SOME ECONOMIC PROBLEMS
OF LIVESTOCK MARKETING WITH
PARTICULAR REFERENCE TO SCOTLAND

by

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INTRODUCTION.
In the years following 1945 much discussion took place about the method of marketing which should replace the system of control, which had operated for the purchase and sale of fat stock since 1940. The proposals made by different organisations interested in the marketing of fatstock showed that two systems were advocated. One method was a free market system in which fatstock would be marketed by whatever method was chosen by farmers, prices being free to vary according to the market. The other method was a system of dead-weight marketing, which would control the collection and distribution of meat supplies in the country and operate by a system of controlled prices. The latter proposals aimed at providing a system of control somewhat similar to that introduced in 1940; since it was proposed that the Agricultural Marketing Acts should be used to apply this post decontrol system, this in itself raised a number of problems.

The controversy over the kind of marketing system which should be adopted continued up to July 1954 when the control system was ended and the free market system returned. But although a controlled market system has been rejected in preference to an auction system, the present method has only been adopted as a temporary solution to the problem. In 1954 the government announced that war-time promises
of the return of livestock businesses to private hands when circumstances allowed, must be upheld. The use of a Marketing Scheme, set up under the Agricultural Marketing Acts, was not excluded as a long-term solution to the problem; it was decided however, that after July 1954 a free market system would operate.

The Fatstock Marketing Corporation, which markets fatstock solely on a dead-weight basis in competition with the auction system, was set up in 1954. This body is expanding its sales and may try to become the largest meat wholesaler. It may then become a quasi-marketing board with influence extending from production to distribution although with more of the statutory controls of a marketing scheme set up under the Agricultural Marketing Acts 1931 - 49. This also indicates that the problem of meat marketing has not yet been solved.

At the time these events were taking place, the problem was usually debated largely in terms of the pros and cons of liveweight and dead-weight marketing. This thesis is not concerned with arguing for or against any particular system. What does not appear to have been studied is the wider problem of why particular methods of livestock marketing have come in to use and why they have been replaced by other methods. It is this problem in its relation to the marketing of cattle which is the subject of this thesis. Thus, although the thesis is not concerned primarily with the problem of liveweight as
opposed to dead-weight marketing, it is concerned with the factors which brought the auction system into general use in the 19th century and the reasons for its continuation. The study then is concerned with the more fundamental factors affecting the marketing of cattle rather than the immediate problem of liveweight versus dead-weight marketing.

The evidence presented relates primarily to the marketing of fat cattle in Scotland. The marketing of store cattle during the early 19th century however has been discussed in order to trace the development of the marketing system prior to the introduction of the auction system and to indicate the factors responsible for the various changes which occurred in the method of marketing. Evidence on the marketing of other livestock has also been included where relevant. No attempt has been made to investigate the methods of marketing used in other countries and to compare the reasons for the changes which occurred in marketing in Scotland with reasons for changes in other countries. It appeared that in order to do this evidence was necessary from a number of countries and considerable allowances would be necessary for the particular conditions in these countries. Since the study was concerned primarily with Scotland and the conclusions intended to apply only to this area, it seemed impractical to extend the study considerably in order to include evidence which would be largely of a comparative nature.
The method used in investigating the problem has been to trace the systems of marketing used in Scotland since the late 18th century up to the introduction of the auction system a century later and to find why particular methods of marketing have been replaced by others. There appears to be no previous attempt to trace the development of the marketing system in this way and to indicate the factors responsible for changes in the system.

This part of the thesis, which is contained in Chapters 1-4, is largely descriptive. A large number of sources have been used in this section. Many accounts by individuals have been used, such as William McCamie's "Cattle and Cattle-Breeders" (1867) and H.H. Dixon's "Field and Fern" (1865). But considerable use has been made of the Statistical Accounts and the government and institutional publications appearing in the late 18th and in the 19th century. The main publications used here are the Old Statistical Account (1791-99), a Board of Agriculture Series of essays on the agriculture of each of the countries in Scotland (published about 1812), the New Statistical Account (1845), a series of essays published in the Transactions of the Highland and Agricultural Society (about 1870-80), and the evidence and reports of the Royal Commissions on Agriculture (1881-2), on Agricultural Depression (1894-7), and on Market Rights and Tolls (1891). These have the benefit of providing in themselves the views of a number of people at one particular
date and since they are published at intervals throughout the late 18th and 19th centuries, they provide a means of comparison. These sources have been supplemented with the reports of Parliamentary proceedings published in Hansard, the reports of various Parliamentary Committees and other documents.

The rather limited piece-meal, evidence available on the marketing system throughout most of the 19th century has necessitated the building up of a description of the different methods used, rather than a more analytical approach. Thus the development of the auction system has had to be traced from the descriptive evidence available since a satisfactory index of auction sales can not be compiled in respect of the exact period during which the auction system came into general use; the period can be shown to be about 20 years prior to 1890 but this is as much as can be said. On other relevant topics during the 19th century, for example the development of the wholesale and retail meat trades, statistical evidence would again have been useful had it existed.

The first four chapters show the changes in the method of marketing used, up to the introduction of the auction system into general use. Different methods of marketing tend to exist at any particular time, some methods becoming less favoured, some more favoured. But it is only possible from the evidence available to indicate the main trends in the methods used. It has not been possible to show the exact
proportion of trade being conducted by each method during the 19th century.

The reasons for the introduction of the auction system are discussed in the two succeeding chapters and the remaining chapters in the thesis are concerned with explaining why the auction system has continued in general use up to the present time. These chapters are not intended to provide a case against the auction system or on behalf of the dead-weight system. It may be argued that they provide such a case by implication since the question is being asked why the auction system has continued. On the other hand it cannot be assumed that once a system has become established, it will continue to function indefinitely. The descriptive chapters show that methods of marketing change with changing conditions; it must be assumed then that the auction system is also subject to modification.

The wide nature of the problem investigated has lead inevitably to the discussion of a number of side issues and secondary problems. Thus it has been necessary to mention slaughter facilities and post-war slaughter policy; and the discussion of post-war marketing proposals has necessitated an assessment of the significance of the appearance of the Fatstock Marketing Corporation and the possible use of marketing schemes under the Agricultural Marketing Acts. The power and influence of the wholesale and retail meat trades in the marketing
of livestock and meat has required a discussion of
the composition and relative strength of the trade
associations in the meat trade; it has also required
a short investigation into retail price maintenance
in the meat trade.

These and other secondary problems have not been
considered as fully as the central problem. The
discussion of the trade associations in the meat
trade and the significance of the introduction of
the Fatstock Marketing Corporation have been
placed in Appendices in order to leave the main
text as free as possible of secondary issues.

Some other questions related to the material
discussed in the thesis have had to be left
unanswered. Thus it has not been considered
sufficiently important to determine the influence
of the 19th century legislation which limited the
liability of companies, on the development of the
auction system. It seems unlikely that the
provision of limited liability, granted to companies
in 1856, would in itself bring new auction companies
into existence. Relatively few auction companies
existed in the 1850's and it was not until almost
the final quarter of the 19th century that the
auction system came into existence; for these
reasons this topic has not been investigated.

In tracing the development of the auction
system during the second half of the 19th century
it has been necessary to show some of the changes
which occurred in Scottish agriculture resulting
from the movement from arable into grassland farming. Although the changes which occurred in England and Wales at this time have been widely investigated, very few enquiries appear to have been made into the alterations in Scottish farming taking place at this time. Since these changes are a secondary issue to the main problem however, a fuller investigation could not be undertaken. A full examination of the changes taking place and the delay which occurred before grassland farming and beef production expanded, as shown by this thesis, would require a separate investigation by itself.

