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S E C R E T

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W A R C A B I N E T

L I V E S T O C K A N D M I L K P R I C E S

Memorandum by the Minister of Agriculture and Fisheries, the Secretary of State for Scotland, the Secretary of State for the Home Department and the Minister of Food.

1. At their meeting of 25th January, 1944 (War Cabinet 11(44) Conclusion 2), the War Cabinet authorised an announcement in the Agricultural Debate on the following day that the Government were prepared to extend the guarantee of the system of fixed prices and an assured market for agricultural commodities up to and including the harvest of 1947 as part of the food production plan for the next four years. The War Cabinet withheld assent to a proposal that the announcement should include a statement that actual minimum prices for livestock would be fixed now for the period up to 1947, but it was recognised that this question could be raised again later.

2. The question of long-term guarantees for milk, fat stock and eggs up to the summer of 1948 and of certain increases in actual prices of fat cattle and sheep in the twelve months July 1944 to June 1945 were considered by the Lord President's Committee on 12th April last (L.P.(44)17th Meeting, Conclusion 1).

3. In their submission to the Committee (L.P.(44)62) the Agricultural Ministers and the Minister of Food made three proposals:-

- (i) Producers of milk, fat cattle and sheep should be offered a four-year guarantee up to the summer of 1948 of an assured market and of price levels not less than those at present prevailing.
- (ii) The Government should guarantee a market for the entire home output of fat pigs and eggs during the period up to 1947/48 and undertake, as supplies of feeding stuffs improve, to fix appropriate prices from time to time such as would encourage a revival of production up to at least pre-war levels as rapidly as possible. Prices should be reviewed later in the year.
- (iii) Prices of fat cattle and sheep in 1944/45 should be adjusted with a bias towards quality to give an average increase of 2/- per live cwt. for fat cattle and of 1d. per lb. for sheep, with no change in the price of wool.

4. The Minister of Food is satisfied that substantially increased quantities of milk and meat of home production will be needed in the next four years. World supplies of both milk products and meat are likely to be short for the whole of that period. The demand for milk is steadily rising and production would have to be raised very considerably if the restrictions on its sale to domestic consumers are to be lifted by 1947/8 and the quantities likely to be absorbed by the present assisted schemes for mothers and children are to be met in full. An early restoration of pre-war levels of meat production is essential to

permit the derationing of meat at the earliest possible date. The necessary increase in production of these commodities must be planned well ahead and is unlikely to be achieved without an assurance of price stability. Moreover the negotiations now proceeding for long-term contracts for the purchase of meat and dairy products from overseas producers render it politically essential to give appropriate guarantees to farmers in the United Kingdom. The above proposals, taken in conjunction with other measures already introduced, should, in the opinion of the Agricultural Departments, secure an increase in the output of milk and meat in this country as soon as possible to the fullest extent allowed by our resources.

5. Pigs and eggs present a rather different problem and recovery of production, though desirable, depends more on availability of feeding stuffs than on prices. There are obvious objections to encouraging a revival of production of these commodities, which can be achieved rapidly, until substantially larger supplies of feeding stuffs become available. Moreover pigs and poultry can be more rapidly increased than milk, cattle and sheep. Further, as soon as increased quantities of feedingstuffs become available the increase in the production of eggs which would take place even without an increase in our prices would lead to a substantial rise in the total cost to the Exchequer of the subsidy required to stabilize the retail price of eggs. The Lord President's Committee accordingly decided that no commitment in regard to fat pigs and eggs should be made at the present time.

6. It was agreed, however, to recommend to the War Cabinet that the Agricultural Ministers should be authorised to inform the National Farmers' Union that the Government are prepared to offer producers of milk, fat cattle and sheep a four-year guarantee up to the summer of 1948 of an assured market and of price levels not less than those at present prevailing. The special reasons why the Government thought it right and necessary to offer this particular guarantee should be explained to the National Farmers' Union, and it should be emphasised that the Government are not prepared to make similar offers in respect of other agricultural products or to commit themselves to any given standard of profitability for farmers as a whole until they had had an opportunity to consider comprehensive proposals supported by full statistical data. The National Farmers' Union should also be informed that the Government anticipated that during the course of the four years there would have to be some reductions in the prices of certain agricultural products such as cereals and potatoes.

7. The Lord President's Committee also agreed to recommend that prices of fat cattle and sheep should be adjusted for the year 1944/45 with a bias towards quality so as to give an average increase of 2/- per live cwt. for cattle and of 1d. per lb. for sheep, with no change in the price of wool. These increases are appreciably less than would be required to offset the rise in costs of production that has occurred since the previous review in January 1942. The cost to the Exchequer will be approximately £2.4 millions. They are, however, considered to be sufficient to provide the necessary initial impetus to recovery of pre-war production.

8. The Chancellor of the Exchequer who presided at the meeting of the Lord President's Committee in the absence of the Lord President, concurs in the recommendations.

9. The War Cabinet's approval is accordingly sought to
- (a) Agricultural Ministers being authorised to inform the National Farmers' Union that the Government are prepared to offer producers of milk, fat cattle and sheep a four year guarantee up to the summer of 1948 of an assured market and of price levels not less than those at present prevailing subject to the conditions set out in paragraph 6;
 - (b) the proposals as regards the prices of fat cattle and sheep for the year 1944/45 set out in paragraph 7.

(Itld.) R. S. H.
T. J.
H. M.
J. J. L.

22nd April, 1944.





