate " that the holder was a *bona-fide* farmer to whom registered producers might sell by private treaty, and the retention of the certificate would be conditional on the holder fulfilling his undertaking not to resell stock within 14 days of purchase by private treaty.

Specially Approved Marketing Centres.

62. We include under this heading such agricultural shows (including fat stock shows), old established fairs, private treaty markets and special auction sales of pedigree or other stock as are approved by the Board. In such cases as these the conditions and methods of sale would usually be satisfactory and no question of the Board exercising any regulatory power would normally arise. Nevertheless, it is necessary for intelligence purposes that the Board should have records of the sales effected.

It is suggested that in all these cases the Board should approve some person as an approved marketing agent by whom all sales should be recorded, and that it should be a condition of sale that notification of all transactions should be made to that person.

Exemptions.

63. *Exemptions from registration.*—There are a large number of persons engaged in live stock production in a small way of business whose inclusion in the Scheme, while greatly increasing the task of administration, would be of very little practical benefit to the Scheme. In defining such a class, for the purpose of exempting it from registration under the Scheme, we have sought to cover as many small producers as possible consistent with the necessity to secure that the efficiency of the Scheme will not be materially influenced by the volume of exempted produce, and that the dividing line between exempted and registered producers is equitable and the exemption test can fairly easily be applied. The formula we suggest (paragraph 26 of the Scheme) is:—

“Any producer whose pasture land does not exceed five acres in extent shall, unless in the twelve months immediately preceding he has sold more than 15 pigs or more than 10 sheep or more than four cattle (being pigs, sheep or cattle which he has himself produced in England) be exempt from registration.

“For the purposes of this paragraph, pasture land shall be deemed to be pasture land of a producer if, and only if, either solely or together with others, he has any right, otherwise than as a commoner, to graze animals thereon.”

A formula based entirely on the size of the holding would have been simpler, but it would have covered neither the case of specialist pig producers nor the case of a man who, having less than five acres of grass, agisted stock on another man's farm. It has therefore been necessary to add a qualification as to sales in the preceding twelve months. We estimate that this definition will exempt some 70,000 to 75,000 persons, less an unascertainable number who, while occupying less than five acres of land, nevertheless produce and sell more than 15 pigs a year.

64. *Exemptions from marketing provisions.*—In addition to the general exemption from registration under the Scheme, we consider that certain classes of stock might well be exempted from the marketing provisions, but not from the intelligence provisions of the Scheme. We therefore provide in the Scheme (paragraph 43) for the exemption from the marketing provisions of the following classes of sales, viz. :—

“ (a) sales of pigs under contracts registered and confirmed under Part VI. of the Pigs Marketing Scheme, 1933, and sales of pigs to the Pigs Marketing Board ;

(b) sales of cows in milk and sales of cows and heifers expected to calve within three months of the date of the sale ;

(c) such other sales (if any) as may from time to time be determined by the Board.”

65. Proposals may be brought into effect gradually.—If the proposals in this Part of our Report are adopted, the Board may wish to bring them into operation by gradual stages. For the first year of the Scheme the Board would need to gain experience of the machine in operation, on which it could base its plan of rationalisation. In subsequent years the administration could be tightened up.

PART IV.—MARKET INTELLIGENCE.

66. The institution of a thorough system for securing statistical and other knowledge for the use of the Marketing Board is one of the key features of our proposals.

The information to be obtained is required for three purposes. It is required as a basis for the policy and day-to-day administration of the Board; in the absence of a contract system or other method of direct regulation of the home output, it is required to enable the Government to regulate imports effectively while giving adequate notice to oversea countries; it is required to give the meat industry, including live stock producers, adequate and equal opportunities for understanding past and present conditions and future prospects in the industry.

The market intelligence system, which we advocate, is primarily aimed at obtaining information for the use of the Board; it will be for the Board to decide how much of that information is to be disseminated and in what form, although, later, we make certain suggestions as to the information the Board might publish.

67. Information available to-day on home-produced live stock and meat.—The live stock census taken annually on 4th June by the Ministry of Agriculture and Fisheries has constituted in the past the only source of long-term information on past and probable future national output. It is difficult to exaggerate the value of the knowledge thus acquired, but, at the same time, even more valuable information might have been available if it had been possible to take the census more frequently or to classify the stock in more detail.

The existing short-term market intelligence service is provided by the Ministry and also by the trade, agricultural and local Press. Its usefulness is limited by the complexity of the marketing system and the large variety of unstandardised types of stock. These limitations are well recognised and must be overcome.

Past and current supplies.—The Ministry publishes weekly figures in the Agricultural Market Report of the number of live stock of various classes passing through some 40 markets in England and Wales. The value of these figures for the assessment of the supply

situation is, however, limited. The reported markets represent only 4 to 5 per cent. of all markets and under 30 per cent. of the total throughput of all markets; the volume of actual transactions in each class of stock is not distinguished; the proportion of certain descriptions of live stock, e.g., fat and store cattle, dry cows, which are purchased for further feeding or for slaughter, is unknown; finally, the figures do not adequately take into account the factors of quality grade or weight category.

Similarly, figures are published daily or weekly for a few of the wholesale meat markets (e.g., Smithfield) of the pitchings of dead meat on these markets. This information is also of limited value on account of the small size of the sample and because the figures relate to pitchings and not sales.

The agricultural and provincial Press also publish information on supplies which is necessarily incomplete.

Past and current prices.—The Ministry also publishes weekly records of prices obtained at the 40 live stock markets reported: in these reports, store and breeding stock of all classes of live stock are quoted at so much per head; fat cattle (which are in most markets weighed before sale) are quoted at so much per live cwt.; fat sheep and lambs and fat pigs are quoted at so much per lb. dead weight and so much per score lb. dead weight respectively. Although fat sheep, lambs and pigs are sold by the head they are quoted on a dead weight price basis, the reporter making an estimate of the dead weight in order to calculate the price per unit of dead weight. Unfortunately, however, owing to variations in the ratio of live to dead weight and to the impossibility of seeing the carcase of an animal shrouded in a hide or skin, the estimation of dead weight from inspection of the live animal, and accordingly the accurate reporting of fat stock prices on a dead weight basis, is extremely difficult. For a number of other reasons the existing price reports are of limited value. They only relate to a limited number of markets; the price records only cover, in general, first and second quality live stock, i.e., important classes are not recorded at all; the quality grades adopted by different market reporters are not always comparable; even for the qualities recorded the recorded price is only a sample (sometimes quoted merely at the discretion of the auctioneer) and not the true (weighted) average price.

With the exception of beef prices at centres where the National Mark Beef Scheme is operated, the same limitations apply to price records at wholesale meat markets, whilst live stock and meat price reports in the agricultural and provincial Press are necessarily incomplete and therefore of limited value.

Future supplies and future prices.—No published information on the probable course of supplies and prices in this country is available; neither are the data on past supplies and past prices adequate for

use, in conjunction with data on current trends, in estimating accurately the probable supplies and prices in the future, though, of course, the general seasonal trends are known.

Demand.—The available data on supplies and prices are definitely inadequate for the estimation of demand, whilst direct short- and long-term market intelligence on the demand side, whether for dead meat in consuming centres or for store cattle in fattening areas, is almost non-existent. Thus, as regards fat stock, current data on the volume and locality of weekly slaughterings is only published for one or two centres; as regards the demand for store stock, public knowledge is largely limited to the Ministry's monthly report on pasture and crop conditions which can be used to throw light on the probable demand for store stock. Similarly, little or no published information is available on the locality and nature of the demand for different types and cuts of meat.

68. Information available to-day on imported live stock and meat.—Home-killed meat is in competition with imported meat. It is, therefore, highly desirable that the Board and all persons interested in the home-killed trade (including producers) should have all available information on the supply, prices, and demand situation of imported live stock and meat. The published information on imports (other than that supplied by the monthly and annual import and export trade returns) is briefly described below.

Supplies.—Weekly figures of the arrivals in this country of live stock and of the various kinds of dead meat are published officially or in the general and trade Press. Periodically also the trade papers publish the cold storage stocks in the chief exporting countries and the export killings of the current season, month-to-month, and to date.

There are, then, available some data on the past and prospective supplies of meat from overseas. No information is, however, published as to the movements in and out of cold store in this country. The day-to-day information as to supplies available, offered for sale and sold is incomplete and may be misleading, since in some of the large wholesale centres, like London, it is very difficult to isolate movement between ships, cold stores (some of which are situated inside Smithfield), and the market proper.

Prices.—As regards prices, the published data are much more reliable than in the case of home-grown produce since they refer mainly to dead meat classified into numerous standard grades. The prices are published by the wholesale market authorities and, through importers and other trade organisations, in the daily or weekly Press.

It is not possible to-day to record the prices of imported fat cattle with any greater accuracy than the prices of home-fed cattle.

Demand.—No published data deal specifically with the demand for imported meat. It is reasonable to suppose that a very considerable amount of information as to the demand for refrigerated meat is readily at hand in a trade organised so closely in a few large units.

INFORMATION TO BE OBTAINED BY THE BOARD ABOUT HOME-PRODUCED LIVE STOCK AND MEAT.

69. *Types of information required.*—The information which the Board will require falls under two main headings:—

(a) *Automatic.*—Automatic information, i.e., information which would be supplied regularly to the Board, would be mainly quantitative in that it would relate to the volume and origin or destination of purchases and sales, stocks in hand or slaughterings, and would, in the case of producers, include the half-yearly census and quarterly forecasts. Information of this type should be supplied regularly to the Board either as a condition of sale, in the case of registered producers, or as a condition of approval, in the case of auctioneers, dealers, butchers and dead meat commission salesmen. Quantitative information regarding meat markets could probably be obtained regularly from the relevant market authorities without difficulty.

(b) *Special.*—Special information would relate mainly to quality grades, weight categories and prices, and would have to be obtained by the Board through its own officers or other qualified agencies on account of the difficulty (due to the problems of accurate weighing and grading of live stock) of getting this type of information with any reliability from persons without special qualifications. Expense and administrative considerations would preclude the obtaining of this information for all transactions.

70. *Heads of information to be supplied automatically to the Board.*—The information required will vary with the class of transaction to which each return relates. For brevity, the main headings of automatic information are listed and given a code letter so that the information to be supplied to the Board by the various persons concerned in each of the different statistical returns can be indicated simply by the code letters.

The heads of information are:—

<i>Code.</i>	<i>Nature of Information.</i>
A.	Farm of origin or place of purchase.
B.	Purchase price per unit weight (by quality grade and weight category where possible).
C.	Number of each class or description of live stock.
D.	Name, description (e.g., dealer or butcher) and address of consignee.

RETURNS TO BE MADE BY THE REGISTERED PRODUCER.

Para. ref.	Nature of return.	Information to be supplied (Code).	Time or frequency of return.
37	(i) Census of live stock ...	A, C	Dec. and June.
37	(ii) Forecast of sales of stock for slaughter.	A, C	Quarterly.
48	(iii) Entry of stock for sale by auction.	A, C, D*	Normally seven days before any sale.
61	†(iv) Record of private treaty sale to another producer.	A, C, D	Immediately after stock leave farm.
59	†(v) Record of private treaty sale to an approved dealer	A, C, D	
57	†(vi) Record of private treaty sale to an approved butcher.	A, B, C, D	

RETURNS TO BE MADE BY AUCTIONEERS, DEAD MEAT COMMISSION SALESMEN AND BY THE MINISTRY OF AGRICULTURE AND FISHERIES.‡

Para. ref.	Nature of return to be made by :—	Information to be supplied (Code).	Time or frequency of return.
<i>Auctioneers.</i>			
46	(i) Sales of live stock on commission.	A, B, C, D	After each auction
<i>Dead Meat Commission Salesmen.</i>			
56	(ii) Sales of live stock by dead weight on commission.	A, B, C, D	Weekly.
56	(iii) Slaughtering ...	C	Weekly.
<i>Ministry of Agriculture.</i>			
40 & 99	(iv) Sales of live stock by dead weight and grade.	A, B, C, D	Weekly.

RETURNS TO BE MADE BY APPROVED DEALERS, APPROVED BUTCHERS AND PRODUCERS BUYING ON THE FARM FROM OTHER PRODUCERS.

Para. ref.	Nature of return to be made by :—	Information to be supplied (Code).	Time or frequency of return.
<i>Approved Dealers.</i>			
58	(i) Record of all transactions...	A, C, D	Weekly.
58	(ii) Stocks in hand (including stocks in transit).	C	Weekly.
58	(iii) Purchases on the farm from farmers (Purchase note to be handed to selling farmer).	A, C, D	At time of sale.

* In this case D would be the producer's selected auction.

† In these cases the return would be made out by the purchaser: the producer would only be required to countersign and forward it to the Board.

‡ The producer will be under no obligation to make returns in the case of sales through auctioneers (other than the entry for sale), dead meat commission salesmen or under the Ministry's dead weight and grade scheme.

Para. ref.	Nature of return to be made by —	Information to be supplied (Code).	Time or frequency of return.
	<i>Approved Butchers.</i>		
55	(iv) Slaughterings	C ...	Weekly.
55	(v) Unslaughtered stocks in hand (including stocks in transit).	C ...	Weekly.
55	(vi) Private treaty purchases from farmers (Purchase note to be handed to selling farmer).	A, B, C, D	At time of sale.
	<i>Producers buying on the farm.</i>		
61	(vii) Purchases on the farm (Purchase note to be handed to selling farmer).	A, C, D	At time of sale.

71. *Special information to be collected by the Board.*—Apart from information as to the volume, market movements and slaughter of home-produced live stock and meat, the Board will need parallel information on imported supplies. It should also record the prices of live stock and dead meat, whether imported or home-produced, and should study all general factors which affect supply and demand.

72. *Market price reports at live stock markets.*—The shortcomings of the present system, and the difficulties of reporting prices in terms of unit dead weight when the sales are made by the head alive have already been discussed. Three suggestions are made below for improving market price reporting at live stock auctions :—

(a) *Revision of classification of stock.*—It is suggested that the classification by quality grade and weight category at present used for the broadcast of fat stock prices (as outlined on page 59 of Economic Series No. 20, page 69 of Economic Series No. 29, and on pages 92-93 of Economic Series No. 12) should, together with analogous classifications for store and breeding stock, be the basis of a revised market reporting system.

(b) *Revision of unit of quotation.*—Store and breeding stock prices are at present quoted at a price per head. With the existing system of classification these quotations are of limited value, but with revised classifications they should become of appreciably greater use. The Board might consider whether store cattle prices (if and where store cattle are weighed before sale) should also be quoted in price per live cwt.

No change is suggested in the method of quoting fat sheep or fat pigs on a dead weight basis, but fat cattle prices might be quoted both per live cwt. and say per stone dead weight. This would enable farmers more easily to compare livestock auction prices with dead meat market prices.

(c) *Increasing the number of reported markets.*—It is probable that the cost of reporting the majority of auction centres approved by the Board would be very considerable. Nevertheless, we cannot emphasise too strongly that better market reporting is the key to the proposed intelligence system, and that the latter is one of the main features of our plan of reorganisation. The Board must not be afraid to spend money on market reporting if it wishes the plan to be a success.

But no improvement of the system would dispense with the need for a large, well-trained and full-time staff of market reporters. These reporters could travel from market to market and could probably be used also for administrative work at the markets and in the districts of their circuit. It will be desirable to check the accuracy of their reporting and still more so to keep the standard uniform throughout the country. This would be helped by periodic visits to their markets by supervisors, by the slaughter, weighing and grading of samples of stock from their markets and by the provision of demonstrations or of short courses at abattoirs. It will take time before a properly trained staff is available.

73. *Market price reports at wholesale dead meat markets.*—The Board should invite all dead meat market authorities to supply it with the following information regarding both home-produced and imported meat for each market day:—

- (i) the volume of the different kinds of meat offered for sale and sold, specifying quality grade and origin where possible ;
- (ii) the average daily price for each grade of the various kinds of meat ;
- (iii) the general tone of the market.

Every effort should be made to secure that price quotations are uniform over all wholesale meat markets. To achieve this it is suggested that the prices quoted for the different qualities should be comparable with quotations for the various National Mark grades.

No doubt the market authorities would gladly co-operate with the Board in seeing that the reports were accurate and comparable.

74.—*Market price reports : Offal prices.*—The price obtained for offals may represent 10 per cent. or more of the value of the animal after slaughter, and may influence appreciably the price obtained for fat stock by the farmer. The Board should, therefore, take steps to obtain better price reporting of hides, skins and other offals so that it may be able to determine whether, after making allowance for the value of the offals, the carcase price on dead meat markets is in proper relation to fat stock prices at auction markets or to fat stock purchased on a dead weight basis (sinking the offals).

In this connection we would suggest that the Board should seek the co-operation of the Hide Markets Association in order

that the latter's statistics of home-produced hides may be used as a check on the Board's slaughtering data.

75. *General information.*—In order to formulate an effective policy the Board will need to collect some information on conditions outside the regular live stock and dead meat markets. Thus, although it is anticipated that, under a system of quantitative regulation, imported supplies of live stock and meat will fluctuate only within narrow limits, the Board should seek to inform itself of the weekly arrivals of these products and also of their movements after arrival. Although the Board would have no power to obtain information from the importing interests, the maintenance of stable prices will be a matter of common concern and should therefore stimulate co-operation for intelligence purposes.

The Board should also secure the fullest information on retail prices of meat; on the consumption and prices of substitutes for meat; on the production situation, especially as regards the state of pastures, the progress of rearing and feeding of stock (e.g., the rate and yield of lambing); it should keep itself well informed of the broad tendencies in home agriculture.

Use of information collected.

76. *Major uses of information.*—The information discussed in the preceding paragraphs will be required both for the administrative purposes of the Board and for publication.

We have already suggested that, in the sphere of supply regulation, the Board's chief task will be to keep its finger on the pulse of home production. This it will be enabled to do by the intelligent use of the results of the census and forecasts and of supplementary information. The same information would also give the Board warning of the possible need in the future to regulate the home output. It is, of course, essential that the Board should place its information, in confidence, at the service of the Government.

The whole policy of the Board in the matter of market organisation should be based on accurate information which indicates where further reforms of the marketing structure are required and which will permit an authoritative comparison to be made between different methods of marketing and even between different marketing units. The effective administration of any scheme must depend on the ability of a board to detect evasion and the market intelligence service will help the Live Stock Board to police its scheme.

Finally, there will be much information which can advantageously be published for the benefit of producers, buyers, butchers and others.

77. *Publication of material: Discretion necessary.*—Discretion will need to be exercised in the publication of statistics, and none should be published in a form prejudicial to individual interests.

Our scheme anticipates the continuance of existing trade channels operating under "free" market conditions but with a greatly improved market intelligence system ; there is, therefore, a *prima facie* case for a generous use of that discretion.

In general, the desirability of publication or otherwise of particular statistics must remain a matter for decision by the Board.

The major information which the Board would normally publish would probably be :—

- (a) supplies entered at live stock markets ;
- (b) the volume of pitchings, sales and slaughterings at live stock markets, wholesale meat markets, and slaughter-houses, and stocks in dealers' and butchers' hands ;
- (c) price reports (by quality grade and weight category) at live stock markets and wholesale meat markets ;
- (d) an appreciation of the existing and probable future demand situation for meat in industrial centres, and for store and breeding stock in producing areas, and of pasture and crop conditions.

As regards frequency of publication :—

- (a) Data as to future offerings of live stock at markets would be received at the Board's offices daily according to the closing dates for entries for sale at live stock markets, and could be available daily on a subscription service for a proportion of markets, or could be published bi-weekly for, say, 50 per cent. of markets, or weekly for all markets.
- (b) Quantitative data on current supplies would be arriving daily from meat markets, on various days of the week from live stock markets, and once a week from butchers and dealers. Meat market intelligence could be issued daily to the Press or on a subscription service, live stock market intelligence (other than market entries) daily on arrival or as a weekly summary, and data on stocks and slaughterings, say, once a week.
- (c) Price reports would be arriving daily from meat markets, and on various days of the week from live stock markets. They should be dealt with in a similar manner, daily on arrival.
- (d) An appreciation of the demand and keep situation might be issued weekly.

In deciding on the frequency of publication of any series of statistics, the Board would have to consider the purpose for which publication of each class of information is required, the cost and administrative details.

78. **Methods of publication.**—This again is a matter for the Board but the following suggestions are put forward for consideration :—

(a) *Daily news service.*—This could be prepared every night as soon as the results of the day's trading were known and could be issued as Press releases to the daily Press, as a telegraphic or other subscription service to buyers and for exhibition at approved marketing centres or the Board's local offices. In addition, the daily news service could on specified days contain figures which were only published weekly and could also give data on future supplies at live stock markets.

(b) *Weekly Summary.*—This would be based on daily price and supply reports and on the various weekly returns, and would contain the weekly appreciation of the demand and keep situation. It might be published on subscription and would prove, incidentally, a valuable medium for administrative and educational propaganda.

(c) *Broadcasting.*—The Board should co-operate with the British Broadcasting Corporation in arranging the latter's live stock market reporting service.

79. **Occasional publications.**—After some experience of the working of the market intelligence service, annual or quarterly summaries of supplies, prices and slaughtering, by both areas of supply and areas of demand, would become useful to the industry as a whole. Published statistical information on the general position is at present badly lacking and such statistical summaries should prove extremely valuable; the U.S.A.* and Canadian annual summaries of marketings, movements and prices offer a striking contrast to the information circulated in this country.

The Board might also conduct or promote and publish the results of research into its statistics on such subjects as the nature and seasonality of the demand in certain areas or factors affecting supply. The object of these annual and quarterly statistical reports and research studies would be to provide a background (which is at present absent) to the market intelligence service; their publication would improve the value of the daily and weekly market intelligence, and thus assist smoother and more efficient working of the marketing machine.

80. **Cost and finance of collecting and disseminating market intelligence.**—It is apparent that the cost of a market intelligence service operating on the scale we recommend would be appreciable. Nevertheless, half measures might be almost useless and it is probable that, if our marketing plan is to be a success, market intelligence will be the heaviest item of the Board's expenditure. The service,

* The Agricultural Market Intelligence Service in U.S.A. is briefly described in the Annual Report of the Chief of the Bureau of Agricultural Economics (U.S.A.) for the year ended 30th June, 1932.

however, will not only be used by producers, directly in their personal marketing operations and indirectly through the Board, but will be directly used by auctioneers, dealers, butchers, transport agencies, imported meat interests, government departments and so on. These interests should contribute to the cost of the scheme.

It is, therefore, suggested that market intelligence should be financed by several or all of the following classes, institutions or authorities :—

(a) Producers—through the levy.

(b) Approved auctioneers, dealers and butchers—on a subscription basis.

(c) Market owners, market authorities, railway companies, meat importing interests, etc., might wish to contribute—on the grounds that the Board's service would improve and might supersede the intelligence service they already do, or should, provide and would be useful to them for administrative purposes.

(d) The State might contribute on the grounds that the Board's intelligence service :—

(i) might cheapen the cost of collection of official statistics (e.g., by the Ministry of Agriculture, Ministry of Health, Board of Trade);

(ii) would provide information of use for administrative purposes (e.g., disease control, location of new abattoirs) and in formulating policy; and

(iii) would provide information which was to the national and, in particular, consumers' interests.

(e) Individuals through the sale of publications or the provision of special subscription and telegraphic services.

PART V.—PRODUCTION EFFICIENCY.

81. If producers, as a result of supply regulation, are to enjoy greater economic security, they must make active efforts to produce what the consumer wants, and to keep their production costs down. In matters of quality, production efficiency may involve higher costs; farmers are, therefore, apt to disregard quality improvement in bad times but will pursue it once more when times are better. There is thus a tendency for higher prices to be associated with higher costs, although it should be possible to counter this tendency by lower costs due to increased efficiency in the form of better stock management.

We have not attempted to investigate all the possibilities of improving methods of production and, in particular, we have not systematically considered the veterinary aspects of the live stock

industry, though we fully appreciate the extreme importance of action to reduce the incidence of disease. But we believe that the encouragement and active organisation of methods of better production will be an important ancillary duty of a Live Stock Marketing Board. In the paragraphs which follow we suggest, more by way of example, one or two of the lines which we think the Board would do well to follow up.

82. Improvement of Pastures.—Grassland is the basis of the cattle industry. In recent years there have been important developments in pasture research in the form of the evolution of new types of plants, new methods of cultivation and manuring, and new technique in management and grazing, which have been proved capable of increasing the stock carrying capacity of the land and lengthening the grazing season. The wider application of these new methods would lead to a reduction in the cost of production of beef.

83. Cost of stores.—As stated in paragraph 30, we have been unable to obtain figures which we consider could safely be regarded as representing average costs of production in this country. Our inquiries have, however, shown that approximately two-thirds of the cost of fat cattle production in this country is represented by the cost or price of the store. We consider, therefore, that the efficiency of store production is a matter which must receive the attention of the Board.

84. The Store Period.—Indifferent feeding and management, especially during the first year, have bad effects on conformation, and, thence, on quality. The majority of calves destined for the beef market go through a prolonged store period during which they grow but do not fatten. The result is that they may not be ready for slaughter until 2½ to 3 years old, and even then, do not generally exceed 12 cwt. live weight, whereas calves of dual purpose or beef types, if properly fed from birth during a shorter store period, may be sold fat, weighing, say, 9½ to 10 cwt. live weight at 20 to 24 months' old. From a beef producing point of view, therefore, a prolonged store period is inefficient in that it is responsible for slow maturity and accentuates any faults in conformation—and ultimately, of course, in carcass quality—due to the use of low-grade parent stock and inefficient rearing in the calf stage.

We do not think it necessary to attempt to eliminate the store period, nor do we think that it would be practicable to do so since the practice of feeding young cattle, after weaning, on bulky feed, i.e., second-class pastures or inferior hay in the store raising areas, before they are sold for fattening on the better pastures and in arable areas, affords an economic outlet for the country's heavy supply of such feeds. We think, however, that there is scope for improvement of the quality of stores by better management of pastures

and, where necessary, by supplementary feeding. We, therefore, recommend that the Board should pay special attention to this aspect so as to guide producers on the right lines.

85. Cattle breeding policy.—The Improvement of Live Stock (Licensing of Bulls) Act, 1931, which comes into force on the 1st August, 1934, will not entirely solve the quality problem from the breeding point of view. This Act will only preclude the use of bulls “of defective or inferior conformation and likely to beget defective or inferior progeny.”

Apart from those received from Ireland and Canada, the bulk of the supplies of stores, on which the country relies for its beef production, emanates from dairy herds. Over 800,000 home-bred calves are slaughtered annually for veal (see Table II); this figure indicates a possible subject of reform of first-class importance.

In those cases where dairy herds rely on breeding and rearing their own heifers for replacements, it is only natural that a dairy type bull should be used. Such bull and heifer calves as may be sold are consequently, as a rule, not of the best type for beef production, though much could be done to improve their quality by the methods outlined in the previous paragraph. In other cases, dairy farmers do not rear heifer calves but rely on purchases of down-calvers for replacement of wastage. The main object in these herds is simply to get the cows calved for the purpose of milk supply, without regard to the quality of the calf, and any bull is thought to suffice for this purpose. A considerable improvement in the quality of stores could be attained and a larger proportion of calves would be worth rearing if a good beef type of bull were always used, and we suggest that the Live Stock Board, in collaboration with the Milk Board, should endeavour to foster this system.

We suggest, however, that the amount available for grants under the Ministry's Premium Bull Scheme should be increased and that, in particular, attention might be concentrated on those areas where calves and stores are bred for export to the fattening areas. The Board should contribute to the finance and organisation of this development.

86. Dairy herd wastage.—The rate of replacement of cows in the dairy herds of this country is excessive and disease is primarily responsible for this. An extension of the average life of dairy cows, through disease control, would help the dairy industry by reducing the cost of milk production, but it might be of still greater benefit to the beef industry. The volume of cow beef, now believed to be one-third of the total supply of home-fed beef, would be reduced and a larger proportion of the calves of the country could be sired by bulls of the beef type, thus giving the beef feeder more and better home-produced raw material.

We believe that there is scope for further investigation into this question of dairy herd wastage and its control and we suggest that it

should be jointly examined by the Live Stock and Milk Marketing Boards.

87. Cattle recording.—Experience has shown that the best way of improving production efficiency is by setting up measurable standards such as those obtained by milk, egg and pig recording.

There are, however, particular difficulties in the way of operating a recording scheme for cattle. In this country a beef animal may change hands many times before slaughter. Further, on few farms are there suitable weigh-bridges. It is suggested, therefore, that instead of a recording scheme of the usual type, the possibilities of calf marking, and the sale of stores and possibly calves by weight and class should be seriously examined.

A scheme on the lines of the Brecon calf marking organisation, which enabled the parenthood of calves to be determined, would be of considerable value to the calf rearer, store raiser and cattle fattener even if it only indicated to him the type of sire by which the calf was bred (e.g. beef, dual-purpose or dairy). His knowledge of the growing and fattening potentialities and beef propensities of the calf or store would be increased, especially if the mark also gave an indication of age.

But the value of such a scheme would be enhanced if operated in conjunction with the sale of calves and store cattle by class and live weight—a method of sale which admittedly has its difficulties, but has not the disadvantages which a similar scheme for fat stock would have to face.

It must be admitted that any scheme of this nature would present many administrative and other difficulties such as (i) the movement of animals from one area to another between birth and slaughter, (ii) the difficulties of weighing, (iii) the problem of identifying the sire and so on.

We fully appreciate these difficulties, but the necessity for improving the quality of stores and the efficiency of store production is so great that the Board and the other interests concerned should consider the possibilities of a scheme on these lines.

88. Heavy cattle.—Although there is some demand for large joints from certain sections of the meat trade, this demand is insufficient to absorb the available supplies of heavy cattle over 11 cwt. live weight except at relatively low prices. For summer fattening, heavy cattle have certain technical advantages: they fatten quickly and can generally be disposed of before the autumn glut arrives and they can stand up to strong pastures better than young cattle; but for the best class of family trade the tendency in the last few years is to regard $9\frac{1}{2}$ cwt. as the most useful live weight. We trust that, in this connection, better market intelligence—by establishing what is at present disguised, i.e., the demand, and consequently better price, for light weight cattle—and the adoption of improved methods of store raising, will in time solve this problem.

89. **Warble fly control.**—We have received evidence from the Warble Fly Committee of the Leathersellers' Company which satisfied us that the market for home-produced hides may suffer permanent harm unless action is taken without delay to stamp out the warble fly. The damage done by the fly is serious. The annual loss on damaged hides alone has been estimated at upwards of £500,000. Moreover, apart from the loss of condition due to gadding, the butcher often finds the flesh beneath the warbled areas so altered by the inflammation set up that the beef is useless for human food. We are aware that it will never be possible to clear the country of warble flies unless complementary action is taken in Ireland and Canada, from which countries we import stores. Nevertheless, we think that a national campaign against the warble fly should receive the support of the Live Stock Board. We think that the Board could not conduct the campaign itself but that legislation will be required. The suggestion has been made to us that, by this legislation, it should be competent for local authorities in any area to require all cattle to be dressed against the fly at least three times a year and to prohibit the importation into the area of any cattle from another area which has not adopted similar measures, unless accompanied by a certificate that the cattle have been dressed. We agree that such action would be useless unless accompanied by rigorous inspection during the four months March to June.

90. **Sheep breeds.**—The need for intensive improvements in production is not so insistent with sheep as with cattle. At the same time there is scope for considerable improvement in the breeding and management of sheep, particularly in areas where arable sheep farming is giving place to grass sheep farming. We recommend that the Board should ascertain and use its influence to secure the use of the best crosses for early lamb production and should aim at the reduction of breeds in some areas. In co-operation with the Ministry of Agriculture, it should facilitate the extension of the Premium Ram scheme.

91. **Figs.**—The Report of the Reorganisation Commission for Figs and Pig Products (pp. 48-52) suggests that there is ample scope for improvement in pig breeding and management, and we think that the Live Stock Marketing Board should co-operate with the Figs Marketing Board in a joint attack on some of these problems.

92. **General efficiency campaign.**—We consider that the Board, acting in co-operation with the agricultural education authorities, should conduct a general efficiency campaign. A Board under the Marketing Act is in direct contact with farmers and should provide an admirable and cheap channel for advisory and educational work. We consider that, in the first place, the Board should concentrate on better breeding, better calf rearing, better grassland management, better winter feeding of stores and supplementary feeding of grazing stock.

93. **Education and research.**—Under the Agricultural Marketing Acts, powers to promote and conduct agricultural education and research may be included in a Marketing Scheme. We have decided that it is desirable to include these powers in our Scheme.

The present organisation of agricultural education is on a territorial basis. As the Boards come into operation, farmers will be grouped not according to district, but according to what they produce. Thus, for example, pig feeders will be connected with the Pigs Board, and milk producers with the Milk Board. It is through these connections that the specialised information and advice should be passed to producers. The organisation of producers on a commodity basis will also afford means of testing the practical value of the results of research and the Boards could give valuable assistance in the control and elimination of certain diseases. Full use should be made of these new facilities which will come into being with the establishment of the Live Stock Board.

There is some doubt, however, whether the Board itself should conduct education or research, apart from that economic research which is part of the market intelligence service which we have recommended. There is already in existence a national system of research and education with an advisory service for farmers, and the initiation of additional educational or research work by the Board might lead to unnecessary overlapping and confusion, with waste of public funds. We have not thought it to be our concern to enquire whether the existing system is efficient and adequate to the needs of the industry, but, in any event, we think that some degree of reorganisation may be desirable to adapt it to the new circumstances arising from the establishment of marketing boards. As there are already in existence a multiplicity of authorities dealing with agricultural education and research, the reorganisation will require careful consideration. We, therefore, suggest the appointment of a special committee to consider what modifications, if any, of the present system of agricultural education and research are required to adjust the system to the new organisation of agriculture likely to arise from the establishment of the marketing boards.

PART VI.—SLAUGHTERING PROBLEMS.

94. Under this heading we have found it convenient to group our recommendations on a number of related subjects, the chief of which are the centralisation of slaughter, the National Mark scheme for meat and the sale of live stock by grade and dead weight. We consider that each of these three subjects should be considered separately and should stand or fall on its own merits, but we believe that one of the economic justifications of a further centralisation of slaughtering facilities lies in the fact that it will make possible on a wider scale both the standardisation of carcase grades and the sale of live stock by grade and dead weight.

95. **The Centralisation of slaughtering.**—The centralisation of slaughtering was the subject of close study, throughout 1931 and the first half of 1932, by a Committee of the Economic Advisory Council, whose published report* has been of great help to us, and renders it unnecessary for us to restate the problems of that difficult question. We could not fail to recognise that slaughtering arrangements are a matter of great significance to the live stock industry, and we have therefore sought the opinion on this subject of the majority of the witnesses we have heard. Our general conclusion, with which most of those giving evidence before us seemed to agree, is that the movement towards the centralisation of slaughter is desirable and inevitable, that it should follow a well-conceived long-range plan, but that it should not be too precipitate. We think that any development of centralised slaughtering will come through the erection of new abattoirs or the enlargement of existing ones by local authorities, and we know that a number of such authorities in various parts of the country are now considering the construction or improvement of a public abattoir. Some immediate progress towards centralisation is therefore to be anticipated.

We have already taken one step to promote and guide this development by recommending the appointment of a small Committee to study the technical requirements of the factory abattoir and a Committee of considerable standing in the industry has been appointed, under the chairmanship of Sir Francis Boys.

We recommend further that there should be appointed a body which might be known as the National Slaughterhouses Commission. This body should have advisory and planning, but not executive powers. It should be required to initiate proposals for the erection of large scale slaughterhouses and to plan zones of operation; its advisory functions should also include the co-ordination of all plans prepared by other authorities; it should be consulted before any abattoir scheme is sanctioned.

* Economic Advisory Council: Report of Committee on the Slaughtering of Live Stock. Price 2s. 2d. post free.

We think that the powers of this Commission should be reviewed after a period of three years in order to see if they are adequate.

Almost inevitably the establishment of a central slaughterhouse on an economic basis will necessitate the closing within its area of private slaughterhouses and we, therefore, recommend that statutory provision be made both for the closing of private slaughterhouses, in any area where a central abattoir is projected or established, and for their compensation if the closure is effected within 10 years of the giving of formal notice of the intention to close. In such cases, compensation should be limited to the amount of loss, if any, suffered. We think, moreover, that the closing down of private slaughterhouses will be ineffective so long as live stock can be slaughtered just outside the zone for sale as meat inside it, and, accordingly, we recommend that, in any area in which a scheme for the closing of private slaughterhouses has been sanctioned, all home-killed meat imported into the area should be brought to the abattoir or other selected centre for inspection.

96. **The National Mark.**—Long before the start of the National Mark beef scheme, carcass grading was practised by the imported meat trade, who realised that it was necessary as a matter of good business organisation. On the one hand, it enabled each firm to meet different types of demand with meat of suitable quality; on the other, it was a considerable advantage to buyers who could select their beef with much greater facility; in fact, they could order their meat by telephone on grade alone.

In grading of this kind no attempt is made to interest the consumer. It is usual to stamp the grade mark inconspicuously and, as a rule, the butcher removes it before sale to the consumer. As regards the oversea producer, the grading system only helps him insofar as it fosters trade in his product.

No general system of grading obtained in England before the start of the National Mark beef scheme, though, at Birkenhead, wholesalers in the Irish trade used to employ experts to sort out the beef according to the types required in the various consuming centres.

The primary objects of the National Mark beef scheme are :—

(a) as regards the consumer, to give a visible guarantee of the quality and origin of home-killed beef, and thus to increase its consumption by creating confidence in the product;

(b) as regards the retailer, to help the business of the trader who deals regularly in good class home-killed beef by having the beef marked with what amounts to a national certificate of merit; further, to make it easier for him to purchase supplies of regular quality, if necessary, without previous inspection;

(c) as regards the wholesaler, to enable him to offer a guaranteed article to large buyers and the retail trade; to

steady prices, since with a graded article all produce of the same grade tends to fetch the same price at any given time; and in particular to encourage the sale of home-killed beef in the large centres of consumption where the main business of wholesaling is done;

(d) as regards the beef feeder, to strengthen the market for the higher qualities of home-killed beef, and thus stimulate an improvement in the quality of stock produced; and to provide a basis for advertising the home product, insofar as it is desired to do this beyond the advertisement given by the Mark itself.

The scheme was started in October, 1929, in London, Birkenhead and Birmingham. It was extended to the Leeds, Bradford and Halifax area in 1931, and, recently, to Liverpool. The scheme presupposes the existence of a considerable concentration of slaughtering, i.e., one or more large abattoirs, for effective and economical working in any area. The expense of grading in a city which has no central abattoir is prohibitive. The number of areas in England and Wales, to which the scheme could be extended, without the erection of further large abattoirs, is limited, and we are informed that it is probably confined to the Manchester, Cardiff and Swansea districts.

Since the scheme started, its progress has been twice reported on favourably by Inter-Departmental Committees. The earlier Committee* said: "We are convinced that the grading and marking scheme if developed will be of great assistance to the cattle industry of this country," and recommended its extension to the Leeds and Bradford area. The second Committee† said that they were "confident that the scheme has been of benefit to producers, consumers and distributors," and recommended that in the interests of British agriculture it should be continued.

97. We are ourselves convinced that the National Mark beef scheme, on the general lines on which it is to-day operating, deserves the utmost encouragement. We recommend its extension to cover such other areas as can provide adequate facilities for the grading and marking of carcasses in sufficient volume.

We recommend also its extension to other descriptions of meat, namely, mutton and lamb, and pork, if a satisfactory technique can be devised.

We have considered whether the administration and finance of the scheme should not become the responsibility of the Live Stock Marketing Board. We have come to the conclusion that confidence in the integrity and impartiality of the grading is of such

*Report of an Inter-Departmental Committee on the Grading and Marking of Beef, 1930. Cmd. 3648.