In the post decontrol period, the return of the auction system was a temporary measure; this action and the assurance given in the government white paper of November 1953 ("Decontrol of Food and Marketing of Agricultural Produce") that a marketing board system was not excluded as a long-term solution, shows that the problem of livestock marketing has not yet been solved. The appearance of the Fatstock Marketing Corporation seems to confirm this. The objectives of the Fatstock Marketing Corporation are as yet, difficult to state; it is still only becoming established. It is uncertain therefore whether the Corporation will attempt to act as a quasi marketing board by becoming the largest wholesaler, or pursue these ends by adopting a different policy; it may also adopt a completely different aim.
The P.M.C. may attempt to act as a quasi-marketing board by adopting a role similar to that of the Argentine Meat Corporation set up prior to 1939, rather than by attempting to become the largest wholesaler. This Corporation, set up by the Argentine Meat Board to prepare and trade in livestock products and by-products, held a regulated share (about 10 per cent) of the meat export trade to Britain. The existence of the Corporation allowed producers, who held shares in it, to test by experience the fairness of the cost of marketing services provided by other companies. It also provided a safeguarded against agreements between the small group of private companies engaged in the Argentine meat trade.

The New Zealand government has also provided an alternative method of marketing to sale to the private packing companies, as a method of supervising marketing costs. Here the government licences every freezing and exporting concern and has made it obligatory on every licence holder to slaughter, process and export livestock on the owners' account if demanded by him. This provides a comparison of marketing costs and returns by two different methods of marketing.

Thus though the Fatstock Marketing Corporation handled a relatively small proportion of the wholesale meat trade it could still act as a quasi marketing board with a supervisory interest in marketing costs. The Corporation however appear to be attempting to expand sales by dead-weight
the only method by which it officially conducts its trade. A large turnover on a dead-weight basis seems also necessary if the Corporation is to show the economies which can be obtained by this method of marketing. For these reasons it has been assumed in this thesis that the Corporation will attempt to expand its trade and become the largest wholesaler.
CHAPTER I

THE CATTLE TRADE PRIOR TO 1845

1. Organisation of the Cattle Trade in the Early 19th Century

By the beginning of the 19th century the Improving Movement in agriculture, which had started in Scotland in the Lothians and in Galloway in the first half of the 18th century, was spreading widely throughout Scotland. In some areas, particularly in the North and West, improvements were still lacking and it was not until the second quarter of the 19th century that the movement became generally accepted throughout the country. But by the early years of the 19th century a system of crop rotation was being introduced, land was being drained and reclaimed, longer leases being given and the farms themselves were being fenced and enclosed; farm buildings were re-built, the liming of soil had begun and the new turnip husbandry was becoming widespread.

The improving movement had its effect on the cattle trade of Scotland. Where the new turnip husbandry had been accepted, sown grasses introduced and fertilisers used, cattle could be fed throughout the year where previously all except the breeding
stock were sold for slaughter at the end of the grass season in the autumn. An expansion in cattle rearing was now possible and the trend towards urbanisation and a widening of the market through the development of industry and transport, provided a stimulus towards it. The cotton industry in the Clyde Valley and the linen industry in Fife were both becoming organised on a factory basis, and in the early decades of the 19th century, the metal industries, which were to become the leading industries in Scotland in the second half of the 19th century, were being founded. Road building had expanded greatly from the time of the 1751 Turnpike Act, the Forth and Clyde canal had been completed in 1790 and many others had been opened by the early decades of the 19th century; and the introduction of steam navigation in the 1820's and a railway system in the two decades which followed was to revolutionise the system of communication.

The Drovers System

But although the rearing and feeding of cattle was now possible and more profitable than formerly, the cattle trade in the early years of the 19th century was still organised on a system which had existed throughout the previous century. This was
based on a large number of fairs and trysts held throughout Scotland at fixed times and through which the large export trade of cattle to England was organised. By May each year, drovers, who bought cattle on their own account or on a commission basis for others, appeared in the cattle rearing districts of Scotland, announcing at the churches that, at a certain spot in the district and at a stated time, they were willing to buy cattle; the calling of a tryst in this way was especially necessary in North and West Scotland where few regular fairs or trysts were held in the year owing to the widely scattered distribution of the population. These local sales in many cases caused some anxiety to farmers who had little knowledge of cattle prices in other parts of the country or at the main fairs. The possibility of a variation in price before the cattle (1) were marketed at a larger tryst resulted, in some cases, in an agreement between farmer and drover that any rise in price would bring an additional return to the farmer and a fall in price, a reduction. (2) Prolonged bargaining often took place before sales were completed, and the price decided on at these local sales and at larger meeting places often resulted in one price being applied to the cattle
of a large area for the remainder of the season (3)

Droves increased in size as purchases were made by the drovers at more central markets, a drove consisting eventually, of perhaps, 150 to 300 beasts (4); William McCombie, an Aberdeenshire cattle dealer and farmer, speaks of seeing, on occasions, droves of 1,500 animals and other droves a mile long. (5) The cattle were driven along recognised drove roads either directly to the main fairs and markets in England, or to Crieff or Falkirk trysts. There they were bought by English dealers who, in turn, drove them south. In this way the cattle rearing districts of Scotland, especially the North West, supplied large numbers of lean cattle to be fattened in the North of England and particularly in Norfolk for the Smithfield market. The Hebrides along, it was estimated, supplied about 30,000 cattle annually (6) and Aberdeenshire about 12,000 cattle (7) at the beginning of the century.

Since the cattle required grazing during their movement south, payment for this was made to the owner of the land through which the cattle passed, according to the size of the drove (8); a day's journey was thus limited to about 12 miles. Stances for the evening were arranged when the cattle were
fed and given water, the complete journey from Scotland to the markets in the South of England generally taking about a month, the total cost of driving and feeding being about 18 shillings per head. By the early 19th century, however, agricultural improvements had brought an increase in the value of grazing land and costs of driving and feeding had increased. (9) The cattle were shod for this journey, especially in bad weather, many of the shoes being made at Crossgates in Fife. These were sent to different cattle stations, each drover carrying a supply of shoes for the animals under his care. (10)

Although the droving of cattle over open country in North and West Scotland provided few hazards, the fording of rivers or the swimming of these by cattle droves - since few bridges existed - provided considerable difficulties in many cases (11), and McCombie cites one instance when 17 cattle were lost in one attempted swimming of the Spey. (12) This fording of rivers was an important problem in cattle droving at that time and some markets might be cut off from the droving trade for that reason; the fairs held annually in Elgin and Forres suffered in this way through the difficulty of fording the Spey and the Findhorn. (13)
From May of October this system of droving lean cattle from the rearing districts in the North and West of Scotland to the markets in the South continued (14), the drove routes tending to converge on Falkirk, the main cattle tryst in Scotland. Cattle were also driven in the same way from the counties of the South-West of Scotland to the Carlisle fairs and other markets in the North of England (15) and from the South-East of Scotland where the cattle went to Newcastle, Darlington, Skipton and other towns and markets further south. (16)

Cattle droving probably required much skill and experience since the drover might have under his care cattle valued at over £1,000 and be required to drive them by the shortest and least expensive route to the market. He would require a knowledge of the countryside through which he passed, of the price of cattle and of the animals themselves. Over-driving would result in loss of weight and condition and consequently a lower price, while delays might result in the loss of advantageous prices at the market and high droving costs. He would be required to attend the cattle for disease and lameness during the journey and to
manage the herd successfully during the fording of rivers and similar difficulties.

