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**THE DISTRIBUTION OF  
CONSUMABLE GOODS**

# THE DISTRIBUTION OF CONSUMABLE GOODS

AN ECONOMIC STUDY

By  
DOROTHEA BRAITHWAITE  
and  
S. P. DOBBS

*Formerly Lecturer in Economics in the Universities of Toronto and  
Sheffield, author of "The Clothing Workers of Great Britain".*

With an Introduction by  
P. SARGANT FLORENCE  
*Professor of Commerce in the University of Birmingham.*

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## INTRODUCTION

A WORD or two must be said of the genesis of this book. As an advanced student in economics at Newnham College, Cambridge, Miss Dorothea Morison, as Mrs. Braithwaite then was, became interested in the problems of marketing. She determined to pursue the subject both theoretically at Cambridge and realistically through interviews and discussions with leading distributors throughout the country. Undoubtedly this fusion of theory with practice was badly needed. Though partly misled by the economist's use of the word "distribution" to mean the distribution of wealth amongst the factors of production, business men were yet, I think, justified in claiming that they found little reference to marketing activities, under the heading of either "distribution" or "production", in economic textbooks. But there was (and is) a corresponding absence of economic reasoning in the books on distribution or marketing prepared by or for business men. Such books describe actual trade practices in great detail, with but little reflection upon their causes, their economic efficiency, or their social consequences.

Mrs. Braithwaite's inquiry, with its distinct economic approach, was therefore followed with the greatest of interest by many of us then teaching economics at Cambridge. Her first work on the subject appeared, after discussion at Cambridge, in the *Economic Journal* for March, 1928, and has been reproduced, substantially in its original form, by Mr. Dobbs in Chapter VII of the present book. By

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The loss of such a promising economist is irretrievable, but efforts could be made to round off and publish the work she left behind. Accordingly Mr. S. P. Dobbs, who also received his economic training at Cambridge, was approached, and consented to bring the material up to date, wherever necessary, and to complete such parts of Mrs. Braithwaite's scheme as had been left unfinished. The manner in which he has discharged his responsibilities is explained in detail in his preface. Besides making substantial additions to the body of the work, he has been exceedingly successful in marshalling at relevant points the more recent statistical investigations which have been made, by himself and others, into such vital questions as numbers of retail selling points, margins of profit, ratios of expenses, and rates of stock-turn. He has also, by summing up and interpreting Mrs. Braithwaite's conclusions in the light of social and ethical considerations, given to the entire book a unity of outlook which is inevitably his own.

A debt of gratitude is due to Messrs. Cadbury Bros. for their public spirit in enabling Mr. Dobbs, who is on their staff, to accept the invitation which was made to him, by relieving him of some of his duties for the purpose. Such disinterested action on the part of a business firm affords much encouragement to those of us who feel that economic science will make little progress unless academic theories can be supplemented by practical business experience. In the matter of contact between the business man and the economist, England is still a long way behind

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P. SARGANT FLORENCE.

UNIVERSITY OF BIRMINGHAM.

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*September, 1932.*

## PREFACE

PROFESSOR FLORENCE has explained in his introduction the circumstances under which this book came to be written. Having undertaken to prepare Mrs. Braithwaite's draft for the press, I found myself faced with the alternatives of issuing it as it stood, with only minor alterations and additions, or of adding to it material of my own and publishing it under our joint names. Although I should have preferred to confine myself to the rôle of editor, I soon realized that the unfinished condition of the manuscript would rob it of much of its interest, and I have therefore been driven to adopt the second alternative. The book, as it stands, is inspired by and based on Mrs. Braithwaite's work, and incorporates the greater part of it, but I must myself accept responsibility for its present form. I am only too sadly aware that in spite of my additional matter it inevitably falls short of what Mrs. Braithwaite originally had in mind.