† Report of the second Inter-Departmental Committee on the grading and Marking of Beef, 1932. Cmd. 4047.

importance as to make it desirable for the staff of graders and the operation of grading to continue to be under the control of the Agricultural Departments. But we do not think that the scheme should continue to be a charge upon the Exchequer. We recommend, therefore, that the cost of the scheme should be repaid by the Board out of its general funds. The effect of this will be that all producers will contribute to the cost of the scheme and not merely those whose stock happen to be of National Mark quality and to be sold in centres where the scheme is operating; we believe this to be equitable since it is to the advantage of all producers that the demand for home-killed meat of the highest quality should increase in the big centres of population.

98. **Sale by grade and dead weight.**—The Ministry's experimental scheme for the sale of cattle on a grade and dead weight basis was started in 1930. No effort was made to encourage the scheme beyond letting the agricultural community know that the facilities for sale on this basis were available at London and Birmingham. Such sales have therefore remained on a small scale.

The advantages of the scheme may be shortly stated as follows:—

- (1) Cattle proceed direct from the farm to the abattoir.
- (2) The price according to grade is determined before the cattle leave the farm.
- (3) The farmer is paid for the exact quality and weight of beef that he has produced.
- (4) The scheme shows the farmer the class of cattle in demand in each centre.
- (5) Insurance provisions cover the farmer against loss from carcase condemnation.

From the experience gained, it seems clear that the system is the best, if not the only satisfactory, way of selling cattle on description to a wholesaler at a distance, and there is no reason why it should not be extended in due course to all wholesale meat markets of any size. The experiments which have been carried out in 1933 on a similar scheme for the grading of lambs have been equally satisfactory. It is further probable that bulls, cows, ewes, pork pigs and sows could also be handled in a similar manner, and we recommend that the Ministry should press on with its investigations with this object.

99. It will be appreciated that the impartiality of the graders in a scheme of this kind is essential. They are, in effect, placed in a judicial capacity, and any idea that they were inclined to favour one side or the other would render the scheme unworkable. Bearing these facts in mind, it is doubtful whether graders appointed by the Board would receive the confidence of the wholesale trade to a sufficient extent. There is at any rate a strong case for keeping on the Government grading service for some years, in order not to

embarrass the Board at the outset by changing the present system and sacrificing the goodwill which the present grading system has built up.

Until recently no charge was made for the services of the Ministry's staff as intermediaries in the sale of beef on the grade and dead weight system, though a charge of 3d. per lamb was made in the experimental scheme. It is only right that a charge should be made for this commercial service, and the producer could well afford to pay it since by direct consignment to the abattoir he will have escaped other marketing costs. The fees received by the Board could be set off against the expenses of the National Mark service, for the additional service in respect of sale by grade or dead weight will involve little additional cost.

100. Sooner or later the system of sale by grade and dead weight will involve a certain amount of local organisation on the part of producers. At present, the head grader writes direct to farmers, but with any considerable extension of the scheme it is to be presumed that local agents of the Board would be required to bulk consignments and to organise the sale by grade and dead weight of stock surplus to the requirements of the neighbourhood. It seems unnecessary, however, to discuss at this stage what form of local organisation would be required.

101. *Grade and dead weight sales v. commission sales.*—Theoretically there should not be much difference between the results of sales by grade and dead weight and sales on commission but also on dead weight by farmers or dealers to wholesalers on meat markets. In the one case, the farmer is bid a price which the wholesaler estimates will leave a sufficient margin for his, the wholesaler's, expenses and profit. In the other, the farmer or dealer receives, or should receive, the sum actually realised, less the commission charge. In practice, however, there are various aspects of commission selling which make it an unsatisfactory method of sale. Even in theory a comparison of the two systems reveals the advantages of the former; for example, the farmer selling by grade and dead weight gets his price quotation before the cattle leave the farm, and he is certain of being paid according to the quality of his stock, which is not so in the case of commission sales.

The real disadvantages of the commission system lie partly in the fact that farmers selling on a commission basis are insufficiently protected, so that an intermediary is almost inevitable, partly in the practice of commission salesmen handling their own meat as well, and partly in the fact that with commission selling there is an incentive for each salesman to attract as heavy supplies as possible without regard to the state of the market.

The farmer who sells on a commission basis is insufficiently protected, primarily because he is not well enough in touch with

the market to select the best moment to sell there. But, in addition, he has no security that the commission man to whom he has consigned his supplies may not be already over-stocked for that day's trade and may not have to job the meat to some other salesman. It is true that dealers are to some extent exposed to the same risk, but to a slighter degree, and in their case what they lose on one day they may make up on another, whereas the farmers may have no more stock to send. Farmers also maintain that they have no real certainty that they are credited with the correct weights or that the sales are genuine in all cases.

In consequence, commission selling is recognised as the dealer's method of sale. From his point of view it may not work too badly. He is usually in close touch with the salesmen, knows the prices they expect to make, and regulates his buying accordingly. However, even he sometimes complains that on a falling market commission meat comes off worst. This is particularly the case where, as in many provincial markets, salesmen handle their own meat as well as commission meat. When a fall occurs, it is usually the case that the commission meat is sacrificed.

The information which the salesman gives to the dealer has no doubt some effect in guiding the latter not only as to the price he can afford to bid, but also as to quantities which the market can absorb. This form of regulating the amount of supplies is, however, haphazard in the extreme. With the present lack of organisation of marketing, supplies and prices in local markets are constantly varying. As soon as the dealer finds a cheap lot—judged by what he anticipates market prices on the central markets will be—he has every inducement to buy it and send it in, regardless of the supplies coming in from other sources. It would obviously be a much sounder principle if the wholesalers on a market exercised more direct control, and, as in the case of the imported trade, pitched only such amounts as the market required.

There does not seem to be any particular reason why grade and dead weight sales should not in course of time supersede commission selling on the provincial wholesale meat markets. Though the amount of commission selling varies, the major part of the trade in these markets is already by outright purchase. When commission selling and sale by grade and dead weight operate on the same market, the latter system attracts the wholesaler, not only because it saves him buying expenses, but because it tends to attract a good quality of supplies. Senders on this basis know that, as they are to be paid on quality and weight, they will derive most benefit if they send in good class well-finished live stock. On the other hand, as the system becomes better known to the farmer, it is reasonable to expect that he will make increasing use of it, and in consequence the supplies available to the dealer for commission sales will diminish.

The problem of replacing commission selling by grade and dead

weight sales on the London market is more difficult. So far as the home-killed trade in beef is concerned, it would not be a great change for the London wholesalers to buy, on the grade and dead weight basis, that portion of their supplies which to-day they obtain by purchase at country markets. As regards mutton and lamb, the difficulty is that London appears to be the surplus market for many distant localities. Besides obtaining a proportion from nearer districts, such as Kent, Sussex, Norfolk and the Midlands, it draws large supplies from Devonshire, the north of England and Scotland. It would require a complete change of system in this trade to do away with commission sales. Further, while at present the sale by grade and dead weight of mutton and lamb is based on the slaughter and grading being carried out at the buyer's end, it may be more economical in the case of the distant centres of supply for slaughter to take place locally because of the differential railway rate in favour of the carriage of carcasses of sheep, and because live sheep travel so badly. Thus, the grade and dead weight system might have to be modified. It is possible that carcasses could be graded at the wholesale meat market in spite of the congestion there, but, if not, the market wholesaler would have to quote for the grade without personal knowledge of the way in which the grading was carried on. This in itself would be a difficulty, since, in meat grading, so much depends on the buyers having personal knowledge of and complete confidence in the graders.

Nevertheless, a determination to progress in the direction of sales by grade and dead weight in place of commission selling seems to be called for. The market men in the home-killed trade have always deplored the lack of any control over the amount of supplies pitched, and it would appear that the solution lies along the line of increasing grade and dead weight sales. The time seems ripe for a campaign with this object and this, we think, should receive the attention of the Live Stock Marketing Board at the earliest opportunity.

102. Canning as a surplus outlet.—It has been suggested that one of the chief causes of the low prices for cattle has been the depressing influence of heavy supplies of low-grade beef (cow and bull beef) on the market, and that considerable improvement in the general level of home-killed meat prices could be effected if such supplies could be diverted from the fresh meat market by canning. We have been at some pains to ascertain whether this project is feasible, and regret that, in the opinion of persons actually engaged in the canning industry, whom we have consulted, the canning of low-grade beef would not be an economic proposition, even if prices of the foreign product were at a much higher level than they are to-day. Moreover, if any substantial development in canning took place, the present difficulty of obtaining adequate and regular supplies of low grade beef at a suitable price would be so

enhanced by competition for the limited supplies available as to become an insuperable obstacle to the canners.

103. Carcase insurance.—We consider that the present state of affairs as regards insurance against the risks of carcase condemnation is unsatisfactory. We appreciate that the problem is rendered difficult by reason of the fact that the degree of risk varies in different parts of the country: nevertheless, we think that a national scheme of carcase insurance, which should recognise those differences, is desirable and have provided the Board with powers to undertake insurance. But we do not recommend the immediate adoption of a compulsory scheme. We consider that the Board should give this matter careful thought with a view to working out, in co-operation with the various parties concerned, a system of insurance which is suitable to the widely divergent conditions prevailing in the country as a whole, bearing in mind the possibility that, unless provision is made for "no-claim rebates," insurance tends to remove the incentive to the eradication of disease.

104. Smithfield Market.—While, over the country as a whole, the proportion of home-killed to imported meat is roughly 50-50, on Smithfield Market home-killed meat represents only about 20 per cent. of the total supplies. Indeed the supplies of beef from cattle actually fed in England and Wales are less than 10 per cent. of the total supplies. London being a port, it is perhaps natural that the offerings of imported meat at Smithfield should be relatively heavy, but we are satisfied that much might be done to improve the market for home-killed meat. As regards beef, the home-killed trade undoubtedly is at a disadvantage in that the London Public Abattoir at Islington is a considerable distance from Smithfield, a fact which necessitates heavy charges for transport and, under present arrangements, excessive handling of the meat. Indeed we are informed that, owing to the bad lay-out and construction of Islington and to the excessive handling, London-killed meat is, on the average, pitched on the market in less good condition than the supplies from Scotland and Birkenhead which come by rail. We suggest that some of these difficulties might be overcome by the modernisation of the Islington Abattoir, a matter which, we understand, is under consideration and to which we attach the very greatest importance. The ideal arrangement is for the abattoir to adjoin the meat market, and London, the largest consuming centre in the world, offers an unique opportunity of realising the advantages of this arrangement, coupled with slaughtering and distributing facilities founded on modern principles. We recommend that the Corporation of the City of London be asked to enquire into the possibility of evolving a scheme on these lines.

105. Publicity.—We consider that the adoption of the suggestions we have made for improved slaughtering facilities, for the wider use of standard grades and marks, and for improvements in production,

will put the home producer in a stronger position to compete with the oversea supplier by raising the general level of quality and palatability of home-fed meat offered to consumers. We have given the Board power to help the home producer in this respect by means of advertisement, and we think the publicity work of the Board should take the form of educating the consumer. There is at present insufficient realisation by the public of the merits of home-fed meat and we are satisfied that much wholesome meat is difficult to sell even at low prices, largely because housewives are not aware of the food value of the cheaper joints and because considerable trouble and knowledge are required to turn them into palatable dishes. As an example, there is a large trade in Scotland for minced fresh meat, made and sold by butchers, which is both easily cooked and palatable: this trade might be developed in England. We suggest, therefore, that the Board should explore, in conjunction with the retail trade, the possibilities of educative work on these lines—of which there is an excellent example in the activities of the New Zealand Meat Producers' Board. There is no doubt that a small increase in the demand for home-killed meat would have a great effect in improving the position of the industry.

PART VII.—PORK PIGS.

106. Pork pigs included in Scheme.—Separate consideration of pork pig problems is necessitated both by the characteristics of the pig and because there is already a Pigs Marketing Board in existence, which, however, only regulates the marketing of bacon pigs. We have considered whether to recommend that the Pigs Marketing Scheme should be absorbed into a Live Stock Marketing Scheme, but we do not think it would be wise to disturb the organisation of the bacon industry which we understand is shortly to be completed by the creation of a Development Board.

We have considered also whether to recommend the amendment of the Pigs Marketing Scheme so that it would take over the regulation of the marketing of all pigs; we have decided to make no such recommendation because we wish to preserve the insulated unity of the bacon industry and because we do not wish to duplicate the intelligence service, which will need to obtain census, forecast and other records of pork pigs as well as of cattle and sheep.

We are advised that there is nothing in the Agricultural Marketing Acts which will prevent the regulated product of a Live Stock Marketing Scheme from including pigs, in spite of the fact that there is already a Pigs Marketing Scheme in operation, and we have drawn our Scheme accordingly.

107. **Regulation of home-produced supplies.**—The two characteristics of the pig which make it different from cattle and sheep are its prolificacy and the rapidity with which it reaches slaughtering weight. It is also important to recognise that the volume of pork production is not directly dependent on acreage. On the marketing side the significant factors are the existence of two alternative markets, i.e., the bacon market and the pork market, and the wide range of weights (60-210 lb. dead weight) over which pigs are slaughtered. These characteristics combine to suggest that the volume of pork supplies is capable of very great variation within a short period, and that this variation might upset the stability of the beef and mutton markets. It has, however, been estimated that in recent years home-produced pork has represented only about 8 per cent. to 9 per cent. of the total supplies of butchers' meat in this country; thus an increase or decrease in pork production of as much as 50 per cent. would only affect total meat supplies by 4 per cent. to 5 per cent. An increase of these dimensions is within the bounds of practicability, particularly if our increasing bacon output is accompanied, not by a transfer of pigs from the pork to the bacon market, but by an increase in breeding stock. It is difficult to assess what would be its effect on the meat market, but its effect on pork prices could hardly fail to be very serious. Moreover, the danger of other meat prices being affected is sufficiently great that, even if it were not thought necessary to safeguard the interests of the pork market, the Board should be ready to deal with large variations in the pork pig output, in the interests of the cattle and sheep industries.

It is clearly important that the Board's intelligence system should be good; we therefore advocate a half-yearly pig census and quarterly pig forecasts—see Appendix B. From a study of the half-yearly census and quarterly forecast figures and of the numbers of pigs contracted to be sold to bacon curers, it should be possible for the Live Stock Marketing Board to know in advance if an over-supply of the pork market is probable, to estimate with reasonable accuracy the extent of that over-supply and to form a responsible opinion as to the effect that over-supply is likely to have on the meat market generally.

It can be assumed that the Board will so organise its intelligence service as to ensure that it will have adequate warning of any increase in the supply of pork pigs, but what then? We think that there is to-day scope for an increase in the pig population of this country but that, beyond this reasonable increase, which may in the interests of elasticity be useful, surplus-control operations may be necessary. Whatever method is used should be designed to discourage and not to encourage the production of future surpluses, bearing in mind that any scheme which causes the surplus to be absorbed at an economic price to the producer implicitly encourages further surpluses.

108. Regulation of imports.—Statistics of the pork import trade are given in Tables V, VI, VIII and IX. Live pigs are only imported from the Irish Free State (see Table III). The volume of imported live pigs or of imported pork which can be converted into bacon in the United Kingdom is now regulated, but so far there has been no quantitative regulation of pork imports other than of salt pork. There is also an embargo, for veterinary reasons, on the importation of live pigs and fresh pork from the Continent, and supplies from the Irish Free State are subject to an import duty. Home production represents about 80 per cent. of total pork supplies.

Having regard to these facts and to the probability that there will be fluctuations in the future home output of pork pigs, we advocate a policy of regulating imports of live pork pigs and carcasses without regard to short period fluctuations in the home output. The object of the policy, insofar as treaty obligations permit, should be to maintain such imports for an initial period at the level of a selected past period, or at a percentage of that level if the Government are satisfied at the time when the system is introduced that there has occurred an increase of some permanence in the home output as compared with the past few years. It is suggested that subsequently the volume of imports to be admitted should be reviewed at intervals of, say, 2 years in the light of all available information regarding demand and the home output, ignoring fluctuations in the latter.

109. Seasonality of pork supplies.—The seasonal supply and the price situation for the average of the years 1927 to 1931 are shown in index form in the following table:—

	Home-killed Supplies.	Total Supplies.	Home-killed Pork Prices.
January	107	107	110
February	96	98	110
March	99	99	110
April	82	84	108
May	71	73	100
June	55	57	92
July	54	58	89
August	63	64	90
September	99	98	96
October	133	131	98
November	135	134	97
December	206	197	100

It will be seen from these figures that, in the case of pork, supply and demand have in the past been well equated, and that the seasonal curves of supplies and prices follow each other closely. If the seasonal supply curve for pork is not affected by the Bacon and Pigs Schemes, then there would appear to be little advantage in suggesting

any seasonal modification in the volume of imports. It is, however, impossible to forecast the effect of the Bacon Scheme on the future seasonality of the pork supply, and we can only call attention to the present satisfactory equation of pork supply and demand, and suggest that, if the effect of the Bacon Scheme is to disturb this equilibrium, it may be desirable to give a seasonal bias to any policy of pork import regulation.

PART VIII.—EXPLANATION OF SCHEME.

(N.B.—*The references relate to the paragraphs in the draft scheme.*)

110. We have prepared a Scheme, under the Agricultural Marketing Acts, 1931 and 1933, for regulating the marketing of live stock in England and Wales; this Scheme is printed as Appendix A to our report. In some of the following paragraphs an explanation is given of certain features of our Scheme; in others we make recommendations regarding the manner in which certain powers should or should not be used.

111. **Constitution of Board and method of election** (paragraph 6 and Parts VIII and IX).—We suggest that the Board should consist of fifteen district members and three special members in addition to the two members to be co-opted under Section 14 of the Agricultural Marketing Act, 1933. In order to make it easier for all producers to vote for their district representatives and to preserve the principle of local representation, we have devised a new method of election. We suggest that there should be district committees consisting of representatives of the sub-districts set out in the First Schedule. Registered producers will elect, by post, their sub-district representatives on the district committee, and the latter committee will select the district representatives upon the Board. This method will do away with the need for district meetings involving producers in long journeys and will enable producers to elect as sub-district representatives men who are personally known to them.

We have also sought to discover an acceptable alternative to the general meeting for the election of special members. Special members of the Board should be persons qualified to take a broad view of their responsibilities; they should generally represent neither sectional nor territorial interests; they will frequently, but need not necessarily, themselves be producers: above all they should have administrative ability and sound judgment. We consider that the method of election of special members should be one that permits the most responsible and best informed producers to consider calmly the merits of possible candidates. We have therefore adopted the method invented by the Scottish Reorganisation Commission for Fat Stock and propose (Part IX) that special

members should be elected by all members of district committees in joint meeting. The seven district committees comprise 202 individuals and we should have preferred a smaller electorate, but we have been advised that the Acts impose rather strict limitations on our choice of method.

112. **Executive Committee** (paragraph 13).—We have defined the powers of the Executive Committee in a way which should facilitate day-to-day administration while leaving ultimate control in the hands of the Board.

113. **Voting power and contributions.**—The Act requires, for the purposes of the initial poll, that every Scheme shall define how "capacity to produce" the regulated product shall be assessed. We think that the method of assessment which governs voting strength should also be adopted for the determination of the individual producer's contribution to the Board's funds (paragraph 48).

We have searched for a method of assessment which is both fair and administratively simple, having regard to the fact that the regulated product is not one product but comprises several products.

Rental values are no guide to the producer's live stock output. To base the assessment on sales is administratively complicated. It therefore seemed best to regard the stock on each farm at given dates as reflecting the productive capacity of that farmer. The existence of the two systems of grass feeding and arable farming make it necessary to select two dates which will, taken together, do justice to each system. Special treatment was required by sheep and lambs; here the problem was complicated by the fact that on neither of the two dates would there be on the farm any considerable proportion of the lamb crop of the lowland or arable farmers who produce early lambs, whereas on 4th June the lambs of the hill farmers would still be unsold; the hill producer's voting strength and contribution would, therefore, be assessed on a higher scale than those of the lowland farmer. It seemed, therefore, to be equitable to take only one date, namely, 4th December, as the measure of a producer's capacity to produce sheep and lambs; on this date on the majority of breeding farms there is little except breeding stock, while the winter feeders have their stock of feeding sheep on hand.

It is necessary to attach a unit value to each class of live stock for the purpose of assessing voting strength and contributions, and accordingly we have used the following formula (paragraph 82):—

Each cow in calf or in milk	...	...	4 units
Each heifer in calf	...	...	4 "
Each calf under 6 months	...	...	4 "
Each other head of cattle	...	...	10 "
Each pig	...	...	3 "
Each sheep or lamb	...	...	2 "

In this formula we have had regard to the dual interest of the dairy farmer in the beef industry ; not only does he produce, in the form of cow-beef, a large proportion of the total volume of home-killed beef but also he supplies the bulk of the calves for the cattle feeding industry. Nevertheless, both cow-beef and calves are by-products of milk production which is his main industry. We think that a ratio of 10 to 4 fairly represents the respective beef values of the different types of cattle. The ratio of 10 to 3 roughly reflects the carcass weights of a beast and a pig. Finally, we have valued sheep and lambs at 2 units because they are only to be assessed once a year, in December, whereas other classes of stock are being assessed twice a year, i.e., in June and December.

The problem of the collection of contributions by a regulatory board will always be difficult unless there is some natural collecting point, such as the bacon factory in the Pigs Scheme or the milk buyer in the Milk Scheme. For this reason, we should have preferred to have arranged for contributions from live stock producers to have been collected at the point of slaughter, despite the fact that slaughter takes place at some 16,000 different points. We are advised, however, that, while it would be possible legally to arrange for butchers to deduct on behalf of the Board the amount of the levy from the price paid in the case of direct purchases from producers, it would be contrary to the language and the intention of the Act to attempt to collect the levy in that way in cases where the butcher bought from an intermediary. In order that all contributions might be collected at the point of slaughter, it would be necessary to prohibit all sales of fat stock except to butchers ; even if such a proposal were practicable, it would restrict unnecessarily the producer's freedom to choose his channel of sale.

We fully realise the difficulty in practice of the alternative method which we have adopted but, for the reasons given above, it is the best that we can offer. We suggest, however, that the collection of contributions might be made easier if producers were allowed to authorise their auctioneer or other approved buyer to deduct their contribution from the price payable on their next sale or sales and to pay it over to the Board.

114. Chief marketing powers.—Part VI of the Scheme contains all the motive powers, the rest of the Scheme comprising machinery of one sort or another. It is from these paragraphs and in particular from paragraph 42 that the Board will derive its power to rationalise the marketing machine and, in case of need, to regulate the volume of sales.

115. Trading powers.—The wide trading powers which we have incorporated in paragraphs 44 and 45 of the Scheme may seem to need explanation. We do not propose that normally the Board should be a trading body ; in fact, the whole Scheme is designed to set up the Board as a regulating body. We have included

the trading powers solely for use in an emergency and in conditions such as those described in paragraph 53 of our Report. We should deprecate most strongly the use of these powers in any attempt to raise the general level of prices by artificial means, viz., in connection with "upset" prices—see also paragraph 33 of our Report.

116. **Credit.**—Adequate credit facilities are an important element in the structure of the home live stock industry. Farmers' credit is now derived from banks, auctioneers, and live stock and farm requisite dealers, and the cost of credit derived from some of these sources is unnecessarily high; furthermore, the credit resources of farmers have been seriously depleted as a result of the prolonged agricultural depression.

We do not think our Scheme will disturb the credit facilities now open to farmers but paragraph 46 of the Scheme gives the Live Stock Board power to make advances to producers either by direct loan or by guaranteeing chattel mortgages under Part II of the Agricultural Credits Act, 1928. The giving of credit is a question which the Board must approach with caution, and we do not think that it should contemplate the use of this power in the immediate future. Nevertheless from the very start of the Scheme the Board should watch the credit position carefully in order to have early knowledge as to whether its intervention was necessary, and if so, in what way. We think that the Board should have a study made on the spot of live stock credit schemes in other countries even though farming and financial systems in those countries may not be similar to our own. Because a field organisation for maintaining contact with individuals and for tracing the movement of stock is a necessary part of any credit structure, the Board should examine how far its intelligence system could be adapted for these purposes. Finally, the Board should consult with the Banks as to how the system of individual chattel mortgage guaranteed by the Board could be made effective and brought into more general use.

PART IX.—SUMMARY OF RECOMMENDATIONS.

(N.B.—*The references in the text relate to previous paragraphs of the Report.*)

117. **Scope of recommendations.**—Our main proposals can be grouped into three broad categories, viz. :—

- (a) those for restoring remunerative prices to the live stock producers of Great Britain ;
- (b) those for establishing an efficient system of marketing live stock ;
- (c) those for raising the quality level of home-produced live stock and meat.

118. **Prices and supplies.**

(i) *The problem of low prices.*—Our study of the meat supplies of Great Britain has shown that the downward course of live stock and meat prices (20) has been closely associated with the rapid increase of meat imports in recent years, an increase which was accelerated with devastating effects on the meat market generally in 1931 and 1932 (Table IV). There is no room for doubt that prices of live stock have been at a level which threatens the existence of this key feature of the country's agriculture.

(ii) *The problem of the autumn glut.*—We appreciate that the tendency towards over-supply has been enhanced in the autumn months by the seasonal increase (7 *et. seq.*) in the supply of home-fed—and often poorly fattened—stock (14). In our view the restoration of healthy market conditions for all live stock in the autumn is primarily a question of reducing the pressure of supplies on the beef market (14).

(iii) *Steps already taken.* We have enumerated (15 *et seq.*) the steps taken by His Majesty's Government in developing its policy of quantitative regulation of meat and have drawn attention to some of the difficulties experienced in the application of that policy, particularly in regard to beef (20 and 21).

(iv) *Regulation of supplies.*—We recommend :—

- (a) that imports of all classes of meat and live stock, irrespective of origin, should be regulated (22) and that the machinery of regulation should be tightened up (23) ;
- (b) that the Government should lose no time in opening discussion on the supply situation with the Dominions (22) ;
- (c) that the estimate of the volume of home-produced meat, which will be a factor in determining the maximum of imported supplies, should be prepared on the basis of a half-yearly census of all live stock and a quarterly forecast of sales for slaughter (26 and 37) ;

(d) that the total quantities of meat should be so regulated as to ensure stable conditions in the Great Britain market (26) ;

(e) that, in the application of this policy, special steps should be taken to provide an outlet for home-fed beef in the autumn, provided, however, that the normal price incentive to winter feeding is not thereby destroyed (29) ;

(f) that, as regards pork pigs, imports should be stabilised for periods of, say, two years and that the Board should make plans to minimise fluctuations in the supply of pork due to short-period changes in home-produced supplies (108) ; and

(g) that it is unnecessary to attempt to regulate releases from cold store (24).

(v) From the enquiries we have made, we conclude that the full benefit of higher prices will not accrue to the home producer without greater efficiency primarily in the field of marketing, but also in the production of live stock and its preparation for sale as meat (33 and 81).

119. Marketing.

(vi) *One Scheme for Great Britain.*—Although in accordance with our terms of reference we have drafted a Scheme applicable to England only, we hope that producers in Scotland and England will see the wisdom of adopting one Scheme for the whole of Great Britain (2).

(vii) *A Live Stock Scheme.*—We recommend a Scheme to cover all live stock (and not merely fat stock), partly because we have been unable to discover an adequate definition of the term “ fat stock ” but mainly because we are satisfied that the efficiency measures we recommend are equally required for and applicable to store stock and to fat stock (32).

(viii) *“ Upset ” prices.*—We reject the principle of “ upset ” prices as a means of assisting the industry (33).

(ix) *Rationalisation to be gradual.*—Our marketing proposals are evolutionary in character (65) ; we propose the retention of the existing structure (38), but suggest means whereby the Live Stock Marketing Board, by a process of rationalisation of the channels of sale, may secure for the producer his full share of the market price. This involves in the main the reduction of the number of selling points, the codification of trade practices and the provision of adequate market intelligence (38). In our view market efficiency should be sought through co-operation between the Board and all parties engaged in the sale and distribution of live stock and meat (43).

(x) *Regulation of the rate of marketing.*—We have given the Board power to regulate the rate of marketing (52). But we believe that the rationalisation of the marketing structure and the provision

of a really efficient intelligence service will normally render unnecessary the active intervention of the Board. This power is therefore incorporated for use only in cases of emergency.

(xi) *Freedom of choice of method of sale.*—Under our Scheme the producer would be free to choose his own method of selling but sales would only be permitted (42) to other producers or to or through persons* approved by the Board after consultation with the organisation representing the class of person concerned (45, 54, 56 and 58). Our proposals are, however, designed to encourage sales of live stock generally at public auction and sales of fat stock direct to the meat market on a grade and dead weight basis (60).

(xii) *Sales at auction.*—We recommend that the Board should maintain a list of approved auction centres (45), sales by auction elsewhere being prohibited. In order to secure regular supplies to market, every producer should be required to select an approved centre for each class of live stock he wishes to be sold by auction (47) and to give the Board seven days' notice of his intention to offer for sale on a particular day (48). Provision is made for late entries and withdrawals (49) and also for the producer to change his selected auction (47).

The Board should have power to limit the number of entries at any particular market or at all markets (52) and to buy live stock in order to break a ring (53), but we strongly deprecate the use of these powers with a view to establishing artificial price levels.

(xiii) *Sales to butchers and through commission salesmen.*—We recommend that sales on the dead meat market should be effected normally without prior notification to the Board of intended offerings for sale. We think it is unnecessary for farmers to select any particular centre for such sales (57).

We believe that the practice of selling direct to butchers "by the head" is not in the farmer's interest since generally the butcher is a better judge of the dead weight at which an animal will kill out and is better informed as to trends of prices on the meat market. We recommend that all such sales should be on a dead weight basis but recognise that in the case of sales to the small village butcher this may not be practicable (54). In such cases, however, the record of the transaction which the butcher will be required to furnish to the farmer for transmission to the Board should be in terms of dead weight (54). Similar conditions will govern sales through dead meat commission salesmen (56).

* (xiv) *Sales to dealers.*—We believe that the large dealer performs a very useful function but that some classes of farm sales to dealers are contrary to the interests of producers (41). We have therefore provided the Board with powers to control such sales in areas where their prevalence threatens other marketing channels which

* Auctioneers, dealers, butchers, dead meat commission salesmen.

the Board desires to encourage (60); all private treaty sales to dealers should be notified to the Board (59).

(xv) *Sales to other farmers.*—We contemplate that the Board will not interfere with such sales beyond requiring to be furnished with details of the transactions (61).

(xvi) *Specially approved marketing centres.*—We include in this class such agricultural shows, old-established fairs, private treaty markets and special sales as are approved by the Board. In these cases we consider that the Board should be informed of all transactions immediately after the event but that otherwise sales should be free of formality (62).

(xvii) *Conditions of approval.*—We recommend that the conditions of approval of the various classes of approved persons should be drawn up by the Board in close co-operation with the organisations representing the interests concerned (43). It will be noted that, while the existing channels of sale are retained, it is intended that, through the system of approval, those channels shall be cleared of obstructions in order to facilitate the flow of supplies to the consumer.

(xviii) *Exemptions :—*

(a) *From the Scheme.*—We recommend the exemption from the Scheme of producers whose pasture land does not exceed five acres and whose sales are inconsiderable (63).

(b) *From the marketing provisions.*—We suggest the exemption from the marketing provisions of the Scheme (but not from the intelligence provisions) of sales of pigs under the Pigs Marketing Scheme, and of sales of dairy stock. In addition the Board should have power to exempt from those provisions such other classes of sale as they think fit (64).

(xix) *Market Intelligence.*—An efficient market intelligence service is fundamental to the success of the programme we propose and we sketch in some detail the sort of service which we think should be established (66 *et seq.*). The Board will receive notifications of intended offerings at auction and will publish the anticipated pitchings at all markets in time to be of service to producers, buyers, transport undertakings, etc. It will also receive particulars of all sales of live stock, whether at market or privately, and detailed market reports from the meat markets, and will publish summaries thereof. In addition it will keep itself closely informed of crop and pasture conditions, supply conditions abroad and the trend of demand at home.

120. Live stock production.

(xx) We recommend that the Board should take active steps to raise the level of production efficiency in the live stock industry (81) with particular reference to improvement of grassland (82).

In conjunction with the Ministry of Agriculture and the Marketing Boards for Milk and Pigs it should work out a suitable breeding policy (85 and 91) and should educate producers in the technique of feeding to secure early maturing animals suitable to market requirements (84). There is also scope for the reduction of losses from disease (86) and from warble fly infection (89).

(xxi) We propose that the Board should have powers to promote and conduct education and research. Similar powers have been incorporated in other schemes and it seems essential that the Marketing Boards should have those powers. There is however, already in existence a national system of research and education in agriculture and the initiation of additional educational and research work by the various Boards might lead to overlapping and waste of public funds. We suggest the appointment of a committee to consider what modifications, if any, of the present national system of education and research are required in view of the new organisation of agriculture on a commodity basis (93).

(xxii) *Credit*.—We have given the Board power to provide credit to producers but we suggest that it should examine the situation very carefully before embarking on a credit scheme (116).

121. Dead meat : Efficiency measures.

(xxiii) *Centralisation of slaughtering*.—We consider that further centralisation of slaughtering facilities is inevitable and desirable in the interests of the home live stock and meat industry, but we think the development should follow a long-range plan. To this end we recommend the establishment of a National Slaughterhouses Commission as an advisory and planning, but not executive, body which would initiate proposals for the erection of large scale slaughterhouses, plan zones of operation and co-ordinate all abattoir schemes submitted to it (95). Since schemes of centralisation, to be effective, must involve the closing of private slaughterhouses we recommend that statutory provision should be made for the compulsory closure of such slaughterhouses with compensation limited to the amount of loss, if any, actually suffered (95).

(xxiv) *National Mark*.—We are satisfied that the National Mark Scheme for beef has been of great benefit to the live stock and meat industry and to consumers and we recommend its extension to new areas and the application of the Mark to other classes of home-fed meat. We think that, in order to retain the confidence of all branches of the meat trade, the actual grading should continue to be done by officers employed by the State (97), but the grading service should be paid for by the producer (through the Board).

(xxv) *Sales by grade and dead weight*.—Our study of this subject has convinced us that the grade and dead weight method of sale deserves every encouragement (98) and we have no doubt that as the system develops the Board will create the necessary

machinery for facilitating the transfer in bulk of stock for sale in this manner (100).

(xxvi) *Canning*.—We are informed by those engaged in the canning industry that there is no prospect in the immediate future of that industry becoming an economic outlet for surplus low-grade meat (102).

(xxvii) *Carcase insurance*.—We recommend that the Board should take steps to establish a comprehensive scheme of insurance against carcase condemnation, whilst still leaving an incentive to the eradication of disease (103).

(xxviii) *Smithfield Market*.—We draw attention to the inadequacy of the present facilities at Smithfield Market and Islington Abattoir and recommend that the City Corporation should consider their reconstruction, and if possible, their amalgamation on modern lines (104).

(xxix) *Publicity*.—We recommend that the Board should educate the public as to the merits of home-fed meat and in particular as to the nutritive value of the cheaper cuts and the means of utilising them (105).

122. **Pork Pigs.**

(xxx) In order to preserve intact the new organisation for the bacon industry we recommend that pork pigs should come within the Live Stock Marketing Scheme (106).

CONCLUDING OBSERVATIONS.

123. *Distribution*.—We have not attempted in this Report to examine the machinery or the costs of distributing meat, wholesale or retail, which hardly seems to be covered by our terms of reference, though we recognise the extreme importance of this subject. It is obvious that, in the case of meat no less than of other products, the costs of distribution represent a high proportion of the price paid by consumers and it is probable that for various reasons, the proportion has increased as compared with pre-War years.

In spite of its great importance in the national economy, there is a regrettable lack of basic data as to the facts and technique of distribution. Information is required as to the number of establishments engaged in wholesale and retail distribution according to type and location, the main commodities dealt in, turnover, persons employed, stocks, operating expenses, equipment, credit practice and so on. If ascertained at regular intervals, it would enable the tendencies in the general distributive structure to be noted

and assessed. The value of the information would, however, largely depend on its comprehensiveness which suggests that a Census of Distribution is necessary.

So far as the distribution of food products is concerned, the need for this information is specially urgent. Under the ægis of the Agricultural Marketing Acts, primary producers are now engaged in rebuilding their industry on new and rationally planned foundations. The creation of producer-controlled organisations of national scope and importance must inevitably have a profound reaction throughout the whole distributive system, and it is important to establish, as soon as possible, an effective and harmonious co-ordination between them and the system which distributes their goods. This cannot be done satisfactorily without far more knowledge of the distributive mechanism than is available to-day.

There is another aspect of the question which should be emphasised. One of the main objectives of the new system for agriculture is the regulation of market supply. It is obvious that the scientific analysis of demand and a detailed knowledge of the quantitative requirements of the market-area according to the various types and descriptions of commodities supplied are essential to the intelligent regulation of the volume of supplies offered to the market.

The collection of comprehensive data on these lines would represent a task of great magnitude. It would also be an entirely new departure so far as this country is concerned. We are not in a position to suggest the precise lines which such a Census of Distribution should follow or the dividing line between a census proper and more specialised investigations. Nevertheless, changes in the marketing structure are being made so rapidly that we recommend that a start should be made at once with selected food trades among which those concerned with the distribution of meat and meat products should certainly be included.

124. **Co-ordination of the various Marketing Boards.**—It is clear that the Live Stock Board will need to be in close contact with the Milk Boards and the Pigs Board and with the comparable authorities in Northern Ireland. It seems probably inevitable that some machinery should be set up to co-ordinate the activities of the different Marketing Boards. This machinery might take the form of a Central Council on which the various Boards should have representation. We do not suggest that this Council should have power in any way to override the authority of the individual Boards, but there is undoubtedly scope for the prevention of overlapping of functions, and the existence of the Council as a medium for the exchange of opinion might prove the means of anticipating and preventing conflict of policy.

125. **Some policy considerations.**—The plan which we present in our report is based on a comprehensive scheme of internal marketing

reorganisation and import regulation as required of us by the minute of our appointment. It is framed primarily in the interest of the home producer, and on the basis of the Agricultural Marketing Acts of 1931 and 1933.

But the consideration which we have given to the problems before us has served to emphasise an aspect of the general position which must be insisted upon, viz., the interdependence of agricultural and industrial and trade interests in this country. Any attempt to substitute controlled marketing and import regulation for the ordinary processes of adjustment in an entirely free market must pay due regard to the paramount necessity of assuring to the masses of the population a sufficient supply of meat at prices which fall within their capacity to pay.

It is in the interest of the home producer that the disastrously low prices of recent years should be adjusted to a more reasonable level, but it is also in his interest that his product should be purchased freely and to an increasing extent by the population of the cities. High prices induced by scarcity can be of no advantage to him in the long run : it must be his aim to turn out efficiently and at a lower cost of production an article which will attract an ever increasing circle of buyers in a market which is rationally organised.

We are emphatically opposed to any plan which would subsidise or assist inefficient production. Under modern conditions there is no room for the inefficient farmer.

In paragraph 30 we have indicated certain courses which it may be thought advisable to consider in the event of import regulation and internal market reorganisation failing to achieve the more stable conditions at which we aim. It is much to be hoped that such steps may not be required : but it is evidently impossible to estimate all the repercussions of so comprehensive a scheme and in our view, once the industry has entered on a period of regulation, it will be essential that the Government should be prepared with adequate powers to deal with emergencies which may arise. Our plan is conceived, as we have said, with the intention of achieving a better market for the home producer. Its success will carry with it improved conditions also for the oversea producer. But it is of vital importance that the machinery available under the Marketing Acts should not only assist the producer but should also protect the consumer against excessive prices of either home-produced or imported meat ; and, if it is found in practice to be inadequate, the Government will need to supplement it with further measures.