Cattle Trysts

From the mid 18th century, the herds from the North and West of Scotland were generally driven to Falkirk where, at Stenhousemuir in the parish of Larbert, the largest cattle trysts in Scotland were held on the second Tuesday in August, September and October. (17)

Prior to this, the droving trade of Scotland was centred on Crieff. (18) In earlier years the Crieff fair held in October was opened with considerable ceremony by the Duke of Perth who often held his court on these occasions in the open air, settled disputes, made regulations for the management of the fair and the collection of tolls, and supervised the event. (19) But although English dealers attended the fair annually to purchase for the English market, the trade to England was on a smaller scale than that conducted later at Falkirk. The cattle trade at that time was organised mainly by Scottish dealers who also drove the cattle to England (20), and up till the mid 18th century approximately 30,000 cattle were sold in some years at the Crieff tryst. (21) Yet by the end of the third quarter of the 18th Century Crieff had been
replaced by Falkirk as the main cattle tryst in Scotland and before the end of the century the Crieff market had virtually disappeared. (22)

This arose to some extent as a result of the enclosing of some lands near Crieff about 1750 which disorganised the droving trade by depriving drovers of some of their customery stances. Similar land improvements on the drove routes from Ross and Cromarty, Inverness-shire and Argyll increased the value of grassland. Payments became necessary for pasturing cattle on these routes and it was, therefore, important for drovers to find the shortest and cheapest route by which to market their cattle. Since Falkirk was more centrally situated, especially in relation to Argyll and much of Inverness-shire, it was more suitable for reasons of economy as a central tryst for the cattle trade. (33) A possibly more important reason arises from the fact that from the 1760's English dealers began to appear in increasing numbers in Scotland to buy for the English markets. The droving trade from this time passed into the hands of the drovers from the south, to whom Falkirk was a more convenient meeting place. Disease among English cattle in 1763 and an unfulfilled demand for salt beef for the navy in that year, encourage English
dealers to increase their demands for Scottish cattle, the demand being maintained during the American War of Independence and the period of prosperity which followed it. (24)

Thomas Pennant writing of his tours made in Scotland between 1769 and 1772 noted that 24,000 cattle were sold annually at the Falkirk trysts (25); but before the end of the century between 20,000 and 30,000 were sold at the October tryst alone (26) and an average of 60,000 cattle were being sold at the three trysts held annually in August, September and October. (27) The last of these, occurring at the end of the grass season, was the largest and at the beginning of the 19th century even 40,000 cattle were known to be marketed at this tryst (28). Transaction of over £400,000 were taking place at Falkirk during these three months. (29)

The moor on these occasions presented a picture of noise and great activity. Cattle dealers, generally on horsesback, searched the ground for lots they required, making inquiries with each individual seller, surveying the cattle offered for sale and bargaining for each lot. Thomas Gisborne, witnessing the scene says:
"All is animation, bustle, business and activity; servants running about shouting to the cattle, keeping them together in their particular lots and, ever and anon, cudgels are at work upon the horns and rumps of the restless animals that attempt to wander in search of grass or water."

Tents were erected round the field for sideshows, for the sale of provisions and for similar purposes.

"..... as most of the purchasers are paid in these tents, they are constantly filled and surrounded with a mixed multitude of cattle dealers, fishers, drovers, auctioneers, pedlars, jugglers, gamblers, itinerant fruit merchants, ballad signers and beggars." (30)

**Cattle Dealers**

In the early years of the 19th century the different regions of Scotland had, as yet, not begun to specialise in breeding or rearing and fattening. There was, however, some movement of cattle between different regions as different areas began to expand their fattening of cattle and droves went directly from the North and West of Scotland to be fattened in the North-East (31),
or were purchased by dealers at Falkirk for summer grazing or winter fattening in other counties. (32)
The transaction of the dealers were important in facilitating this movement and droves went from Falkirk to all parts of Scotland (33) as well as England. Some dealers bought extensively for their own account and held large areas of land on which they grazed the cattle to be sold later for finishing in English pastures. (34) But generally the dealer bought at fairs for re-sale to local farmers. As a result many dealers operated on a large scale and McCombie recalls one large dealer at Falkirk who bought cattle there "by the thousand" (35), and purchases of "seventy score" of cattle by a dealer at one tryst. (36) As a large proportion of the cattle at Falkirk were Highland beasts, which at the beginning of the 19th century sold at approximately £5 each (37), the transactions of individual dealers were often between £5,00 and £10,000. Smaller transactions also took place, for although the dealers tended to purchase their supplies from the lots exhibited - a lot being generally about 200 to 300 beasts - a "cut" of one of these lots was also possible. This was completed by the drover walking through the lot and cutting off a number of cattle, this being made up to the
required number by alternate selections from the remainder by buyer and seller. (38)

The method of payment for these large purchases was not always convenient or satisfactory. The dealer, droving cattle to Falkirk from a distance might purchase them originally with ready money (39), or be given credit by the farmers. (40) In other cases he paid by a bill drawn at 4 or 6 months. (41) Liberal credit was usually available to cattle dealers and from this, and the financial support of individuals, they financed their trade. The ease with which this credit was available, however, encouraged many to speculate extensively and their frequent failures which reacted on farmers brought widespread criticism of the system. (43) At Falkirk payments were made generally in cash and McCombie recalls being paid on one occasion partly in gold and partly in notes which varied in denomination from £100 to £1. The fact that two of these notes did not pass the scrutiny of the agent for the Commercial Bank through whom the transaction was conducted and were returned as forgeries illustrates another feature not uncommon in the transactions at Falkirk. (43)

Generally dealers came to Falkirk with letters of credit from provincial banks which allows them
to draw cash to meet their purchases. The system of cash credits had been long established in Scottish banking by the early 19th century, but the regulation of the note-issuance and control of credit were as yet unlimited and it was not until the Bank Charter Act of 1844 and the Act of the following year that these problems were solved. The many local Joint Stock and private banks which existed in Scotland in the early years of the 19th century (44) in addition to the three Chartered Banks and the two National Banks, all provided credit for the financing of the cattle trade. All of these had widely dispersed branches, some having permanent branches in Falkirk (45); but at the tryst, temporary branches were installed for the occasion by many of the banks. Thomas Gisborne attending the tryst comments (46):

"On a portion of the moor adjoining the sheep ground .... a wooden pent-house about five feet square announces itself by exterior placard to be "Royal Bank of Scotland"; the British Linen Company, the Commercial Bank and every other banking company north of the Tweed appear there by similar wooden representatives. The purchasers come to the
fair provided with Letters of Credit and stepping into the tabernacle to which they are accredited bring out in large notes the amount required. These are handed to the vendor in an adjoining booth and are probably in a very few minutes at his credit with the issuer or one of his rivals."