Of the text which follows, Chapters V, XIII, and XIV are my own and have no counterpart in the material left by Mrs. Braithwaite, while Chapters I, II, VI, VIII, X, and XI are hers and mine in roughly equal parts. Chapter VII (after the first three or four pages) is almost entirely Mrs. Braithwaite's, being practically a reprint of the article in the *Economic Journal* to which Professor Florence has referred. The rest of the book, that is, Chapters III, IV, IX and XII, is mainly an expansion of her original draft, but with so many changes

in detail that I fear she would hardly recognize parts of it in its altered form.

On one point I may perhaps forestall criticism, by explaining the reason for what at first sight may appear to be a strange omission. I have paid comparatively little attention to the Consumers' Co-operative Movement, and have scarcely mentioned the marketing of commodities by Producers' Co-operative Societies. This is partly because co-operative trading within the framework of capitalistic society does not introduce many new considerations on the purely economic plane; but more because so much has already been published on the subject, by friendly as well as by hostile observers, as to make any additional discussion in a work of this nature superfluous. These may not seem adequate reasons to every reader, but they will at least save me from the charge of mere forgetfulness.

I have to thank the editor of the *Economic Journal* for permission to reproduce what is now Chapter VII. Mrs. Braithwaite would also doubtless have wished to acknowledge the numerous private sources from which she derived information, and in particular those responsible for answering the questionnaire on the subject of advertising which she addressed to a number of different firms and to which she received, in many cases, very useful replies.

Some of the sources on which I myself have drawn are indicated in the footnotes and bibliography, but it would be impossible to acknowledge, or even to remember, all those from which I have directly or indirectly obtained assistance. Special mention must, however, be made of the Interim and Final Reports of the Departmental Committee on the Distribution and Prices of Agricultural Products, commonly known as the Linlithgow Committee, which was



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set up in 1922 by the Minister of Agriculture, as well as of the series of Reports on the marketing of individual agricultural products, which the Ministry has been issuing during the past two or three years. These reports constitute a milestone for the student of marketing methods in this country; and it is only to be regretted that similar information is not available in the case of manufactured articles.

I cannot close this preface without a word of thanks to Mr. R. B. Braithwaite, first for entrusting me with what has proved a most interesting task, and secondly for the assiduous care with which he has gone through the proofs and for the numerous suggestions he has made for elucidating the text at points where it was originally obscure.

S. P. DOBBS.

21 LINDEN ROAD,  
BOURNVILLE, BIRMINGHAM.  
*6th October, 1932.*

# THE DISTRIBUTION OF CONSUMABLE GOODS

## CHAPTER I

### THE COSTS OF DISTRIBUTION : AIMS AND METHODS OF THE PRESENT STUDY

THE sphere of economic life indicated in the title of this book is perhaps that which less than any other has received its fair share of attention from serious economists. Treatises on economic principles, where they are not concerned exclusively with the mathematics of the exchange equation, usually have their starting-point and their main centre of gravity within the field of production, and consequently tend to relegate the marketing function to a position of very subsidiary importance. Even from the purely descriptive standpoint, the distributive processes have largely been overlooked ; though not entirely so in America, where much valuable pioneer work has been done.<sup>1</sup> In this country serious study has mainly been confined to the primary markets for raw materials, to the organized produce exchanges, and to the processes of international trade ; and any comprehensive attempt to describe the operations of the million or more individuals who act as the direct intermediaries between the manufacturer or the

<sup>1</sup> E.g. by the Harvard School of Business Administration. See also *The Elements of Marketing*, by P. T. Cherrington. This is an admirable analysis of the economic processes involved in distribution by a distinguished member of the Harvard School.

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## BIBLIOGRAPHY

The following list of publications by no means exhausts the literature bearing on one or other aspect of the problems which have been discussed in this book. Although the books which it includes are of very unequal merit, it is believed that all of them will be found to contain something of interest to the serious student. It is, of course, inevitable that a list of this kind should involve overlapping; this is particularly the case with the volumes purporting to deal with marketing and merchandising.

Publications which originally appeared in America, irrespective of whether editions have subsequently been published in the British Isles, are denoted by an asterisk.

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