The execution of the plans which we have sketched out will demand a high degree of skill and foresight. Much will depend on finding the right men to control the organisation. Breadth of outlook will be required and a capacity to visualise the problem in a non-partisan spirit. The constitution of the Board and the

selection of its chief officials will therefore be a matter of first-class importance especially in view of the key-position held by the live stock industry in the rural economy of this country.

We have not suggested sensational remedies or startling changes. We have rather endeavoured to show how existing methods of production and marketing of live stock can be improved and why some should be discouraged.

And we believe that, with a new spirit of co-operation among all concerned, with better organised methods and with more shelter from unregulated imports, the live stock industry may well enter a new period of prosperity.

126. Finally, the Commission desire to express keen appreciation of the assistance rendered to us by the staff which the Minister of Agriculture placed at our disposal.

Our Secretary, Mr. J. B. Baber, has unrivalled experience of the work on which he has been engaged. We cannot too highly praise the ability and judgment which he has brought to bear on a very exacting task. Our Assistant Secretary, Mr. W. H. Wilkin, has been most capable and conscientious in the discharge of his duties. We have also received invaluable help from the Marketing Officers attached to the staff, namely Major W. H. Warman, Mr. J. Morgan Jones, Mr. W. J. B. Hopkinson, and Mr. A. N. Duckham, who unfortunately had to leave before the completion of our labours to take up the post of Secretary to the Pigs Marketing Board in Northern Ireland.

To all these Officers, we desire to express our personal gratitude for their unremitting efforts on our behalf and we think it fitting to bring this record to your notice.

We have the honour to be,

Sir,

Your obedient Servants,

BINGLEY, *Chairman.*

H. G. HOWITT.

J. B. LLOYD.

J. B. ORR.

JASPER RIDLEY.

J. BABER, *Secretary.*

HAROLD WILKIN, *Assistant Secretary.*

28th March, 1934.

NOTE.—In the following tables the statistics relating to home production are based on the results of the 1924–1925 Agricultural Census of Production, and will be subject to amendment on completion of the enquiries made in connection with the similar Census of 1930–31. Figures as to imports are taken from the monthly Trade and Navigation Accounts and the Annual Statements of Trade. Official estimates of home production of meat in 1933 are not yet available.

TABLE I.

Estimated value of the agricultural and horticultural produce sold off farms in England and Wales during the agricultural years 1926–27 to 1930–31.*

	1926–27.	1927–28.	1928–29.	1929–30.	1930–31.
	£000	£000	£000	£000	£000
Livestock	71,000	74,200	78,800	75,270	64,770
Milk and dairy produce	54,720	55,010	56,060	57,310	54,980
Poultry and eggs ...	15,100	15,940	16,900	18,690	17,770
Wool	3,170	3,850	2,760	1,800	1,140
Total	143,990	149,000	154,320	153,070	138,660
Farm crops (corn, potatoes, sugar beet, hops, hay, etc.) ...	47,840	47,720	43,120	37,620	36,430
Fruit, vegetables, flowers, etc. ...	20,860	23,860	23,930	25,540	21,660
Total of all produce ...	212,690	220,580	221,370	216,230	196,750

* Taken from Agricultural Statistics, 1931, Volume LXVI, Part I.

TABLE II.

Estimated number of animals sold off farms for slaughter and the estimated production of dressed meat from these animals in Great Britain during the calendar years 1927-32.*

Year.	Beef.		Veal.		Mutton and Lamb.		Pigmeat.	
	Nos. of Cattle.	Quantity of meat.	Nos. of Calves.	Quantity of meat.	Nos. of Sheep and Lambs.	Quantity of meat.	Nos. of Pigs.	Quantity of meat.
	000	000	000	000	000	000	000	000
		<i>cwt.</i>		<i>cwt.</i>		<i>cwt.</i>		<i>cwt.</i>
1927	1,831	10,452	1,029	776	9,899	4,548	3,639	5,198
1928	1,889	10,779	1,030	778	10,105	4,639	4,171	5,959
1929	1,913	10,922	1,003	759	9,653	4,430	3,804	5,433
1930	1,859	10,621	932	705	9,025	4,139	3,397	4,853
1931	1,760	10,053	866	653	9,391	4,307	3,769	5,384
1932	1,710	9,762	873	660	10,733	4,928	4,350	6,214

* The estimates of meat do not include any allowance for edible offal. The figures are calculated on estimates for meat years June to May, by taking for the calendar year 1927 5/12ths of the estimates for 1926-27 and 7/12ths of the estimates for 1927-28, and so on.

TABLE III.

Estimated meat equivalent (including an allowance for edible offal) of fat animals landed in Great Britain, for slaughter, 1927-32.

Year.	Beef.			Mutton and Lamb.	Pigmeat.
	From N. Ireland and Irish Free State.	From Canada.	From S. Africa.	From N. Ireland and Irish Free State.	From N. Ireland and Irish Free State.
	000	000	000	000	000
	<i>cwt.</i>	<i>cwt.</i>	<i>cwt.</i>	<i>cwt.</i>	<i>cwt.</i>
1927	1,859	40	1	321	575
1928	2,049	2	1	335	495
1929	2,155	—	4	328	444
1930	1,995	21	1	326	598
1931	1,846	148	3	340	714
1932	1,608	92	—	291	413

TABLE IV.
Net Meat Supplies of Great Britain, 1927-32.*

Year.	Beef.			Veal.			Mutton and Lamb.			Pigmeat.			All Meat.		
	Home-fed.	Imported.	Total.	Home-fed.	Imported.	Total.	Home-fed.	Imported.	Total.	Home-fed.	Imported.	Total.	Home-fed.	Imported.	Total.
	<i>000</i>	<i>000</i>	<i>000</i>	<i>000</i>	<i>000</i>	<i>000</i>	<i>000</i>	<i>000</i>	<i>000</i>	<i>000</i>	<i>000</i>	<i>000</i>	<i>000</i>	<i>000</i>	<i>000</i>
	<i>out.</i>	<i>out.</i>	<i>out.</i>	<i>out.</i>	<i>out.</i>	<i>out.</i>	<i>out.</i>	<i>out.</i>	<i>out.</i>	<i>out.</i>	<i>out.</i>	<i>out.</i>	<i>out.</i>	<i>out.</i>	<i>out.</i>
1927	11,497	15,789	27,286	854	47	901	5,003	5,922	10,925	5,458	10,207	15,725	22,812	32,025	54,837
1928	11,857	15,039	26,896	856	80	936	5,103	6,053	11,156	6,257	10,799	17,056	24,073	31,971	56,044
1929	12,014	14,446	26,460	835	97	932	4,873	6,066	10,939	5,705	10,259	15,964	23,427	30,868	54,295
1930	11,683	14,494	26,177	775	110	885	4,553	6,846	11,399	5,098	11,374	16,470	22,107	32,824	54,931
1931	11,058	14,779	25,837	718	146	864	4,738	7,600	12,338	5,653	13,329	18,982	22,167	35,854	58,021
1932	10,738	13,665	24,403	726	137	863	5,421	7,375	12,796	6,525	13,285	19,810	23,410	34,462	57,872

* The import figures relate to the United Kingdom ; separate figures for Great Britain are not available. The error involved is not likely to be significant.

The figures for home-fed meat include an allowance for edible offals, and have been calculated from estimates for years June to May on the basis of 5/12ths of one year plus 7/12ths of the following year.

TABLE V.
Average annual imports of dead meat (excluding canned meat and essences) into the United Kingdom in 1927-31 showing the countries of consignment.

Country of consignment.	Chilled beef.		Frozen beef.		Frozen mutton and lamb.		Pork.	
	Quantity.	Per cent. of Total.	Quantity.	Per cent. of Total.	Quantity.	Per cent. of Total.	Quantity.	Per cent. of Total.
	<i>000</i>		<i>000</i>		<i>000</i>		<i>000</i>	
	<i>cut.</i>		<i>cut.</i>		<i>cut.</i>		<i>cut.</i>	
Argentina								
Republic ...	8,486.0	89.05	928.0	35.30	1,519.7	25.12	67.0	9.80
Uruguay ...	873.4	7.08	220.5	8.40	359.0	5.93	(a)	(a)
Brazil ...	368.9	3.87	153.7	5.80	14.7	0.24	1.2	0.20
United States of America ...	(a)	(a)	49.8	1.90	1.3	0.02	75.9	11.10
Chile ...	(a)	(a)	(a)	(a)	310.7	5.13	(a)	(a)
Denmark ...	(a)	(a)	(a)	(a)	(a)	(a)	43.3	6.30
Other Foreign Countries ...	0.6	0.01	24.2	0.90	17.7	0.29	4.7	0.70
New Zealand ...	(b)	(b)	319.8	12.20	3,006.1	49.69	127.2	18.60
Australia ...	(b)	(b)	903.3	34.40	820.9	13.67	22.3	3.20
Canada ...	(b)	(b)	12.7	0.50	(b)	(b)	7.6	1.10
Irish Free State ...	(b)	(b)	(b)	(b)	(b)	(b)	334.7	48.90
Other British Countries ...	1.0	0.01	16.7	0.60	0.7	0.01	1.1	0.01
Total Foreign Countries ...	9,528.9	99.99	1,376.2	62.30	2,223.1	36.73	192.1	28.10
Total British Countries ...	1.0	0.01	1,252.5	47.70	3,827.7	63.27	492.9	71.90
Grand Total ...	9,529.9	100.00	2,628.7	100.00	6,050.8	100.00	685.0	100.00

(a) Not shown separately. Imports, if any, included in "Other Foreign Countries."

(b) Not shown separately. Imports, if any, included in "Other British Countries."

TABLE VI.
Analysis of supplies of butchers' meat.
(Average of 1927-31).

Description of Meat.	Quantities 000 cwt.	Percentage of total of class of meat.	Percentage of total of all meat.
BEEF AND VEAL—			
Home-fed cattle	12,430	46.4	29.1
Imported fat cattle*	2,025	7.6	4.8
Total home-killed	14,455	54.0	33.9
Imported, fresh and chilled	9,572	35.8	22.4
Imported, frozen	2,732	10.2	6.4
Total imported (dead)	12,304	46.0	28.8
Grand total beef and veal	26,759	100.0	62.7
MUTTON AND LAMB—			
Home-fed sheep and lambs	4,854	43.1	11.4
Imported fat sheep and lambs*	330	2.9	0.8
Total home-killed	5,184	46.0	12.2
Imported, fresh and frozen (dead)	6,076	54.0	14.2
Grand total mutton and lamb	11,260	100.0	26.4
PORK—			
Home-fed pigs	3,756	81.1	8.8
Imported fat pigs*	189	4.1	0.5
Total home-killed	3,945	85.2	9.3
Imported—			
Fresh Pork	335	7.2	0.8
Frozen „	290	6.3	0.7
Salted „	60	1.3	0.1
Total imported (dead)	685	14.8	1.6
Grand total pork	4,630	100.0	10.9
ALL BUTCHERS' MEAT—			
Total home-killed	23,584	55.3	55.4
Total imported (dead)	19,065	44.7	44.6
Grand total	42,649	100.0	100.0

*Estimated meat equivalent of fat animals imported into Great Britain from Canada, the Irish Free State and South Africa and including arrivals from Northern Ireland. An allowance has been made for the proportion of fat pigs converted into bacon.

TABLE VII.

Summary of conditions affecting the principal sources of the United Kingdom import trade in chilled beef.

Country of origin.	Average Imports into U.K. 1927-31.		Production conditions.	Slaughtering conditions.	Storage practice.	Arrivals in United Kingdom.*	Other remarks.
	Quantity 000 cwt.	Per cent. of imports of chilled beef.					
Brazil ...	370	3.9	Grass production, very seasonal.	Seasonal, following grass curve.	No storage ...	Extreme seasonal variations. Peak months April and May.	Supplies from year to year are rather irregular.
Uruguay ...	673	7.0	Grass production but less seasonal than in Brazil.	Ditto	Ditto	Considerable seasonal variations. Peak months June and July.	—
Argentina ...	8,486	89.0	Grass production practically the whole year round.	No definite seasonality. Rate of slaughter regulated to meet marketing conditions.	Ditto	Very regular, slightly heavier supplies in first 6 months. No definite peak or trough in supplies.	Supplies other than from Argentina are very small from August to December inclusive.

* Shipping space is allotted between the various interests in the chilled meat trade by the Freight Committee.

Summary of conditions affecting the principal sources of the United Kingdom import trade in frozen beef.

Country of origin.	Average Imports into U.K. 1927-31.		Production conditions.	Slaughtering conditions.	Storage practice.	Arrivals in United Kingdom.	Other remarks.
	Quantity 000 cwt.	Per cent. of imports of frozen beef.					
Argentina ...	928	35.3	Same as for chilled beef. Frozen trade subsidiary to chilled beef trade.	Same as for chilled beef.	Little storage	Monthly supplies more irregular than for chilled beef, but no definite seasonal trend.	—
Uruguay ...	221	8.4	Same as for chilled beef.	Same as for chilled beef.	No definite information.	Seasonal variations less regular than for chilled beef. Tendency for supplies to be light from November to February.	—
Australia ...	903	34.4	Grass production, very seasonal.	Killing season March-August.	Limited amount of storage in early part of the season.	Very seasonal. Peak month usually comes in August and supplies are above the average till end of the year.	Trade not highly organised. Much of exported supply sold on contract.
New Zealand	320	12.2	Grass production. Beef production subsidiary to lamb production.	Peak comes in March - May, two months after peak in slaughtering of lambs and sheep.	Storage until the bulk of the lamb has been cleared and shipping space is available. Peak in storage of beef in May or June.	Considerable differences from year to year. Normally peak in May and another in July.	Marketing regulated by Meat Producers' Board.

TABLE VII (continued).

Summary of conditions affecting the principal sources of the United Kingdom import trade in mutton and lamb.

Country of origin.	Average Imports into U.K. 1927-31.		Production conditions.	Slaughtering conditions.	Storage practice.	Arrivals in United Kingdom.	Other remarks.
	Quantity 000 cwt.	Per cent. of imports of mutton and lamb.					
New Zealand	3,006	49.7	Grass production with a marked seasonal variation.	Killing season starts in November. Peak of lamb slaughtering in January and of sheep in February or March.	Stocks in store negligible from July to December. Peak of lamb storage in April; peak of mutton storage in May.	Seasonal variations very regular from year to year. Peak months April and July.	Marketing regulated by Meat Producers' Board.
Australia ...	821	13.6	Grass production season limited.	Killing season extends over period of 3 or 4 months from August or September onwards.	Large quantities put in store in September and October.	Very seasonal. Heavy supplies November to March with a peak in December.	Marketing not organised or subject to control.
Argentina ...	1,520	25.1	Grass production	Peak in slaughtering of lambs in December, though sometimes November. No marked seasonality in case of sheep.	Considerable storage of lamb in October, November and December.	Less seasonal than supplies of frozen beef; peak in May.	—
Uruguay ...	359	5.9	Grass production	Peak in October and November.	Some storage in first months of killing season.	Very seasonal, heavy supplies December to April.	—

TABLE VII (continued).
Summary of conditions affecting the sources of the United Kingdom import trade in fat cattle and sheep.

Product.	Country of origin.	Production conditions.	Arrivals.	Other remarks.
Fat cattle ...	Irish Free State ...	Grass production ...	Very seasonal, heavy supplies August to January.	—
Fat cattle ...	Canada	Grass and stall-fed, mostly latter.	Very seasonal, heavy supplies January to July.	These remarks apply to imports in 1924 to 1926. In recent years supplies have been intermittent.
Fat sheep ...	Irish Free State ...	Grass production ...	Fat lamb supplies concentrated in period May to August. Fat sheep very seasonal, peak in September and October.	—

TABLE VIII.
Estimated average monthly supplies of butchers' meat in Great Britain, 1927-31,
in thousand cwt.

Month.	Beef and Veal.			Mutton and Lamb.			Pork.			All Butchers' Meat.			Month.
	Home-killed.	Im-ported. (dead).	Total.	Home-killed.	Im-ported. (dead).	Total.	Home-killed.	Im-ported. (dead).	Total.	Home-killed.	Im-ported. (dead).	Grand Total.	
Jan. ...	1,362	1,070	2,432	397	418	815	351	62	413	2,110	1,550	3,660	Jan.
Feb. ...	1,167	948	2,105	337	406	743	316	63	379	1,810	1,417	3,227	Feb.
Mar. ...	1,204	1,056	2,260	337	595	932	324	60	384	1,865	1,711	3,576	Mar.
April ...	1,120	1,033	2,153	311	648	959	270	53	323	1,701	1,734	3,435	April.
May ...	1,048	1,076	2,123	367	708	1,075	232	50	282	1,647	1,833	3,480	May.
June ...	839	1,027	1,866	406	511	917	180	39	219	1,626	1,677	3,302	June.
July ...	899	1,045	2,044	467	659	1,126	179	44	223	1,645	1,748	3,393	July.
Aug. ...	1,120	1,060	2,180	536	496	1,032	208	38	246	1,864	1,594	3,458	Aug.
Sept. ...	1,241	1,013	2,254	558	439	997	325	55	380	2,124	1,507	3,631	Sept.
Oct. ...	1,410	1,040	2,450	553	402	955	439	65	504	2,402	1,507	3,909	Oct.
Nov. ...	1,458	920	2,378	492	383	875	444	72	516	2,394	1,375	3,769	Nov.
Dec. ...	1,397	1,017	2,414	423	411	834	677	84	761	2,497	1,512	4,009	Dec.
Total ...	14,455	12,304	26,759	5,184	6,076	11,260	3,946	685	4,630	23,584	19,065	42,649	Total.
Monthly Average.	1,205	1,025	2,230	432	506	938	329	57	386	1,965	1,589	3,554	Monthly Average.

TABLE IX.

Indices of average seasonal variations in the estimated supplies of butchers' meat in Great Britain, 1927-31.
(Monthly average=100.)

Month.	Beef and Veal.			Mutton and Lamb.			Pork.			All Butchers' Meat.			Month.
	Home-killed.	Imported (dead).	Total.	Home-killed.	Imported (dead).	Total.	Home-killed.	Imported (dead).	Total.	Home-killed.	Imported (dead).	Grand Total.	
Jan.	113	104	109	92	82	87	107	109	107	107	98	103	Jan.
Feb.	96	92	94	78	80	79	96	110	98	92	89	91	Feb.
Mar.	100	103	102	78	118	99	99	105	99	95	108	101	Mar.
Apr.	93	101	97	72	128	102	82	93	84	87	109	97	Apr.
May	87	105	95	85	140	114	71	88	73	84	115	98	May
June	78	100	88	94	101	98	55	68	57	77	99	87	June
July	83	102	91	108	130	120	54	77	65	84	110	95	July
Aug.	93	105	98	124	98	110	63	67	64	95	100	97	Aug.
Sept.	103	99	101	129	87	106	99	95	98	108	95	102	Sept.
Oct.	117	102	110	128	79	102	133	114	131	122	95	110	Oct.
Nov.	121	90	107	114	76	94	135	123	134	122	87	108	Nov.
Dec.	116	99	108	98	61	89	208	147	197	127	95	113	Dec.
Monthly Average	100	100	100	100	100	100	100	100	100	100	100	100	Monthly Average

TABLE X.

Average monthly prices of home-killed and imported meat at certain wholesale markets in England and Wales, 1927-31.*
(pence per lb.)

Month.	English Beef (Longsides)	Argentine Chilled Beef.	Australian Frozen Beef.	British Veal.	English Mutton.	Australian Mutton.	English Lamb.	N. Zealand Lamb.	British Pork.	Month.
Jan. ...	8	5½	4½	11	10½	5½	12½	9½	11½	Jan.
Feb. ...	8½	5½	4½	11½	10½	5½	14½	9½	11½	Feb.
Mar. ...	8½	5½	4½	11½	11	5½	16½	9	11½	Mar.
Apr. ...	8½	5½	4½	11½	11½	5	17½	8½	11½	Apr.
May ...	8½	5½	4½	11½	11½	4½	16½	8½	10½	May.
June ...	9	5½	4½	11½	11½	5	13½	9½	9½	June.
July ...	8½	5½	4½	10½	10½	5	12½	9	9½	July.
Aug. ...	8½	5½	4½	10	10½	5	11½	9	9½	Aug.
Sept. ...	7½	5½	4½	10½	10½	5½	11	9	9½	Sept.
Oct. ...	7½	5½	4½	9½	9½	5	10½	9	10½	Oct.
Nov. ...	7½	5½	4½	9½	9½	4½	10½	8½	10	Nov.
Dec. ...	7½	5½	4½	10½	9½	4½	10½	8½	10½	Dec.
Monthly Average	8½	5½	4½	10½	10½	5	13	9	10½	Monthly Average.

* The prices are the average of 1st and 2nd quality meat (except for chilled and frozen beef, in which cases they are the average of 1st quality hind and fore quarters) at London, Leeds, Birmingham and Manchester markets.

TABLE XI.
Indices of the seasonal variation in the average monthly prices of home-killed and imported meat at certain wholesale markets in England and Wales, 1927-31.
(Monthly average=100.)

Month.	English Beef (Longsides)	Argentine Chilled Beef.	Australian Frozen Beef.	British Veal.	English Mutton.	Australian Mutton.	English Lamb.	N. Zealand Lamb.	British Pork.	Month.
Jan. ...	98	100	104	103	100	105	96	102	110	Jan.
Feb. ...	99	95	101	106	102	105	110	106	110	Feb.
Mar. ...	102	95	99	106	104	103	121	100	110	Mar.
Apr. ...	106	95	99	111	109	100	135	98	108	Apr.
May ...	107	97	99	108	110	95	124	99	100	May.
June ...	110	100	96	105	107	100	106	102	92	June.
July ...	106	102	97	95	100	100	95	100	89	July.
Aug. ...	102	108	101	93	97	100	88	100	90	Aug.
Sept. ...	96	104	101	94	95	103	85	100	96	Sept.
Oct. ...	92	102	101	90	92	100	80	100	98	Oct.
Nov. ...	89	102	101	92	91	95	78	96	97	Nov.
Dec. ...	93	100	99	97	93	93	82	95	106	Dec.
Monthly Average	100	100	100	100	100	100	100	100	100	Monthly Average

TABLE XII.

Summary of results of the live stock census taken on 4th June and 4th December, 1933, in England and Wales and a comparison of the variations in live stock population between these two dates with those which occurred between the live stock census taken on 4th June, 1929, and 11th January, 1930.

	June, 1933.	December, 1933.	Per cent. change between June and Dec., 1933.	Per cent. change between June, 1929, and Jan. 1930.
Cows and Heifers in Milk ...	2,179,000	1,962,400	} Not significant.	
Cows in Calf but not in Milk	358,200	670,800		
Heifers in Calf ...	418,000	440,400		
Total Dairy Stock ...	2,955,200	3,073,600	+ 4.0	+ 2.3
Bulls for Service ...	95,500	100,000	+ 4.7	+ 3.3
Other Cattle—				
2 years old and over ...	900,900	866,300	- 3.8	- 10.8
1-2 years ...	1,356,900	1,283,300	- 5.4	- 7.6
Under 1 year ...	1,311,700	1,331,700	+ 1.5	- 6.0
Total Cattle ...	6,620,200	6,654,900	+ 0.5	- 3.25
Ewes kept for breeding ...	7,767,900	8,145,600	+ 4.9	+ 6.0
Rams and Ram Lambs ...	226,800	265,300	+ 17.0	+ 11.3
Other sheep—				
Under 6 months	} Not available	423,000		} Not available.
6-12 months ...		3,505,100		
Total under 12 months		7,898,000		
Over 12 months ...	2,197,200	3,928,100	- 50.3	- 50.4
Over 12 months ...		727,400	- 66.9	- 46.2
Total Sheep ...	18,089,900	18,066,400	- 27.8	- 25.6
Sows kept for breeding ...	405,600	} No information sought.		
Boars... ..	28,700			
Other Pigs—				
Under 2 months ...	819,400			
2 months and over ...	1,815,400			
Total Pigs ...	3,069,100			

APPENDIX A.

DRAFT SCHEME UNDER THE AGRICULTURAL MARKETING ACT, 1931, REGULATING THE MARKETING OF CATTLE, SHEEP AND PIGS.

PART I.—PRELIMINARY.

1. This Scheme may be cited as the Live Stock (England) Marketing Scheme, 1934, and applies to England.

2. In this Scheme, except where the context otherwise requires—

“The Act” means the Agricultural Marketing Act, 1931, as amended by any subsequent Act.

“The Act of 1933” means the Agricultural Marketing Act, 1933;

“Live stock” means cattle, sheep or pigs, being cattle, sheep or pigs produced in England;

“Animal” includes only such animals as are live stock;

“Heifer” means a female bovine animal which has never calved;

“Calendar year” means a period of twelve months beginning on the first day of January;

“District” and “sub-district” mean respectively one of the districts or sub-districts specified in the First Schedule to this Scheme;

“Committee” means one of the committees mentioned in Part II of this Scheme;

“Producer” means a producer of live stock;

“Registered” means registered under this Scheme, and “registration” shall be construed accordingly;

“Secretary” in relation to the Board or any committee means a person appointed by the Board to be, or a person for the time being authorised by the Board to act as, Secretary of the Board or committee.

3. The Interpretation Act, 1889, shall apply for the interpretation of this Scheme as it applies for the interpretation of an Act of Parliament.

PART II.—THE BOARD AND THE COMMITTEES.

The Board.

4. The Board to administer this Scheme shall be called the Live Stock (England) Marketing Board, and shall be a body corporate with a common seal and power to hold land without licence in mortmain.

5. Until the end of February, 1935, the Board shall consist of the following persons:—

Two persons nominated by the Minister in accordance with proviso (i) to sub-section (1) of section fourteen of the Act of 1933;

and thereafter the Board shall, subject to the provisions of this Scheme with respect to casual vacancies, consist of fifteen district members elected two for each district except the Northern district and three for the Northern district, three special members elected for the whole of England in accordance with the provisions of Part IX of this Scheme, and two members co-opted in accordance with the provisions of the said section fourteen.

6. (1) The district members for each district shall be elected by the district committee for that district at a meeting of that committee.

(2) An election of district members for the South-Eastern district and an election of district members for the Eastern district shall be held in the year 1935, the year 1936, and every third calendar year after the year 1936.

(3) An election of district members for the Northern district and an election of district members for the East Midland district shall be held in the year 1935, the year 1937 and every third calendar year after the year 1937.

(4) An election of district members for the Wales district, an election of district members for the West Midland district, and an election of district members for the South-Western district shall be held in the year 1935 and every third calendar year thereafter.

(5) Every election of district members held under this paragraph in any district in any calendar year shall be held as soon as may be after the completion of the elections of sub-district representatives held in that district in that year, and every district member shall, subject to the provisions of this Scheme, hold office from the expiration of the day on which he was elected until the expiration of the day on which the next district election for his district is held under this paragraph :

Provided that the district members elected in 1935 shall not begin to hold office before the end of February, 1935.

7. (1) An election of special members shall be held in each calendar year as soon as may be after the completion of the elections of sub-district representatives held in that year.

(2) In 1935, three special representatives shall be elected, and after the year 1935 only one special member shall be elected in each calendar year.

(3) Every special member shall, subject to the provisions of this Scheme, hold office from the expiration of the day on which he is elected until the expiration of the day on which the election of special members is held in the next calendar year but two after the calendar year in which he is elected :

Provided that the special members elected in 1935 shall not begin to hold office before the end of February, 1935, and of the special members elected in that year, one (to be selected by lot) shall cease to hold office on the expiration of the day on which the election of special members is held in 1936 and one (to be selected by lot) shall cease to hold office on the expiration of the day on which the election of special members is held in 1937.

8. (1) Whenever under this Scheme a member has to be co-opted to the Board in accordance with the provisions of section fourteen of the Act of 1933, the co-option shall take place at a meeting of the Board and the provisions of this Scheme relating to quorum, procedure and similar matters shall apply accordingly, but the members of the Board who are not elected members shall not be present.

(2) A member who is, by virtue of the provisions of this paragraph, co-opted in accordance with the provisions of the said section fourteen shall, subject to the provisions of this Scheme, hold office until the end of February in the next calendar year but one after that in which he was so co-opted :

Provided that of the two members first so co-opted one (to be selected by lot) shall cease to hold office at the end of February, 1936.

9. A member of the Board who ceases to hold office shall be eligible again to become a member of the Board.

10. A member of the Board shall cease to hold office :—

(a) if he delivers to the Secretary of the Board a written resignation of his office and the resignation is accepted by the Board, or if not accepted, is not withdrawn before the end of the seventh day after the day on which the resignation was received by the Secretary of the Board ; or

(b) if he is detained for more than seven consecutive days in any place under any enactment in force in any part of the United Kingdom relating to persons of unsound mind ; or

(c) if he is adjudged bankrupt or enters into a composition or scheme of arrangement with his creditors ; or

(d) if the Board by resolution declare that he has been absent from six consecutive meetings of the Board without reasonable excuse ; or

(e) if he is convicted of any offence under sub-section (2) of section seventeen of the Act.

11. (1) If a district member of the Board dies or ceases under the last preceding paragraph to hold office, the district committee shall elect a person to fill the vacancy.

(2) If a special member of the Board dies or ceases under the said paragraph to hold office, the Board shall co-opt a person to fill the vacancy.

(3) If a member of the Board co-opted in accordance with the provisions of section fourteen of the Act of 1933 dies or ceases under the said paragraph to hold office, another person shall be co-opted in accordance with the said provisions.

(4) Any person elected or co-opted a member of the Board under this paragraph shall, unless he dies or ceases under the last preceding paragraph to hold office, hold office for so long as his predecessor would have held office.

12. The quorum of the Board shall be such as the Board may from time to time determine, but shall, until otherwise determined, be five, and shall not be less than that number.

The Executive Committee.

13. (1) The Board shall, as soon as may be after the coming into force of this Scheme and also as soon as may be after every election of special members, appoint from among their members an executive committee, and may, subject to the provisions of this paragraph, from time to time add to the membership thereof.

(2) The executive committee shall consist of not more than seven members, of whom the Chairman and Vice-Chairman of the Board shall be two ; and of the members of the executive committee one at least must have been nominated a member of the Board by the Minister or co-opted a member of the Board in accordance with the provisions of section fourteen of the Act of 1933.

(3) A member of the executive committee shall cease to be a member of that committee :—

(a) if he ceases to be a member of the Board ; or

(b) (except in the case of the Chairman or Vice-Chairman of the Board) if the Board resolve that he is to cease to be a member of the committee ; or

(c) (except in the case of the Chairman or Vice-Chairman of the Board) if he delivers to the Secretary of the Board a written resignation and the resignation is accepted by the Board or if not accepted is not withdrawn before the end of the seventh day after the day on which the resignation is received by the Secretary of the Board ;

and in any event all the members of the executive committee shall cease to be members of the committee at the expiration of the day on which any election of special members is held ; but any member of the executive committee who ceases to be a member of the committee shall, if he remains a member of the Board, be eligible again to become a member of the committee.

(4) The quorum of the executive committee shall be such as the Board may from time to time determine, but shall unless otherwise determined be three, and shall not be less than that number.

14. (1) All matters from time to time arising in the administration of, or otherwise in connection with, this Scheme (being matters which would but for the provisions of this paragraph have to be considered by the Board) shall stand referred to and be considered by the executive committee and any question as to what action, if any, shall be taken in respect thereof shall, subject to the provisions of this paragraph, be decided by the executive committee, and the executive committee may for the purpose of giving effect to their decisions exercise in the name and on behalf of the Board all or any of the powers of the Board, and references in this Scheme to the Board shall, so far as is necessary to enable the executive committee to decide those questions and to exercise those powers for the purpose of giving effect to their decisions, be construed as references to the executive committee :

Provided that—

(a) questions as to the composition or quorum of the Board or the executive committee or as to the Chairmanship or Vice-Chairmanship of the Board shall not stand referred to or be considered or dealt with by the executive committee ;

(b) decisions of the executive committee in connection with the matters mentioned in the Second Schedule to this Scheme shall, except where the Board otherwise resolve, have no effect unless confirmed by the Board, and where the Board refuse to confirm any such decision, the Board may either themselves decide the question or may remit it to the executive committee for further consideration.

(2) The executive committee shall from time to time cause a report of their proceedings to be sent to every member of the Board.

The Consultative Committees.

15. (1) The Board may from time to time appoint committees consisting wholly or partly of members of the Board to consider, and advise the Board on, such questions as may be referred to them by the Board.

(2) The quorum of any such committee shall be such as may be fixed by the Board for that committee.

The District Committees.

16. (1) There shall be for each district a committee (in this Scheme referred to as a "district committee") whose duty it shall be to elect the district members of the Board for the district, to report to the Board from time to time on the operation of this Scheme in that district, and, when consulted by the Board with respect to any proposal of the Board, to advise them as to the desirability of the proposal insofar as it concerns producers in that district.

(2) The district committee for each district shall consist of:—

(a) representatives (in this Scheme referred to as "sub-district representatives") elected for each sub-district in accordance with the provisions of Part VIII of this Scheme ; and

(b) such, if any, of the district members of the Board for the district for the time being as are not sub-district representatives in the district :

Provided that a district member of the Board for any district who is not also a sub-district representative in that district shall not take part in the election of any district member of the Board for the district.

(3) There shall be elected for each sub-district such number of sub-district representatives as is allotted to that sub-district by the First Schedule to this Scheme :

Provided that at any time after the fourth day of December, 1935, the Board may, if they are satisfied that it is just so to do having regard to the relative quantities of live stock produced in the various sub-districts in any district, direct that at the next and subsequent elections of sub-district

representatives for any sub-district (until another direction is given under this paragraph) such lesser or greater number of sub-district representatives shall be elected as may be specified in the direction.

(4) The quorum of any district committee shall be such as the Board may from time to time fix for that committee.

17. (1) Elections of sub-district representatives shall be held in each district in each calendar year as soon as may be after the beginning of that year.

(2) Every sub-district representative shall, subject to the provisions of this paragraph, hold office until the expiration of the day on which the election of sub-district representatives for the sub-district is completed in the next calendar year.

(3) A sub-district representative shall cease to hold office :—

(a) if he delivers to the secretary of the committee a written resignation of his office and the resignation is accepted by the committee or if not accepted is not withdrawn before the expiration of the seventh day after the day on which it is received by the secretary of the committee ; or

(b) if he is detained for more than seven consecutive days in any place under any enactment in force in the United Kingdom relating to persons of unsound mind ; or

(c) if he is adjudged bankrupt or enters into a composition or scheme of arrangement with his creditors ; or

(d) if the committee by resolution declares that he has been absent from six consecutive meetings of the committee without reasonable excuse.

(4) If a sub-district representative dies or ceases to hold office under the provisions of the last preceding sub-paragraph, the committee may co-opt a person to be sub-district representative in his place, and any person so co-opted shall hold office for so long as his predecessor would have held office.

(5) A sub-district representative who ceases to hold office shall be eligible again to become a sub-district representative.

Procedural Provisions as to the Board and the Committees.

18. (1) The Board or any committee may act notwithstanding any vacancy in their number.

(2) The Chairman or Vice-Chairman or any three members of the Board may, and the Secretary on the request of the Chairman or Vice-Chairman or of any three members of the Board shall, convene a meeting of the Board.

(3) The chairman or any two members of any committee may, and the secretary of the committee on the request of the chairman or of any two members of the committee shall, convene a meeting of the committee.

(4) The Chairman or in his absence the Vice-Chairman of the Board shall take the chair at any meeting of the Board or at any meeting of a committee at which they are respectively present as members, and failing the Chairman and Vice-Chairman of the Board, the chair shall be taken at meetings of the Board and the committees by such member of the Board or committee as may be appointed in that behalf by the Board or committee.

(5) Questions arising at a meeting of the Board or a committee shall be decided according to the opinion of the majority of the members present :

Provided that—

(a) where the question is which of several persons proposed in that behalf by members present is to fill a vacancy in the Chairmanship or Vice-Chairmanship of the Board or any vacancy or vacancies in the membership of the Board or any committee, each member present shall have as many votes as there are vacancies to be filled but shall not

give more than one vote in favour of any one candidate, and the person or persons who receive the most votes shall be deemed to be chosen ;

(b) in the case of an equality of votes on any question, the member acting as chairman shall, in addition to his other votes, have a casting vote.

(6) All acts done at a meeting of the Board or any committee shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment, election or qualification of a person purporting to be a member of the Board or committee, or that a member has voted on a question upon which he was not entitled to vote, be as valid as if the defect had not existed or as if the member had been entitled to vote.

(7) Minutes shall be kept of the proceedings of the Board and of the proceedings of any committee, and any such minutes shall, if signed by a person purporting to have acted as chairman of the meeting to which they relate or of a meeting at which they were read, be evidence of those proceedings, and the meeting to which any such minutes relate shall, until the contrary is proved, be presumed to have been regularly convened and constituted.

General Powers of the Board.

19. (1) The Board—

(a) shall appoint from among their members a Chairman and Vice-Chairman ;

(b) may employ such officers, servants and agents, and entrust to them such duties, as the Board think fit ;

(c) shall have an office in England at which communications and notices will at all times be received and shall keep the Minister notified of the address thereof ;

(d) may enter into such agreements, acquire such property and do such things as may in their opinion be necessary or desirable for the purpose of exercising any of their powers or performing any of their duties under this Scheme, and may sell or otherwise dispose of any property so acquired by them.

(2) The Chairman and Vice-Chairman of the Board shall, if they remain respectively members of the Board, hold office until the expiration of the day on which the next election of special members is held :

Provided that the Chairman or Vice-Chairman shall cease to hold office if he delivers to the Secretary of the Board a written resignation of his office, and the resignation is accepted by the Board, or if not accepted is not withdrawn before the end of the seventh day after the day on which the resignation is received by the Secretary of the Board.

(3) A person who has ceased to be the Chairman or Vice-Chairman of the Board shall, if he is a member of the Board, be eligible again to become the Chairman or Vice-Chairman of the Board.

Remuneration and Expenses of Members.

20. (1) The Board shall pay to the Chairman of the Board, the Vice-Chairman of the Board, the other members of the executive committee and the other members of the Board such remuneration, if any, as may from time to time be fixed in their respective cases by the registered producers in general meeting.

(2) The Board may pay to any member of the Board or of any committee such travelling and out-of-pocket expenses as have been reasonably incurred by him in connection with the business of the Board.

Common Seal.

21. The application of the common seal of the Board to any document shall be attested by at least two members of the executive committee and the Secretary of the Board.

Contracts and Instruments.

22. Such contracts and instruments as would not in the case of a private individual require to be under seal may be entered into or executed on behalf of the Board by any person authorised in that behalf by the Board.

23. (1) A contract entered into by the Board shall not be avoided by reason only that the Chairman or Vice-Chairman of the Board, any person acting as the Chairman of the Board or any committee, or any other member of the Board or any committee, is also a party thereto or is interested therein, and, subject to the provisions of this paragraph, a member of the Board or any committee who is a party to or interested in a contract with the Board shall not, by reason only that he is the Chairman or Vice-Chairman of the Board, or is acting as Chairman of the Board or any committee, or is a member of the Board or any committee, be liable to account to the Board for any profit realised by him by reason of the contract.

(2) Every member of the Board shall forthwith disclose to the Board any interest which he has, acquires or proposes to acquire, in any contract to which the Board are a party or in which the Board have, acquire or propose to acquire any interest, and any interest which he has, acquires or proposes to acquire in any other contract which might influence his performance of his duties as Chairman or Vice-Chairman of the Board, or as the member acting as Chairman of the Board or any committee, or as a member of the Board or any committee, and if without reasonable excuse any member of the Board fails so to do, he shall be liable to account to the Board for any profit realised by him by reason of the contract.

(3) A member of the Board shall not vote at a meeting either of the Board or of any committee, upon any question in which he has any interest, not being a question relating to the general policy of the Board, and if he does vote, his vote shall not be counted.