The extensive trading ventures of many dealers were made more speculative by the tendency for prices to fluctuate violently at some periods. This was particularly so during the Napoleonic War when cattle prices varied by £4 per head or more in some years. (47) Since a drove might consist of 300 cattle or more the dealer was liable to losses or gains or perhaps £1200 in one deal. Even during peace-time conditions prices varied greatly and many dealers were often insolvent with large debts. Since some dealers conducted a trade valued at £30,000 annually (48), the effect of large failures among cattle dealers on the farmers from whom the obtained credit was appreciable and widespread. Not every dealer had a reputation for adventurous and sometimes dishonest dealing, and in some cases they received the confidence of farmers and conducted a large trade on a sound financial basis. (49) In other
cases, however, their trading ventures were very unsound and widespread dis-satisfaction with the system for these reasons brought many criticisms of it and suggested alterations.

It seems likely that cattle salesmen appeared partly for this reason. The salesman was the agent of a large seller or for a number of sellers and operated at a fair or large market on their behalf. Cattle were sent to him for disposal in the market by the owner, the salesman being paid on a commission basis according to the price he obtained. Unlike the dealer, however, he had no part in the ownership of the cattle but was purely concerned with the selling of cattle consigned to him. Droves from Scotland were sometimes sold in this way at the fairs in the south of England (50) and this system of sale was widely used in the established cattle markets of the mid and later 19th century. (51) In the early years of the century, however, it was not widespread; it was not until steam navigation had been introduced in the 1820's allowing the marketing of fat cattle in distant markets that the cattle salesman became necessary.
2. Fairs and Markets

Although Falkirk was the main cattle tryst in Scotland and the centre of the cattle trade from the mid 18th century, numerous other fairs and markets were held throughout Scotland during the early 19th century allowing trade in cattle to be conducted. Cattle trysts like Falkirk were meeting places arranged for the convenience of buyer and seller and had no legal status. Fairs and weekly markets on the other hand were established by royal charter, by royal warrant or by Act of Parliament and had a recognised legal existence. This right of market was conferred on individuals, towns and religious institutions allowing a stated number of fairs to be held during the year and a given number of weekly markets to be established. It also allowed those receiving such right to exact tolls on articles sold or exposed for sale at a fair or market, to receive payment for the liberty to erect a stall (Stallage) and also payment for the breaking up of ground in the erection of stalls or booths (Package). The right or market also entailed duties on those receiving it and the lord of the fair assumed the power to regulate the fair or market and to appoint those necessary to
administer it. He held court during the fair, administered justice, settled disputes and kept order. (52)

Fairs were generally held in a town or village on three or four occasions in the year, each being concerned with two or three main commodities, although they also attracted tradesmen from surrounding districts and were occasions for the sale of a wide variety of goods. Other fairs were concerned with the hiring of farm labour and servants, when terms of labour were decided; weekly markets were generally for foodstuffs and held once or twice during the week.

Few large fairs or markets were held regularly in the North and West of Scotland in the early 19th century, and although Scottish dealers purchased droves of cattle in Ross and Cromarty, Sutherland and the Western Islands, few English dealers ventured beyond Falkirk or the larger fairs in North East Scotland. (53) Smaller markets were held in this area periodically during the summer months, at Beauly, Fort Augustus, Fort William, Portree and other places; these were advertised or announced at the churches in the different parishes and in many cases were held on the main drove routes to the south. This lack of established markets in
the Northern Highlands arose largely from the wide
distribution of the population and the inadequate
communications which existed (54); these difficul-
ties prevented even the establishment of central
trysts for the area, such as that proposed by Sir
John Sinclair, (55) Small fairs also existed in
Nairn, Moray and Banff, the most important being
at Keith. (56) The fair held on the Muir or Ord at
Kilmorock in Inverness-shire, however, was con-
sidered the largest in the north of Scotland and,
at this fair, held each month between April and
November, a large number of cattle were sold. (57)

Argyll and the central Highlands also had few
large fairs, these areas depending largely on
dealers coming from other parts of Scotland for the
sale of their cattle. (58)

Decline of Fairs

In other parts of Scotland where fairs were
more numerous and were important links in the cattle
trade to Falkirk and the south, factors had already
appeared by the second and third decades of the
19th century tending to reduce their importance.
By this time the Improving Movement was becoming
generally accepted throughout Scotland and where
cattle had previously been marketed lean and
fattened in England, they were now fattened in
Scotland and marketed locally or sent to the larger consuming centres. More regular marketing throughout the year was now possible rather than seasonal marketing in summer or autumn on the occasion of a fair. At Dumfries, where two annual fairs had at one time been held for the sale of cattle (59) an important trade was being conducted at the weekly market by the 1830's and the September fair in particular had declined accordingly. (60) At Castle Douglas and other towns in this area weekly markets had also been established (61) and in New Galloway, where formerly four fairs had been held during the year for the marketing of cattle, little business was transacted at them by the 1830's except the hiring of servants; cattle markets had been established and held regularly during the year at which much of the trade was now conducted. (62)

In Ayrshire too, fairs were declining with the establishment of regular markets. A number of fairs were usually held during the year at Ayr, Kilmarnock, Muachline and other towns which attracted a large number of merchants of all kinds. There the craftsmen displayed the various articles of their crafts, and a large number of merchants,
small traders, chapmen and others attended to sell their goods. But with few exceptions the fairs in Ayrshire were largely social occasions by the 1830's. (63)

In South East Scotland too by the 1830's fairs had begun to decline in importance for the marketing throughout the year was instituted. In some towns such as Melrose, known widely for its Sheep Sales, annual fairs held during the year remained important. (64) But in many others they were now replaced by weekly markets. One of the main fairs in South East Scotland was held annually at St. Boswells and generally attended by many people from a wide surrounding district. (65) Although sheep were the main article of trade, cattle, horses, linen, hardware, toys, crockery, shoes, books and other articles were also sold. Tents were erected, a "profusion of goods" displayed, and at one time transactions of between £8,000 and £10,000 were conducted during that day. (66) But even by the end of the 18th century this fair had begun to decline. (67) The Lammas fair at Melrose began to rival the sheep sales at St. Boswells (68) and the establishment of regular cattle markets in the surrounding
towns reduced the size of the St. Boswells' sales. At Kelso too the establishment of monthly markets during the year contributed to the rapid decline of the main cattle fair held in August (69), and at Duns and Jedburgh the fairs held annually in June, August and November suffered for a similar reason. (70)

In the east and North of Scotland, fairs had been a main method of conducting the cattle trade. Palladius (or Paldy) fair held near Fordoun for four days in July had allowed an annual sale of over 2,000 cattle, and Trinity Fair on Tarnty Muir at Brechin in June was the occasion for the sale of over 5,000 beasts at the beginning of the 19th century. Other important fairs held at that time were the St. Laurence fair held near Laurencekirk and St. James's fair at Garvock in Kincardineshire. At these, tents were erected in the main streets of the town providing food and entertainment for those attending the fair. Low benches of turf provided seating and table accommodation, and the tents, which might accommodate a hundred or more at one sitting, were constantly filled to capacity. In addition there were;

"whole ranges of shops (or Creams) for
merchandise. Clothiers, haberdashers, shoemakers, auctioneers; but above all the sweetymen, or confectioners, take up their station here; and all reap a rich harvest on this occasion. Here also the recruiting serjeant frequently cajoles the young lads out of their freedome, and decorates them with a cockade."

A magistrate presided in a "justice tent" and with the assistance of a body of men kept order at the fair and if necessary punished delinquents. (71)

But by the time the New Statistical Account was being written St. James's fair was greatly reduced in size and Paldy fair too was on the decline, other markets having been established nearby and a weekly cattle market also instituted. (72)

In Aberdeenshire, Aikey fair held in the parish of Old Deer (73) had been one of the largest in the North of Scotland and one of the few fairs in that area which attracted cattle dealers from England. But this also had begun to decline by the 1830's (74) and was soon greatly reduced in size. (75) In Aberdeen too, weekly cattle markets had been established replacing a less regular marketing system. (76)
Steam Navigation

Although winter fattening and more regular marketing throughout the year was one factor accounting for the fall in the trade in livestock conducted annually at fairs during the first half of the 19th century, a possibly equally important factor existed in the appearance of steam navigation in the 1820's. Where cattle fattening was now technically possible and the introduction of fertilisers allowed larger and better crops of turnips and grass for feeding, the expansion of the market now provided the necessary stimulus to regular production and marketing throughout the year. The introduction of steam ships now made it profitable to apply on a large scale the new methods of production which were being introduced.

Where previously cattle were sent in a lean condition to be fattened in England, there was now a tendency for the cattle to be fattened at home and sent by steam ship direct to the large consuming centres. Fat cattle were sent by the 1830's from Annan and other parts on the Solway by steamship to Liverpool and the manufacturing towns of Lancashire. (77) From Wigtownshire too (78), a similar trade was introduced and in the twelve months April 1842-3 Kirkcudbright exported over 700 cattle in its
trade with Liverpool. (79) Castle Douglas also had a considerable trade in fat cattle with towns in the north of England and with Irvine and Glasgow. (80) But although south-west Scotland gained from this expansion in the cattle trade, it lost the trade in cattle which it had previously conducted with Northern Ireland; cattle, imported previously for droving to England, were now sent direct to Liverpool. (81)

At Leith and Dundee, the use of steam vessels facilitated trade between the north of Scotland and London. Steam Ships were first introduced in the trade between Aberdeen and Leith in 1831. By 1827 this trade was extended to London and in the three years 1836-38 Aberdeen exported by sea an average of almost 7,000 animals annually. (82) By the 1830's steam ships were sailing also from Fraserburgh, Thurso, and other ports in the north of Scotland to Leith and London. (83) Droving continued, but with the establishment of sea transport for fat cattle the droving of lean cattle to the south was unnecessary and tended to decline. The sea journey did not always provide a saving in time and in the condition of the animals, especially in the early years of its existence. In some
cases this was achieved and cattle shipped at Wick could be shown at Edinburgh market within two days, where the journey by road had previously taken over two weeks. But in other cases the journey took as long as droving had previously; rough weather had to be contended with and the cargo in some cases abandoned, while storage on the ships often brought deterioration in condition and in some cases deaths. Sailing ships were sometimes used when sea transport of cattle first began and conditions, especially in these ships, were in some cases inadequate. Considerable risk and uncertainty thus existed in the early shipping trade of cattle and in some cases an insurance system was introduced to meet the risks involved.

(84)

The marketing of fat cattle in distant markets by steamship now provided the farmer with an alternative to selling to a drover and of engaging in the risks of the droving trade. Cattle could now be marketed through a cattle salesman in a relatively short time, at the market price and for ready money. Marketing arrangements prior to this had been very different. Previously the market price had often been unknown to the farmer and he
was largely at the mercy of the dealer for the price he received and for payment for his cattle. For the farmer the cattle trade was now on a more secure basis and ready markets were now open for the largest sales. The sale of cattle through a cattle salesman at the large fairs in England had already begun to appear in the early years of the 19th century and Falkirk tryst had been affected by the new method of marketing at that time. (85) With the introduction of steamships, the marketing of cattle through a cattle salesman was virtually necessary, and from this period they became more widely used. (86)

By the 1830's developments in communications, transport and industry had appeared to a sufficient extent to bring a decline in the importance of annual fairs. The market had widened appreciably and was no longer local, while manufactured goods had begun to replace the home produced goods sold at fairs. (87) Some remained for the half-yearly hiring of servants and labour; in most cases, however, they had become social occasions and were widely criticised by the parish ministers compiling the New Statistical Account and by others. (88) Legislation in 1846 (89) brought a further decline
in the importance of fairs when the privilege enjoyed by freemen of burghs and by members of the Merchant Guilds of the exclusive right of trading in their respective towns was abolished. This right was held in abeyance only during fair days and with the abolition of the privilege the value of holding a fair declined. But even before this fairs had largely fallen into disuse.

3. Sale by Auction

The general method of sale at Falkirk and other cattle markets during the first half of the 19th century was by private treaty. Sale by auction was legally permissible and took place during this period; but it was not widely used owing to the severe restrictions imposed on it by a series of Acts passed in the late 18th and early 19th century, restrictions which remained in force until 1845.

Conditions Governing Sale by Auction

The method of sale by auction is of great antiquity and has been used in this country since Roman times. During the latter part of the 18th century, however, sale by auction was generally associated with trickery and fraud and partly as
an attempt to control the abuses associated with these sales - partly also to increase revenue for the prosecution of the American War - an Act (90) was passed placing the first restrictions on them. "Auctions were multiplied of late years," said Lord North, introducing the proposed regulations in the House of Commons in May 1777, "... so as to be very mischievous to every fair trader; and in many cases were attended with circumstances of gross fraud and imposition." (91)

Auctioneers, were for the first time, required to purchase an annual licence costing 20 shillings in London and 5 shillings out of London; a duty of three pence on every 20 shillings of purchase money was placed on all auction sales of personal possessions (land, houses, farming stock, etc.) and sixpence on every 20 shillings of purchase money on sales of chattels (pictures, books, etc.) (92) In addition every auctioneer was required to give security by bond of a given sum to the Commissioners of Excise that he would within 6 weeks of every auction sale deliver an account in writing to the Commissioners of Excise of the purchase price of each article sold and the amount of tax payable on each; he was then liable for payment of
the duty. (93) Failure to make a satisfactory statement brought forfeiture of bond, prosecution and loss of licence. The conditions of the Act thus made the auctioneer the assessor and collector of his own taxes and this remained an unsatisfactory part of all the legislation which attempted to control auction sales in the following half century.

Auction sales of cattle among other commodities, were exempt from duty as long as these sales were made on the land on which the cattle were reared and were for the benefit of the owner of the land. (94) But other provisions of the Act requiring the auctioneer to make a return of the sale price and of the amount of duty payable on each article still had to be met. (95) The granting of these exemptions from duty provided another difficulty to the legislation which attempted to control auction sales. Exemptions increased greatly during the late 18th and early 19th century, until the amount of duty exempt from payment eventually exceeded payments made. (96)

Although auction sales of cattle continued to be exempt from duty throughout the period in which an excise duty was levied on auction sales generally, subsequent legislation made cattle
auctions subject to more detailed regulations. From 1779 (97) the auctioneer was required to give three days' notice to the local office of Excise of the time and place of any proposed auction sale and submit a catalogue of all articles to be included in the sale. The auctioneer's statement of the sale, made under oath (98), could now be compared with the notice and catalogue of sale submitted before it was held. Where exemption from duty was claimed, as in the case of livestock, a statement was necessary guaranteeing that the sale took place under conditions which entitled exemption, i.e. that it took place on the land of which it was the stock and was for the benefit of the owner of the land.

Further legislation in 1825 (99) raised the auctioneer's annual licence to £5 and by then a series of Acts (100) had also raised the duty payable on the two classes of goods.