Provided that in the event of an equality of votes at a meeting on a question upon which the person acting as Chairman is by virtue of this sub-paragraph not entitled to vote, that person shall notwithstanding anything in this paragraph have a casting vote.

PART III.—REGISTER OF PRODUCERS.

24. The Board shall keep a register of producers, and every producer shall, on application to the Board, be entitled to be registered therein.

25. (1) The register of producers shall be open for inspection at the office of the Board from 10 a.m. to 4 p.m. on weekdays other than Saturdays, except on Christmas Day, Good Friday and any Bank Holiday.

(2) Any person shall be entitled to be supplied with a copy of the register or any part thereof on payment of a fee not exceeding one half-penny for each entry copied or to make extracts therefrom for his own use free of charge.

26. (1) Any producer whose pasture land does not exceed five acres in extent, shall, unless in the twelve months immediately preceding he has sold more than fifteen pigs or more than ten sheep or more than four cattle (being pigs, sheep or cattle which he has himself produced in England), be exempt from registration.

(2) For the purposes of this paragraph, pasture land shall be deemed to be pasture land of a producer if, and only if, either solely or together with others, he has any right, otherwise than as a commoner, to graze animals thereon.

27. The Board, on being satisfied that a person who is registered has ceased to be a producer or is exempt from registration shall remove his name from the register:

Provided that the name of a person shall not be removed from the register without his consent by reason only that he is exempt from registration.

PART IV.—POLLS.

28. (1) On the coming into force of this Scheme, a poll of the registered producers shall be taken on the question whether this Scheme is to remain in force.

(2) The said poll (in this Scheme referred to as the "initial poll") and any poll held in connection with a proposal for the amendment or revocation of this Scheme shall be taken in accordance with the following provisions of this Part of this Scheme.

29. The producers who are entitled to vote on the poll shall be the producers who are registered on the qualifying date, that is to say—

(a) in the case of the initial poll, the day on which the time for registration specified in the notice to be published by the Board under sub-section (1) of section four of the Act expires;

(b) in the case of any other poll, on such day as may be determined by the Board:

Provided that a producer who is exempt from registration shall, notwithstanding that he is registered, not be entitled to vote on the initial poll.

30. The poll shall be conducted by post and the Board shall, not later than the seventh day after the qualifying date, send a voting paper to every producer entitled to vote.

In the event of the loss of a voting paper so sent, the Board may supply a duplicate voting paper.

31. The voting paper shall be in the form set out in the Third Schedule to this Scheme, and only voting papers which are properly completed and reach the office of the Board on or before the fourteenth day after the qualifying date shall be taken into account; and any person who knowingly makes any false statement in a voting paper shall be liable on summary conviction to be imprisoned for a period not exceeding three months, or to a fine not exceeding one hundred pounds, or to both such imprisonment and fine.

32. For the purposes of any poll, cattle, sheep and pigs shall not be taken to be separate products and the quantity of live stock which a producer is capable of producing shall be taken to be proportional to the sum of the following quantities, that is to say, the quantity of live stock in his possession on the fourth day of June last preceding the qualifying date and the quantity of live stock in his possession on the fourth day of December last preceding the qualifying date:

Provided that, in the case of a registered producer who either on the said fourth day of June or on the said fourth day of December was not a producer of live stock, twice the quantity of live stock in his possession on the qualifying date shall be taken in lieu of the sum of the two quantities aforesaid.

33. The Board shall cause the votes to be counted by an independent person, and the result of the poll as certified by him to the Board shall be declared at a meeting of the executive committee by the member acting as Chairman at that meeting, and shall be published by the Board in *The Times* newspaper, or, at the option of the Board, by sending a notice thereof, in the case of the initial poll, to every person who is known to the Board to be a producer, and in the case of any other poll, to every registered producer.

PART V.—FINANCIAL PROVISIONS.

34. (1) There shall be established a fund (in this Scheme referred to as "the fund") which shall be administered and controlled by the Board.

(2) All moneys received by the Board shall be paid into the fund, and any moneys required by the Board for the operation of this Scheme shall be paid out of the fund.

(3) Any moneys for the time being standing to the credit of the fund may be left on current or deposit account in any bank or invested in any securities in which a trustee may lawfully invest trust moneys under the powers of section one of the Trustee Act, 1925, as extended by any subsequent enactment.

35. The Board may, for the purpose of exercising any of their functions under this Scheme, borrow money in such manner, on such terms and on such security as may be arranged by them with the person from whom the money is borrowed.

36. The Board shall keep proper accounts and in particular shall annually make out a balance sheet and either an income and expenditure account or, if the Board trade for profit, a profit and loss account, and shall cause the said balance sheet and profit and loss or income and expenditure account to be audited by a member of the Institute of Chartered Accountants or of the Society of Incorporated Accountants and Auditors or of the Corporation of Accountants Limited or of the London Association of Certified Accountants Limited nominated by a general meeting of registered producers, and as soon as may be after the auditor has reported and in any case within three months of the close of the period covered by the income and expenditure or profit and loss account shall send to the Minister and to every registered producer a copy of the balance sheet and the profit and loss or income and expenditure account and (except where the auditor has not reported) of the report of the auditor and also a report by the Board as to the working of this Scheme in the period covered by the income and expenditure or profit and loss account:

Provided that the person who is to audit the first balance sheet and income and expenditure or profit and loss account made out by the Board under this paragraph shall be nominated by the Board instead of by a general meeting of registered producers.

37. The Board shall, on the demand of any person and on payment by him of such fee, not exceeding one shilling, as may be fixed by the Board, furnish to him a copy of any of their balance sheets.

PART VI.—PROVISIONS AS TO MARKETING AND PRINCIPAL POWERS OF THE BOARD.

Coming into Force of Part VI.

38. The provisions of this Part of this Scheme shall come into force at the expiration of the suspensory period, that is to say, at the expiration of the period of one month beginning on the date on which the result of the initial poll is declared to be favourable to the continuance in force of this Scheme.

Regulation of Marketing.

39. A producer who is neither registered nor exempt from registration shall not sell any live stock either in England or elsewhere.

40. (1) The Board may from time to time determine the terms on which and the persons to or through the agency of whom all or any registered producers may sell live stock or any particular description or quantity of live stock, and if any registered producer, either in England or elsewhere, sells any live stock otherwise than in accordance with any such determination of the Board, then, subject to the provisions of this Part of this Scheme, the Board shall by resolution impose upon and shall recover from him such monetary penalty not exceeding twenty-five pounds in respect of each animal sold, as they think fit.

(2) The Board shall not, by the exercise of the powers conferred on them by the last preceding paragraph, seek to establish or standardise the practices to be observed or the course of business to be followed in connection with any

class of sale of live stock without consulting such organisations as appear to them to represent the various classes of person to or through the agency of whom that class of sale is effected.

41. The Board may from time to time determine the manner in which live stock or any description or quantity of live stock which are to be sold by a registered producer are to be graded, marked, packed, stored, adapted for sale, insured, advertised or transported by him or on his behalf, and if, while such a determination is in force, any live stock are sold by a registered producer, either in England or elsewhere, after being graded, marked, packed, stored, adapted for sale, insured, advertised or transported by him or on his behalf otherwise than in accordance with the determination, then, subject to the provisions of this Part of this Scheme, the Board shall by resolution impose upon, and shall recover from, that producer such monetary penalty not exceeding twenty-five pounds in respect of each animal sold as they think fit.

42. (1) Except in the case of sales of such classes as the Board may from time to time by resolution specify, a registered producer shall not, without the consent of the Board, sell any quantity of live stock of any description at any place in any manner on any day, unless he has given to such officer of the Board as the Board may appoint for the purpose such notice as may be required by the Board of his intention to sell that quantity, or a specified greater quantity, of live stock of that description at that place in that manner on that day.

(2) If the Board are of opinion that it is expedient to limit the total quantity of live stock, or the total quantity of live stock of any description, which may be sold by registered producers, either on a particular day or during a particular period, and either anywhere or at any particular place, and either in any manner or in any particular manner, they may for that purpose serve on any registered producer who has given notice under the foregoing provisions of this paragraph of his intention to sell live stock, a direction in writing that on a specified day or during a specified period, he is not to sell in any place, or, as the case may be, in a specified place, in any manner or, as the case may be, in a specified manner, more than a specified quantity of live stock, or as the case may be, more than a specified quantity of live stock of a specified description, and it shall be the duty of the registered producer to comply with the direction.

(3) Unless and until the Board prescribe some other method of allocating any such total quantity as is mentioned in sub-paragraph (2) of this paragraph among the registered producers concerned, the Board shall, so far as may be, allocate the total quantity among the registered producers according to the priority of their respective notices of intention to sell live stock.

(4) If any registered producer sells any live stock, either in England or elsewhere, in contravention of the provisions of this paragraph, then subject to the provisions of this Part of this Scheme, the Board shall by resolution impose upon and shall recover from him such monetary penalty not exceeding twenty-five pounds in respect of each animal sold, as they think fit.

43. The three last preceding paragraphs shall have effect subject to the provisions of the Act with respect to existing contracts and there shall be exempt from the provisions of the said three paragraphs :—

(a) sales of pigs under contracts registered and confirmed under Part VI of the Pigs Marketing Scheme, 1933, and sales of pigs to the Pigs Marketing Board ;

(b) sales of cows in milk and sales of cows and heifers expected to calve within three months of the date of the sale ;

(c) such other sales (if any) as may from time to time be determined by the Board.

Trading Powers of the Board.

44. The Board may—
 (a) buy, sell, grade, pack, store, adapt for sale, insure, advertise and transport live stock;
 (b) buy, and sell or let for hire to registered producers, anything required for the production, adaptation for sale, or sale of live stock;
 (c) co-operate with any other person in doing any of the things aforesaid.
45. The Board may—
 (a) buy cattle, sheep or pigs of any description from the board administering any other scheme under the Act regulating the marketing of cattle, sheep or pigs of any description or from the board administering any scheme under corresponding legislation enacted by the Parliament of Northern Ireland regulating the marketing of cattle, sheep or pigs of any description;
 (b) exercise as agents for any such board any power of that board to sell, grade, pack, store, adapt for sale, insure, advertise or transport, cattle, sheep or pigs of any description;
 (c) sell, grade, pack, store, adapt for sale, insure, advertise and transport any cattle, sheep or pigs bought from any such board.

Powers of the Board as to Loans and Guarantees.

46. The Board may—
 (a) lend to any registered producer sums not exceeding two-thirds of the amount which they estimate he will receive from the sale of live stock produced or in course of production by him;
 (b) guarantee payment of any sums secured by an agricultural charge created by a registered producer under Part II of the Agricultural Credits Act, 1928.

Agricultural Co-operation, Research and Education.

47. The Board may encourage and promote education in, and co-operation with respect to, the production and marketing of live stock and live stock products, and may encourage, promote and conduct research with respect to the production and marketing of live stock and live stock products and in particular and without prejudice to the generality of the preceding provisions of this paragraph may publish, in such manner and on such terms (if any) as to payment or otherwise as they think fit, market intelligence and other information likely to promote the efficient production and marketing of live stock and live stock products.

Contributions.

48. (1) The Board may, once in respect of each half year, by resolution require producers registered on the date of the resolution or on the day before the beginning of the half year, whichever is the later, to pay to the Board a contribution to the expenses of the Board.

In this paragraph the expression "half year" means a period of six months beginning on the 5th day of June or the 5th day of December.

(2) The contribution to be made by each registered producer under any such resolution shall be determined by reference to the quantity of live stock in his possession on the day before the beginning of the half year in respect of which the resolution is passed:

Provided that, in the case of a registered producer who on the said day was not a producer of live stock, the quantity of live stock in his possession on the date of the resolution shall be taken in lieu of the quantity of live stock in his possession on the said day.

(3) Subject to the preceding provisions of this paragraph, the amount of the contribution to be made under a resolution shall be such as may be

specified in the resolution, but shall not, in the case of any resolution, exceed one penny for each unit of quantity.

(4) Where the Board consent to the sale of live stock by a registered producer notwithstanding that he has not given such notice as is required under sub-paragraph (1) of paragraph forty-two of this Scheme, or where a registered producer, having given notice under that sub-paragraph of his intention to sell a specified quantity of live stock on a specified day in a specified manner at a specified place, offers for sale a lesser quantity of live stock on that day in that manner at that place, the registered producer shall, in such cases as may from time to time be prescribed by the Board, pay a contribution to the fund calculated according to a scale to be so prescribed.

(5) The Board shall so exercise their powers under this paragraph as to raise, as nearly as may be, such amounts as will in their opinion be required for the operation of this Scheme.

(6) The amount of any contribution required to be made by or under this paragraph shall be a debt due to the Board and shall be recoverable accordingly.

Power of Entry.

49. Any person authorised in writing by the Board may for the purpose of enabling the Board to secure compliance with this Scheme enter and inspect at any reasonable time and on production of his authority any part of the land or premises occupied by a registered producer (being a producer specified in the authority) which the person so authorised has reason to believe is used for producing, grading, marking, packing, or storing live stock or adapting live stock for sale.

Information and Returns.

50. The Board may, whenever they consider it necessary for the operation of this scheme, require any registered producer to furnish to them within such period as may be specified in the requirement such estimates, returns or other information relating to live stock as may be so specified and if without reasonable excuse he fails to comply with the requirement within the time so specified or if he knowingly makes any false statement in reply thereto, then, subject to the provisions of this Part of this Scheme, the Board shall by resolution impose upon and shall recover from him such monetary penalty not exceeding twenty pounds as they think just.

Power to Exempt Registered Producers.

51. Without prejudice to any other provisions of this Part of this Scheme with respect to exemption from the operation thereof, such registered producers as may from time to time be determined by the Board shall be exempt from such of the provisions of this Part of this Scheme as may be so determined.

Compensation.

52. Any registered producer who satisfies the Board or establishes by arbitration in accordance with Part XI of this Scheme that he has suffered damage by reason of the Board treating him, without due cause, less favourably than it is their practice to treat other registered producers in like circumstances, shall be entitled to receive from the Board such sums by way of compensation as may be necessary to make good the damage.

General Provisions as to Penalties.

53. The following provisions shall have effect with respect to the imposition of penalties by the Board on registered producers under the preceding provisions of this Part of this Scheme—

(a) no penalty shall be imposed in respect of any act or omission which constitutes an offence under any Act other than the Act ;

(b) every penalty so imposed shall, subject to the provisions of the next succeeding sub-paragraph, be a debt due to the Board and recoverable accordingly;

(c) immediately on the passing of any resolution imposing a penalty, notice of the resolution shall be sent by registered post to the registered producer, and he may within fourteen days from the day on which notice was so sent to him give notice to the Board referring the matter to arbitration under the provisions of Part XI of this Scheme; and if the matter is so referred no proceedings shall be taken by the Board except in or for the purposes of the arbitration or to enforce the award of the arbitrator, and the arbitrator may award payment of such penalty, if any, not exceeding the maximum penalty which could have been imposed by the Board, as he thinks just.

Distribution of Surplus Assets.

54. Any sums standing to the credit of the fund which are not required for the operation of this Scheme shall be distributed among registered producers in such manner as may be decided by a general meeting of registered producers.

PART VII.—MEETINGS OF REGISTERED PRODUCERS.

55. Without prejudice to any other provisions of this Scheme, the Board may convene a general meeting, district meeting or sub-district meeting of registered producers to discuss any question which in the opinion of the Board should be discussed at such a meeting.

56. (1) Whenever anything is to be done by a general meeting, a district meeting, or a sub-district meeting, of registered producers, the Board shall arrange for the holding of such a meeting at such time and place as they may appoint.

(2) Every district meeting or sub-district meeting shall be held within the district or sub-district.

57. The Chairman of every meeting shall be appointed by the Board: Provided that—

(a) at every general meeting, the Chairman of the Board or, in his absence, the Vice-Chairman of the Board (if he is present) shall be the chairman:

(b) if the person who under the preceding provisions of this paragraph is to act as chairman at any meeting is not present within fifteen minutes of the time appointed for the meeting, the meeting shall choose a chairman.

58. At least ten days before the day fixed for the holding of a meeting the Board shall send to every registered producer who is entitled to vote at the meeting a written notice stating—

(a) the time and place appointed for the holding of the meeting;

(b) the business to be transacted;

(c) the name of the Chairman:

Provided that a meeting shall not be deemed to have been invalidly held by reason only that, owing to inadvertence or owing to any reasonable cause, such a written notice as aforesaid was not sent to every registered producer entitled to vote at the meeting.

59. No business shall be transacted at any meeting other than the business of which notice has been given as aforesaid by the Board.

60. At a general meeting every registered producer shall be entitled to vote, and at a district or sub-district meeting those registered producers shall be entitled to vote who are engaged in producing live stock in the district or sub-district.

61. At any meeting, registered producers may vote either personally or by proxy. The instrument appointing a proxy shall be in writing in such form as the Board may require, under the hand of the registered producer or his attorney, or, if the registered producer is a limited company, either under their seal or under the hand of a person duly authorised by them in that behalf. The said instrument and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, shall be deposited at the office of the Board not later than the end of the third day before the day fixed for the meeting, and in default the instrument shall be treated as invalid.

The proxy of a registered producer must himself be a registered producer.

62. Every question put before a meeting shall be decided on a show of hands:

Provided that, if, at a general meeting, either before or immediately after the show of hands, a formal vote is demanded by or on behalf of at least three registered producers entitled to vote, a formal vote shall forthwith be taken.

63. (1) On the taking of a formal vote a registered producer shall have the standard number of votes.

(2) In this paragraph, the expression "the standard number of votes" means, in relation to each registered producer, a number equal to the number of units of quantity comprised in the sum of the two following quantities, that is to say, the quantity of live stock in his possession on the fourth day of June last preceding the date of the meeting and the quantity of live stock in his possession on the fourth day of December last preceding the date of the meeting:

Provided that, in the case of a registered producer who either on the said fourth day of June or on the said fourth day of December was not a producer of live stock, twice the quantity of live stock in his possession on the date of the meeting shall be taken in lieu of the sum of the two quantities aforesaid.

64. Without prejudice to the provisions of this Part of this Scheme relating to proxies, a limited company may exercise any of their rights at a meeting by any one of their directors, and a partnership may exercise any of their rights at a meeting by any one of their partners.

65. (1) At any meeting the declaration of the chairman of the meeting as to the result of any vote or show of hands shall be final:

Provided that in the case of a formal vote the chairman of the meeting may order that the counting of the votes be deferred until after the conclusion of the meeting and may nominate persons to count and superintend the counting, and in that case the declaration of the person so appointed to superintend the counting as to the result of the vote shall be final.

(2) In the event of an equality of votes, the chairman of the meeting shall, in addition to his other votes (if any), have a casting vote.

PART VIII.—ELECTION OF SUB-DISTRICT REPRESENTATIVES.

66. The persons who are entitled to vote at an election of sub-district representatives shall be such registered producers as, on the preceding fourth day of December, were registered and were producing live stock in the sub-district.

67. When such an election is to be held, the Board shall fix a day on or before which nominations of candidates must be received and the name and address of the person to whom the nominations are to be sent and shall, not later than the seventh day before the day so fixed, publish in a newspaper circulating in the sub-district or in such other manner as they think adapted

to inform the registered producers affected, a notice that the election is to be held, stating the number of persons to be elected and specifying the name and address of the person to whom nominations of candidates are to be sent and the day fixed as the last day on which such nominations will be received; and no person shall be capable of being elected unless he has been so nominated by at least ten persons entitled to vote and the nominations have been received at the specified address on or before the said day.

68. If no more candidates are duly nominated than there are persons to be elected, the candidates nominated shall be deemed to be elected.

69. (1) If more candidates are duly nominated than there are persons to be elected, a vote shall be taken by post, and the Board shall for that purpose send to every person entitled to vote at the election a voting paper, in such form as they think proper, stating the names and addresses of the candidates and the number of persons to be elected, and specifying the name and address of the person to whom the voting papers are to be sent and the last day (which shall not be earlier than the seventh day after the day on which the voting papers were sent by the Board) on which voting papers will be received; and no voting paper shall be taken into account unless it is received at the specified address on or before the specified day:

Provided that no election shall be deemed to have been invalidly held by reason only that, owing to inadvertence or owing to any reasonable cause, a voting paper was not sent to every person entitled to vote at the election.

(2) In the event of the loss of a voting paper, the Board may supply a duplicate voting paper.

70. (1) A person entitled to vote—

(a) shall vote on a voting paper supplied to him by the Board and not otherwise;

(b) may vote for any number of candidates not exceeding the number of persons to be elected;

(c) shall sign his voting paper and add his address.

(2) If a voting paper is unsigned or the address of the voter is not given or if the voter purports to vote for more candidates than there are persons to be elected, the voting paper shall not be taken into account.

(3) Subject as aforesaid, the votes of a person entitled to vote shall not be rejected by reason of any defect in the manner in which he has filled up his voting paper.

(4) Where it does not clearly appear from a voting paper whether or not the voter intended to vote in favour of any particular candidate, he shall be taken not to have voted in favour of that candidate.

71. (1) Every person entitled to vote at the election shall be taken to have given the standard number of votes in favour of each candidate for whom he has voted.

(2) In this paragraph the expression "the standard number of votes" means, in relation to a voter, a number of votes equal to the number of units of quantity comprised in the sum of the two following quantities, that is to say, the quantity of live stock in his possession in the sub-district on the fourth day of June in the calendar year preceding that in which the voting takes place and the quantity of live stock in his possession in the sub-district on the fourth day of December in the calendar year preceding that in which the voting takes place:

Provided that where the person entitled to vote was not on the said fourth day of June a producer of live stock, twice the quantity of live stock in his possession on the said fourth day of December shall be taken in lieu of the sum of the two quantities aforesaid.

(3) The Board shall cause the votes to be counted and those candidates who receive the most votes shall be deemed to be elected.

72. If, for any reason, enough persons are not elected at an election to fill the vacancies required to be filled at the election, the Board shall cause another election to be held to fill the vacancies not filled at the first election.

PART IX.—ELECTION OF SPECIAL MEMBERS OF THE BOARD.

73. (1) Subject to the provisions of this Scheme with respect to casual vacancies, the special members of the Board shall be elected by the sub-district representatives for the time being at a meeting of those representatives to be convened for that purpose by the Board.

(2) The chair shall be taken at the meeting by such person as the Board may appoint for the purpose :

Provided that if the person appointed by the Board to take the chair at the meeting is not present within fifteen minutes of the time appointed for the meeting, the meeting shall choose a chairman.

(3) The quorum for any such meeting shall be seven.

74. (1) At the meeting, any sub-district representative may propose such persons as he thinks fit as candidates for election as special members of the Board.

(2) If, when all the sub-district representatives present have had an opportunity of proposing candidates, not more candidates have been proposed (exclusive of any candidates whose names have been withdrawn by the persons proposing them) than there are vacancies to be filled, those candidates shall be deemed to be elected ; but in any other case, a vote shall be taken at the meeting as to which of those candidates are to be elected.

(3) On any such vote being taken, each sub-district representative shall have one vote, except in 1935 when each sub-district representative shall have as many votes as there are persons to be elected but shall not give more than one vote in favour of any one candidate ; and the candidate or candidates who receive the most votes shall be deemed to be elected.

(4) In the event of an equality of votes, the chairman shall, in addition to his other votes, if any, have a casting vote.

(5) Any member of the Board who is not a sub-district representative may attend and speak at the meeting.

75. A sub-district representative may exercise any of his rights under this Part of this Scheme either personally or through another sub-district representative authorised by him in writing in that behalf ; but a sub-district representative who claims to be authorised to exercise any rights on behalf of another sub-district representative at any meeting shall, before he is permitted to do so, deliver his written authority to the person acting as chairman of the meeting and that person shall transmit it to the Board.

76. If, for any reason, enough persons are not elected at any meeting to fill the vacancies required to be filled at that meeting, the Board shall convene another meeting to fill the vacancies not filled at the first meeting.

77. A sub-district representative who has been co-opted as such to fill a casual vacancy shall not have the rights of a sub-district representative under this Part of this Scheme, and accordingly references in the foregoing paragraphs of this Part of this Scheme to sub-district representatives do not include references to co-opted sub-district representatives.

PART X.—AMENDMENT AND REVOCATION OF SCHEME AND WINDING UP OF THE BOARD.

78. Before submitting a substitutional scheme or an amendment of this Scheme to the Minister, the Board shall publish the proposed scheme or amendment by serving notice thereof on every registered producer.

79. A poll on the question whether or not a substitutional scheme or an amendment of this Scheme shall be submitted to the Minister may, within

one month from the publication thereof, be demanded in writing by any 500 registered producers and a poll on the question whether or not this Scheme is to be revoked may be demanded at any time in the said manner by any 1,000 registered producers, but no poll shall without the consent of the Board be taken on the question whether or not this Scheme is to be revoked within one year of the declaration of the result of a previous poll on that question.

80. Part X of the Companies Act, 1929 (which relates to the winding up of unregistered companies), shall apply in relation to the Board subject to the modifications set out in paragraphs 4, 5, 6, 7 and 8 of the Second Schedule to the Act.

81. Contributions under paragraph 7 of the Second Schedule to the Act shall be payable as follows :—

(a) a contribution shall be payable by each person liable to contribute of an amount proportional to the sum of the two following quantities, that is to say, the quantity of live stock in his possession on the fourth day of June occurring in the relevant period and the quantity of live stock in his possession on the fourth day of December in the relevant period, but not exceeding three pence for each unit of quantity of live stock ;

(b) if sufficient cannot be obtained under the foregoing provisions of this paragraph, each person liable to contribute shall pay such sum not exceeding sixpence as may be necessary to make good the deficiency.

PART XI.—MISCELLANEOUS.

82. Subject to the provisions of this paragraph, in computing for the purposes of any provision of this Scheme the quantity of live stock in the possession of any person on any date or the quantity of live stock in the possession of any person in any sub-district on any date—

(a) those animals and those animals only shall be taken into account which, whether owned by that person or not, are at noon on that date being kept, in England or, as the case may be, in that sub-district, for the purpose of being bred from or sold in an improved condition, either on land in the occupation of that person or by that person on common land ;

(b) each sheep or lamb shall be treated as equivalent to two units of quantity, each pig as equivalent to three units of quantity, each cow in calf or in milk, each heifer in calf and each calf under six months old as equivalent to four units of quantity and each other head of cattle as equivalent to ten units of quantity :

Provided that—

(i) for the purposes of the provisions of this Scheme relating to contributions, if the date is between the fourth day of June and the third day of December (both inclusive), sheep and lambs shall be left out of account ;

(ii) where under any provision of this Scheme, the sum of the two following quantities has to be ascertained (either generally or in relation to a sub-district), that is to say the quantity of live stock in the possession of a person on a fourth day of June and the quantity of live stock in his possession on a fourth day of December, then in computing the quantity of live stock in his possession on the fourth day of June, sheep and lambs shall be left out of account, and where under any provision of this Scheme twice the quantity of live stock in the possession of a person on any date has to be taken in lieu of the sum of two such quantities as aforesaid, then, in computing the quantity of live stock in his possession on that date, each sheep or lamb shall be treated as equivalent to one unit of quantity only.

83. (1) Any producer who is aggrieved by any act or omission of the Board may refer the matter to the arbitration of a single arbitrator to be agreed upon between him and the Board, or in default of agreement, to be nominated by the Minister on the application of either party, and the arbitrator may make such order in the matter as he thinks just.

(2) The Arbitration Act, 1889, shall apply in relation to every such arbitration.

84. Any requirement of this Scheme that a document shall be sent to or served on a person by the Board shall be deemed to have been complied with if within the period (if any) limited for the sending or service of the document, the document is dispatched to him by post, properly addressed and with the postage prepaid.

85. For the purposes of the Act and this Scheme :—

(a) the sale of any agricultural product wholly or partly manufactured or derived from live stock shall be deemed to be a sale of live stock if the substance of the transaction between the seller and the buyer is that the seller, being in possession of live stock, agrees to subject it or cause it to be subjected to some process and sell the resulting product to the buyer ;

(b) without prejudice to the foregoing provisions of this paragraph, a person shall be deemed to sell live stock if he sells the carcasses of any live stock produced by him.

86. Where by reason of a registered producer dying or becoming subject to some legal disability or entering into a composition or scheme of arrangement with his creditors, any property in or control of any live stock is transferred from him to a personal representative, trustee, committee or other person, the personal representative, trustee, committee or other person shall, notwithstanding that he is not a producer or is exempt from registration :—

(a) until he has disposed of the live stock so transferred to him, be deemed for the purposes of Part III of this Scheme to be a producer and not to be exempt from registration ; and

(b) as respects that live stock be deemed for the purposes of subsections (3) and (4) of section six of the Act, and paragraphs thirty-nine to forty-three and eighty-three of this Scheme, to be a producer and not to be exempt from registration :

Provided that on the day of the transfer and for seven days thereafter, the personal representative, trustee, committee, or other person may, whether or not he is a producer and whether or not he would, apart from the provisions of this paragraph, be exempt from registration, do without being registered anything in relation to the live stock so transferred which the registered producer might have done.

87. The validity of any election either of a member of the Board or of a sub-district representative shall not be called in question except in proceedings commenced within one month from the day on which the result of the election was declared.

SCHEDULES.

FIRST SCHEDULE.

Districts and Sub-Districts.

1. There shall be seven districts bearing respectively the names mentioned in the first column of the Table set out below.

2. Each of the districts shall, subject to the provisions of this Schedule, consist of the sub-districts described opposite thereto in the second column of the said Table.

3. Each sub-district shall, subject to the provisions of Part II of this Scheme, have such number of sub-district representatives as are specified opposite thereto in the third column of the said Table.

4. If the boundaries of any administrative county or county borough are altered, references in the said Table to that county or county borough shall be construed as references to that county or county borough as so altered.

5. If any new county borough is created, it shall be treated as within the same sub-district that the land comprised therein, or the greater part thereof, was within immediately before it became a county borough; and a declaration of the Board that the greater part of the land within a county borough so created was, immediately before it became a county borough, within a particular sub-district shall be conclusive evidence of the fact for the purposes of this Scheme.

TABLE

District.	Sub-district.	Number of sub-district representatives.
1. South-Western	1. The administrative county of Somerset and the county boroughs of Bath and Bristol	5
	2. The administrative county of Dorset	2
	3. The administrative county of Devon and the county boroughs of Exeter and Plymouth	8
	4. The administrative county of Cornwall (including the Isles of Scilly)	6
2. South-Eastern	1. The administrative county of Kent and the county borough of Canterbury	5
	2. The administrative counties of London, Middlesex and Surrey and the county borough of Croydon	2
	3. The administrative counties of East Sussex and West Sussex and the county boroughs of Brighton, Eastbourne and Hastings	4
	4. The administrative county of Berkshire and the county borough of Reading	2

District.	Sub-district.	Number of sub-district representatives.
2. South-Eastern —(contd.)	5. The administrative county of Southampton and the county boroughs of Bournemouth, Portsmouth and Southampton 3 6. The administrative county of the Isle of Wight 1 7. The administrative county of Oxford and the county borough of Oxford ... 3 8. The administrative county of Buckingham 3 9. The administrative county of Bedford 2 10. The administrative county of Hertford 2 11. The administrative county of Wiltshire 3	
3. Eastern ...	1. The administrative county of Norfolk and the county boroughs of Norwich and Great Yarmouth 12 2. The administrative counties of East Suffolk and West Suffolk and the county borough of Ipswich 8 3. The administrative county of Essex and the county boroughs of East Ham, Southend-on-Sea and West Ham ... 6	
4. East Midland	1. The administrative county of the Parts of Holland 2 2. The administrative county of the Parts of Kesteven 3 3. The administrative county of the Parts of Lindsey and the county boroughs of Grimsby and Lincoln ... 6 4. The administrative county of Nottingham and the county borough of Nottingham 3 5. The administrative county of Derby and the county borough of Derby ... 3 6. The administrative county of Leicester and the county borough of Leicester 4 7. The administrative county of Rutland 1 8. The administrative counties of Northampton and the Soke of Peterborough and the county borough of Northampton 5 9. The administrative county of Huntingdon 2 10. The administrative counties of Cambridge and the Isle of Ely ... 2	

District.	Sub-district.	Number of sub-district representatives.
5. West Midland	1. The administrative county of Chester and the county boroughs of Birkenhead, Chester, Stockport and Wallasey ...	3
	2. The administrative county of Salop...	6
	3. The administrative county of Stafford and the county boroughs of Burton-upon-Trent, Dudley, Smethwick, Stoke-on-Trent, Walsall, West Bromwich and Wolverhampton ...	4
	4. The administrative county of Warwick and the county boroughs of Birmingham and Coventry ...	3
	5. The administrative county of Worcester and the county borough of Worcester ...	3
	6. The administrative county of Gloucester and the county borough of Gloucester ...	4
	7. The administrative county of Hereford	4
6. Northern ...	1. The administrative county of Cumberland and the county borough of Carlisle	5
	2. The administrative county of Northumberland and the county boroughs of Newcastle-upon-Tyne and Tynemouth	5
	3. The administrative county of Durham and the county boroughs of Darlington, Gateshead, South Shields, Sunderland and West Hartlepool ...	3
	4. The administrative county of Westmorland ...	2
	5. The administrative county of Lancaster and the county boroughs of Barrow-in-Furness, Blackburn, Blackpool, Bolton, Bottle, Burnley, Bury, Liverpool, Manchester, Oldham, Preston, Rochdale, St. Helens, Salford, Southport, Warrington and Wigan ...	4
	6. The administrative county of the East Riding of Yorkshire and the county borough of Kingston-upon-Hull ...	4
	7. The administrative county of the North Riding of Yorkshire and the county borough of Middlesbrough ...	6
	8. The administrative county of the West Riding of Yorkshire and the county boroughs of Barnsley, Bradford, Dewsbury, Doncaster, Halifax, Huddersfield, Leeds, Rotherham, Sheffield, Wakefield and York ...	6

District.	Sub-district.	Number of sub-district representatives.
7. Wales ...	1. The administrative county of Anglesey	2
	2. The administrative county of Brecknock	2
	3. The administrative county of Caernarvon	2
	4. The administrative county of Cardigan	3
	5. The administrative county of Carmarthen	3
	6. The administrative county of Denbigh	3
	7. The administrative county of Flint	2
	8. The administrative county of Glamorgan and the county boroughs of Cardiff, Merthyr Tydfil and Swansea	2
	9. The administrative county of Merioneth	2
	10. The administrative county of Monmouth and the county borough of Newport	2
	11. The administrative county of Montgomery	3
	12. The administrative county of Pembroke	4
	13. The administrative county of Radnor	2

SECOND SCHEDULE.

MATTERS IN CONNECTION WITH WHICH DECISIONS OF THE EXECUTIVE COMMITTEE REQUIRE THE CONFIRMATION OF THE BOARD.

1. The number of sub-district representatives to be elected for any sub-district.
2. The quorum of any district committee.
3. The appointment, remuneration, terms of service, functions and dismissal of officers whose remuneration exceeds seven hundred and fifty pounds per annum.
4. Borrowing, lending, and the giving and withdrawal of guarantees.
5. The exercise of any powers conferred on the Board by paragraphs forty to forty-five, forty-seven, forty-eight, and fifty-one of this Scheme, or by any order of the Minister under any Act.
6. The imposition of penalties on registered producers.
7. Claims by registered producers for compensation.
8. The amendment or revocation of this Scheme or any addition to the powers of the Board thereunder.
9. Communications to and from any Consumers' Committee or Committee of Investigation.
10. Development Schemes.
11. Legal proceedings and arbitrations (except the taking of such steps as appear to the Executive Committee to be necessary to safeguard the position of the Board until the decision of the Board can be obtained).

THIRD SCHEDULE.

FORM OF VOTING PAPER.

The Live Stock (England) Marketing Board.

(a) The Board must fill in the name and address of the registered producer.

To (a)

1. A poll is being held under the Live Stock (England) Marketing Scheme, 1934, on the following question, viz.

(b) The Board must fill in the question on which the poll is being taken.

(b) Do you wish this question to be answered "Yes" or to be answered "No" ? (Answer Yes or No)

(c) The Board must fill in the year in which the 4th June last preceding the qualifying date falls.

2. On the 4th June (c) were you a producer in England or Wales of pigs, sheep or cattle ? (Answer Yes or No)

(d) The Board must fill in the year in which the 4th December last preceding the qualifying date falls.

3. On the 4th December (d) were you a producer in England or Wales of pigs, sheep or cattle ? (Answer Yes or No)

4. If your answers to questions 2 and 3 are both "Yes," state how many of the animals mentioned below (whether owned by you or not) were at noon on the dates mentioned below being kept in England or Wales, for the purpose of being bred from or sold in an improved condition, either on land then in your occupation or by you on common land.

4th June (c) Figs.
 Cows in milk or in calf, heifers in calf and calves under six months old.

..... Other Cattle.

4th December (d) Figs.
 Sheep or Lambs.
 Cows in milk or in calf, heifers in calf and calves under six months old.

..... Other Cattle.

(e) The Board must fill in the qualifying date.

5. If either your answer to question 2 or your answer to question 3 is "No" state how many of the animals mentioned below (whether owned by you or not) were at noon on (e) being kept in England or Wales for the purpose of being bred from or sold in an improved condition, either on land then in your occupation or by you on common land.

..... Figs.
 Sheep or Lambs.
 Cows in milk or in calf, heifers in calf and calves under six months old.
 Other Cattle.

6. On (e) did your pasture land in England and Wales exceed five acres (do not include common land, but otherwise treat as yours all pasture land on which you had any right, either alone or together with others, to graze pigs, sheep or cattle)? (Answer Yes or No)

7. If your answer to question 6 is—"No," state how many pigs, sheep or lambs and cattle produced by you in England or Wales you sold in the twelve months ending on (e).....

- Pigs.
- Sheep or Lambs.
- Cattle.

Signature of registered producer

Address

(f) The Board must fill in the address of their office.
 (g) The Board must fill in the fourteenth day after the qualifying date.

N.B.—Your votes will not count unless this paper, properly filled in and signed, reaches the office of the Live Stock (England) Marketing Board (f)..... on or before (g).....

If you wilfully make any mis-statement in filling up this paper, you will render yourself liable to imprisonment and a heavy fine.

For the Live Stock (England) Marketing Board.

Secretary.

Note.—Questions 6 and 7 should be omitted from the form except in the case of the initial poll.



**APPENDIX B.
SUGGESTED CENSUS FORM.**

County	(Space for instruction as to return.)
Parish or Township	
Name of Occupier	
Name or Address of Holding	
Holding Number	
<p align="center"><i>State the number of the following classes of live stock on your farm*</i></p> <p align="center">on <u>4th June.</u> <u>4th December.</u></p>	
A. CATTLE.	NUMBERS.
1. Cows and heifers in milk	
2. Cows in calf, but not in milk	
3. Heifers in calf for the first time	
4. Bulls being used for service	
5. Other Cattle—Under 12 months (including calves)	
6. " " 12 months and under 18 months	
7. " " 18 months and under 24 months	
8. " " 24 months and under 30 months	
9. " " 30 months and over	
Total Cattle	
B. SHEEP.	
10. Ewes	
11. Rams and ram lambs	
12. Lambs (6 months and under)	
13. Sheep or lambs (over 6 months and not exceeding 12 months)	
14. Other sheep	
Total Sheep	
<p><i>State here the number of lambs born since last</i> <u>4th December</u> ...</p> <p><u>4th June</u> ...</p>	
C. PIGS.	
15. Boars	
16. Sows and gilts in pig	
17. Other sows and gilts	
18. Pigs (under 2 months)	
19. Pigs (2 months and under 4 months)	
20. Pigs (4 months and over)	
Total Pigs	
<p>* <i>Note.</i>—Include all stock being fed on your farm (including any not owned by you) and any stock owned by you which are grazing on common land. Do not include stock owned by you but being fed on land in the occupation of another person.</p>	

SUGGESTED FORECAST FORM.