Sale of cattle by auction by the 1830's thus necessitated compliance with many detailed regulations. A licence was necessary, bond must be given, notice of intended sale made and a catalogue provided; finally a detailed statement of the price of each commodity sold, the duty liable and a statement on oath that cattle were
sold under conditions necessary for exemption of duty. It is not surprising that this formidable list of regulations successfully prevented the auction system from being widely used in the sale of cattle during the late 18th century and the first half of the 19th century.

**Auction Sales of Cattle**

Yet livestock auctioneers existed and cattle were sold by auction during this period. In 1842, 393 licences were issued to auctioneers in Scotland, (377 in 1843, 368 in 1844) (101) a number of whom conducted livestock sales; it is impossible, however, to determine the exact number of these since licences were of a general nature allowing the auctioneer to conduct sales in all kinds of goods. Auction sales too were conducted in some cases by unlicensed auctioneers; in other cases no returns of sales were made, especially where no duty was levied; and the itinerant auctioneer might neither possess a licence nor make returns of any kind. (102) Statistics of the value of cattle sales (except from duty) or of the amount of auction duty levied on cattle sales therefore do not give an exact picture of the extent to which sale by auction was used and only a rough estimate is
possible from the figures available. In the year ending 5th January, 1841, however, sales of "Cattle, Live or Dead Stock, Corn Stock or unmanufactured Produce of Land, whilst they continue on the lands" amounted to £411,646. (103)

If the average price of cattle at this period is taken as £10 (104) the maximum number of cattle sold by auction during 1840 would be 41,000; but since other agricultural goods are included in the total value of sales mentioned, the actual number of cattle sold by auction would be less; on the other hand this does not include cattle sold at auctions which were conducted illegally.

Since more than 30,000 cattle were being sold privately each year to dealers in Dumfriesshire and Galloway alone (105), however, and since considerable numbers were being sold by private treaty each year at the fairs and trysts, it would seem that sale by auction accounted for a relatively small proportion of the total.

Sale by auction was used however in some counties in Scotland and dealers purchased cattle in north and west Scotland to be auctioned on their own land in the north east; such auctions would appear to have been legally permissible and would avoid payment of duty if the cattle
remained on land owned by the dealer for some time before sale (106). This trade in store cattle was occurring at a time when the north east was expanding as a cattle fattening area and sea transport had recently provided a new method of transport for fat animals to the larger markets. It is not surprising then that as demand for store cattle increased, auction sales were used by dealers to meet this demand.

Auction sales were also used in some cases by large farmers, who found it profitable to rent land near a large town and drive their cattle to be sold there, so avoiding the payment of auction duty while gaining the advantage of competition from a large number of buyers. (107) In other cases stock was auctioned although the sale was not held on the land producing the stock or for the benefit of the owner and duty was paid on the sale. (108)

Limitations on the Use of the Auction System

The existence of an excise duty and detailed regulations were in themselves important deterrents to the holding of auction sales. But in addition to this the manner in which these regulations affected auction sales was also important. Only those auction sales held in or near large towns could attract sufficient buyers
and provide the conditions necessary for a successful sale. In some towns a weekly cattle market had been established and the tendency for these to increase in number at the expense of fairs held periodically during the year has been seen. But auction sales established in towns with weekly markets would still have to contend with an excise duty and the detailed regulations which also existed. In the districts where auction sales were most likely to become successfully established they were thus severely circumscribed. In the country districts where sales might take place on the owners' land and for his benefit, it would be difficult to attract sufficient buyers to make auction sales successful unless they were widely advertised and held as special events, although here no duty was necessary and for this reason they might be held more readily. This advantage of improved competition which an auction sale allowed was recognised and it was partly for this reason that the excise duty was introduced to make the vendor pay for this advantage. (109) The policy of limiting auction sales to sales on the farm, however, restricted their use severely.

The restrictions on auction sales made private bargaining necessary at fairs and trysts and
required the presence either of the owner or of a salesman, operating on his behalf. As the market widened with the use of steam ships, the salesman became increasingly important as a link between the farmer and the markets of the larger consuming centres. Since auction sales were severely restricted the salesman provided one alternative to sale by private bargain conducted by the farmer himself.

Although a number of salesmen might conduct their business at a market, each functioned separately selling the cattle sent to him by different owners; and where the salesman was receiving offers from a number of prospective buyers, simultaneously, at a market or tryst, the system might approach closely to an auction sale.

The spread of livestock auctions may also have been limited to some extent by the wide criticism which auction sales of all kind received at this time. These sales were generally associated with fraud, trickery and misrepresentation and the excise duty and detailed regulations were originally introduced and periodically increased to limit abuses of this kind. "Rings" existed among buyers and sellers, the Conditions of Sale under which auctions were conducted need neither be published
nor announced and were in many cases quite arbitrary, catalogues of goods were frequently not provided or where they were, the same catalogue might be used on a number of occasions; above all, auction sales frequently allowed the sale of inferior goods and were much criticised for this reason alone. (110) Partly as an attempt to meet this criticism and overcome public dissatisfaction with sale by auction a Central Auction Mart, was instituted in London in 1808 one of the functions of which was to act as an information agency about auction sales, of all types of goods, which were held in London and the provinces, and to set a standard for the conduct of these sales. (111) This appears to be one of the first occasions in which a number of auctioneers acted together in the interests of their profession and indicates the first movement towards a professional body of auctioneers.

Yet although auction sales of all kinds were severely criticised in the early 19th century they continued to be widely used as the Table below shows:

<table>
<thead>
<tr>
<th>AUCTION LICENCES ISSUED AND DUTY PAID ON SALES IN THE U.K. IN CERTAIN YEARS (Year ended 5th January)</th>
</tr>
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<tbody>
<tr>
<td>(112)</td>
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<tr>
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</tr>
<tr>
<td>1813-15</td>
</tr>
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<td>1820-22</td>
</tr>
<tr>
<td>1829-31</td>
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<tr>
<td>1842-44</td>
</tr>
</tbody>
</table>

Auctions sales of those goods exempt from duty, including livestock auctions, also continued to be held and in 1840 sales were made to the value of no less than £36.5 million of goods on which exemption from duty was claimed; sales chargeable with duty in the same year amounted to £8.7 million. (113) It can be concluded therefore that although widespread criticism by auction sales existed this did not restrict their use to any degree.

Much of the criticism of auction sales in the early 19th century was directed against the abuses of the system. Auctions were also criticised, however, for their effects on trade. It was argued that by "creating a competition for lowness of price, in preference to excellence of quality" they allowed less spending than previously, to the detriment of many producers in the country. (114) In one case it was held that:

"..... parsimoniously to abridge our enjoyments"
in the least degree beyond what is necessary to provide for feeble age, is to withhold a portion of the impetus that we ought to give to society, and to inflict a privation upon our contemporaries, exactly commensurate with what we inflict upon ourselves. In fact, to conduct society well, the spirit of grudging, which is the spirit generated by auctioneering, ought to be destroyed ..... it is the nature of auctioneering, whenever trade is bad, to make it worse...." (115)

It seems unlikely, however, that this argument reduced the number of auction sales held.

The manner in which many auction sales were conducted and the duties imposed on auction sales were severely criticised by the Commissioners of Inquiry reporting to Parliament in 1835. The tax, they considered, discriminated against sales made in this way, its assessment and collection were unsatisfactory since this depended on the returns made by auctioneers themselves, while exemptions tended to be more numerous than charges. (116) It was not until 1845, however, that the duty on auction sales and the detailed regulations to which they were subject
were repealed. The Act (117) of that year made the annual purchase of a £10 licence the only restriction on the holding of auction sales; it provided the basis for modern auctioneering and left the auction system free from this time to be used in trade.

4. Conclusion

Thus, at the mid 19th century, the cattle trade faced a situation completely different from what had existed during the first half of the century. Droversing was declining with the simultaneous decline in annual trysts and fairs and the establishment of regular markets throughout the year. More important, the introduction of steam navigation allowed an expansion of cattle fattening at home and access to the largest markets. The main markets now shifted from Falkirk and those on the drove routes to England, to the ports and larger consuming centres in Scotland. The railway system had recently been established and by 1848 had extended to Carlisle, Glasgow, Edinburgh, Perth and Aberdeen and was to influence the marketing of cattle in the next half of the century. The method of marketing was also changing. The cattle salesman had begun to operate as the
representative of the seller at the larger consuming centres providing a more satisfactory system of selling than had existed under the droving system. The function of selling had thus become the concern of one person and was now essential where the trade in fat animals from Scotland to more distant markets could be greatly expanded. The auction system too was now free from restriction and could be used increasingly as the railway transport system extended. In addition the banking system in Scotland had been placed on a more secure foundation by the Acts of 1844 and 1845 and by 1855 limited liability was introduced. Changes in the system of production during the first half of the century, occurring as new methods of transport were being introduced and as urban industrial centres were expanding, required a similar adaption of marketing methods. This adaptation was necessary in the second half of the century; how it was achieved will be shown in succeeding chapters.
CHAPTER II

THE DEVELOPMENT OF AUCTIONEERING

The third quarter of the 19th century was a period of prosperity for both industry and agriculture in Britain. An average price index of 45 commodities as shown in Graph I rose steeply in 1852 and remained at a high level during the two succeeding decades. Minor declines in this index occurred in 1858 and again in 1870, but prices generally tended to remain high and by 1873 had reached a peak. In that year, however, they fell sharply and continued to fall almost continually throughout the final quarter of the century. The twenty year period following 1853 was a period of high farming in Britain; agriculture remained as yet unaffected by foreign competition, and production was planned under conditions of a rising trend in prices. Scottish grain prices as shown by Graph II, tended to rise steadily during this period, particularly oats and barley prices, until the 1870's while beef prices, shown in Graph IV rose even more steeply to a peak in 1875.

The lack of foreign competition which beef production enjoyed until the mid 1880's had an important influence on prices. The limitation of
Average Annual Price Index of 45 Commodities and Annual Prime Beef Price Index 1850-1910

(Sauerbeck Indexes. 1867-77 = 100.)

Trend in East Lothian Grain Prices 1850-1910 as shown by a Seven Year Moving Average

Source: County Fair Prices in Scotland, H.M. Register House, Edinburgh.
Trend in the Prices of Grain Sold in Towns in England and Wales
1850-1910 as shown by a Seven Year Moving Average

(prices in pence per Imperial Quarter)

Source: Board of Agriculture: "Agricultural Returns For Great Britain" and "Agricultural Statistics"
Annual Price of Prime Beef (by the carcase) (pence per 8 lbs.) London Meat Market Prices 1850-1910 and Average Price British Cattle (pence per 8 lbs.) Metropolitan Cattle Market 1875-1910 (First Quality)

First Quality British Cattle: Board of Agriculture: "Agricultural Returns for Great Britain" and "Agricultural Returns for Ireland".
supply to the amount produced at home, and the
difficulty of increasing this supply relatively
quickly, tended to raise prices rapidly during
this period and to bring an increase in price
greater than the average rise for all commodities.
This is seen in Graph I drawn from the index
numbers compiled in Table I. At the same time,
until beef production became subject to foreign
competition, beef prices would appear to
be less severe than occurring in the
average level of prices. Lack or foreign
competition thus appears to have encouraged a
relatively higher and apparently more stable trend
in beef prices than existed for other prices. With
the increase in foreign supplies and fall in price
in 1883, beef prices now tended to fall faster than
the average fall in prices,
<table>
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<tr>
<th>Year</th>
<th>English Wheat</th>
<th>Prime Middling Wheat</th>
<th>Mutton</th>
<th>Prime Middling Mutton</th>
<th>Average Price</th>
<th>Index of U.K. Wheat Harvest</th>
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*Source: A. Sauerbeck "Prices of Commodities and the Precious Metals", Journal of the Royal Statistical Society, Volume 44 (1886); Series continued in Volumes 55 (1892), 56 (1893), 58 (1895), 78 (1915).*

**Beef, Mutton: Index of London Meat Market prices.**

Wheat Harvest in the U.K.: 1850-83, 28 Bushels per acre = 100
1884-1900, 29 Bushels per acre = 100
1901-1914, 30 Bushels per acre = 100
J.R.S.S. Volumes 56 (1893), 64 (1901), 78 (1915).

**Average Bank of England Rate: Actual figures, not index numbers.**
1. Cattle Salesmen

The purchase and sale of cattle at trysts and at annual fairs continued to decline throughout the third quarter of the 19th century. On the other hand, marketing through a cattle salesman became an increasingly important method of sale at this time.

Cattle Salesmen appeared in the first instance at ports; they began operating increasingly at the main markets throughout the country (1) as the railway system expanded and replaced steam vessels as a method of transport. They were particularly necessary for the expanding Scottish trade to the Metropolitan Cattle Market (2), where one salesman might sell approximately 7,000 head of Scottish cattle in a year. (3) Although the dead meat trade from Scotland to London was also expanding at this time with the development of the railway system, this trade did not pass through the hands of cattle salesmen. (4)

It was the task of the salesman to find a purchaser for the cattle consigned to him from producers at home and abroad and to sell them to the best advantage. The salesman thus sold fat cattle to butchers and dealers; but in doing so he was not necessarily confined in his operations to a market (5); and during the outbreak of rinderpest in
Britain in 1865-7 it was one benefit of this method of sale that cattle need not be brought together for sale as at an auction market; sales could still be arranged if the salesman was notified of the cattle to be sold and if he found a purchaser for them; (6) the salesman was thus essential in the marketing of cattle in conditions where central markets were still in the process of developing and where - during the 1850's and 1860's - the railway system was still expanding. The salesman tended to receive consignments of livestock for sale at the markets at which he attended; (7) as such he tended to organise the cattle trade at markets throughout the country and not only at the ports where he originally operated.

Disposal of cattle through a salesman had the additional benefit that the farmer received payment immediately the sale was made, so obviating delays before a cash settlement was made as often occurred in farmer-to-farmer or farmer-to-dealer sales. (8) The commission generally charged by salesmen was threepence or fourpence in the pound sterling for cattle and sheep; slightly higher charges of five shillings or six shillings per head was charged for handling foreign cattle.
according to the country from which they were imported: (9) Since the average price of fat cattle in the period 1865-70 tended to be in the region of £15 (10) the cost of selling cattle through a salesman was approximately four shillings per head; in the London market in 1868 it was almost five shillings. (11) It was often the habit for the salesman on the completion of a sale to give a discount to the purchaser, an allowance which was known as "luck money" and which became established by custom at approximately one shilling per beast. This, it was held was an allowance for payment in cash in the Dublin market, and for bruised meat in the English market. (12)