County	(Space for instruction as to return.)	
Parish or Township		
Name of Occupier		
Name or Address of Holding		
Holding Number		
<p><i>Note.</i>—This form applies only to stock which you expect to <i>Sell for Slaughter</i>. Include any stock owned by you and any stock which you are fattening under a feeding agreement, on hire purchase or other credit arrangement.</p>		
A. CATTLE.		
<p><i>State the number of cattle on your farm which you anticipate will be sold ready for slaughter and which will be 12 months or over at time of sale :—</i></p>	Number of	
	Cows, heifers† and bulls.	Other Cattle.
(1) Between 1st June and 31st August, 19 ...		
(2) Between 1st September and 30th November, 19		
† Maiden heifers should be entered as "other cattle."		
B. PIGS.		
<p><i>State the number of pigs on your farm which you anticipate will be sold between 1st June and 31st August, 19 :—</i></p>	Number of Pigs.	
(3) On contract to bacon curers or to the Pigs Marketing Board		
(4) For slaughter otherwise than under (3)		

(*Note.*—For illustration purposes this form has been drawn up as for completion at the same time as the summer census.)

APPENDIX C.
**SUGGESTED FORM OF NOTIFICATION OF INTENDED
 SALE BY AUCTION.**

LIVE STOCK MARKETING BOARD. <i>Local Agent</i>		Name of Registered Producer Number Address			
		NORMAL ENTRY* LATE ENTRY* * Delete as necessary.			
ENTRY FORM FOR SALE OF LIVE STOCK AT AUCTION. <i>Normal entries must be received at the office of the Local Agent of the Board one clear week before the date of sale; late entries can be made at any time up to the time of the sale, subject to any conditions which may be prescribed by the Board.</i>					
PARTICULARS OF ENTRIES.					
<i>Market to which stock are to be consigned.</i>	<i>Auctioneer to whom stock are to be consigned for sale.</i>	<i>Date of sale.</i>	<i>Class of live stock</i> Here give such particulars as to description, breed, approximate weight, etc. as the Board requires.	<i>Number of each class of live-stock.</i>	<i>Reserve Price (if any).</i>
Subject to the acceptance of the above entries by the Board, I undertake to consign and offer for sale the above live stock in accordance with the above particulars of entry and to abide by the Board's conditions of sale. <i>Date of Entry</i> Signed					
Acceptance of Entries. <i>Normal Entries.</i> —Normal entries are valid unless you are informed to the contrary not less than 4 days before the date of sale. <i>Late Entries.</i> —Late entries are not valid unless you are notified by the Board of the acceptance of such entries.					

(Note.—Conditions of Sale (including conditions as to entry, entry fees, etc.) might be printed on the other side of the form.)

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MINISTRY OF AGRICULTURE AND FISHERIES

Cattle Industry (Emergency Provisions)
Act, 1934,

and Orders and Regulations made thereunder
together with the
Report of the Cattle Committee
on Arrangements

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FOREWORD

On the 11th July, 1934, Mr. Walter Elliot, the Minister of Agriculture and Fisheries, made an announcement in the House of Commons on the subject of the Government's livestock policy, and a White Paper on the livestock situation was issued on the same day. It was stated in the White Paper that in view of the serious nature of the problems involved in the formulation of a long-term policy, the Government were anxious to allow time for further examination of the various alternatives; that, in the meantime, emergency measures were to be taken to relieve the position of the home producer; and that in this connection the Government were introducing forthwith the Cattle Industry (Emergency Provisions) Bill. This Bill became law on the 31st July. The Act provides that payments may be made to producers of certain specified classes of cattle or carcasses in accordance with arrangements approved by the appropriate Ministers for the purpose. Section 4 of the Act provides that these arrangements shall be prepared and submitted to the appropriate Ministers by the Cattle Committee appointed under the Act, and that if those Ministers so direct, the Cattle Committee shall carry into effect any such arrangements approved by them. The Cattle Committee was appointed on the 31st July and presented their Report on Arrangements on the 10th August. The appropriate Ministers on the 10th August approved the arrangements submitted to them and directed the Cattle Committee to carry them into effect.

On the 2nd August the appropriate Ministers made an Order for the marking of imported cattle under Section 3 of the Act and subsequently, an Order under Section 2 (2) of the Act was made by the appropriate Ministers, as well as Regulations under the same Section.

For the convenience of producers who wish to claim payment under the Act, and of all persons connected with its administration, the documents referred to have been brought together and reproduced in this volume which, it is hoped, will form a useful handbook on the Cattle Industry (Emergency Provisions) Act, 1934.

Ministry of Agriculture and Fisheries,
August, 1934.

WHITE PAPER

THE LIVESTOCK SITUATION

*Presented to Parliament by Command of His Majesty, July, 1934.**

1. The Government have had under consideration the situation in the livestock industry of this country and more particularly in that branch which is concerned with beef production.

2. The action taken by the Government since November, 1932, by the regulation of meat supplies has been followed by an appreciable improvement in the prices of sheep, the index figure of 114 for June, 1933, having risen to 138 for June, 1934.

3. As regards cattle, however, while the rapid fall in prices which was taking place in the autumn of 1932 was arrested, the situation continued to deteriorate throughout 1933, and even the cut of 50 per cent. in the supplies of fat cattle from the Irish Free State, made by Order in December, 1933, has not so far led to improvement. Prices of fat and store cattle are now below pre-war levels.

4. An important element in this situation has been the fact that it has not been possible to regulate with any exactness the total imports of beef coming on to the United Kingdom market. Indeed, in spite of the reductions made in many directions the total weight of beef supplies in 1933 was actually greater than in 1932.

5. The Government have therefore examined the possibility of—

(a) a drastic reduction of imports by means of quantitative regulation;

(b) action along the lines of the Wheat Act, 1932, involving the collection of a levy on imports of meat† to provide a fund from which payments could be made to supplement the returns accruing to home producers from the sale of their stock in the open market, imports being unregulated;

(c) a levy on imports and payments to producers, as referred to above, coupled with some degree of direct supply regulation in the interests of all suppliers.

6. The problem has been approached having regard to the necessity of framing temporary proposals which could be brought into operation forthwith to deal with the beef situation, but which would lead up to the formulation of a permanent policy for the livestock industry. While the present market situation in regard to some classes of stock is not unsatisfactory, problems similar to those in the beef trade are involved, and the Government are convinced that in any long-term proposals, provision must be made to cover, if occasion arises, the whole field of the livestock industry.

* Cmd. 4651.

† Throughout this Paper, the term "meat" does not include bacon and hams.

7. The Government are of opinion that a plan based on a levy which would be on all imported meat, including livestock, and a regulated market, as in paragraph 5 (c) above, would afford the best long-term solution of this problem and one which would hold the balance evenly between producer and consumer. It is not contemplated that the levy would exceed 1d. per lb. with a preference for the Dominions.

8. Such a plan would establish, under the control and management of a permanent Commission, a fund into which would be paid in due course the proceeds of such a levy and out of which would be made such payments to producers of livestock in the United Kingdom as might be justified by the market situation and as might from time to time be determined.

9. It would be an essential function of the Commission to co-operate with any Producers' Marketing Board that may be constituted and with any other interests concerned in a reform of marketing and slaughtering systems, with a view to greater economy and efficiency, which the Government regard as indispensable to the permanent prosperity of the livestock industry.

10. In order that time and opportunity may be afforded for considering proposals of such importance and for discussion with the other Governments concerned, Parliament will not be invited to pass legislation embodying them until after the recess.

11. In this connection, it is important to bear in mind the terms of the Ottawa Agreements and the Agreement with Argentina.

12. In the Agreements with Australia and New Zealand the Government undertook not to impose a reduction in the supplies of meat from those Dominions before the end of June, 1934. The Government is now free to take action, by way of quantitative regulation. In the Agreement with Canada, the Government undertook to relax the then existing sanitary regulations governing imports of cattle, but entered into no other undertaking as regards either livestock or meat. In connection with the Agreement with the Union of South Africa an undertaking was given that an endeavour would be made to assist the South African producer of meat in securing a share in the United Kingdom market, and the position in relation to Southern Rhodesia is closely similar. No import duty can, however, be imposed on meat from any part of the British Commonwealth with which agreements were made at Ottawa, before August, 1937, without their consent.

13. In the Agreement with Argentina the Government reserved the right to impose further reductions at any time in supplies of meat from that source provided that the desired effect on prices was not neutralised by increased imports of meat from other countries, and that beyond a certain point, all supplying countries

shared in the reductions required. No import duty on meat from Argentina can be imposed before November, 1936, without her consent.

14. It will be seen therefore that action on the lines of paragraph 5 (c) above can only be taken by agreement with the Governments concerned. In the absence of any such agreement the only action open to the Government so far as imports of meat are concerned would be by further regulation of supply which would be designed first to hold the position for the time being, and secondly to bring about a material improvement in market conditions.

15. In view, however, of the serious nature of the problems which such action on the extended scale necessary would present to certain of the Governments concerned, the United Kingdom Government are anxious to allow time for further examination of the various alternatives, and discussions with representatives of the Governments concerned have already been opened.

16. In the meantime steps must be taken to relieve the position of the home producer. The Government are therefore introducing forthwith an emergency measure (the Cattle Industry (Emergency Provisions) Bill) which they will ask Parliament to pass into law before the House rises for the summer recess, providing for payments at a rate not exceeding 5s. per live cwt. (9s. 4d. per cwt. dead-weight) to producers of certain classes of fat cattle sold for slaughter in the United Kingdom, between a date not earlier than 1st September, 1934, and 31st March, 1935. The payments to producers under this Bill will be made from a fund to be established under the name of "The Cattle Fund." Authority will be sought in this Bill for making temporary advances to the Cattle Fund from the Consolidated Fund to an amount not exceeding £3,000,000. A supplementary estimate covering the exact amount of the advances will be laid in February or March. It is intended that all sums advanced, including advances to cover the costs of administration, shall be recoverable by the Exchequer from the proceeds of any levy which may hereafter be collected on imported meat and livestock.

17. The actual amount of the payments per unit of live and dead weight to be made to producers will be prescribed by Order which will be laid before Parliament. Particulars of the administrative arrangements will also be laid before Parliament.

THE ACT

**CATTLE INDUSTRY (EMERGENCY PROVISIONS)
ACT, 1934**

[24 & 25 Geo. 5. Ch. 54.]

ARRANGEMENT OF SECTIONS.

Section.

1. Establishment of, and payments to, Cattle Fund.
2. Payments out of Cattle Fund to producers of cattle.
3. Marking of imported cattle.
4. The Cattle Committee.
5. Interpretation, and provisions as to orders and regulations and as to accounts of Cattle Fund.
6. Short title.

An Act to provide for the establishment of a Cattle Fund; for the making of payments and advances to the said fund out of moneys provided by Parliament and out of the Consolidated Fund of the United Kingdom; for the making of payments out of the Cattle Fund to producers of cattle in respect of the sale by them, during a limited period, of certain cattle or carcasses of certain cattle; for the marking of imported cattle; for the appointment of a Cattle Committee; and for purposes connected with the matters aforesaid. [31st July 1934.]

Be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1.—(1) For the purposes of this Act there shall be established a fund (which shall be called, and is hereinafter referred to as, "the Cattle Fund"), and that fund shall, subject to such directions as may be given by the Treasury, be administered and controlled by the Minister of Agriculture and Fisheries and the Secretaries of State concerned with agriculture in Scotland and Northern Ireland respectively (hereinafter referred to as "the appropriate Ministers").

Establishment of, and payments to, Cattle Fund.

(2) The Treasury may, during the financial year ending the thirty-first day of March, nineteen hundred and thirty-five, make, out of the Consolidated Fund of the United Kingdom or the growing produce thereof, advances to the Cattle Fund not exceeding in the aggregate three million pounds, but any advances made under this subsection to the Cattle Fund shall be repaid from that fund to the Exchequer of the United Kingdom before the end of that financial year.

(3) There shall be paid into the Cattle Fund out of moneys provided by Parliament such sums as Parliament may determine.

Payments
out of
Cattle Fund
to producers
of cattle.

2.—(1) Subject to the provisions of this section, the appropriate Ministers may, in accordance with any arrangements approved by them for the purposes of this section, make out of the Cattle Fund payments to producers of cattle in respect of—

(a) steers, heifers or cow-heifers certified in accordance with the arrangements to conform with a standard prescribed by regulations of the said Ministers; or

(b) carcasses of such steers, heifers or cow-heifers as have been so certified to conform with that standard, being animals or carcasses, as the case may be, which have been sold in the United Kingdom by such producers during a period beginning on such day after the end of August, nineteen hundred and thirty-four, as those Ministers may appoint, and ending on the thirty-first day of March, nineteen hundred and thirty-five.

Regulations made for the purposes of this subsection may prescribe different standards in relation to different descriptions of cattle.

(2) Every payment under this section shall—

(a) in the case of any live animal, be an amount computed on the weight of the animal as at the time when it was certified for the purposes of the foregoing subsection, at such rate per hundredweight, not exceeding five shillings, as may be specified in an order made by the appropriate Ministers and approved by the Treasury; or

(b) in the case of any carcass, be an amount computed on the weight of the carcass at such rate per hundredweight, not exceeding nine shillings and fourpence, as may be specified in an order so made and approved as aforesaid;

and such an order as aforesaid may provide for the weight of any animal being determined for the purposes of this section in such manner, and subject to such deduction, as may be prescribed by the order, and may further provide that no certificate shall be issued for the purposes of this section in respect of any animal weighing less than such weight as may be specified in that behalf in the order.

(3) An application for the issue of a certificate for the purposes of this section in respect of an animal shall not be granted, if it appears to the person whose function it is to entertain the application either that the animal has been castrated after attaining the age of nine months, or that the animal is in milk or is more than five months advanced in pregnancy.

(4) An application for the issue of a certificate for the purposes of this section in respect of an animal imported into the United

Kingdom shall not be granted unless it is shown to the satisfaction of the person whose function it is to entertain the application that the animal has been in the United Kingdom for a continuous period of at least three months.

(5) No payment under this section shall be made in respect of the carcase of any animal, unless the carcase has been dressed in accordance with regulations of the appropriate Ministers.

(6) As soon as may be after they have approved any arrangements for the purposes of this section, the appropriate Ministers shall lay particulars of the arrangements before both Houses of Parliament, and any regulations made for the purposes of this section shall, as soon as may be after they are made, be laid before both Houses of Parliament.

(7) Every order under this section shall, as soon as may be after it is made, be laid before the Commons House of Parliament, and if that House, within the next subsequent twenty days on which the House has sat after the order is laid before it, resolves that the order be annulled, the order shall thenceforth be void, but without prejudice to anything previously done thereunder or to the making of a new order.

3.—(1) With a view to ensuring the due making of payments to producers of cattle in accordance with this Act, the appropriate Ministers shall by order provide (subject to such exceptions, if any, as may be specified in the order) for the marking of cattle imported into the United Kingdom, and an order under this section may contain such provisions as appear to the appropriate Ministers to be necessary for giving effect to the order :

Marking of imported cattle.

Provided that an order under this section shall not apply in relation to any cattle imported into the United Kingdom after the end of March, nineteen hundred and thirty-five.

(2) If any person—

(a) contravenes or fails to comply with any order under this section; or

(b) with intent to deceive, alters or defaces any mark placed on any animal for the purposes of such an order;

he shall be liable, on summary conviction, to a fine not exceeding twenty pounds or to imprisonment for a term not exceeding three months or to both such fine and such imprisonment.

(3) An order under this section shall, as soon as may be after it is made, be laid before both Houses of Parliament.

4.—(1) The appropriate Ministers shall appoint a Committee (hereinafter referred to as "the Cattle Committee"), whose duty it shall be to advise those Ministers generally in the discharge of

The Cattle Committee.

10 *Cattle Industry (Emergency Provisions) Act, 1934*

their functions under this Act, and to prepare and submit to those Ministers particulars of such arrangements as are mentioned in section two of this Act, and, if those Ministers so direct, to carry into effect any such arrangements approved by them.

(2) The appropriate Ministers may appoint a secretary to the Cattle Committee, and the Committee may employ such officers, agents and servants as those Ministers, with the approval of the Treasury, may determine.

(3) The appropriate Ministers may pay such remuneration to the members of the Cattle Committee and to the secretary, officers, agents and servants of the Committee, and such other expenses of the Committee, as those Ministers, with the approval of the Treasury, may determine.

(4) The expenses incurred by the appropriate Ministers in pursuance of the last foregoing subsection, and such other expenses as may, with the approval of the Treasury, have been incurred by those Ministers for the purposes of this Act, shall be defrayed out of the Cattle Fund.

Interpretation, and provisions as to orders and regulations and as to accounts of Cattle Fund.

5.—(1) For the purposes of this Act—

(a) a person shall be taken to be a producer of cattle if he is a person whose business it is to keep cattle in the United Kingdom for the purpose of selling them in an improved condition ;

(b) the expression " cow-heifer " means any female bovine animal which has calved, but which has not grown more than six permanent incisor teeth ; and

(c) cattle removed from the Isle of Man into the United Kingdom shall be deemed to be imported into the United Kingdom.

(2) The power or duty to make an order under any of the provisions of this Act shall be construed as including a power, exercisable in the like manner and subject to the like restrictions and approval, if any, to vary or revoke the order by a subsequent order, and all orders and regulations made for the purposes of this Act shall, notwithstanding anything in sub-section (4) of section one of the Rules Publication Act, 1893, be deemed not to be statutory rules to which that section applies.

56 & 57
Vict. c. 66.

(3) The Minister of Agriculture and Fisheries shall prepare, in such form and manner, at such time, and with respect to such period, as the Treasury may direct, an account of receipts into, and payments out of, the Cattle Fund, and the Comptroller and Auditor General shall examine and certify the account and shall lay copies of the account, together with his report thereon, before both Houses of Parliament.

Short title.

6. This Act may be cited as the Cattle Industry (Emergency Provisions) Act, 1934.

MINUTE OF APPOINTMENT OF THE CATTLE COMMITTEE

We, the Minister of Agriculture and Fisheries, the Secretary of State for Scotland and the Secretary of State for Home Affairs (such Secretaries of State being the Secretaries of State concerned with agriculture in Scotland and Northern Ireland, respectively), acting as the appropriate Ministers within the meaning of the Cattle Industry (Emergency Provisions) Act, 1934, hereby appoint the following persons to be members of the Cattle Committee :

Chairman : Lt.-Col. Sir John Robert Chancellor, G.C.M.G., G.C.V.O., D.S.O.

Sir Francis Theodore Boys, K.B.E. (*Vice-Chairman*).

George Dallas, Esq., J.P.

William James Harvey, Esq.

Harold Gibson Howitt, Esq., D.S.O., M.C., F.C.A.

John Boyd Orr, Esq., D.S.O., M.C., M.A., M.D., D.Sc., F.R.S.

The Hon. Jasper Nicholas Ridley, J.P., B.A.

And we hereby appoint Charles Thomas Houghton to be Secretary to the said Committee.

In witness whereof we have hereunto affixed our official seals this thirty-first day of July, nineteen hundred and thirty-four.

L.S.

WALTER E. ELLIOT,
Minister of Agriculture and Fisheries.

L.S.

GODFREY P. COLLINS,
Secretary of State for Scotland.

L.S.

JOHN GILMOUR,
Secretary of State for Home Affairs.

**REPORT OF THE CATTLE COMMITTEE ON
ARRANGEMENTS UNDER SECTION 2 OF THE
CATTLE INDUSTRY (EMERGENCY
PROVISIONS) ACT, 1934**

To

The Rt. Hon. Walter E. Elliot, M.C., M.P., Minister of
Agriculture and Fisheries ;

The Rt. Hon. Sir Godfrey P. Collins, C.M.G., M.P., Secretary
of State for Scotland ; and

Lieut.-Colonel the Rt. Hon. Sir John Gilmour, Bt., D.S.O.,
M.P., Secretary of State for Home Affairs.

1. In pursuance of Section 4 (1) of the Cattle Industry (Emergency Provisions) Act, 1934, we have considered what arrangements will be necessary for carrying into effect the provisions of the Act, and we beg to submit the following report.

2. The particulars of the arrangements which we submit in a form suitable to be laid before Parliament will be found on pages 29 to 40. We have given in the report itself a description of the procedure which we consider will have to be complied with from the time that a producer decides to claim payment from the Cattle Fund to the time he receives such payment.

3. Section 2 of the Act provides that the appropriate Ministers may make payments out of the Cattle Fund to producers of cattle in respect of certain specified classes of live cattle and of carcasses of such cattle which have been sold in the United Kingdom by such producers during a period beginning on the day appointed by the appropriate Ministers under Section 2 (1) of the Act (hereinafter referred to as the "appointed day") and ending on the 31st March, 1935. The various classes of live cattle will have to comply with standards prescribed in regulations* made under sub-section (1) of Section 2 of the Act. Further, in the case of carcasses, a standard of dressing is to be prescribed under sub-section (5). It is necessary, therefore, to devise a system for the examination and weighing of the animals or carcasses in question, for the recording of their weights, and for certification that they have complied with the provisions of the Act and for ensuring that payments are not made more than once in respect of the same animal. These certificates will provide the necessary evidence on which payment will be made to the respective producers from the Cattle Fund.

4. We understand that the total number of cattle and carcasses likely to be eligible for payment from the appointed day to the 31st March, 1935, is equivalent to about 1 million animals. In

* See Regulations, page 43.

Scotland nearly all cattle are sold by auction in livestock markets. In England and Wales about 80 per cent. of the prescribed classes of live animals pass through livestock markets, where they are sold either by auction or by private treaty. In Northern Ireland sale by private treaty in livestock markets is the general rule. Throughout the United Kingdom the practice also exists, in varying degree, of selling animals by private treaty outside recognised markets, and usually on the farm. It is very desirable that the system of examination and certification should interfere as little as possible with the normal channels of trade.

5. It would obviously be impracticable to examine and certify animals at all the points at which sales now take place. The administrative cost of such an arrangement would be too great, even if the necessary facilities existed or could be provided. It will, therefore, be necessary to establish Certification Centres at which animals may after due notice be presented for examination, weighing and certification. We suggest that before any centre may be used for this purpose it should be approved by the Cattle Committee.

6. It will be convenient to divide the remainder of this report into three parts; the first dealing with centres for certification for payment on a live-weight basis; the second dealing with centres for certification for payment on a dead-weight basis; and the third dealing with general supervision and procedure for payments in respect of both live-weight and dead-weight centres.

PART I.—LIVE-WEIGHT CENTRES.

(1) The Location and Approval of Centres.

7. Centres at which certification will take place on a live-weight basis will have to be equipped with adequate weighing facilities and penning or tying accommodation. Practically all cattle markets having this accommodation will be suitable for approval so far as material equipment is concerned, and most of them will no doubt be approved by the Cattle Committee. To meet the convenience of producers not suitably placed with regard to these livestock markets we suggest that the Cattle Committee should be authorised to approve other centres where adequate arrangements can be made for inspection, classification and weighing of the animals in question, and where the number of animals to be presented is considered to be sufficient to warrant the establishment of a centre. Centres could be approved for a particular occasion, or for an indefinite period, subject to the right of the Cattle Committee to withdraw approval at any time.

8. Application for the approval of centres should be made to the Cattle Committee.

(2) The Certifying Authority.

9. The duty of examining and certifying the animals as eligible for payment calls for integrity and sound judgment. The Certificate will be the authority for making payment. The manner in which this duty is performed will determine whether payments are made only to those persons and in respect of those animals eligible for payment under the Act. We accordingly recommend that the Certifying Authority to carry out these duties should normally consist of three persons who would usually be respectively a representative of producers, a representative of livestock auctioneers and a representative of butchers. These three persons should be appointed as Certifying Authority by the Cattle Committee to act together at a Certification Centre or group of centres. It is unlikely that the same three persons will be able to act at all times throughout the period up to the 31st March, 1935, and it will accordingly be necessary to provide that substitutes will be available to undertake the work when any of the respective principals are unable to do so. We, therefore, suggest that the Cattle Committee should be authorised to constitute panels of approved persons to act as deputies to the Certifying Authorities. Each panel should if possible contain the names of three or four representatives of producers, of about the same number of auctioneers and of about the same number of butchers. Each person on the panel should be authorised to serve as a deputy in the absence of his respective principal or when deputed by him to do so. In order further to provide for contingencies, we suggest that whenever there is an insufficient number of appropriate persons on the panel available to act as Certifying Authority, one or two as the case may be of the persons who will act on that occasion should have power to co-opt a person or persons who is not on the panel to act as a member or members of the Certifying Authority.

10. At a centre where large numbers of animals will have to be dealt with it may be necessary to constitute more than one panel and to appoint the corresponding number of Certifying Authorities.

11. We suggest that the names of suitable persons to serve on the panels should be submitted for approval to the Cattle Committee by the recognised organisations of producers, auctioneers and butchers.

12. The Certifying Authority should be jointly responsible for the examination and classification of the animals presented to them. The representative of the auctioneers or his deputy should, subject to the approval of the Cattle Committee, act as Certifying Officer. At certain markets owned by municipal authorities where cattle are sold by private treaty only, it may be preferable to appoint an officer of the municipal authority to act as Certifying

Officer. In respect of such markets the panel should be constituted accordingly. The Certifying Officer should be responsible for the issue of the necessary certificates. Each certificate should be signed by the Certifying Officer or his deputy.

13. No person should act as a member of a Certifying Authority for the purpose of examining and classifying any animal in respect of which he is claiming payment under the Act.

14. We suggest that the Certifying Authority should, in respect of each day on which animals are certified, furnish the Cattle Committee with a statement in a form determined by the Cattle Committee, giving particulars of the animals passed by them as eligible for a certificate. This statement should contain the identification numbers of the animals (when such numbers are used), the name of the owner of each animal and its classification (steer, heifer or cow-heifer), and such other information as the Cattle Committee may consider to be necessary. This statement should be completed in duplicate by means of carbon paper and should be so signed by each member of the Certifying Authority. The top copy should be forwarded as soon as may be to the Cattle Committee by the Certifying Officer with the respective certificates issued. The carbon copy should be retained by the Certifying Officer.

15. To provide for exceptional circumstances, such as, for example, where a producer may be situated far from a Certification Centre, we suggest that the Cattle Committee should be authorised to make any special arrangements which they consider necessary for the purposes of certification.

(3) Weighing.

16. *Minimum Weight.*—We recommend that the Order made under Section 2 (2) of the Act with regard to the weight of an animal should provide that no certificate should be issued in respect of any animal weighing less than $5\frac{1}{2}$ cwt.

17. *Deduction from Weight.*—We recommend that the Order referred to in the previous paragraph should prescribe that the weight for the purpose of computing payment should be the actual weight of the animal, as recorded in accordance with paragraph (d), less 28 lb.

18. *Responsibility for Weighing.*—The Certifying Authority should be responsible for the weighing and the accurate recording of the weights of the respective animals. At Certification Centres where large numbers of animals are sold it will, however, be impracticable for the Certifying Authority personally to supervise the weighing, and to see that all the weights are accurately recorded. In these cases the Certifying Officer should be authorised to appoint a person to perform this duty.

19. *Recorded Weights.*—The weight recorded should be the actual weight of the animal to the nearest quarter of a hundred-weight.

20. *Time of Recording Weights.*—The weight should be recorded at the time the animal is weighed.

21. *Accuracy of Weighing Machines.*—It will be necessary to maintain a high standard of accuracy of weighing machines, and we recommend that the Cattle Committee should be authorised to take such steps as they consider necessary for this purpose, and that the Committee should have power to withdraw approval at their discretion in respect of any centre where the weighing facilities prove to be at any time unsatisfactory. In order to ensure that correct weights are indicated throughout the period of weighing, steps should be taken either to keep the weighbridge clean or to adjust the indicator as necessary. The Certifying Authority should be responsible for seeing that the machines are kept in a condition to show the weights of the animals accurately during the whole period of weighing and for calling the attention of the Cattle Committee to any defects in weighing machines which may come to their notice.

(4) Marking.

22. *Identification Marks.*—In all cases where large numbers of animals have to be examined and certified some mark will have to be applied to each animal for the purpose of identifying it from the time it is presented for examination to the time the certificate is issued. This mark should take the form of an identification number applied to the animal by means of an adhesive label or by means of paint. These identification numbers need not be permanent: they are required only for the temporary purpose referred to.

23. *Certification Mark.*—In addition, it will be necessary that all certified animals should be permanently marked in such a manner as to prevent an animal from being certified (and consequently payment being made in respect of that animal) more than once.

24. The only satisfactory forms of permanent marking are tattooing in the ear and ear-punching. We consider that tattooing is too slow a process to be suitable for the marking of animals for certification purposes. We therefore recommend that ear-punching should be adopted. Various forms of ear-punching which either make a hole in the ear or snip a piece from the edge are already used to some extent for other purposes, but so far as we are aware none of the forms in use combines both operations, and a punch which would mark in this way would, we consider, be the most suitable for the purpose. We understand, however, that it has been impossible to make arrangements for the supply of a

sufficient number of such punches before the appointed day, in view of the short time available. Orders have accordingly been placed for the supply of a sufficient number of punches of a form which will make a circular hole in the ear $\frac{3}{8}$ inch in diameter at a distance of at least half-an-inch from the edge. The mark should be made in the right ear and the punch should be applied to the ear just below the tip obliquely from the edge so that the hole will be made between the principal veins. We understand that such a mark is unlikely to be confused with any marks already in use, and although a double mark would perhaps be more advantageous we suggest that in all the circumstances the punches already ordered should be given a trial before orders are placed for a different type to be brought into operation as soon as they can be manufactured. We suggest, however, that the Cattle Committee should be authorised to change the form of punch if they consider a change to be necessary.

25. Marking instruments should be supplied to each Certifying Officer by the Cattle Committee.

26. The Certifying Officer should be authorised to appoint a person to perform the duty of marking.

27. *Time of Application of Certification Mark.*—The time of applying the certification mark is a matter of importance. On the one hand it is desirable that the mark should be applied as soon as possible after the animal has been examined by the Certifying Authority and found to be eligible for certification. It is obvious that no error should be allowed to occur as to the animals which should be marked, and that from this point of view the best time of marking would be immediately after the inspection, when the Certifying Authority would be present to see the operation performed. On the other hand the application of the mark will make a considerable difference to the market value of the animal. In many cases it may be more convenient to have the animal marked after the sale. We accordingly recommend that the Certifying Authority should have power to decide whether marking should take place before or after sale having regard to the circumstances.

28. Where the Certifying Authority decide that marking should take place after sale, the sale will have to be subject to the right of the vendor to have his animal marked before the purchaser takes possession of it in order that he may receive his certificate.

29. We suggest that for this reason and to provide for any other contingencies the Cattle Committee should be authorised to require the occupier of a centre, as a condition of approval of the centre, to prescribe such conditions of sale as the Cattle Committee may consider to be necessary for the purpose of certification of animals at that centre.

30. The owner of an animal passed by the Certifying Authority as an eligible animal should, of course, have the right to determine

at any time before the sale that his animal shall not be marked all. *In no case should a certificate be granted in respect of animal which has not been marked as a certified animal.*

31. *Marking of Imported Animals.*—Section 2 (4) of the provides that—

“An application for the issue of a Certificate for the purposes of this section in respect of an animal imported into the United Kingdom shall not be granted unless it is shewn to the satisfaction of the person whose function it is to entertain the application that the animal has been in the United Kingdom for a continuous period of at least three months.”

In the early weeks of operation of the scheme, Certifying Authorities may have some difficulty in satisfying themselves whether or not imported animals qualify on the time limit and we suggest that instructions on this point should be issued to them in due course. In order to give effective assistance and to afford evidence of an incontrovertible character, at a later date, Section 3 of the Act prescribes that the appropriate Ministers shall by order provide for the marking of imported cattle. In accordance with this provision the appropriate Ministers have made the Cattle Industry (Marking of Imported Cattle) Order*, which came into operation on August 6th and which requires imported cattle, subject to certain exceptions, to be marked in such a way as to indicate the approximate period of importation.

32. In the first marking period, which it is intended shall be from August 6th-15th inclusive, the import mark is a snip taken out of the edge of the left ear, shaped thus :



In subsequent marking periods, imported animals, in addition to being thus snipped will be tattooed in the left ear with a number indicating the year of entry and with a letter indicating the fortnight of entry. Animals bearing the snip only cannot qualify for payment until a period of three months has elapsed after the end of the first marking period, i.e. until Nov. 16th if the first marking period ends on August 15th; animals bearing the snip and the first tattoo mark cannot qualify until three months after the end of the second marking period, i.e. probably not till December 1st. Three months after the end of the first marking period, no difficulty will arise in determining residential qualification as the animals themselves will carry the only acceptable evidence. But from the “appointed day” until November 7th, no claim for payment can be entertained in respect of any unmarked imported animal unless the applicant is able to adduce satisfactory evidence to the Certifying Authority that it has spent a continuous period of at least three months in the United Kingdom.

* See Marking of Imported Cattle, pages 41 and 42.

(5) The Form of Certificate.

33. In order to qualify for payment the animal must be certified by the Certifying Officer as being an animal of the prescribed class and standard, and the animal must have been sold by the producer claiming payment. In a great many cases the Certifying Officer will be in a position to certify that the animal has been sold, and in those cases we suggest that the Cattle Committee should be authorised to accept as sufficient the Certifying Officer's statement to that effect. Whenever the Certifying Officer is not in a position to give a certificate of sale it will be necessary to have a different form of certificate. This form should be such that the Certificate can be issued before or after sale by the producer takes place.

34. We therefore suggest that two forms of certificate should be used for certification of live animals, and that for convenience these two forms should be printed on paper of different colours.

35. One form of certificate should be used for animals in respect of which the Certifying Officer is in a position to certify that the animal or animals has been sold and to furnish all the other necessary particulars; the other should be used for all other cases. Specimen forms of these two certificates are given in the Schedule to the Particulars of Arrangements (Form A and B respectively).*

36. It will be seen that Form A can be used to cover more than one animal owned by the same producer. This will be a convenience to the Certifying Officer who makes out the certificate; to the producer, who will receive one certificate instead of several in respect of his animals; and to the Cattle Committee for the purposes of payment. This form of certificate also provides that the Certifying Officer shall certify that the animals have been sold. When Form A is used the Certifying Officer should satisfy himself that the person named on the certificate is a producer of cattle within the meaning of the Act.

37. Form B provides that the evidence of sale shall be furnished in the form of a declaration to the Cattle Committee by the producer himself that the animal has been sold. This declaration should either be made before a witness as prescribed on the back of the form or should be accompanied by a certificate signed by the purchaser that he has bought the animal in question. This form of declaration is attached to the producer's copy of the certificate and when completed, should be torn off and sent to the Cattle Committee. The copy of the certificate in respect of which a declaration of sale is made can be retained for reference by the producer, who will require to keep it, at any rate until he receives payment. (It is suggested in paragraph 80 that for identification purposes the Payable Order from the Cattle Committee shall bear the serial number of the certificate or certificates in respect of which the payment is made.) Form B provides for the issue of a separate

* See pages 36 to 38.

certificate for each certified animal. This is necessary in order to meet the case where a number of animals belonging to one producer, although all certified at the same time, are subsequently sold on different occasions or to different buyers.

38. It is suggested that the certificates should be bound in books containing a convenient number of certificates, serially numbered in triplicate. The Certifying Officer would complete the original certificate by means of a manifold pen or copying ink pencil and would at the same time make two carbon copies. The original certificate would be sent to the Cattle Committee; the first carbon copy would be handed to the producer; and the second carbon copy would be kept in the book for reference. The three copies of the certificates should be printed on different coloured paper, both for convenience and as a safeguard against any fraudulent attempt to use a producer's or Certifying Officer's copy for the purpose of claiming payment from the Cattle Committee.

39. The Certifying Officer should send to the Cattle Committee each day or as soon as may be thereafter all the certificates he has issued on that day. Each day's batch of certificates should be accompanied by a list giving in respect of each certificate issued, the serial number of the certificate, the name and address of the producer and such other information as the Cattle Committee may consider to be necessary. This list should be made out in duplicate by means of carbon paper with a manifold pen or copying ink pencil and the carbon copy should be retained by the Certifying Officer.

40. *Certification of Cattle in respect of which a Certifying Officer claims payment.*—It may frequently happen that cattle are passed for certification in respect of which the Certifying Officer himself is claiming payment. In that event the Certifying Officer would, under the procedure we have described, be called upon to issue certificates in respect of his own cattle. This would be unavoidable, but in a case of this kind we consider that the certificate should be countersigned by another member of the Certifying Authority.

(6) Expenses.

41. We consider it necessary that any charge which has to be made for the purpose of recouping expenses incurred under these arrangements at a Certification Centre should be a charge on the producer and not on the Cattle Fund.

42. It is desirable that the expenses of certification should be kept as low as possible. We hope there will be no difficulty in securing the voluntary services of persons to serve on the Certifying Authority at all events at centres where the number of animals to be examined is not large. We recognise that at the larger centres the duties of the members of the Certifying Authority will make considerable demands on their time, and it may be necessary to make payment to some of the members for their services.

43. The representatives of the livestock auctioneers of Great Britain have intimated that the auctioneer members of the panels will be prepared to serve as members of a Certifying Authority at all centres without remuneration. The representatives of the National Farmers' Union of England and Wales have given a similar intimation. The representatives of the National Farmers' Union of Scotland consider that it would be desirable to make provision for the remuneration of producer members, seeing that many of the markets in Scotland are large. The representatives of butchers have expressed the view that some remuneration may have to be paid if the necessary number of butcher members are to be secured. We accordingly recommend that a Certifying Authority should be authorised to sanction payment to any one or more of their members as may be necessary of a fee at a rate not exceeding one penny per beast certified. The sum required for these payments should be raised by a certification fee not exceeding 1d. per beast certified in respect of each member receiving remuneration. This fee would be paid by the producer to the Certifying Officer, who would be responsible for making the necessary payment to the respective member of the Certifying Authority.

44. Expenditure will also be incurred in the payment of the services of a marker of animals, of a person who will record the weights and for clerical assistance in the preparation of certificates, in the keeping of records and other essential services. This expenditure will be incurred by the Certifying Officer. We accordingly recommend that the Certifying Officer should be authorised to charge in this connection a certification fee not exceeding 1s. 3d. in respect of each animal certified. This fee would be paid by the producer and would be in addition to any fee paid for the purpose of remunerating a member of a Certifying Authority.

(7) Northern Ireland.

45. Different arrangements will be required in Northern Ireland for the certification of animals owing to the different circumstances there. There are only three livestock auction marts for fat cattle in Northern Ireland, and these are all situated in Belfast. Fat cattle sold outside these auction marts are nearly all sold at local fairs.

46. We are advised by the Ministry of Agriculture for Northern Ireland that weighing and penning accommodation exists for the certification of animals both at the three auction marts at Belfast and at 69 local fairs.

47. With regard to the question of establishing Certifying Authorities at these centres we are advised that the procedure recommended for Great Britain would be inapplicable seeing that suitable auctioneers with experience of the marketing of fat stock would not be available at the several centres except in Belfast. On the other hand the Ministry of Agriculture for Northern Ireland has a staff of Veterinary Officers who are established Civil Servants

and who visit all these centres in the course of their existing duties on days when fat stock are sold there, and we understand that nearly all of them could undertake the duties of Certifying Officer at these centres in addition to their ordinary duties.

48. The Ministry of Agriculture for Northern Ireland has intimated that it is prepared to undertake, through these Veterinary Officers, all the duties of certification at these centres, and that the cost of operating in this way will not exceed £700 in respect of the period from 1st September, 1934, to 31st March, 1935. This expenditure would be incurred in the appointment of two additional Veterinary Officers.

49. In the circumstances we suggest that the offer of the Ministry of Agriculture for Northern Ireland should be accepted, and in view of the fact that no expenditure on Regional Supervision will be required in Northern Ireland and that the amount is comparatively small we suggest that the necessary expenditure of £700 which will be incurred by the Ministry should be defrayed from the Cattle Fund.

50. We further suggest that for the purpose of working these arrangements the respective Veterinary Officers of the Ministry of Agriculture for Northern Ireland should be appointed as Certifying Officers by the Cattle Committee who would convey their instructions through the Ministry.

51. A Certifying Officer in Northern Ireland would be solely responsible for all the duties which in Great Britain would be undertaken by a Certifying Authority in addition to the duties of a Certifying Officer which we have suggested for Great Britain.

52. Weighing and penning charges which will vary from 4d. to 6d. per beast will be paid by producers to the Market Authorities. Necessary expenditure in respect of clerical and other essential services should be recouped by the Certifying Authority by a charge on the producer in the same way as we have proposed for Great Britain, i.e. at a rate not exceeding 1s. 3d. per beast.

53. We suggest that, subject to the foregoing observations, the procedure in Northern Ireland should be the same as in Great Britain.

PART II.—DEAD-WEIGHT CENTRES.

(1) Number and Location of Centres.

54. We appreciate that increasing importance is attached by farmers to the sale of their stock on a dead-weight basis, and we are anxious that the arrangements made under the Act should not discourage this tendency. We are bound, however, to recognise the fact that whereas at the live-weight centres the procedure will be open to public inspection, the situation is different in dead-weight centres where the examination and classification of the live animals

will generally take place in lairs, which may even be outside the market precincts, and the procedure generally will come less to public notice. Accordingly, we recommend that only the largest abattoirs should be approved as dead-weight Certification Centres for the purpose of the Act. Our detailed proposals for England and Wales are as follows :—

55. The public abattoirs at the existing National Mark beef grading centres of the Ministry of Agriculture and Fisheries should be approved. These centres are :—

London, Birmingham, Liverpool, Leeds, Bradford, Halifax.

56. The largest of the private abattoirs in the above centres which are, at present, attended by the Ministry's beef grading officers should also be approved. These are :—

London.—The abattoir of the London Co-operative Society at Leytonstone and that of the Royal Arsenal Co-operative Society at Woolwich.

Birmingham.—Messrs. Marsh and Baxter's abattoirs at Brierley Hill.

Bradford.—The abattoir of the Bradford Co-operative Society.

57. At all the above abattoirs, both public and private, the Ministry also operates its dead-weight and carcase-grade consignment scheme.

58. The abattoir of the Leeds Co-operative Society, which is not at present, but could conveniently be, attended by the Ministry's beef-grading officers stationed at Leeds, should be added to the list.

59. We recommend that the public abattoirs in the following centres which are not, at present, Government centres for grading and consignment services, but where about 100 cattle a week or more are handled, should also be approved for the purpose of dead-weight certification :—

Manchester, Sheffield, Cardiff, Swansea, Wolverhampton, Coventry, Blackpool, Huddersfield, Blackburn.

60. We suggest that dead-weight certification centres in Scotland should be located at Aberdeen, which is a National Mark beef grading centre and at Edinburgh, Glasgow and Dundee.

61. We understand that no dead-weight facilities are required in Northern Ireland.

62. As in the case of live-weight centres, we suggest that before any centre may be used for the purpose of dead-weight certification, it should be approved by the Cattle Committee. Application for the approval of a centre other than those shown above would, of course, be considered by the Committee, but, for the reasons given, it is unlikely that the list will be greatly extended. It should be borne in mind that, although the number of centres for dead-weight certification will thus be strictly limited, there will

be no limit to the number of centres for dead-weight sale. These can go on as at present, but except where dead-weight certification facilities are also available, it will be necessary for animals to have been already certified at some live-weight centre if they are to rank for payments from the Cattle Fund.

63. We are assured that all the above centres are adequately equipped in regard to lairage, slaughtering, weighing and hanging accommodation so that dead-weight certification can be carried out in a proper manner.

(2) Certifying Authority.

64. Dead-weight certification is likely to be required at any centre on several days in the week. Since the animals, for which certification is sought, will require inspection both alive and dead and at various times in the day, it is evident that a Certifying Authority consisting of three persons as at live-weight centres, would be impracticable. It is therefore recommended that the Certifying Authority at dead-weight certification centres should, on all occasions, consist of one person only who would be the Certifying Officer. At centres where the Ministry of Agriculture and the Department of Agriculture for Scotland already have a beef grading staff, the Certifying Officer should be a Government grader. At other centres, the Certifying Officer should be either a Government grader appointed for the purpose or a competent person in the employ of the Local Authority. It will also be necessary to appoint one or two deputies in respect of each centre.

65. We recognise that some increase in the number of cattle dealt with at public abattoirs at the Ministry of Agriculture's beef grading centres may be expected to follow from their selection as venues for the purpose of dead-weight certification which will itself involve much additional work. Accordingly it will be necessary to contemplate some increase in the Government staff now operating at those abattoirs.

66. In the case of the other public abattoirs in our list, it should be possible to make some arrangement by which an official of the Local Authority would act as the Certifying Officer, in the same way as the Government grader would so act at the existing beef grading centres. In the case of the public abattoirs at Manchester and Sheffield, however, the throughput of cattle is so large as to demand full-time service. It is therefore unlikely that an officer of the Local Authority could be detached from his normal duties for the sole purpose of dead-weight certification. In the case of these two cities, therefore, we suggest that the Ministry of Agriculture and Fisheries should provide the requisite staff.

67. We propose that, in the case of both Government graders and Local Authority officials, their appointment as Certifying Officers should be a matter for the Cattle Committee, who would

convey their instructions in the former case through the Departments, and in the latter case through the Local Authorities concerned. We contemplate that such regional supervision as may be necessary will be furnished by the Departments concerned after consultation with the Cattle Committee.

(3) Identification of Animals.

68. At dead-weight centres, special procedure will be necessary to ensure that producers receive certificates for their own stock, i.e. that there is no confusion among the various lots of cattle that may come in. To ensure this, it will be necessary that every producer who wishes to avail himself of the dead-weight facilities shall notify the Certifying Authority at the dead-weight centre in advance of his intention to send cattle to the centre for dead-weight certification, and to mark such cattle so that they can be identified on arrival. We understand that both these requirements apply to the Ministry's dead-weight and carcass grade consignment scheme as at present operated.

(4) Procedure at Dead-Weight Centres.

69. When animals arrive at a dead-weight centre, the Certifying Officer will first inspect them to make sure that they have not already been certified, i.e. that they do not bear the certification mark, and will then inspect them to determine whether or not they are of the prescribed class (heifer, steer, cow-heifer) and standard of weight and killing-out percentage: also in the case of imported animals whether or not they have been three consecutive months in the United Kingdom. The Certifying Officer may then find it convenient to raddle, or otherwise mark, those animals that qualify, but this will largely depend on whether the lairs are situated within or without the abattoir.

70. The Certifying Officer will further require to be present at the weighing of the carcasses of approved animals as and when killed and he should apply an identification mark to the carcass as soon as practicable after slaughter. He will have to satisfy himself that the carcasses have been dressed in accordance with the standard prescribed by regulations made by the "appropriate Ministers" under Section 2 (5) of the Act, and he will be responsible for the accurate weighing and recording of the weights. He will then complete Form C certificate (see Schedule)* in all necessary particulars, so soon as he can certify that the carcass has been sold by the producer. It should be remembered that whenever payment under the Act is claimed in respect of a carcass, it is the sale of the carcass and not that of the animal which is the sale criterion and that the carcass must be sold by the producer of the animal.

71. The certificates will be signed in triplicate. One copy will be handed to the producer's representative, or forwarded to the

* See pages 39 and 40.

producer, on payment to the Certifying Officer of a sum of 2s. per beast certified, and the original will be forwarded to the Cattle Committee, when payment under the Act will be made by the same procedure as in the case of live-weight certification.

72. The Certifying Officer should also send a covering list with each batch of certificates as in the case of live-weight certification.

(5) Standard of Carcase Dressing.

73. The standard that we suggest should be prescribed by the "appropriate Ministers" under Section 2 (5) of the Act is set out in the Regulations on page 43. This standard is, to all intents and purposes, the standard now in use by the Ministry of Agriculture for the purpose of its dead-weight and carcase grade consignment scheme.

74. We suggest that the recorded weight of a carcase should be the weight of the carcase when cold, except that in cases where the kidneys have been removed before the carcase is weighed an addition of 3 lb. should be added to the actual weight of the carcase. All carcasses should be weighed within twenty-four hours of slaughter. We further suggest that a carcase should be deemed to be weighed hot if it is weighed within one hour of slaughter. Whenever a carcase is weighed hot the following deduction should be made for the purposes of determining the equivalent weight when cold.

	<i>Hot Weight.</i>			<i>Deduction</i>	
	<i>lb.</i>			<i>per side.</i>	
				<i>lb.</i>	
Sides of beef {	Up to 300	...	...	...	5
	Over 300 and up to 400	...	...	...	6
	Over 400	...	...	...	7

PART III.—GENERAL.

(1) Regional Supervision.

75. With a view to securing uniformity in the working of the scheme, we consider it desirable that some provision should be made for regional supervision of Certification centres. For this purpose we suggest that the Cattle Committee should be authorised to appoint such number of Regional Inspectors, not exceeding a number to be determined by the appropriate Ministers, with the approval of the Treasury, as the Committee consider necessary.

(2) Procedure for Payment.

76. We consider it essential that payment should be made out of the Cattle Fund direct to producers. Once the arrangements have been put into operation, the main task of the Committee will be to examine the certificates received by them and to pass them for payment if they are in order.

77. The most expeditious and generally the most satisfactory arrangement will be that payment in respect of a certificate should be made to the producer as soon as the Cattle Committee are satisfied that all the conditions have been complied with. In the case of certificates containing a statement from the Certifying Officer that the producer has sold the animal or animals in question (Form A)* it will be possible to make payment as soon as the Cattle Committee have satisfied themselves that the certificate is in order.

78. As regards the certificates which do not contain a statement respecting sale (Form B)† the certificate will have to be held over by the Cattle Committee after examination until the appropriate declaration of sale has been received from the producer. When this declaration is received, it should be attached to the certificate bearing the same serial number and passed for payment if it is in order.

79. *Any animal which is not sold within one month of certification should cease to be eligible for payment. We consider that some limitation of this kind is necessary in order to ensure as far as possible that the condition of the animal when sold is similar to its condition when certified.*

80. Payment should be made by means of a crossed Payable Order sent direct to the producer through the post. Such an Order can only be cashed through a Bank. The Payable Order should give particulars of the serial numbers of the certificates in respect of which payment is made. This information will enable the producer to identify the payment with the certificate or certificates which he holds, and the producer will then be in a position to know at any time what payments are outstanding.

Signed on behalf of the Committee,

J. R. CHANCELLOR (*Chairman*).

C. T. HOUGHTON (*Secretary*).

10th August, 1934.

* See page 36.

† See pages 37 and 38.

CATTLE INDUSTRY (EMERGENCY PROVISIONS) ACT, 1934
APPROVAL OF ARRANGEMENTS AND DIRECTION TO THE CATTLE
COMMITTEE TO CARRY THEM INTO EFFECT

Whereas the Cattle Committee, in accordance with Section 4 of the Cattle Industry (Emergency Provisions) Act, 1934, have prepared and submitted to the Minister of Agriculture and Fisheries, the Secretary of State for Scotland and the Secretary of State for Home Affairs, being the appropriate Ministers under the said Act, particulars of arrangements for the purpose of making payments out of the Cattle Fund under Section 2 of the said Act, which particulars are attached hereto:

Now, therefore, the Minister of Agriculture and Fisheries, the Secretary of State for Scotland and the Secretary of State for Home Affairs hereby approve the said arrangements and direct the Cattle Committee to carry them into effect:

L.S.

In witness whereof the Official Seal of the Minister of Agriculture and Fisheries is hereunto affixed this 10th day of August, 1934.

(Sgd.) CHARLES J. H. THOMAS.

L.S.

Given under the Seal of the Secretary of State for Scotland, this 10th day of August, 1934.

(Sgd.) JOHN JEFFREY.

L.S.

Given under the Seal of the Secretary of State for the Home Department, this 10th day of August, 1934.

(Sgd.) R. R. SCOTT.

CATTLE INDUSTRY (EMERGENCY PROVISIONS) ACT, 1934
PARTICULARS OF ARRANGEMENTS FOR PURPOSES OF SECTION 2

Claims for Payment.

1. Every producer of cattle who desires to claim payment in respect of an animal or carcase of an animal in accordance with the provisions of the Act shall present the animal at a centre approved for the purpose (hereinafter referred to as a "Certification Centre"). The Certifying Officer may require a producer to give at least 48 hours' notice to him of his intention to present an animal for certification.

Certification Centres.

2. No Certification Centre shall be used for the purposes of the certification of animals unless it has been approved by the Cattle Committee (hereinafter referred to as "the Committee").
3. Application for the approval of a Certification Centre shall be made in writing to the Committee, addressed to the Secretary, Cattle Committee, 1, Sanctuary Buildings, Great Smith Street, Westminster, S.W.1.
4. The Committee may approve a Certification Centre for a particular occasion or for a period, and may withdraw such approval at any time.

1.—Live-weight Centres.

5. Before approving a centre for certification of animals in respect of which payment is claimed on a live-weight basis (hereinafter referred to as a "Live-weight Certification Centre") the Committee shall satisfy themselves that the centre is equipped with adequate penning or tying accommodation for cattle and that suitable facilities exist for the proper weighing of cattle either on the premises or at a convenient distance therefrom.

The Certifying Authority.

6. The Committee shall in respect of each Live-weight Certification Centre or group of Centres appoint a Certifying Authority, which shall consist of three persons and may terminate the appointment of any of these persons at any time without notice and without cause assigned.

The Panel.

7. In respect of each Certifying Authority, the Committee shall constitute a panel of persons authorised to act as deputies to each of the members of the Certifying Authority. The names of the persons on each panel shall be divided into three groups, and each group shall contain the names of persons authorised to serve as deputies to each of the respective members of the Certifying Authority, either in his absence or when deputed by him to do so.

Publication of Certifying Authority and Panel.

8. The Certifying Authority in respect of each Certification Centre shall post in some conspicuous place in the Centre the names of the persons comprising the Certifying Authority and the names of the persons comprising the Panel.

Co-option.

9. Whenever there is an insufficient number of appropriate authorised persons available to act as a Certifying Authority, one or two, as the case may be, of the persons authorised so to act shall have power to co-opt a person or persons as may be necessary who are not members of the Panel.

*Arrangements**Duties of Certifying Authority.*

10. The members of the Certifying Authority shall be jointly responsible—
- (a) for determining whether an animal is an eligible animal;
 - (b) for ensuring that the animal is properly weighed;
 - (c) for ensuring that the weight of the animal is accurately recorded;
- and
- (d) for ensuring that the animal is properly marked in accordance with these Arrangements.
11. The Certifying Authority may, in respect of any Live-weight Certification Centre, specify the days upon which and the times during which animals may be presented at the Centre for certification.
12. The Certifying Authority shall, in respect of each day on which animals are examined for the purposes of certification, furnish the Committee with a statement, signed by each member in such form as may from time to time be determined by the Committee, giving particulars of the identification number of each eligible animal (when such identification numbers are used), the name of the owner of each animal, and whether it is a steer, heifer or cow-heifer, and such other information as the Committee may require. This statement shall be prepared in duplicate in ink or by means of a copying ink pencil, and the original shall be forwarded as soon as may be to the Committee by the Certifying Officer, together with the respective certificates issued.

Certifying Officer.

13. The Committee shall appoint one member of each Certifying Authority to act as a Certifying Officer, and may terminate his appointment at any time without notice and without cause assigned.
14. The Certifying Officer may appoint a deputy to act in his absence, but such deputy shall be appointed from the Panel, or co-opted as the case may be.
15. The Certifying Officer shall issue in respect of every producer claiming payment in respect of an eligible animal, which has been marked as a certified animal in accordance with these Arrangements, a certificate stating—
- (a) that the Certifying Authority have examined the animal and found it to be an animal in respect of which a producer is eligible to receive payment in accordance with the provisions of the Act;
 - (b) that the animal has been marked in accordance with these Arrangements;
 - (c) the weight of the animal; and
 - (d) such other information in respect of the animal as the Committee may require.
16. Each certificate shall be signed by the Certifying Officer or his deputy.
17. *No member of a Certifying Authority shall determine the eligibility of any animal in respect of which he is claiming payment under the Act.*

*Weighing of Animals.**Responsibility for Weighing.*

18. The Certifying Authority shall be responsible for ensuring that an eligible animal is accurately weighed and that the weight of the animal is accurately recorded, and they may, if they consider it necessary, authorise the Certifying Officer to appoint a person to weigh the animals and record their weights.

Recorded Weights.

19. The weight recorded shall be the actual weight of the animal to the nearest quarter of a hundredweight.

Time of Recording Weights.

20. The weight of the animal shall be recorded immediately the weighing of the animal is completed.

Accuracy of Weighing Machines.

21. The Certifying Authority shall take such steps as they consider necessary to ensure that weighing machines used for the weighing of animals presented for certification indicate the weights of the animals accurately during the whole period of weighing; and shall call the attention of the Committee to any defect in a weighing machine which is not repaired by the owner of the machine within a reasonable time after he has been requested by them to do so.

22. The Committee may at any time require the owner of a weighing machine used for the purposes of weighing animals presented for certification, to have the machine tested by an Inspector of Weights and Measures.

Marking of Animals.

Identification Marks.

23. The Certifying Authority may mark with a number or other identification mark any animal presented at a Live-weight Certification Centre for certification.

Certification Mark.

24. Before a certificate is issued in respect of any animal, the Certifying Authority shall cause the animal to be marked in the right ear with an ear-punch supplied by the Committee. The punch shall be applied to the ear just below the tip obliquely from the edge so that the hole will be made in the ear between the principal veins.

25. The Certifying Officer may appoint a person to perform the duty of marking animals.

26. The Certifying Authority may determine whether the certification mark shall be applied to an animal before or after the sale in respect of which payment is claimed by the producer, provided that, notwithstanding any determination of the Certifying Authority, the Committee may, if they consider it necessary so to do after considering all the circumstances, determine when the certification mark shall be applied, and in such case the mark shall be applied accordingly.

27. A producer who has presented an animal which has been declared by the Certifying Authority to be an eligible animal, may, at any time before the application of the certification mark determine that the animal shall not be marked as a certified animal, and in that event the animal shall cease to be an eligible animal for the time being, and before it can again become an eligible animal, it shall be re-examined by the Certifying Authority.

Conditions of Sale of Animals.

28. The Committee may require the occupier of a Live-weight Certification Centre, as a condition of approval of the centre, to prescribe such conditions of sale of animals as they may consider to be necessary for the purpose of certification of animals at that centre.

Form of Certificate.

29. The certificate issued by the Certifying Officer in respect of animals certified at a Live-weight Certification Centre shall be in either Form A or Form B set out in the Schedule hereto. Form A shall be used whenever the Certifying Officer—

(a) is able to certify that the animal has been sold by the producer claiming payment;

Arrangements

(b) is satisfied that the person in respect of whose animal it is issued is a producer within the meaning of the Act; and

(c) can give the other particulars required on the certificate. Form B shall be used in all other cases.

30. The certificate shall be completed in triplicate by means of carbon paper. The original certificate shall be completed in ink or with copying ink pencil. The Certifying Officer shall send the original certificate to the Committee, shall hand or send the first carbon copy to the producer, and shall retain the second carbon copy.

31. The Certifying Officer shall send to the Committee each day or as soon as may be thereafter, all the certificates he has issued, together with a statement, in such form as the Committee may specify, giving the serial number of each certificate issued, the name and address of the respective producer, and such other information as the Committee may require. This statement shall be made out in ink or by means of a copying ink pencil, and a duplicate shall at the same time be made by means of carbon paper and retained by the Certifying Officer.

Issue of Certificates for animals in respect of which the Certifying Officer claims payment.

32. Whenever a certificate is issued for an animal in respect of which the Certifying Officer himself claims payment, it shall be countersigned in triplicate by another member of the Certifying Authority.

Fees.

33. The Committee may approve the payment of a fee at a rate not exceeding one penny per animal certified to any member of a Certifying Authority. Any member of a Certifying Authority who wishes to claim an approved fee shall give notice to that effect to the Certifying Officer in time to enable him to obtain payment of the necessary charge from the producer referred to in paragraph 34. The Certifying Officer shall pay the approved fee to any member of a Certifying Authority who claims it and has given the necessary notice, provided that the Certifying Officer is satisfied that payment is due.

Charges.

34. For the purpose of making payment of an appropriate fee to a member of a Certifying Authority, the Certifying Officer may, whenever necessary, make a charge on the respective producer for each certificate issued at a rate not exceeding 1d. per animal certified thereon for each member who has given notice that he will make a claim for payment of such fee.

35. In addition to the charge referred to in the foregoing paragraph, the Certifying Officer may make a charge at a rate not exceeding one shilling and threepence in respect of each animal certified.

36. The Certifying Officer may make it a condition of the issue of a certificate that the charges referred to in paragraphs 34 and 35 shall be paid.

The Certifying Officer shall keep an account of the charges made in pursuance of paragraphs 34 and 35 and of the fees paid in pursuance of paragraph 33.

Sale Qualification for Payment.

37. No payment shall be made in respect of an animal which remains unsold by the producer at the end of a period of one month after it has been certified.

Special Procedure for Northern Ireland.

38. The provisions of paragraphs 6-9 and 13-14 of these Arrangements with regard to the appointment of a Certifying Authority and a Certifying Officer shall not apply to Northern Ireland.

39. The Committee may appoint an officer of the Ministry of Agriculture for Northern Ireland, or such other person as they may consider to be suitable, to act both as a Certifying Authority and a Certifying Officer in Northern Ireland, and may appoint a deputy for him. These Particulars of Arrangements shall be read accordingly so far as Northern Ireland is concerned.

11.—Dead-weight Certification Centres.

40. Before approving a centre for certification of animals and carcasses at which payment is claimed in respect of the carcasses (hereinafter referred to as a "Dead-weight Certification Centre") the Committee shall satisfy themselves that the centre is equipped with adequate lairage, slaughtering and hanging accommodation and weighing facilities.

The Certifying Officer.

41. The Committee shall appoint a Certifying Officer in respect of each Dead-weight Certification Centre or group of such centres.

42. The Committee may appoint a person to act as deputy to a Certifying Officer.

Duties of Certifying Officer.

43. A Certifying Officer may, in respect of a Dead-weight Certification Centre, specify the days upon which and the times during which animals may be presented at the Centre for Certification.

44. A Certifying Officer shall in respect of an animal presented at a Dead-weight Certification Centre—

- (a) determine whether the animal is an eligible animal;
- (b) determine whether the carcass of the animal has been dressed in accordance with regulations made by the appropriate Ministers under Section 2 (5) of the Act;
- (c) determine the weight of the carcass of the animal;
- (d) record the weight of the carcass;
- (e) ascertain whether the carcass has been sold by the producer claiming payment; and
- (f) if the animal and carcass comply with the necessary conditions, issue a certificate to that effect in the prescribed form.

45. Each certificate shall be signed by the Certifying Officer or his deputy.

Weighing of Carcasses.

Recorded Weights.

46. The weight of the carcass recorded on a certificate shall be the actual weight of the carcass when cold, or the equivalent of such weight if the carcass is weighed hot, provided that whenever the kidneys have been removed before the carcass is weighed an addition of 3 lb. shall be added to the actual weight of the carcass. The weight shall be recorded in pounds disregarding fractions of a pound. A carcass shall be deemed to be weighed hot if it is weighed within one hour of the slaughter of the beast.

47. Whenever a carcass is weighed hot a deduction shall be made as follows, according to the weight of the side, for the purpose of determining the equivalent weight when cold:—

	<i>Hot Weight.</i>		<i>Deduction per side.</i>	
	<i>lb.</i>		<i>lb.</i>	
Side of beef {	Up to 300	... ..	...	5
	Over 300 and up to 400	... ..	...	6
	Over 400	... ..	...	7

Time of Weighing

48. A carcase shall be weighed within twenty-four hours of the slaughter of the beast.

Accuracy of Weighing Machines.

49. The Certifying Officer shall take such steps as he considers necessary to ensure that the weighing machine used for the weighing of carcasses indicates the weight of the carcase accurately; and shall call the attention of the Committee to any defect in a weighing machine which is not repaired by the owner of the machine within a reasonable time after he has been requested to do so.

50. The Committee may at any time require the owner of a weighing machine used for the purpose of weighing the carcase of animals presented for certification to have the machine tested by an Inspector of Weights and Measures.

Marking of Animals and Carcases.

51. The Certifying Officer may require a producer who intends to present an animal for certification at a Dead-weight Certification Centre to mark the animal in such manner as he may prescribe for the purpose of identifying the animal on arrival at the Certification Centre.

52. The Certifying Officer may apply to an animal which he has determined to be an eligible animal such mark as he may consider to be desirable for the purpose of facilitating his task of certification.

53. The Certifying Officer may apply an identification mark to the carcase as soon as practicable after slaughter.

Form of Certificate.

54. The Certificate issued by the Certifying Officer at a Dead-weight Certification Centre shall be in Form C set out in the Schedule hereto.

55. The Certificate shall be completed in triplicate by means of carbon paper. The original certificate shall be completed in ink or with copying ink pencil. The Certifying Officer shall send the original certificate to the Committee, shall hand or send the first carbon copy to the producer, and shall retain the second carbon copy.

56. The Certifying Officer shall send to the Committee each day, or as soon as may be thereafter, all the certificates he has issued, together with a statement, in such form as the Committee may specify, giving the serial number of each certificate issued, the name and address of the respective producer, and such other information as the Committee may require. This statement shall be made out in ink or by means of a copying ink pencil, and a duplicate shall at the same time be made by means of carbon paper and retained by the Certifying Officer.

Charges.

57. The Certifying Officer may make a charge on the respective producer for each certificate issued at a rate not exceeding a rate which may be prescribed by the Committee from time to time.

58. The Certifying Officer may make it a condition of the issue of a certificate that the charge referred to in the preceding paragraph shall be paid.

III.—General.

Special Arrangements.

59. Whenever the Committee are of opinion that the circumstances are exceptional and that the ordinary procedure set out in these Arrangements is inappropriate, the Committee may take such steps, or approve such special arrangements, as they consider to be necessary for the purposes of the certification of an animal or carcase.

Inspection.

60. An officer of the Committee or of any one of the Departments of Agriculture in the United Kingdom duly authorised by the Committee in that behalf may—

(a) be present at the time of the examination, weighing, marking or sale of an animal or carcase or the issue of a certificate in respect thereof;

(b) inspect at all reasonable times all marking instruments, books, records and other papers kept by a Certifying Officer in respect of his duties under these Arrangements.

Miscellaneous Provisions.

61. If, upon application made to them in writing, the Committee are satisfied that any certificate or any document issued for the purposes of the Act or of these Arrangements has been lost or destroyed, the Committee may cause to be issued to the applicant a copy, which shall, subject to such conditions as the Committee may impose, have effect as the original document.

62. In these Particulars of Arrangements the expression "the Act" means the Cattle Industry (Emergency Provisions) Act, 1934, and the expression "eligible animal" means an animal in respect of which a producer is eligible to receive payment in accordance with the provisions of the Act.

63. The Interpretation Act, 1889, applies for the interpretation of these Particulars of Arrangements as it applies for the interpretation of an Act.

NOTE.—If any person by any false pretence, with intent to defraud, obtains from the Cattle Committee any money, or causes or procures any money to be paid by them to himself or to any other person, he is liable on conviction to penal servitude for a term not exceeding 5 years.

SCHEDULE—FORM A

THIS FORM IS TO BE USED ONLY WHEN THE CERTIFYING OFFICER IS (a) IN A POSITION TO CERTIFY THAT THE SALE OF THE ANIMAL OR ANIMALS HAS TAKEN PLACE AND (b) CAN GIVE ALL THE NECESSARY PARTICULARS OF THE ANIMAL OR ANIMALS.

CATTLE INDUSTRY (EMERGENCY PROVISIONS) ACT, 1934.

Serial No.....

Name of Certification Centre
I hereby certify that

Particulars of Animal(s).

.....steer(s)
.....heifer(s)
.....cow-heifer(s)

Insert in words the number of each class and strike out words not applicable.

particulars of which are given opposite, has/have this day been presented to the Certifying Authority under the above-mentioned Act by or on behalf of.....

of.....
who is a producer of cattle within the meaning of the Act, that the Certifying Authority has examined the animal(s) and found it/them to be (an) animal(s) in respect of which the producer is eligible to receive payment in accordance with the provisions of the Act; that the said animal(s) has/have been marked in accordance with the Arrangements referred to in Section 2 of the Act; that the said animal(s) has/have been sold by the above-mentioned producer on.....

at.....and that the weight(s) of the said animal(s) is/are as stated.

Dated this day of , 193 .

(Signed)

Certifying Officer.

Animal's identification number (if any).	Colour of Animal.	Class and Weight.*						Price realised on sale.		
		Steer.		Heifer.		Cow-Heifer.				
		cwt.	qr.	cwt.	qr.	cwt.	qr.	£	s.	d.

Arrangements

Note on Weight.—The weight of each animal specified in this certificate is the actual weight of the animal to the nearest quarter of a hundredweight. For the purpose of computing the amount of the payment to be made to the producer under the Cattle Industry (Emergency Provisions) Act, 1934, a deduction of 28 lb. from the actual weight in respect of each animal will be made by the Cattle Committee.

SCHEDULE—FORM B

THIS FORM IS TO BE USED WHEN THE CERTIFYING OFFICER IS NOT IN A POSITION TO CERTIFY THAT SALE HAS TAKEN PLACE.

Serial No.....

Serial No.....

The Producer should keep this Part for Reference.

CATTLE INDUSTRY (EMERGENCY PROVISIONS) ACT, 1934.

Name of Certification Centre

I hereby certify that a* ... { steer } Strike out
 (Here insert colour.) ... { heifer } words not
 { cow-heifer } applicable.

has this day been presented to the Certifying Authority under the above-mentioned Act by or on behalf of

..... of who is a producer of cattle within the meaning of the Act; that the Certifying Authority has examined the animal and found it to be an animal in respect of which the producer is eligible to receive payment in accordance with the provisions of the Act; that the said animal has been marked in accordance with the Arrangements referred to in Section 2 of the Act; and that the weight of the said animal is.....cwt. gr.†

Dated this day of 193

(Signed).....

Certifying Officer.

†*Note on Weight.*—The weight of the animal specified on the certificate above is the actual weight of the animal to the nearest quarter of a hundredweight. For the purpose of computing the amount of the payment to be made to the producer under the Cattle Industry (Emergency Provisions) Act, 1934, a deduction of 28lbs. from the actual weight of the animal will be made by the Cattle Committee.

Name of Certification Centre

The Producer should send this Part when completed and signed, to the Secretary, Cattle Committee, 1, Sanctuary Buildings Great Smith Street, Westminster, S.W.1.

Declaration of Sale.

(See note overleaf.)

† For definition of "producer" see overleaf. I/We hereby declare that I/We am/are (a) producer(s)† of cattle within the meaning of the Cattle Industry (Emergency Provisions) Act, 1934, and that the animal referred to in the Certificate bearing the above serial number was

‡ Here insert price realised. sold by me/us for the sum of £ s. d.§ on theday of.....193...

to (Name of Purchaser).....

(Address of Purchaser).....

(Signature of Producer).....

(Address of Producer).....

Date.....

¶ See note overleaf. { ¶ Signature of Witness.....
 Address of Witness.....
 Description of Witness.....
 Date.....

Confirmation of Sale.

I hereby certify that I have purchased the animal referred to above.

(Signature of Purchaser)

(Address)

Date..... Occupation.....

Arrangements

37

SCHEDULE—FORM B (continued)

Notice to Producer.

Payment under the Cattle Industry (Emergency Provisions) Act, 1934, in respect of the animal referred to in the Certificate attached hereto, bearing the serial number shown overleaf, cannot be made unless the animal has been sold by you *within a period of one month from the date of the said Certificate* and not later than 31st March, 1935. When you have sold the animal you should, if you desire to claim payment under the said Act, sign the declaration on the other side of this form, and forward it to the Cattle Committee *within one week of the date of sale*. If you are unable to secure confirmation of sale by getting the purchaser to sign the statement overleaf, the declaration of sale made by you should be witnessed before one or other of the following persons, namely, a Mayor, Provost, Justice of the Peace, Magistrate, Minister of Religion, Bank Manager, or a Certifying Officer appointed for the purposes of the Cattle Industry (Emergency Provisions) Act, 1934.

Definition of Producer.

Section 5 (1) of the Cattle Industry (Emergency Provisions) Act, 1934, provides that for the purposes of the Act a person shall be taken to be a producer of cattle if he is a person whose business it is to keep cattle in the United Kingdom for the purpose of selling them in an improved condition.

SCHEDULE—FORM C

THIS FORM IS TO BE USED ONLY WHEN THE CERTIFYING OFFICER IS IN A POSITION TO CERTIFY THAT THE ANIMAL HAS BEEN SLAUGHTERED AND THE CARCASS SOLD

CATTLE INDUSTRY (EMERGENCY PROVISIONS) ACT, 1934.

Serial No.....

Name of Certification Centre

Particulars of Animal(s).

I hereby certify that
steer(s)
heifer(s)
cow-heifer(s)

Insert in words the number of each class and strike out words not applicable.

particulars of which are given opposite has/have been presented to me as a Certifying Officer under the above-mentioned Act by or on behalf of
 of.....
 who is a producer of cattle within the meaning of the Act, that I have examined the animal(s) and found it/them to be (an)animal(s) in respect of which the producer is eligible to receive payment in accordance with the provisions of the Act. I further certify that the said animal(s) was/were slaughtered on the; that the carcass(es) has/have been sold by the above-mentioned producer, and that the weight(s) of the carcass(es) from the said animal(s) is/are as stated.

Dated this day of , 193 .

(Signed)

Certifying Officer.

Animal's identification number (if any).	Colour of Animal.	Class of Animal and Weight* of Carcass.			Price realised on sale of Carcass.
		Steer.	Heifer.	Cow-Heifer.	
		lb.	lb.	lb.	£ s. d.

* For note on weight see overleaf.

Arrangements

SCHEDULE—FORM C (continued)

Note on Weight

The weight of each carcass specified in the certificate overleaf is the actual weight of the carcass when cold, or its equivalent if the carcass is weighed hot, except that, whenever the kidneys have been removed before the carcass is weighed, an addition of 3 lb. is added to the actual weight of the carcass. The weight recorded is the weight in lb. disregarding fractions. A carcass shall be deemed to be weighed hot if it is weighed within one hour of the slaughter of the beast.

Whenever a carcass is weighed hot a deduction is made as follows, according to the weight of the side, for the purpose of determining the equivalent weight when cold.

		<i>Hot weight.</i>	<i>Deduction per side.</i>	
		lb.	lb.	
Side of beef	... ..	{ Up to 300	5
			{ Over 300 and up to 400	6
			{ Over 400	7

MARKING OF IMPORTED CATTLE

THE CATTLE INDUSTRY (MARKING OF IMPORTED CATTLE) ORDER, 1934*, DATED AUGUST 2, 1934, MADE BY THE MINISTER OF AGRICULTURE AND FISHERIES, THE SECRETARY OF STATE FOR SCOTLAND AND THE SECRETARY OF STATE FOR HOME AFFAIRS UNDER SECTION 3 OF THE CATTLE INDUSTRY (EMERGENCY PROVISIONS) ACT, 1934.

Whereas by Section 3 of the Cattle Industry (Emergency Provisions) Act, 1934 (hereinafter called "the Act") it is provided that the appropriate Ministers shall by order provide (subject to such exceptions, if any, as may be specified in the Order) for the marking of cattle imported into the United Kingdom, and further that an order under this section may contain such provisions as appear to the appropriate Ministers to be necessary for giving effect to the order:

And whereas it is further provided that for the purposes of the Act, cattle removed from the Isle of Man into the United Kingdom shall be deemed to be imported into the United Kingdom:

Now, therefore, the appropriate Ministers, by virtue of the powers conferred upon them by the Act and of all other powers enabling them in that behalf, hereby make the following Order:

1. Cattle to which this Order applies shall not be moved from a reception lair in a landing place in Great Britain or, in respect of cattle to which this order applies imported into Northern Ireland, be moved from any port or point of entry, unless the cattle have been marked by an authorised officer on the left ear in the following manner:—

- (a) by a tattooed mark comprising a broad arrow in conjunction with a letter and a numeral; or
- (b) by punching a portion, measuring approximately half an inch by five eighths of an inch, from the said ear; or
- (c) by both such manners of marking.

2. Nothing in this Order shall affect the operation of any provision of the Diseases of Animals Acts, 1894 to 1927, or of any Order made thereunder, or of any Order made by the Board of Trade under Section 1 of the Agricultural Marketing Act, 1933.†

3.—(a) This Order applies to all bovine animals over six months old other than bulls, cows in milk, and cows and heifers in an advanced state of pregnancy.

Provided that the provisions of this Order shall not apply to any cattle which at the time of importation are shown to the satisfaction of the authorised officer to be registered pedigree cattle which are being imported for the purpose of breeding therefrom.

(b) This Order shall not apply to animals moved from a reception lair or a landing place or from any port or point of entry after the 31st day of March, 1935.

4. For the purposes of this Order:—

"Appropriate Ministers" means the Minister of Agriculture and Fisheries, the Secretary of State for Scotland and the Secretary of State for Home Affairs acting in conjunction.

"Authorised Officer" means any person authorised by the Minister of Agriculture and Fisheries or the Minister of Agriculture for Northern Ireland, as the case may be.

"Point of entry" means a place of Customs examination at a Customs Station or boundary post, as the case may be, on one of the routes prescribed by Regulations made under and in accordance with Section 4 of the Irish Free State (Consequential Provisions) Act, 1922.‡

* S.E. & O. 1934 (No. 853). † 23-4 G. 5. c. 31. ‡ 13 G. 5. Sess. 2. c. 2.

Marking of Imported Cattle Order

"Reception Lair" and "Landing Place" have the same meaning as in the Animals (Landing from Ireland, Channel Islands and Isle of Man) Order, 1933,* and the Importation of Canadian Cattle Order, 1933,† made under the Diseases of Animals Acts, 1894 to 1927.

5. If any person contravenes or fails to comply with this Order or, with intent to deceive, alters or defaces any mark placed on any animal for the purposes of this Order, he shall be liable on summary conviction to a fine not exceeding twenty pounds or to imprisonment for a term not exceeding three months, or to both such fine and imprisonment.

6.—(a) This Order may be cited as the Cattle Industry (Marking of Imported Cattle) Order, 1934, and shall come into force on the Sixth day of August, 1934.

(b) The Interpretation Act, 1889,‡ shall apply to the interpretation of this Order as it applies to the interpretation of an Act of Parliament.

RATES OF PAYMENT.

THE CATTLE INDUSTRY (EMERGENCY PROVISIONS) (RATES OF PAYMENT) ORDER, 1934, DATED AUGUST 21, 1934,§ MADE WITH THE APPROVAL OF THE TREASURY BY THE MINISTER OF AGRICULTURE AND FISHERIES, THE SECRETARY OF STATE FOR SCOTLAND AND THE SECRETARY OF STATE FOR HOME AFFAIRS UNDER SECTION 2 OF THE CATTLE INDUSTRY (EMERGENCY PROVISIONS) ACT, 1934 (24 & 25 GEO. 5. c. 54).

Whereas by Section 2 of the Cattle Industry (Emergency Provisions) Act, 1934 (hereinafter referred to as "the Act") the appropriate Ministers may, subject to the provisions of that section and in accordance with arrangements approved by them for the purposes of that section, make out of the Cattle Fund payments to producers of cattle in respect of certain animals or carcases of certain animals certified in accordance with the said arrangements to conform to a standard prescribed by regulations of the said Ministers:

And whereas every payment under the said section, in the case of any live animal, is required to be an amount computed on the weight of the animal as at the time when it was so certified at such rate per hundredweight, not exceeding five shillings, as may be specified in an Order made by the appropriate Ministers and approved by the Treasury:

And whereas every payment under the said section, in the case of a carcase, is required to be an amount computed on the weight thereof at such rate per hundredweight not exceeding nine shillings and fourpence, as may be specified in an Order so made and approved:

And whereas such an Order may provide for the weight of any animal being determined for the purpose of the section in such manner and subject to such deduction as may be prescribed by the Order, and may further provide that no certificate shall be issued for the purpose of the section in respect of any animal weighing less than such weight as may be specified in the Order:

Now, therefore, the appropriate Ministers, by virtue of the powers conferred upon them by the Act and all other powers enabling them in that behalf, hereby make, with the approval of the Treasury, the following Order:

* S.R. & O. 1933 (No. 20) p. 380.

‡ 52-3 V. c. 63.

† S.R. & O. 1933 (No. 15) p. 361.

§ S.R. & O. 1934 (No. 929).

1. The rate per hundredweight at which the amount of any payment to be made under Section 2 of the Act shall be computed shall be, in the case of a live animal, five shillings, and in the case of a carcase nine shillings and fourpence.

2. For the purposes of computing payments under Section 2 of the Act, the weight of any live animal shall be determined by ascertaining the weight of it to the nearest quarter of a hundredweight as recorded on a weighing machine or, in a case where the Cattle Committee are satisfied that no weighing machine is available, as determined in such manner as may be approved by the Cattle Committee (which weight is in these Regulations referred to as the "actual weight"), and by deducting 28 lbs. from the weight so ascertained.

3. No certificate shall be issued for the purposes of Section 2 of the Act in respect of any animal of which the actual weight or the weight as estimated by the Certifying Officer at a Dead-weight Certification Centre is less than 5½ hundredweights.

4. In this Order—

"Certifying Officer" means a certifying officer appointed by the Cattle Committee in accordance with the arrangements made for the purposes of Section 2 of the Act;

"Dead-weight certification centre" means a centre approved by the Cattle Committee in accordance with the arrangements made for the purposes of Section 2 of the Act as a centre for the certification of animals and carcasses for the purpose of payment being made under the said section at an amount computed on the weight of a carcase.

5. This Order may be cited as The Cattle Industry (Emergency Provisions) (Rates of Payment) Order, 1934.

REGULATIONS.

THE CATTLE INDUSTRY (EMERGENCY PROVISIONS) REGULATIONS, 1934, DATED AUGUST 15, 1934,* MADE BY THE MINISTER OF AGRICULTURE AND FISHERIES, THE SECRETARY OF STATE FOR SCOTLAND AND THE SECRETARY OF STATE FOR HOME AFFAIRS UNDER THE CATTLE INDUSTRY (EMERGENCY PROVISIONS) ACT, 1934 (24 & 25 Geo. 5, c. 54).

The Minister of Agriculture and Fisheries, the Secretary of State for Scotland and the Secretary of State for Home Affairs, by virtue and in exercise of the powers conferred upon them by the Cattle Industry (Emergency Provisions) Act, 1934, hereby make the following Regulations:—

1. For the purpose of making payment under Section 2 of the Cattle Industry (Emergency Provisions) Act, 1934 (in these Regulations referred to as "the Act"), in respect of steer, heifer or cow-heifer, or a carcase thereof, the steer, heifer or cow-heifer shall conform to the following standard, namely that it shall have a killing out percentage, as estimated by the Certifying Authority, of not less than fifty-two per cent., that is to say, that it is estimated by them that the weight of its carcase, as dressed in accordance with these regulations, will be in the proportion of 58 lbs. to each hundredweight of its weight when alive.

* S. R. & O. 1934 (No. 928).

2. For the purpose of making payments under the said section in respect of a carcass of a steer, heifer or cow-heifer, the carcass shall be dressed in the following manner:—

(i) The following offals shall be removed:

(a) Edible offals—

- (1) Head and tongue.
- (2) Guts and Tripes with the accompanying glands:
Liver,
Spleen,
Pancreas.
- (3) Caul and gut fat.
- (4) Heart, including heart bread or Thymus Gland.
- (5) Lights (Lungs, Trachea and Larynx).
- (6) Thick Skirt (pillar of Diaphragm).
- (7) Tail.

(b) Inedible offals—

- (1) Hide.
- (2) Feet.
- (3) Genito-Urinary Organs, excluding Kidneys.
- (4) Large Blood Vessels of Abdomen and Thorax.

(ii) The head shall be removed at the junction of the skull and the spinal column, so as to leave the entire spinal column on the carcass.

(iii) The forefeet shall be removed at the knee joint and the hindfeet at the hock joint.

(iv) The breast or heart fat shall be left on the briskets.

(v) The rib skirt or diaphragm shall be trimmed to leave a margin of at least one half inch of skin or membranous portion along the bottom, leaving the fleshy part of the diaphragm intact.

(vi) There shall be no trimming of the neck beyond cutting off the ragged edges. The jugular vein shall be removed cleanly but there shall be no trimming of the surrounding fat.

(vii) No kidney or kidney fat shall be removed without the previous consent of the Certifying Officer.

(viii) The tail shall be removed at the second joint from the base bone.

3. In these Regulations "Certifying Authority" and "Certifying Officer" mean respectively a Certifying Authority and a Certifying Officer appointed by the Cattle Committee in accordance with the arrangements made for the purposes of Section 2 of the Act.

4. These Regulations may be cited as The Cattle Industry (Emergency Provisions) Regulations, 1934.



DEPARTMENT OF HEALTH FOR SCOTLAND

MILK CONSUMPTION IN SCOTLAND

An Inquiry into the Average Amount of Liquid Milk
Consumed in Scottish Households

BY

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FOREWORD.

Much has been written on the subject of the average consumption of liquid milk per person in various countries of the world. There appears to be general agreement on one point, that the amount is smaller in Great Britain than anywhere else. This assertion is usually backed by comparative figures which appear to prove the truth of it. For two of the countries commonly quoted in this connection, it can be stated that no national data exist, though estimates have been made for certain cities or local areas. With regard to Great Britain, no national data appear to exist. Certainly, the average milk consumption in Scotland was not known even approximately. The present inquiry was undertaken to secure the information.

The authors show the difficulty of arriving at the real figure. They subject to critical review methods, including their own, which have been used to find the figure. They point out the chief fallacies which lead to error and which must be avoided or corrected.

In the present inquiry the average liquid milk consumption has been recorded for a large number of Scottish households in all the large cities, all the important towns, many smaller places, and a number of rural and industrial districts.

Four main sources of information were available, co-operative societies, private retailers, health visitors and nurses, and Education Authorities. The figures provided by these various agencies covered every variety of district and community, urban, rural, industrial, and agricultural.

It will be seen that consumption varies greatly in different localities. In the large burghs the figures are in the aggregate lower than in the county districts. In individual burghs they vary from 0·27 pint in Hamilton to 0·70 pint in Perth. In counties the variation is also great, from 0·30 pint in Lanark to 1·03 pint in Aberdeen. The averages for the aggregates are (1) large burghs 0·417; (2) counties exclusive of large burghs 0·550; and (3) Scotland as a whole 0·479 pint per head per day.

The map shows the average milk consumption in the individual counties. Also it illustrates that the country, so far as milk consumption is concerned, falls into three broad regions—the border counties, the industrial belt, and those north of this belt. The variations have been related to certain indices of environmental and health conditions, and it is shown that milk consumption per head of population tends to be lower than average in areas where overcrowding and mortality are heaviest.

The Department's cordial thanks are extended to all those—co-operative societies, private retailers, and local authorities and their public health and educational staffs—who so willingly gave their help in collecting the data which were essential for the purpose of this investigation.

J. L. BROWNLIE.

DEPARTMENT OF HEALTH FOR SCOTLAND,
EDINBURGH, *October 1933.*

MILK CONSUMPTION IN SCOTLAND.

Introductory.

The statement is often made that the consumption of liquid milk per head of the population in the British Isles is extremely low when compared with various other countries. Occasionally actual figures are given usually to the effect that in Canada the consumption is double, in the United States of America three times as much, and in Denmark and Sweden six times as much. Such statements are based upon an estimated average consumption in Great Britain of from one-third to one-half of a pint per head per day. We are not aware of the statistical basis upon which these definite figures are quoted. We are, however, officially informed that as far as the United States of America are concerned, and also as far as Denmark is concerned, there are no figures in existence to warrant these conclusions. (See Appendices II and III, pages 28, 30.)

Some information on the subject was collected for the Ministry of Food during the War and was published in the final report of the "Astor" Committee; but the times were abnormal and the figures limited. (See Appendix IV, page 30.)

In Scotland no sufficient evidence has hitherto been available to justify any general and definite statement of the milk consumption, though individual local authorities have from time to time made estimates for their own area. It was to supply that evidence that this national investigation has been carried out.

The year 1931 was specially suitable for the purpose because the general census was taken during that year. The figures in this report can therefore be related to the present number of the people. The average number of persons per household for each area was not available at the time of analysis; so that to relate the figures obtained from co-operative societies and retail dairymen to the number of persons covered by these returns we have been compelled to rely on the average number of persons per household found from the health visitors and/or schools inquiries.

Fallacies to be avoided.

It can be readily realised that to arrive at a reliable statement of the average consumption of any article of diet for a population of millions is an extremely difficult thing. The conditions of life amongst such a large number of people will vary immensely as will their habits. In a country like Scotland we find the crowded industrial areas; the scattered population of the Highlands; the small towns, some industrial and some centres of agriculture; the country districts, some with scattered mining villages and some entirely given over to farming. One great city, Glasgow, stands out

by itself for population and diversity of occupation among its inhabitants.

It is probably impossible to obtain a perfectly accurate figure for the average consumption of milk per head per day for these millions of people living such diverse lives. Even if it were possible such a figure would be true only for the time at which it was obtained and would vary with many factors, economic, seasonal, and others, at different times. But such an exact figure, interesting though it might be, is not the most important thing. What is of much greater importance is to know whether the average consumption is equal to, more than, or less than, the amount believed to be advisable; how the amount consumed varies in cities and rural areas, and in different parts of the country and in different parts of the same area. These facts are of value to those whose duty it is to plan and carry out the policy of legislation which deals with national nutrition, and this special inquiry has been planned in the hope of providing this information in respect of milk.

In the endeavour to arrive at reliable figures for the purpose in view there are certain methods of calculation which, though at first sight obvious—and often used—are in reality very fallacious.

It seems quite simple to say that if a city of 40,000 people uses 40,000 pints of milk per day the average consumption is one pint per head of the population. It is almost certainly nothing of the kind. In that city there may be a margarine factory using a thousand gallons of milk per day, and exporting all the margarine elsewhere, which at once brings down the average by one-fifth. There may be biscuit factories, chocolate factories, bakers, ships, trains, animals, and places outside the city all partly or wholly supplied from the 40,000 pints coming into the city. When all these are allowed for, if it were possible to do that accurately, the average consumption in such a place will be found to be very much less than one pint per head. The simple calculation of the amount of milk divided by the number of the population is quite useless except in some small isolated communities where all the milk is known to go for household use.

Again, in certain of the larger towns especially, a number of people take a certain amount of milk daily in the morning from the same retailer, but later in the day add to this by purchasing a further small quantity, as required, from street vendors.

Still other people deal with two retailers. Such considerations apply more or less to many places in Scotland and have to be borne in mind in reading statistical results. They make it necessary to approach such an inquiry from various angles, so that the results obtained from one line of investigation may be compared with those obtained otherwise. It follows also that the results must be sought for over as wide an area as possible, from all kinds of places, from every grade of the population, and from as many random sample households as possible. In that way only can a reliable figure be

obtained, and in that way we have in this inquiry endeavoured to avoid as many fallacies as possible.

It should be noted that this inquiry deals with the consumption of liquid milk only. It takes no account of the amount of milk consumed in the form of cheese, butter, cream, margarine, or the many foods into which milk enters in various proportions. Neither does it deal with imported dried or condensed milks, except where these have been a special subject of investigation by a local public health authority, for example, in Glasgow.

Lines of Inquiry.

Since such a large proportion of the population of Scotland is contained in the four large cities of Glasgow, Dundee, Edinburgh, and Aberdeen, it seemed advisable to consider them first. Conferences were held with the Public Health officials and lines of inquiry to be followed up were agreed upon. The following were the principal sources of information, and with some variations and additions were employed for the whole country.

(1) Co-operative Societies.

In nearly all the towns of any size the largest distributors of milk are the co-operative societies. They also keep very accurate figures relating to their business. They gave most ready assistance and no less than 84 of these societies, scattered all over Scotland, supplied details of their average milk distribution. They were asked to supply figures for a given average day showing (a) the total amount of milk handled that day; (b) how it was disposed of; (c) the amount supplied to households; and (d) the number of households supplied. The month of April was selected for this part of the inquiry as it was important that the returns should refer to a period when the population was as normal and stationary as possible, and not to the holiday or tourist season. It was also the month in which the census was taken.

(2) Registered Dairies.

Local authorities all over the country were asked to obtain a return similar to that of the co-operative societies from all their registered dairymen. This was also done in the month of April, and most dairies gave the information required.

(3) Health Visitors and Nurses.

A number of Health Visitors and Nurses in various parts of Scotland were asked to ascertain from each house visited *in the ordinary course of their work* (a) the number of persons in each house; (b) the number of adults, over 15 years; (c) the number of children in each house, under 15 years, and (d) the amount of milk taken daily *in each house*. Nearly all the medical officers regard this line of

inquiry as very valuable, most reliable, and strictly accurate. From the various parts of Scotland no less than 15,187 households containing 80,242 persons were thus recorded. This was done over a period of some ten months.

(4) Returns from Schools.

With the consent and approval of the Scottish Education Department a number of Head Masters and Mistresses of all kinds of schools all over the country were asked to ascertain from their senior scholars the same facts as those recorded by nurses and visitors, namely, total persons in house, number of adults and children, and the amount of milk taken per day. This inquiry was carried out in the autumn after the summer holidays, and therefore covers a different period of the year. The returns were checked for reliability in various ways. From this source of information returns were obtained covering no less than 66,149 families containing 393,726 persons.

It is a matter of opinion which of these various lines of inquiry has given the most strictly accurate returns. We are of opinion that returns of the Health Visitors and Nurses, which are the result of house-to-house personal visitation and inquiry, are very reliable indeed. The returns from the senior scholars of the schools are also likely to be very accurate, and in many cases were carefully supervised by the teachers. Many of the co-operative milk distributing firms keep very accurate records of their sales, and the same is true of many registered dairymen, and where there was reason to doubt this the return was omitted. As a consequence, and taking into consideration the large number of persons recorded and their general distribution throughout Scotland, the margin of error cannot be great. It is well, however, to consider further the possible manner in which such estimates may mislead.

Possible Fallacies in the Lines of Inquiry adopted.

In obtaining a figure to represent the average consumption of milk either for the country as a whole or for any of its subdivisions, it is essential to keep in mind the possible fallacies which may arise in the sampling methods adopted and vitiate the findings obtained. In the present inquiry data were, as previously explained, obtained principally from four sources, and we must be clear on the inherent defects of each and all of these lines of approach to the problem at issue.

(1) Co-operative Societies.

The basic data from this source were lists showing the total amount of milk supplied to a particular number of families on a representative day. This method of judging the amount of milk consumed is subject to several possible sources of error.

(a) The societies are not found in each of the individual areas of Scotland, being unrepresented in the returns from scattered rural districts of the north and only slightly represented in the border counties of the south. The returns we have obtained from this source are, in fact, derived principally from the industrial belt of the country and from the larger aggregates of population elsewhere. Unless, therefore, there were no substantial differences in the milk consumption in the several areas of the country, and in particular unless there is little divergence in this respect between urban and rural communities, such findings would be misleading as an index of the consumption in the country generally. In view of the results presently to be set forth, this limitation of co-operative society returns to certain defined areas of the country will result in an average value for *per capita* consumption of milk per day which is almost certainly an underestimate. There may be a compensating factor here in that, in the areas so covered by these co-operative activities, the families are over-average in size and composed of young children, among whom milk is a greater source of food supply than in adults. It is not clear, however, that this is so.

(b) A perhaps more important source of vitiation is that, even in communities where co-operative methods are the rule, there are many families whose total milk supply is derived from more than one source, e.g. co-operative society and retail dairymen. Obviously, therefore, the total milk turn-over of a particular society divided by the total families or total persons to whom it is delivered may be a gross distortion of the actual per family or *per capita* consumption. Here again the error will be in the direction of underestimation.

(c) Co-operative activities may appeal only, or more particularly, to a special section of a given community. If, for example, within a given area the source of supply were selective in respect of social class or some similar factor differentiating families which may affect or be related to the amount of milk consumed, the findings, based on society returns, would certainly not be a true reflex of general community conditions. How far in actual practice selection of this nature operates, we simply do not know.

(d) Since in the vast majority of these data provided by co-operative societies we have only been able to obtain the total number of *families* to which a certain amount of milk was supplied (this same factor applies in the case of returns from retail dairymen), to arrive at the *per capita* consumption of milk, we have utilised the results from the remaining two sources, health visitors and schools, to provide an indication of the average size of family in that area. Obviously, if selection of a special kind pertains to the co-operative figures (or conversely to the health visitor or school figures), the value of the *per capita* figures so calculated may again be diminished from this source of error. (The recent census figures of size of family in individual areas were not utilised for this purpose, since at the time of analysis these were only published for a small pro-

portion of the total districts ; and in any case the same objection as stated here is applicable with equal force.)

(2) Retail Dairymen.

In estimates made from this source of information, distortion may arise because—

(a) the figures given may, as in the case of co-operative societies, represent only a fraction of the actual total milk consumed by a given family, owing to overlapping in the sources from which the supply is derived ; and

(b) the *per capita* figures are only exact in so far as the school and health visitor data provide an accurate measure of average size of family.

It will be noted from Table 1 and later tables that the total households covered by the retail dairies' and co-operative societies' inquiries numbered 830,665, and that the total (estimated) persons within these households are 4,759,265. It is quite obvious accordingly that, as pointed out above, the families comprising these two series of data are not independent. The possibility of adding the total amount of milk distributed from these two sources and dividing by the Census population to arrive at an average *per capita* consumption figure has been considered, but has had to be rejected for the following reasons :—

(1) In some areas figures from one or both sources are not available, and, even where both are available, it is not certain that all retail dairies and co-operative societies are included.

(2) There is probably overlapping of data from these sources from different areas, e.g. a retail dairyman on the outskirts of a burgh may have included in his returns households which happen to be just beyond the boundary.

For such reasons as these it is clear that the possibility mentioned above cannot be further entertained.

(3) Health Visitors and Nurses.

Here the principal possible vitiating factor is in the selection of families visited. The activities of a health visitor are not equally operative in all strata of a given community. In the case of health visitors attending a family subsequent to the birth of an infant there is undoubtedly social selection of those visited. This arises from two sources : (a) the selective nature of the birth rate itself (even if all births were visited), and (b) this selection being further intensified by visitation being carried out to a less extent among better-class homes. Where visitation follows on notification of sickness in any member of a family, selection must again arise since the incidence of illness is by no means random. Thus it may happen that the sample of families in the returns from health visitors may contain an undue proportion of the most fertile or the most morbid type of family, so that the average thus obtained cannot be regarded

as representative of community conditions. On the other hand, such returns are not subject to the other important sources of error, in that the total family consumption of milk and the actual size of the family are accurately obtainable.

(4) Schools.

Provided the individual schools in a district are adequately represented in the total, this appears to afford a more reliable source of information than any of the other methods we have adopted. The main factor in selection is that in such a sample of the population, families in which there are no children of school age are automatically excluded.

One general source of error may be mentioned. In the school and health visitor returns it is possible that there is omission of certain cases where free milk is supplied to children in necessitous families. This, if appreciable, is probably most operative in the depressed areas of the industrial belt and might conceivably distort the picture of geographical differences.

It may be finally emphasised, however, that whatever the defects in the present data, the results probably underestimate the average milk consumption of the several areas or of the country as a whole.

AVERAGE MILK CONSUMPTION OF SCOTLAND AND THE AGGREGATES OF LARGE BURGHs AND COUNTIES.

TABLE 1.—AGGREGATE MILK RETURNS FOR THE WHOLE OF SCOTLAND.

	Retail Dairymen.	Co-operative Societies.	Health Visitors.	Schools.
Number of households	488,839	341,826	15,187	66,149
Number of persons	2,781,429*	1,977,836*	80,242	393,726
Total amount of milk (pints)	770,926	457,880	39,133	212,659
Average per household (pints)	1.577	1.340	2.577	3.215
Average per person (pints)	0.277*	0.232*	0.488	0.540

The aggregate returns supplied from the four sources in the whole of the country are collected in Table 1. It may be repeated that, since in the great majority of instances the number of households only, not the number of persons in these households, could be fur-

* As explained above, the total number of persons in the households supplied by retail dairymen and co-operative societies was obtained by assuming that the average size of household in each area was the same as the combined figure found in the health visitor and school inquiries. The 1921 Census figures for Scotland show that the average size of household (4.4548) is appreciably lower, and, if this figure be taken, the average *per capita* consumption figures for households supplied by retail dairymen and co-operative societies are 0.354 and 0.301 pint respectively.

nished by the retail dairymen and co-operative societies, the average *per capita* consumption figure given in this and succeeding similar tables under the headings relating to these two sources is based upon the assumption that the average size of the households is equal to that found in the health visitor and school returns. The extensive numerical basis of these averages is obvious; but the discrepancies in the results from the different sources are wide and sufficient to direct attention to the possible distortion which may have occurred rather than to the mere numbers on which the results are based. The figures for daily consumption per household found from the data supplied by registered dairymen and co-operative societies are approximately only half as high as those from the remaining two sources of information. In these we find that the nurse-health visitor returns show an average of 2.58, the school returns one of 3.21 pints per household per day.

The average *per capita* consumption figure from health visitor sources is 0.49 and from schools 0.54 pint per day, those from the first two sources being, of course, only half as large, namely, one-quarter of a pint per head per day. From the previous discussion of the possibilities of bias in estimates derived by the four methods adopted, it seemed legitimate to conclude (1) that in point of accuracy the data obtained from health visitors and schools would be more reliable than those from retail dairymen and co-operative societies, and (2) that even from these more reliable sources any inaccuracy likely to be introduced would most probably be in the direction of an under- rather than an over-estimate of the true proportion. The discrepancy between the school and health visitor findings, the former being some 11 per cent. in excess of the latter average, seems to indicate that the selection previously pointed out as liable to occur in sampling through the medium of health visitors and nurses, may have actually occurred. The average size of household in the data from schools (5.95), however, is greater than the corresponding size of those included in the health visitor series (5.28) which, *a priori*, is the opposite to what we should expect from the nature of the selection indicated. The point will be referred to in greater detail later. A general Scottish figure of half a pint per head of population per day can be regarded, therefore, as probably not too large, and is obviously appreciably higher than has generally been thought. Previous comparable information of the consumption of liquid milk is not at all extensive, being usually in the form of indirect estimates, and often much less reliable than that presented here. The estimate made by the Local Food Committee in January 1918 for Great Britain (quoted by the Astor Committee, Cmd. 483) was 0.25 pint per head per day, the range being from 0.1 pint in Inverness to 0.31 in London. This is roughly only half as large as the figure we have reached for Scotland, although it has to be remembered that this Committee's figure related to Great Britain and not to Scotland only, and that the decidedly abnormal conditions towards the end

of the War very probably affected appreciably the consumption of milk in the general population. For Great Britain again, estimated consumption data were given by the Ministry of Agriculture. For the year 1921 this was 0·31 pint, and for 1922, between 0·33 and 0·36 pint per head per day. The recent Report of the Reorganisation Commission for Milk (Economic Series No. 38) concluded from a review of the available published statistics that the average daily *per capita* consumption lay between one-third and two-fifths of a pint.

In Tables 2 and 3 are given the corresponding data for the aggregate of burghal and county local authority areas respectively. (The burghal local authorities are those of "large burghs"; all with total populations in excess of 20,000 persons. The county local authorities are those of counties including all burghs, except large burghs, within their boundaries.)

TABLE 2.—MILK RETURNS FOR THE AGGREGATE OF LARGE BURGHS.

	Retail Dairymen.	Co-operative Societies.	Health Visitors.	Schools.
Number of households	848,588	234,044	5,401	21,899
Number of persons	1,994,895	1,363,136	30,523	143,490
Total amount of milk (pints)	520,938	320,356	11,990	56,083
Average per household (pints)	1·52	1·37	2·220	2·56
Average per person (pints)	0·261	0·235	0·393	0·391

TABLE 3.—MILK RETURNS FOR THE AGGREGATE OF COUNTIES.

	Retail Dairymen.	Co-operative Societies.	Health Visitors.	Schools.
Number of households	149,251	107,782	9,786	44,250
Number of persons	786,534	614,700	49,719	250,236
Total amount of milk (pints)	249,988	137,524	27,143	156,576
Average per household (pints)	1·721	1·276	2·774	3·538
Average per person (pints)	0·318	0·224	0·546	0·626

From these results it will be observed that, as found for the country generally, the highest figures are those derived from the health visitor and school returns; that the school is appreciably higher than the health visitor figure in the county but substantially equal in the burghal aggregates, and the co-operative societies lower than the retail dairymen figure, both of the latter, however, being probably underestimates of the true state of affairs.

The daily household consumption of milk in the aggregate of large burghs is, except in the figure derived from co-operative societies, lower than that in the aggregate of counties, the daily *per capita* consumption being likewise smaller. The two more reliable figures indicate a *per capita* milk consumption in large

burghs of 0.39 pint per day, whereas in counties the consumption exceeds half a pint per head per day (0.55 to 0.63 pint). It may be noted that the co-operative society figure in counties is below the retail dairymen figure by a much greater amount relatively than in burghal areas, the defect in the former case amounting to 30 per cent., in the latter to only 10 per cent. The lower figure given by the health visitor than the school data already shown for Scotland apparently applies solely to counties. The difference in these groups of counties between the two figures, amounting to an excess in the school compared with the health visitor figure of 15 per cent., is certainly rather high. It should be noted that the average size of household from these two sources of information differs less in counties than in large burghs, the figures being these: in counties the households in the health visitor sample average 5.08, those in schools 5.66 persons, the corresponding averages for burghs being 5.65 and 6.55 persons.

Although the foregoing statements must be examined later with greater particularity, the general results collected in the three preceding tables may be summarised at present as follows:—

- (1) The average consumption of liquid milk in Scotland at the time when this inquiry was carried out approximates to half a pint per head per day.
- (2) Consumption is lower in the aggregate of large burghs than in the rest of the country.
- (3) Information obtained from milk distributors in a manner such as we have adopted here rather underestimates the true position.
- (4) The nurse-health visitor source is open to some suspicion, more particularly in counties.

Correlation between the Estimates from the Four Sources.

The whole series of figures received from individual local authority areas are given later in Tables 5 and 6. From the figures contained therein, coefficients of correlation have been calculated between the results derived from the various sources of information in large burghs, counties, burghs *plus* counties, and geographical counties (i.e. inclusive of the appropriate large burghs). If the sample of the population comprised in the figures from each of these sources were a reliable indication of the amount of milk consumed in individual areas of the country we should find, in addition to a correspondence between the general averages obtained, a high degree of correlation between the individual values for the separate areas. As already shown in the average figures, there is reason to suspect the utility of estimates based on returns given by distributors. This is supported by the coefficients of correlation given below (Table 4). The size of the coefficient is an indication of the extent to which the average *per capita* consumption figures based upon the data from the four sources correspond with one another, the greater the coefficient the closer the correspondence and vice versa.

TABLE 4.—CORRELATION BETWEEN THE ESTIMATES FROM THE DIFFERENT SAMPLES.

	1 Counties excluding Large Burghs.	2 Large Burghs.	3 Counties. + Large Burghs (1 & 2).	4 Counties including Large Burghs.
Health visitor—school	.80 ± .05	.33 ± .15	.78 ± .04	.89 ± .03
„ —retail dairy- men	.53 ± .10	.23 ± .16	.61 ± .07	.60 ± .09
„ —Co-operative societies	.12 ± .19	.52 ± .13	.37 ± .11	.31 ± .18
School—Retail dairymen	.33 ± .13	.37 ± .15	.49 ± .08	.40 ± .12
„ —Co-operative societies	.47 ± .15	.53 ± .12	.43 ± .10	.48 ± .14
Retail dairymen—Co-opera- tive societies	.03 ± .20	.19 ± .17	.36 ± .11	.28 ± .19

The coefficient involving any two series of values is based on the total number of areas in which each of the particular pair is available. The numbers therefore vary, and are in no case very large, especially when dealing with burghal areas alone.

In county areas, exclusive of large burghs, there is a high degree of association between the figures found from the school and health visitor returns, the coefficient reaching a value of 0.80. This is the largest found between the various pairs in this group of districts. Next in order are the correlations between the health visitor and the corresponding retail dairymen returns, and, of a slightly smaller size, between the schools and co-operative societies. It will be observed that the relation between school and retail dairymen findings, although positive, is small and statistically insignificant; but between health visitor and co-operative societies and more particularly between dairymen and societies there is no relationship of any moment. The geographical variations of milk consumption in counties, it is suggested, are fairly well represented by either the health visitor or the school method of sampling.

In large burghs where, as previously stated, the number of areas with the different pairs of estimates available is small, none of the coefficients obtained is high. The two highest are the figures from co-operative societies in association with the health visitor and school returns. The relation between the latter two series of results is positive though disappointingly small.

If we consider the whole series of local authority areas together, the health visitor-school coefficient takes highest place with a value of 0.78, the next in order of importance being those involving health visitor and retail dairymen figures, schools and retail dairymen, and schools with co-operative society returns. In every case, however, the coefficients are positive and significant; but, with the

possible exception of the first-named, health visitors and schools, where the geographical variations indicated by the two sets of data correspond to a very appreciable extent, it is obvious from the numerical values of the remaining coefficients that quite wide differences in the geographical variations of milk consumption exist when different methods of assessment are utilised.

The final series of coefficients is calculated on the figures for county areas inclusive of their appropriate large burghs. The indications are similar to those already mentioned in connection with the findings obtained when the large burghs and counties are treated as discrete geographical units. The correlation between the health visitor and school figures is satisfactorily high.

From Table 4 it is clear that in every instance the geographical differences of milk consumption indicated by the returns from the several sources are positively correlated one with another, to a degree, however, which varies widely; that the health visitor and school figures are so closely related that areal differences shown by the first are very similar to those indicated by the second; and that the relation between the figures from the remaining two sources is so slight in degree that considerable suspicion must attach to their use as indicative of the real variations throughout the country.

Geographical Variations of Milk Consumption.

It has already been pointed out that in the aggregate of large burghs the average values found from the four different sources are consistently lower than the corresponding figures from the aggregate of counties. Within these two large aggregates, however, appreciable diversity is found in the individual areas.

The data contained in Table 5 show the wide range of values for milk consumption in individual burghal areas. Based on the school figures, these vary from the lowest values of 0.27 and 0.29 pint in Hamilton and Airdrie and 0.30 in both Coatbridge and Motherwell & Wishaw to the highest returns of 0.51, 0.59, and 0.71 which are found in Arbroath, Falkirk, and Perth respectively. The health visitors' investigations indicate the smallest consumption in Greenock, Edinburgh, and Dundee with *per capita* figures of 0.31, 0.33, and 0.34 pint, and the highest in Clydebank, Coatbridge, and Perth, where the returns are 0.49, 0.52, and 0.61 pint. From co-operative societies the figures show lower averages generally and a much smaller range. The lowest are 0.16 pint per head in Airdrie and Motherwell & Wishaw and 0.17 in Kirkcaldy; the highest, 0.30 in Clydebank and 0.31 in both Aberdeen and Perth. Data collected from retail dairymen show *per capita* consumption figures varying from 0.18 pint in Dundee, 0.21 in Kirkcaldy, and 0.22 in Airdrie to 0.34 in Kilmarnock, 0.47 in Rutherglen, and 0.51 in Falkirk. It will be noticed that the figure from this source in Rutherglen (0.47) is higher than either of the values found by health visitors or schools inquiries, and is the only instance where the results found from

TABLE 5.—AVERAGE MILK CONSUMPTION IN LARGE BURGHS.

BURGH.	No. of HOUSEHOLDS.				No. of PERSONS.				No. of PINTS.				AVERAGE PER HOUSEHOLD.			AVERAGE PER PERSON.					
	R.D.	Co-op.	H.V.	S.	R.D.	Co-op.	H.V.	S.	R.D.	Co-op.	H.V.	S.	R.D.	Co-op.	H.V.	S.	R.D.	Co-op.	H.V.	S.	
													—	—	—	—					
Aberdeen . . .	19,734	21,987	950	—	122,153	134,119	2,165	—	32,375	41,800	1,023.5	—	1.64	1.68	2.02	—	.27	.61	.47	—	
Arbroath . . .	6,661	385	20	165	34,837	1,908	101	866	6,424	544	37	440	1.28	1.49	1.85	2.07	.24	.28	.37	.51	
Dundee . . .	41,510	6,276	458	6,250	323,363	41,100	2,388	49,834	6,612	817	18,327	—	1.43	1.63	1.78	2.93	.18	.21	.34	.37	
Ayr . . .	9,533	—	—	—	—	—	—	—	14,544	—	—	—	1.84	—	—	—	—	—	—	—	
Kilmarnock . . .	9,359	—	25	—	57,277	—	153	—	19,288	—	58	—	—	—	2.32	—	.34	—	.38	—	
Clydebank . . .	14,435	9,166	200	140	81,702	51,880	1,065	861	23,068	15,760	519	373	1.60	1.72	2.00	2.66	.28	.30	.49	.43	
Dumbarton . . .	7,515	9,340	100	359	46,067	20,474	613	2,200	11,394	5,840	282	967.5	1.51	1.75	—	2.66	.25	.29	.46	.44	
Dunfermline . . .	5,835	—	24	132	33,726	—	142	760	10,272	—	51.5	387	1.76	—	2.15	2.78	.30	—	.36	.48	
Kirkcaldy . . .	6,736	12,000	100	320	37,432	66,720	612	1,722	10,668	12,400	222	850	1.58	1.03	2.22	2.68	.19	.36	.50	.50	
Inverness . . .	16,015	14,500	220	438	86,364	50,910	1,163	2,469	18,985	13,440	434.5	—	1.012	1.19	.93	1.98	2.31	.21	.17	.37	.41
Airdrie . . .	6,359	856	23	535	41,206	5,547	174	3,457	9,008	898	69	1,008	1.42	1.05	2.52	1.68	.22	.16	.36	.29	
Coatbridge . . .	12,000	5,525	25	631	77,040	35,471	125	4,087	18,328	8,648	65	1,237.5	1.57	2.60	1.96	.24	.24	.52	.30	.30	
Glasgow . . .	—	64,806	2,638	5,122	—	386,244	15,343	30,375	—	80,238	8,956	15,104.5	—	1.39	2.26	2.56	—	.23	.39	.42	
Hamilton . . .	—	1,300	—	418	—	8,970	—	2,885	—	2,080	—	784	—	1.60	—	1.88	—	.23	—	.57	
Motherwell & Wishaw . . .	14,742	15,200	70	1,407	95,086	98,040	418	9,108	25,864	16,088	193	2,769.5	1.75	1.06	2.76	1.96	.27	.16	.46	.30	
Rutherglen . . .	6,336	3,830	243	344	35,339	21,325	1,078	2,183	16,736	5,568	472.5	821.5	2.83	1.45	1.94	2.39	.47	.29	.44	.38	
Edinburgh . . .	126,427	39,690	25	8,532	707,991	222,264	183	19,729	174,728	53,872	60.5	8,830.5	1.38	1.36	2.42	2.44	.25	.34	.33	.44	
Perth . . .	12,102	6,000	20	432	62,688	31,080	90	2,251	18,840	9,568	55	1,588	1.58	1.59	2.75	3.68	.30	.31	.61	.71	
Greenock . . .	15,920	5,473	419	917	92,495	31,798	2,270	5,489	25,416	7,744	696	2,085	1.60	1.41	1.66	2.27	.27	.24	.31	.38	
Fairlie . . .	—	10,300	—	403	—	61,285	2,248	2,605	—	12,800	921.5	922	—	1.24	—	2.23	2.29	.31	.41	.35	
Port Glasgow . . .	—	2,050	—	154	—	12,341	—	927	—	2,668	—	283.5	—	1.30	—	1.84	—	.22	—	.31	
Falkirk . . .	8,231	12,700	—	45	33,500	51,689	—	183	16,668	11,792	—	107.5	2.06	.93	—	2.39	.51	.23	—	.59	
Stirling . . .	5,718	—	25	155	23,609	—	164	879	6,916	—	63	407.5	1.66	—	2.52	2.63	.29	—	.38	.42	
Totals . . .	343,588	234,044	5,401	21,899	1,994,895	1,368,136	30,523	145,460	520,938	320,356	11,990	56,083	1.52	1.37	2.17	2.56	.26	.34	.363	.39	

TABLE 6.—AVERAGE MILK CONSUMPTION IN COUNTIES.

COUNTY, LEAS BURGHS.	NO. OF HOUSEHOLDS.				NO. OF PERSONS.				NO. OF PINTS.				AVERAGE PER HOUSEHOLD.				AVERAGE PER PERSON.				
	R.D.	Co-op.	H.V.	S.	R.D.	Co-op.	H.V.	S.	R.D.	Co-op.	H.V.	S.	R.D.	Co-op.	H.V.	S.	R.D.	Co-op.	H.V.	S.	
	Aberdeen*	—	—	—	8,861	—	—	—	46,400	—	—	—	—	47,731	—	—	—	5-39	—	—	—
Argyll	4,240	—	906	1,168	23,998	—	1,506	6,956	7,968	—	866-5	—	4,619-5	1-86	—	2-83	3-89	—	—	—	5-8
Angus	—	—	77	1,569	—	—	—	527	7,550	—	239	—	4,902-5	—	—	3-10	3-75	—	—	—	4-5
Ayr	19,865	11,690	2,494	—	102,208	60,087	12,822	—	31,000	14,854	6,426	—	—	1-66	1-27	2-58	—	—	—	—	5-0
Banff	—	—	25	—	—	—	—	138	—	—	85	—	—	—	—	3-40	—	—	—	—	6-2
Berwick	2,066	—	81	690	11,033	—	530	3,214	2,852	—	193	1,798	1-47	—	—	2-12	2-94	—	—	—	3-6
Bute	3,638	—	701	223	19,970	—	2,908	1,280	6,268	—	1,767-5	—	—	—	—	2-55	3-46	—	—	—	8-0
Caithness	—	—	—	694	—	—	—	3,905	—	—	—	—	3,391-5	—	—	—	4-98	—	—	—	6-7
Clackmannan	2,734	11,383	75	1,135	18,721	65,165	409	6,543	5,643	14,560	188-5	—	2,676-5	1-84	1-28	2-51	2-62	—	—	—	4-5
Dunbarton	3,749	3,010	775	571	21,407	17,167	4,433	3,258	7,232	4,408	2,018-5	1,601-5	1-63	1-46	2-80	2-80	—	—	—	—	4-9
Dumfriesshire	2,500	—	—	638	336	13,450	—	3,334	1,832	3,898	—	1,793-5	1,195-5	1-48	—	2-82	3-56	—	—	—	4-6
East Lothian	—	3,800	—	2,614	—	22,344	—	15,379	—	8,400	—	6,777-5	—	1-68	—	2-59	—	—	—	—	6-3
Fife	17,679	11,497	698	2,289	100,240	65,188	3,469	13,812	30,716	17,192	1,496-5	—	6,812-5	1-74	1-50	2-14	2-75	—	—	—	4-4
Inverness	—	—	—	40	—	—	—	824	—	—	—	—	226	—	—	—	6-90	—	—	—	7-8
Kincardine	—	—	—	863	—	—	—	4,500	—	—	—	—	8,248	—	—	—	3-79	—	—	—	7-2
Kirkcubright	3,553	—	80	—	19,400	—	437	4,569	5,359	—	267	—	6,306	1-51	—	3-34	—	—	—	—	6-1
Leath	—	15,187	480	3,321	—	96,893	2,986	21,747	—	18,620	1,040	—	6,306	—	1-23	2-28	1-90	—	—	—	2-9
Midlothian	11,967	24,668	325	1,494	53,621	137,154	1,806	8,510	16,180	30,628	735	3,622-5	1-35	1-25	2-26	2-43	—	—	—	—	4-1
Moray & Nairn	6,690	—	202	747	39,808	—	1,128	4,321	16,528	—	678-5	—	3,072-5	2-47	—	3-35	4-11	—	—	—	6-0
Orkney	1,778	—	65	301	10,490	—	340	1,818	3,380	—	288	1,456	1-90	—	—	8-97	4-84	—	—	—	8-0
Perth	2,346	320	80	748	6,384	1,725	230	4,073	5,104	400	147	2,362	2-16	1-26	2-94	3-16	—	—	—	—	5-8
Perthshire	9,115	244	1,295	1,879	46,669	1,249	6,361	9,905	15,090	328	4,219-5	6,859	1-96	1-34	3-26	3-65	—	—	—	—	6-9
Renfrew	29,386	7,141	25	418	173,965	42,275	139	2,483	45,656	7,994	64-5	1,002-5	1-55	1-12	2-58	2-40	—	—	—	—	4-0
Rose & Cromarty	5,472	—	450	330	19,408	—	2,276	3,222	7,716	—	1,613	2,515	2-22	—	—	3-58	4-75	—	—	—	7-9
Roxburgh	1,895	3,000	52	3,316	9,570	15,150	210	16,815	4,203	5,088	111-5	10,420	2-33	1-70	2-14	3-14	—	—	—	—	6-4
Selkirk	5,513	4,000	80	514	27,234	19,760	359	2,575	10,630	3,840	225	1,598	1-93	—	2-81	3-11	—	—	—	—	6-2
Stirling	5,714	5,110	189	1,160	34,798	31,120	789	7,229	10,781	5,024	381-5	2,664-5	1-68	—	—	2-40	2-47	—	—	—	4-6
South Ayrshire	721	—	465	781	3,771	—	2,124	4,262	1,511	1,693	—	3,560	2-10	—	—	3-64	4-66	—	—	—	6-3
West Lothian	5,414	6,782	150	6,736	27,070	39,403	795	39,211	6,844	7,888	389	18,290-5	1-65	1-16	2-59	2-71	—	—	—	—	4-7
Wigtown	497	—	60	375	2,719	—	247	2,078	1,312	—	228-5	1,546-5	2-64	—	—	4-57	4-13	—	—	—	7-5
Zeland	1,359	—	—	1,237	7,801	—	7,097	2,269	—	—	—	5,625-75	1-68	—	—	4-55	—	—	—	—	6-9
Totals	145,251	107,782	9,786	44,250	786,534	614,700	49,719	250,238	249,988	137,524	27,148	156,576	1-72	1-28	2-77	3-64	—	—	—	—	4-8

* In this area the results of the inquiries made via retail dairymen, nurses, and health visitors were given jointly (see Appendix VI, p. 32). These joint returns relate to 42,109 persons, the total amount of milk consumed daily being 44,162 pints, the average per capita consumption therefore being 1.05 pints per day.

retail dairymen or co-operative societies exceed those from either of the remaining two sources.

The variations in counties (Table 6) are greater than those in large burghs. In the data collected from school children the smallest averages are found in Lanark with an average consumption of only 0.29 pint per head, in Renfrew and Stirling with 0.40 pint, and in Midlothian with 0.43. The heaviest consumption indicated in data from this source is found in Orkney with 0.80, Sutherland with 0.83, Caithness with 0.87, and Aberdeen with 1.03 pint per head per day. The health visitors' inquiries in these areas show a range of values from the lowest of 0.36 in Berwick, 0.41 in Midlothian, and 0.43 in Fife to the highest of 0.71 in Ross & Cromarty, 0.75 in Orkney, 0.80 in Sutherland, 0.93 in Wigtown. Returns from co-operative societies are available for fewer counties. In every case, however, the figure so derived is lower than in the corresponding data from health visitors or schools. They range from 0.16 pint in Stirling and 0.19 in Selkirk, Renfrew, and Lanark to 0.29 in East Lothian and 0.34 in Roxburgh. Retail dairymen figures likewise are consistently lower than the corresponding school and health visitors' data, and vary from 0.26 in Renfrew and 0.27 in both Dumfries and Berwick to 0.48 in Wigtown, 0.50 in Roxburgh and 0.54 in Peebles.

From the data amassed for each individual area, it will be observed that from certain of these no information from one or more sources is available. The returns of co-operative societies and retail dairymen, on general *a priori* considerations and from scrutiny of the actual figures received, we have decided to regard for our present purposes as misleading and certainly of less moment than those from schools and health visitors; but with regard to the two latter which, from the point of view of accuracy, are regarded as the most reliable, an important consideration is raised by the fact that the average values given previously for Scotland and the two large aggregates on the health visitors and schools data are not derived from exactly the same geographical units. For the Scottish rates as a whole there was an appreciably higher average *per capita* consumption figure registered by the schools (0.540) than by the health visitors data (0.488). In the aggregate of large burghs the excess was almost negligible, the respective figures being 0.391 and 0.393 pint, the whole of the schools excess being from the county district figures where the averages were 0.546 and 0.626. It was suggested that possibly the factor of selection of families might have arisen in the health visitors data to vitiate the findings obtained by this method; but detailed scrutiny of the individual areas in Tables 5 and 6 supplies a simple probable explanation of the discrepancies, which, if correct, would remove to a great extent the suspicion attaching to the health visitor method of sampling. In the counties we note that no health visitors data were forthcoming from Aberdeen,¹ Caithness, East Lothian, Inverness, Kincardine, and Zetland areas,

¹ See footnote to Table 6.

the *per capita* consumption figures of which are respectively 1.03, 0.87, 0.44, 0.73, 0.72, and 0.79; that is, with the exception of East Lothian, they are all districts with high average consumption of milk. In particular, the high average of Aberdeen County and the exceedingly high proportion which this sample is of the total families examined through the schools make an enormous difference to the general average for the aggregate.

Quite apart from selection of families, discrepancy in the average values derived from these two sources may arise from (1) the representation of certain areas in only one of the two series, these areas being widely different in respect of milk consumption from the general average, and/or (2) the inappropriate weighting of the samples. If from the data collected in Tables 5 and 6 we base the average from each source only on those districts from which information from both sources is available we shall be able to observe how much of the difference is attributable to (1) above. The requisite figures are given in Table 7 below, the average *per capita* values for all areas being added for comparative purposes.

TABLE 7.—SHOWING THE HEALTH VISITORS AND SCHOOLS DATA FROM (1) AREAS WITH BOTH SERIES OF DATA AVAILABLE, AND (2) ALL AREAS.

	LARGE BURGHS.		COUNTIES.		SCOTLAND.	
	H.V.	S.	H.V.	S.	H.V.	S.
No. of households . . .	5,026	21,282	7,187	29,951	12,213	51,233
No. of persons . . .	28,205	139,495	36,322	172,631	64,527	312,126
Total amount of milk (pints) . . .	10,626.5	53,940.5	20,365	89,566.75	30,991.5	143,507.25
Average per person . .	0.377	0.387	0.561	0.519	0.480	0.460
Average per person (all areas) . . .	0.393	0.391	0.546	0.626	0.488	0.540

It will be observed from this table that the differences between the consumption figures from the two sources are appreciably diminished by basing the averages only on areas from which data from both sources have been obtained. In burghs the differences are in both instances negligible, the school being only 1 per cent. lower when all areas are considered and 3 per cent. higher when only areas with estimates available from both sources are considered. In counties and in the whole series of local authority areas, however, the reductions are appreciable, in the former from a 15 per cent. excess to a 7 per cent. deficit, and in the latter from an 11 per cent. excess to a 4 per cent. deficit. The findings in Table 7 suggest that an appreciable part of the differences found in the results from the schools and health visitors' inquiries can be accounted for by the fact that we have available for certain areas with high average milk consumption data from schools, but not from health visitors.

The influence of weighting on the crude averages must now be examined. It will be appreciated that in the presence of such wide variations as have previously been shown to exist in the different geographical areas, the averages given for either Scotland as a whole or for any such aggregates as burghs or counties may appreciably be altered by undue weighting of any particular district or series of districts. To remove this source of possible error, the areal averages derived from the health visitors or school sources have been weighted according to the respective Census (1931) population and the derived averages for Scotland, the aggregate of large burghs and the aggregate of counties are compared in Table 8 below with the corresponding unweighted values which have already been given. The values given here are not restricted to areas with estimates available from both sources, but are based on the whole of the information.

TABLE 8.—SHOWING FOR SCOTLAND, LARGE BURGHS, AND COUNTIES THE WEIGHTED AND UNWEIGHTED AVERAGES FROM HEALTH VISITORS AND SCHOOLS.

	Health Visitors.		Schools.	
	Unweighted.	Weighted.	Unweighted.	Weighted.
Burghs .	0.393	0.391	0.391	0.418
Counties .	0.546	0.512	0.626	0.558
Scotland .	0.488	0.444	0.540	0.481

From these figures it will be observed that the weighted averages differ somewhat from the unweighted. The figures derived from the health visitors in burghs are substantially the same, the unweighted being in excess of the weighted figure by only 0.5 per cent. In counties, however, the influence of weighting is somewhat greater, resulting in a lowering of the average consumption figure by 6 per cent. In the whole series of local authority areas together allowance for the varying size of the several populations reduces the crude average figure by 9 per cent., the weighted Scottish figure being 0.444 pint per head. The school figures are influenced to a greater degree than are the health visitors' by this process. In burghs the crude average is increased by 7 per cent. to a value of 0.418 pint, in counties a reduction of 11 per cent. is effected, the corrected figure being 0.558 pint, and in the local authority areas as a whole the corrected figure (0.481) is 10 per cent. less than the crude.

The corrected figures from the two different sources of information show for the whole of Scotland a closer approximation to one another than do the crude values, but this does not hold good for the burghal aggregates. In the latter districts, the weighted average for the schools data is 7 per cent. in excess of the health visitors', the crude figure from this source being only 1 per cent. below of the corresponding average from the health visitor data. In counties, however, correction diminishes the school excess from 15 to 9 per cent., and in burghs and counties together the excess is reduced from 11 to 8 per cent.

If now we deal only with those areas where both sets of information are available, the weighted and unweighted average consumption values are those given in Table 9.

TABLE 9.—SHOWING FOR SCOTLAND, LARGE BURGHS, AND COUNTIES THE WEIGHTED AND UNWEIGHTED AVERAGES FROM HEALTH VISITORS AND SCHOOLS IN AREAS WITH BOTH SERIES OF DATA AVAILABLE.

	Health Visitors.		Schools.	
	Unweighted.	Weighted.	Unweighted.	Weighted.
Burghs .	0·377	0·385	0·387	0·419
Counties .	0·561	0·508	0·519	0·502
Scotland .	0·480	0·436	0·460	0·453

The influence of weighting is, briefly, to reduce the average consumption value for the whole of Scotland, whether consumption be judged on the results of the schools or health visitors' inquiries. In the health visitor series, the weighted average in burghs is 2 per cent. in excess of the unweighted, but in extra-burghal areas and in the local authority areas as a whole the former is 9 per cent. lower than the latter. In the school series of figures, weighting increases the burghal average by 8 per cent., but in counties and in all local authority areas together reduces it by 3 and 2 per cent. respectively. Comparison of the values registered from the two sources shows that with the unweighted values the school figure in burghs was 3 per cent. in excess, in counties was 7 per cent. below, and in all local authority areas was 4 per cent. below the corresponding health visitor figure. The weighted results show in burghs an excess of 9 per cent. in the school over the health visitor figure, a defect of only 1 per cent. in counties, and an excess of 4 per cent. for the local authority areas as a whole.

It will be seen, therefore, that the averages are influenced to some extent by non-representation of certain areas in the sample and by undue weight being given to one or several areas. The difference between the figures from the health visitors and schools inquiries when the country as a whole is considered and when allowance is made for the above two factors amounts, however, to only 4 per cent. Such a difference suggests that the factor of selection is not so appreciable as the crude results given before would lead one to suspect; and the closeness of these two averages, together with the high correlation between the geographical variations represented by the two series, suggests that in point of accuracy there is little to choose between the two methods of investigation.

As perhaps furnishing a more reliable indication of the average figure for *per capita* consumption, therefore, the data from these two sources have been pooled and local averages calculated from the two series of observations together. These are given in Table 10 (a) and (b) for burghs and counties respectively.

TABLE 10.—SHOWING THE AVERAGE MILK CONSUMPTION BASED ON THE COMBINED HEALTH VISITOR AND SCHOOL FIGURES.

(a) <i>Burghs.</i>					
Aberdeen	0.47	Dunfermline	0.46	Rutherglen	0.4
Arbroath	0.49	Kirkcaldy	0.39	Edinburgh	0.4
Dundee	0.37	Airdrie	0.29	Perth	0.7
Kilmarnock	0.38	Coatbridge	0.31	Greenock	0.3
Clydebank	0.46	Glasgow	0.41	Paisley	0.3
Dumbarton	0.44	Hamilton	0.27	Port-Glasgow	0.3
Dumfries	0.46	Motherwell & Wishaw	0.31	Falkirk	0.5
				Stirling	0.4
(b) <i>Counties.</i>					
Aberdeen	1.03	Dumfries	0.57	Peebles	0.5
Argyll	0.65	East Lothian	0.44	Perth	0.6
Angus	0.64	Fife	0.46	Renfrew	0.4
Ayr	0.50	Inverness	0.73	Ross & Cromarty	0.7
Banff	0.62	Kincardine	0.72	Rosburgh	0.6
Berwick	0.52	Kirkcudbright	0.61	Selkirk	0.6
Bute	0.61	Lanark	0.30	Stirling	0.4
Caithness	0.87	Midlothian	0.42	Sutherland	0.8
Clackmannan	0.46	Moray & Nairn	0.66	West Lothian	0.4
Dunbarton	0.47	Orkney	0.79	Wigtown	0.7
				Zetland	0.7

If these local averages are weighted by the appropriate Census population, the derived averages for the aggregates are as follows:—

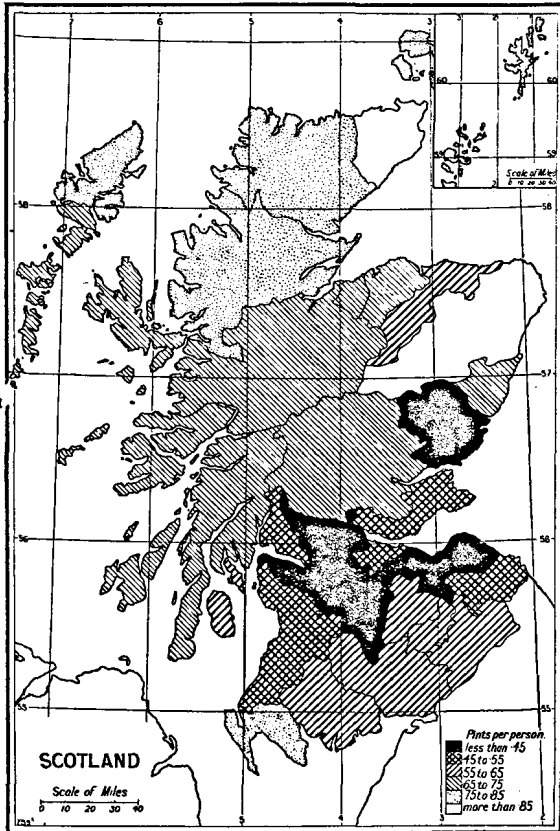
Burghs	0.417
Counties	0.550
Scotland	0.479

These, we consider, are fairly accurate reflections of the daily *per capita* milk consumption for this country and its two large aggregates.

For purposes of diagrammatic representation of the geographical variation of *per capita* consumption, we have calculated the average values for each of the counties of Scotland (including the appropriate large burgh or burghs) on the figures from these two sources combined, and in the accompanying map these are shown in six groups, the darkest shading indicating areas of lowest consumption, and vice versa. These differences have already been pointed out in the brief discussion of the range of values found in counties and burghs separately; but the diagram shows more clearly how this country roughly divides itself with respect to milk consumption into three broad areas: (1) the industrial belt, including Angus County with the burghs of Arbroath and Dundee, which are mainly industrial; (2) the border counties; and (3) the counties north of the industrial belt. The lowest values pertain to (1) the highest to (3), with the border counties intermediate in value.

TABLE 11.—SHOWING THE AVERAGE *PER CAPITA* MILK CONSUMPTION OF THE THREE AGGREGATES OF COUNTIES.

	Unweighted.	Weighted.
North and North-eastern	0.848	0.809
Industrial belt	0.411	0.401
Borders	0.559	0.579



For these three aggregates the averages derived (1) from the sample of families actually examined and (2) weighted in accordance with the Census (1931) population are shown in Table 11 above. In the industrial belt the consumption is only half as high as in the northern and north-eastern counties, which are mainly rural in character.

The Relation between Milk Consumption and Certain Indices of Environmental Conditions.

While it is not possible, in the absence of the requisite information, to account for the variations found within a given geographical unit, there are available from published sources certain recognised criteria which are in some measure indicative of the general conditions obtaining in the several local authority areas themselves. Here we have used three measures, namely, the rate of infant mortality per 1000 births, the number of persons per 100 rooms, and the standardised death-rate from all causes. The infant mortality rates utilised are based on the deaths under one year of age, and the births registered during the triennium 1930-2, that is, centring on the year of investigation. The housing figures are those given in the 1921 Census volume, since the whole series of corresponding data for the more recent (1931) Census was not then available. This figure does not, however, fluctuate widely from Census to Census and the position of the individual areas relative to one another is fairly constant ; so that we should be unlikely to obtain very different results had the more recent data been fully available. In utilising the general death-rate at all ages as a measure of environmental status, the crude rates in the several areas of Scotland are misleading since the diversity of sex and more particularly of age constitution is so great in the different districts studied that standardisation for age and sex alters appreciably the position of these areas in relation to each other. Here again, unfortunately, recourse had to be made to the standardising factors based on the 1921 Census figures of population ; but the same remarks with regard to stability of the geographical peculiarities in these respects apply equally to these as to the data with regard to overcrowding.

In Table 12 are collected the coefficients of correlation between these three indices of social and environmental or health conditions and the average milk consumption figure based on the combined health visitor and school returns previously shown in Table 10. (Coefficients were calculated to show the relation between these social indices and the average milk consumption figures as derived from each of the four sources separately. These have not, however, been reproduced here as, although the arithmetical values fluctuate more widely, the conclusions therefrom differ in no way from those to be drawn from Table 12.)

TABLE 12.—CORRELATION BETWEEN AVERAGE MILK CONSUMPTION AND CERTAIN INDICES OF ENVIRONMENTAL AND HEALTH CONDITIONS, NAMELY, (1) PERSONS PER 100 ROOMS; (2) INFANT MORTALITY RATE PER 1000 BIRTHS; AND (3) STANDARDISED DEATH-RATE.

	Persons per 100 Rooms.	Infant Mortality.	Standardised Death-rate.
1. Large Burghs	-66 ± .08	-44 ± .12	-32 ± .13
2. Counties exclusive of Large Burghs	-57 ± .08	-29 ± .11	-47 ± .09
3. Counties + Large Burghs (1 + 2)	-55 ± .08	-38 ± .11	-55 ± .08
4. Counties including Large Burghs	-72 ± .05	-55 ± .07	-70 ± .05

With persons per 100 rooms as an index it will be noted that all the coefficients are negative in sign and appreciable in size. The series indicates a progressive diminution in the average consumption of milk per head of population with increase in the degree of housing congestion.

In the series involving infant death rates as our measure of general health conditions, an almost parallel state of affairs is manifest. The numerical values of the coefficients are uniformly lower than those found with the overcrowding figure, but each is negative in sign and, with one exception, namely, for counties exclusive of large burghs, statistically significant. The permissible deductions are therefore similar; the *per capita* consumption of milk is on the average lowest in those areas where the loss of infant life is relatively heaviest and tends to increase as we proceed towards areas better off in this respect.

With the general death-rate standardised for age and sex, we find a series of coefficients uniformly negative in sign and, with one exception, in burghal areas, significant in magnitude, indicating progressive diminution of average milk consumption with increasing force of mortality.

It will be apparent from the results collected in Table 12 that there is a definite relationship between the *per capita* consumption of liquid milk and general environmental conditions. Although no one of the three measures used as an indication of social and environmental status is a true reflex of local conditions in this respect, it will generally be admitted that each is some reflection of the conditions we desire to measure; and the uniformity of the results is sufficient to indicate the truth of the conclusion that liquid milk consumption in the several local authority areas of Scotland tends to be lowest in those in which overcrowding and mortality are heaviest (and vice versa).

Summary.

1. The present report deals with the results of an investigation designed to arrive at the average daily *per capita* consumption of fluid milk in Scotland generally, and the variations which occur in this respect throughout its chief administrative subdivisions.

2. The four main sources from which the information required was obtained were (1) co-operative societies, (2) retail dairymen, (3) nurses and health visitors, and (4) schools.

3. The accuracy of results from these four lines of investigation varies. The first two we consider of much less value as a source of this kind of information than inquiries conducted in schools or by health visitors, chiefly because in the former methods there exist (1) overlapping of the source of supply of milk, (2) lack of knowledge of the number of persons per household to which the milk is distributed, and (3) in the case more particularly of co-operative societies, the preponderance of urban communities in the sample of districts examined tending to give a distorted view of the general average consumption of the whole country.

4. The average values for the whole of Scotland obtained in the schools inquiry which covers 66,149 families, comprising 393,726 persons, is 0.540 pint per head per day. The corresponding figure from the inquiries prosecuted by health visitors and nurses, based on 15,187 families of 80,242 persons is 0.488 pint per head per day. Certain corrections discussed in the text were considered necessary; and when these are made the average Scottish milk consumption is calculated as 0.479 pint per head per day.

5. The *per capita* consumption in the aggregate of large burghs is lower than in counties. From the schools inquiry the crude averages are 0.391 and 0.626 pint respectively, and from the nurse-health visitor inquiry 0.393 and 0.546 pint respectively. The corrected figures for large burghs and for counties are 0.417 and 0.550 pint per head per day respectively.

6. The variations of *per capita* milk consumption in the several local authority areas of Scotland show definite relationship with certain indices of the general health and environmental conditions pertaining thereto. The consumption of milk tends to be lower per head of population in areas with the greatest degree of overcrowding, with the heaviest loss of infant life, and with the highest rates of general mortality, and vice versa.

7. A map is given showing the average milk consumption in each county of Scotland. Roughly the country is divided in this respect into three broad groups, the industrial belt, the border counties, and the counties north of the industrial belt. The average milk consumption figures for these three groups of areas are 0.401, 0.579, and 0.809 pint per head per day.

8. The average *per capita* consumption figure for the whole country is more, and in certain local authority areas much more, than was thought to be the case, but could still with advantage to all concerned be appreciably increased.

APPENDIX I.

SCOTLAND.

Total Milk Production in Scotland.

In order to show how impossible it is to estimate the average consumption of milk merely from the figures of production and population, we obtained the following information from the Department of Agriculture for Scotland :—

“**Milk and Dairy Produce** :—The returns of the production of milk and dairy produce were in many cases imperfect, and while every effort has been made to overcome the difficulties thus placed in the way of framing accurate estimates of the output, the figures are presented with some reserve.

“Milk producers were asked to state the total quantity of milk produced, excluding whole milk fed to calves, the quantities of butter and cheese produced and the quantities of whole milk,¹ cream, butter, and cheese sold.

“The total production of milk is estimated at 171,000,000 gallons, or 430 gallons per cow, as an average for the mean number of cows in milk or in calf at 4th June, 1924, and 4th June, 1925. If heifers in calf be included, the average is reduced to 382 gallons. The figure based on the number of cows in milk or in calf is, however, preferable, as representing the average production during lactation, and it is used throughout this section of the Report. On the assumption that ten per cent. of the total output is used for calf-feeding, the average total production per cow is about 480 gallons.”

From the above figures, if we take the population of Scotland at the nearest Census to the date of 1925 and divide the amount of milk produced by that population, it would show that the average amount per head was 0·77 pint per day. The present inquiry, however, has shown that instead of this being the correct figure the average consumption is 0·48 pint.

Scottish Milk in 1925.

Figures for the year 1925 show the following :—

Total number of cows	398,000
Total milk produced	171,000,000 galls.
Used as liquid milk	137,000,000 galls.

The population (1921 Census) was 4,882,497.

¹ A certain proportion of the whole milk sold by farmers would be made into cream, butter, or cheese at creameries and factories, but that operation is excluded from the scope of the Census of Agricultural Production, being dealt with by the Board of Trade in the general Census of Production.

The average consumption per head per day of the total milk was, by this method of reckoning,
·77 pint.

The average per head per day of liquid milk was, by this method of reckoning,
·62 pint.

This inquiry shows that such a method of calculating does not give a true result.

APPENDIX II

U.S. OF AMERICA.

Milk Consumption in U.S.A.

In reply to an inquiry from us as to whether data were available to give an average consumption for the United States, the following reply, dated 14th January 1931, was received from the Secretary, Department of Agriculture, Washington, with permission to publish it.

"In regard to the *per capita* consumption of milk in the United States, we have not sufficient data to provide an absolutely accurate figure for the country as a whole. Reports from a large number of individual farmers, who act as crop reporters for this Department, indicate an average daily *per capita* consumption of about 1·47 pints of milk and cream (cream in milk equivalent) on the farms of these reporters.

"Reports from municipal health officials in 1926 indicated a *per capita* consumption in cities of about 0·96 pints daily. The municipal boards of health report average quantities received daily for consumption as fluid milk or cream. This figure was derived by dividing the receipts as reported, by the population of the cities reporting."

NOTE.—The italics in this and subsequent appendices are ours.

From Bulletin 158, "Statistics Relative to the Dairy Industry in New York State, 1922" (published by the Department of Farms and Markets of the State of New York), we quote the following :—

"Multiplying the estimated number of cows of milking age (1,415,000) by the estimated average production per cow (5,060 pounds) indicates that the total production of milk on the farms of the state during 1922 was about 7,173,000,000 pounds. If this were all marketed as fresh milk it would give an average of 1½ pints per person per day for the entire population of the state.

"The average number of people per farm during 1922 was

perhaps somewhere around 4.3. If this is correct the indicated consumption of fluid milk on the farms with cows was about 93/100 of a pint per person per day.

"The average for the urban and village population of the state in 1918 was about $\frac{3}{8}$ pint per person per day."

In Vol. 46, Number 14, of Public Health Reports issued by the United States Public Health Service, is published the Preliminary Report of the Committee on Milk Production and Control, White House Conference on Child Health and Protection. On p. 800 appears the Report of the Sub-Committee on Economic Aspects of Milk, from which we quote the following paragraph :—

"According to the latest figures available, the *per capita* consumption of fluid milk in 1926 in the United States was 55.3 gallons per year, or slightly more than 1 pint per day. In 1926, the most recent year for which figures are available, four European countries exceeded the United States in the *per capita* consumption of milk. These were Finland, with a consumption of 83.9 gallons; Switzerland, 70.4 gallons; Sweden, 69.7 gallons; and Norway, 56.0 gallons."

The following note is quoted from *The Lancet*, Vol. I, 1931, p. 788 :—

Milk Consumed in New York.

"In the course of a health survey conducted in New York City last September by nurses of the Department of Health for the purpose of supplying information desired by the White House Conference on Child Health, an inquiry was made as to the amount of milk used in the different families visited. The survey covered about 14,000 families in various parts of the city, evenly distributed among the socio-economic groups. The average consumption of milk per head was found to be 0.98 pint per day compared with 0.55 pint in 1910-14 and 0.80 pint in 1926. The number of children is known, but not the amount of milk they consumed. Assuming, however, as the Health Commissioner thinks reasonable, that the adult members of the families consumed each not over half a pint, the average per child of the lowest economic group works out at 1.07 pints, and in the other groups from below upward 1.48, 1.42, 1.60, and 1.61 pints. A continuance of the educational campaign will, the Commissioner remarks, gradually raise this to the quart per child advocated by all authorities on child health."

APPENDIX III.

DENMARK.

Milk Consumption in Denmark.

In reply to an inquiry re milk consumption in Denmark, Mr. Harold Faber, the then Agricultural Commissioner to the Danish Government, wrote on 22nd March, 1931, as follows :—

“ As to the question of milk consumption in Denmark *I find that we have no statistics on the subject*, and I am very sorry that for that reason I cannot answer your question properly.

“ It is *estimated* that the yearly consumption of whole milk in Copenhagen is about 140 kilogrammes per head.

“ Another *estimate* of the consumption of whole milk for the whole country gives this as only 114 kilogrammes, to which I think a considerable consumption of skimmed milk and butter-milk would have to be added.

“ Dr. Hindhede has examined the consumption of milk in various classes of the population in various years. As near as I can condense his figures they would work out at 180 kilogrammes.”

APPENDIX IV.

GREAT BRITAIN.

Average Milk Consumption for Great Britain.

The following table is quoted from the Final Report of the “ Committee on the Production and Distribution of Milk ” (The “ Astor ” Committee), published in 1919 (page 8, paragraph 21).

“ 21. Present-day average consumption :—That enough liquid milk is not consumed is shown by the returns in the following table obtained in January 1918, through the Local Food Control Committees :—

Food Division Area.	Consumption per head per day.
1. Northern	0·19 pints liquid milk.
2. North-eastern	0·22 ” ”
3. Home Counties (S.)	0·29 ” ”
4. Home Counties (N.)	0·27 ” ”
5. Eastern	0·18 ” ”
6. North-western	0·27 ” ”
7. London	0·31 ” ”
8. South-western	0·28 ” ”

Food Division Area.	Consumption per head per day.
9. South Midlands	0.27 " "
10. Midlands	0.24 " "
11. North Midlands	0.23 " "
12. North Wales	0.20 " "
13. South Wales	0.16 " "
Scotland.	
Edinburgh	0.22 " "
Glasgow	0.25 " "
Inverness	0.10 " "
Average per head per day for Great Britain=0.25 pint."	

Note.—These figures were obtained in the last year of the Great War. They show that in January 1918 the consumption per head per day varied from one-tenth of a pint in Inverness to one-third of a pint in London. The average for the country was one-quarter pint per head per day.

APPENDIX V.

COMPARATIVE WEIGHTS AND MEASURES.

Imperial Measures of Capacity.

4 gills	=	1 pint (pt.)
2 pints	=	1 quart (qt.)
4 quarts	=	1 gallon (gal.)
2 gallons	=	1 peck (pk.)
4 pecks	=	1 bushel (bus.)
8 bushels	=	1 quarter (qr.)

These measures are used *up to the gallon for liquids*, and from the *peck upwards for dry goods*.

Metric Measures of Capacity.

10 millilitres	=	1 centilitre	=	0.0704 gill.
10 centilitres	=	1 decilitre	=	0.17598 pint.
10 decilitres	=	1 litre	=	1.7598 pints.
10 litres	=	1 decalitre	=	2.1997 gals.
10 decalitres	=	1 hectolitre	=	2.7497 bushels.
1 litre	=	approximately $1\frac{1}{4}$ pints.		

Comparisons of Liquid Measures.

1 gill	=	.142 litre.
1 pint	=	.568 litre.
1 quart	=	1.136 litres.
1 gallon	=	4.546 litres.

Liquid Measure Equivalent.

The Litre is the unit.

		English Pints.
10 centilitres	= 1 decilitre	= .17598
10 decilitres	= 1 litre	= 1.7598
10 litres	= 1 decalitre	= 17.598
10 decalitre	= 1 hectolitre	= 175.98

Weight Measure Equivalents.

The Gram is the unit.

		English Grains.	English Drams.
10 milligrammes	= 1 centigram	= .154	= .0056
10 centigrammes	= 1 decigram	= 1.543	= .0564
10 decigrammes	= 1 gram	= 15.432	= .5643
10 grams	= 1 decagram	= 154.323	= 5.6438
10 decagrams	= 1 hectogram	= 1543.234	= 56.438
10 hectograms	= 1 kilogram	= 15432.348	= 564.38

The unit, the gram, is the weight of a c.c. of water at its greatest density, 4° C. or 39° F.

Rules for converting scales.

- To convert grams to ounces avoirdupois multiply by 20 and divide by 567.
- To convert kilograms to pounds multiply by 1000 and divide by 454.
- To convert litres to gallon multiply by 22 and divide by 100.
- To convert litre to pints multiply by 88 and divide by 50.

APPENDIX VI.

Variations of Milk Consumption within Individual Local Authority Areas.

The variations of milk consumption in the local authority areas have been shown previously; but from the more detailed returns on which these averages are based, certain interesting differences *within* individual areas have been observed, and it has been considered advisable to relegate these to this appendix rather than incorporate them in the general report.

1. Glasgow.

In this area the health visitors' inquiry covered all the 37 wards of the city and, commenting on the results, Dr. Macgregor, Medical Officer of Health, says: "Generally speaking, the quantity of milk obtained per household is larger in the better-class wards than in the poor wards, and in order to obtain a basis for grouping these I have adopted the infant mortality as a standard. The following is an abstract of the group totals:—

Group.	Infant Mortality Rate, 1921-24.	No. of Persons in Households.	Daily Consumption Liquid Milk.	Average per Head.
1. Residential (7 wards)	54	1,096	Pints. 508	0.46
2. Residential and Industrial (10 wards)	83	3,244	1,417	0.44
3. Mainly Industrial (10 wards)	110	6,005	2,367	0.39
4. Industrial and Poor (10 wards)	115	4,998	1,666	0.33

The differences are proportionately quite considerable when compared with the average for the city of 0.39 pint per person.

The whole issue is complicated by the quantity of tinned milk purchased by certain families. This may be a question of economy on the part of the household concerned, as sweetened condensed milk is always available in emergency, and prevents the supplies of liquid milk being retained for the dietetic purposes of the older members in the families. If the 1752 tins recorded as being bought weekly are distributed over the week, then roughly 300 tins are purchased per day, and if one tin is equivalent to one pint of milk, then the total supply is equivalent to 6265 pints, which is equal to about 2½ pints per household, an equivalent of 0.54 pint per adult, taking two children as equal to one adult." (The full details of this very interesting record of condensed milk, showing the comparison between liquid and condensed milk consumption are shown later.)

The school investigation in this area covered 16 selected schools, 9 of the poorest class, 5 of the medium class, and 2 better class. They cover a population of 30,275 persons (15,782 adults and 14,443 children). These consumed on an average day 13,049 pints of milk, equal to an average consumption of 0.43 pint per head. Information was also obtained showing the consumption of condensed milk in 60 families, and the consumption of fresh and condensed milk in 34 families. Details of all those returns are shown in the following summary. (In Tables 2 and 3 a question mark indicates that condensed milk was referred to without statement of quantity—the size of the tin was not given.)

THE CORPORATION OF GLASGOW.

Summary of Information given by Parents of Children regarding Household Milk Supplies.

TABLE 1.—SUPPLIES OF FRESH MILK.

	School.	Families.	Adults.	Children.	Milk. Pints.
GROUP 1.—Poorest Schools.					
1.	.	382	1,172	1,317	881
2.	.	352	1,094	1,145	816
3.	.	159	486	502	362½
4.	.	366	1,190	1,168	845½
5.	.	148	478	481	298½
6.	.	199	582	657	402½
7.	.	212	640	629	472½
8.	.	370	1,255	1,240	1,039½
9.	.	136	354	366	216
Totals		2,324	7,251	7,505	5,334½
GROUP 2.—Medium Class.					
10.	.	168	475	527	431½
11.	.	458	1,490	1,323	1,384½
12.	.	810	2,652	2,147	2,268½
13.	.	299	869	711	755½
14.	.	479	1,450	1,257	1,254
Totals		2,214	6,936	5,965	6,093½
GROUP 3.—Better Class Schools.					
15.	.	370	1,102	751	1,181½
16.	.	120	493	272	439
Totals		490	1,595	1,023	1,620½
Grand Totals		5,028	15,782	14,493	13,049

TABLE 2.—SUPPLIES OF CONDENSED MILK.

School.	Families.	Adults.	Children.	Condensed Milk Tins.
1.	1	3	1	2/7
2.	8	24	25	14+ ?
3.	1	2	2	?
4.	3	11	10	1/2+ ?
5.	32	79	113	10+ ?
6.	3	7	12	3+ ?
7.	1	4	4	?
8.	4	9	10	1/2+ ?
9.	1	3	3	1
10.	3	9	11	2+ ?
12.	3	10	7	2 1/2
Totals	60	161	198	33+ ?

TABLE 3.—SUPPLIES OF FRESH MILK AND CONDENSED MILK.

School.	Families.	Adults.	Children.	Milk. Pints.	Condensed Milk Tins.
1.	3	12	11	4 1/2	5
2.	2	8	13	5	1+ ?
3.	24	75	80	42	6+ ?
4.	3	7	17	2	1+ 1/2 ?
5.	2	5	13	2	1+ ?
Totals	34	107	134	55 1/2	14+ ?

It will be noted that these results for fluid milk consumption substantiate the more general finding for the local authority areas as a whole, wherein the average consumption of milk was shown to be related to differences in the degree of overcrowding and in the rates of infant and of general mortality. From the above table it will be apparent that the average milk consumption is lowest in the poorest and highest in the better-class schools, the figures for poorest, medium and better-class schools being 0.36, 0.47, and 0.62 pint per head per day.

2. County of Aberdeen.

In this area the joint results of inquiry by retail dairymen, nurses, and health visitors includes returns from 7 coastal fishing towns and villages, and 21 other towns and villages. The detailed results for this part of the country are given in the following table. The figure for the whole area (1.05 pints per head) is the highest of all, and corresponds very well with the figure for this area derived from

the schools inquiry, wherein the average *per capita* consumption was 1·03 pints.

TABLE 4.—CONSUMPTION OF MILK.

	PERSONS.			MILK.	
	Under 15 years of Age.	Over 15 years of Age.	Total.	Pints Consumed.	Average Consumption—Pint per Person
7 coastal (fishing) towns and villages . . .	3,232	3,335	6,567	3,784	·58
28 towns and villages (including 7 above) . . .	10,543	9,106	19,649	16,392	·8
Rural	12,263	10,197	22,460	27,770	1·2
Whole area	22,806	19,303	42,109	44,162	1·05

In the school inquiry in this district returns were obtained from 122 schools, showing an average daily consumption figure of 1·03 pints per head. The figures for individual schools range from 0·37 to 2·33 pints per head per day, and the following table shows the number of schools with *per capita* consumption values within the limits indicated :—

Consumption per Head.	Number of Schools.
0·2 to 0·4	1
0·4 to 0·6	5
0·6 to 0·8	4
0·8 to 1·0	29
1·0 to 1·2	33
1·2 to 1·4	27
1·4 to 1·6	10
1·6 to 1·8	7
1·8 to 2·0	5
2·0 to 2·2	—
2·2 to 2·4	1

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Similar wide variations have been observed in the individual schools or different districts of other local authority areas of the country, but it has not been considered necessary to reproduce these here.

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