An important part of the trade of some salesmen lay in the imported cattle which they handled; this import trade expanded noticeably during the second half of the 19th century. Consignors from Europe, Canada, America and other countries sent livestock to salesmen in the U.K. in some cases sending them to the port which the salesmen advised would be best for disposal. Salesmen generally operated in a number of markets and they despatched the cattle to those markets likely to produce the most advantageous sale. The Edinburgh firm of Messrs. John Swan and Sons, who
were both salesmen and auctioneers received cattle from abroad at London, Liverpool, Glasgow and other ports, selling them either at the port of landing or forwarding them to the many markets in the north of England and throughout Scotland in which they operated. (13) In 1881 almost half Messrs. Swan's trade in cattle was foreign; but although the salesmen met the cost of the transport of cattle from the foreign port to the market at which they were finally sold they had no part in the ownership and the capital risks involved in this trade. Ownership and the risks involved in transit and selling remained with the consignor, who met all losses resulting from disease, deaths or bruising in transit or sale at an unremunerative price. (14) The salesman's only concern lay in selling to the best advantage. This contrasts with the position of the auctioneer, whose appearance became more general in the final quarter of the 19th century and who, in some cases, had a financial interest in the stock being sold. The salesman, as in the case of Messrs. John Swan, often operated on a considerable scale, being in constant communication with overseas suppliers advising them to withhold or forward supplied according to the market position and the stocks on hand. (15) He was also
able to advise home farmers, as a result of his experience and knowledge of different markets, where they might buy at the lowest price and if necessary forward the cattle to him. (16) He thus provided an important trading link between the farmer and markets which were still in the process of development, especially those farmers with little stock and some distance from a market.

2. Sale by Private Bargain

While the disposal of cattle through a salesman continued to be an important method of sale during the third quarter of the 19th century, sale by private bargain and the droving of cattle, although it continued during this period, (17) declined markedly. (18) In the more outlying districts in the north and west of Scotland, however, where railway transport, was only beginning to appear by 1870, a large proportion of the cattle were still sold privately, to dealers. From Argyll large droves went to Dumbarton, the Falkirk trysts or other markets. (19)

Dealers still purchased cattle directly at the farms in the Western Islands (20) and in Caithness, (21) conveying them to the larger markets at Inverness, Aberdeen or markets in the
south where they were resold. In the markets which existed in this area private bargain continued to be the method of sale. Large droves of Highland cattle continued to be sold in the Muir of Ord market on the border of Inverness-shire each month in the year, (22) while the Inverness Wool Fair provided the most important market for sheep in the north of Scotland. This market, held annually in July, was the scene of the sale of many hundred of thousands of sheep from all the counties in the north of Scotland and was peculiar in that sheep, and at one time also wool, were sold by reputation. None were exhibited on the sale ground and buyers negotiated with sellers on the basis of their knowledge of the farms on which the sheep were produced and the quality in previous years of individual flocks. This method of sale was found to function successfully, and since its inception at the beginning of the 19th century disputes over transactions were almost unknown. (23) Private negotiation in this way was still the general method of sale in 1880, some years after the railway system had extended beyond Inverness.

3. The Auction System

Pedigree and other Sales
The widespread use of livestock salesmen and the continued use of sale by private bargain however did not preclude a limited use of the auction system in the marketing of cattle, largely for the sale of breeding stock, during the third quarter of the 19th century. Improvements in cattle breeding began in the first half of the century with the work of many individuals like Hugh Watson of Keillor, who founded a herd of polled Aberdeen-Angus in 1808 and Captain Barclay of Urie who created a herd of Shorthorns in 1829; (26) and although no name is associated with the early improvements in the Galloway breed (25) improvements were nevertheless made. (26) The importance of these improvements increased with the spread of the new turnip husbandry. In south-west Scotland annual auction sales of Galloway cattle were instituted at Lockerbie in 1851 by the Lockerbie Farmers' Club and four years later the Galloway Agricultural Society instituted similar sales at Castle Douglas. Although these sales were relatively small, they were the early establishment of a new method of marketing; they arose from an increased demand for breeding stock and the desire to improve local breeds in the face of cross-breeding encouraged by the expansion of the
dairy industry. Auction sales of sheep took place at Beattock, Langholm and other markets in this region for a similar purpose. (27) At Paisley an auction market was established for Ayrshire cattle and this became one of the most important in the west of Scotland. (28) In south-east Scotland annual auction sales of breeding sheep were held in Peeblesshire from about 1830 (29) and similar sales were held in Edinburgh after 1850. (30) In the north-east the Cruikshank brothers, at one time the most extensive breeders of Shorthorns, held annual auction sales of their cattle from 1842; (31) these sales accounted for relatively few animals during the first few years but later the annual turnover and average price increased noticeably. (32)

Auction sales were also held from the early years of the 19th century to dispose of a herd, or the surplus stock of a herd, on the death of the owner or for similar reasons (33) and since these sales were held on the owner's farm they were legally permissible.

Development of the Auction System

Some increase in the use of auction sales occurred in the third quarter of the century
although they continued to provide only a secondary method for the disposal of cattle. In 1864 a weekly auction mart was established at Ayr supplementing the existing sale by private bargain which accounted for most of the fat stock sold there. (34) By 1870 three auction markets had been established at Dumfries and one at Lockerbie each allowing for the weekly disposal of an important number of fat and store cattle and sheep and replacing to some extent the trade with salesmen at Liverpool and other parts. (35) In the east of Scotland public livestock auctions had begun in Edinburgh by 1857 and five years later the Edinburgh firm of Messrs. John Swan & Sons, who had until then acted as salesmen, also commenced selling by auction, their activities eventually spreading to Glasgow, Perth, St. Boswells, Earlston and Haddington. (36) At Perth, Messrs. Hay and Kyd established an auction market by 1850 (36) and this was followed in 1864 by another auction market established by Macdonald and McCallum which later became Messrs. Macdonald, Fraser & Co. (38) In Aberdeen too auction marts had been established before 1875 and dealers purchased cattle in the counties in the north of Scotland for re-sale in these markets. (39)

Although auction markets were established in
many areas in Scotland during the third quarter of
the century, assisted by the developing railway
transport system, the annual throughput of these
markets remained on a relatively small scale
compared with the other methods of marketing
livestock. Individual salesmen operating in
Aberdeen prior to 1875 sold, in some cases, over
one thousand cattle each year from Caithness alone;
(40) and in the Metropolitan Cattle Market,
salesmen handling the cattle trade from Scotland
prior to 1870 in some cases sold over five thousand
cattle in a year. (41) The annual turnover of the
auction marts established before 1870 however
tended to be small (42) and the establishment of
these markets thus provided something of a risk
for the auctioneer.

Salesmen operating in the Metropolitan Cattle
Market generally represented a large and also
widely distributed number of producers, receiving
cattle from all parts of the country in addition
to those imported. (43) Salesmen functioning at
provincial markets had in many cases no less wide
a connection in handling home and imported
supplied. John Swan attended markets in the north
of England as well as throughout Scotland at one
time. (44) I was necessary then for any salesman
wishing to establish an auction mart to give up wide and probably slowly established trading connections in order to take up a venture whose trade was much more uncertain. In addition, since the auctioneer did not always own his auction mart personally but in some cases rented part of the Corporation Market for a given period—usually three or five years, after which the site was re-auctoned—he faced the possibility of losing his auction market and his trade after giving up his original profession of cattle salesman. (45)

It is not surprising then that some salesmen as in the case of Messrs. John Swan & Sons carried on both profession simultaneously.

4. Establishment of the Auction System

But while established auction marts had a limited turnover before 1870, the size of their trade increased greatly in the two succeeding decades. By 1881 the Assistant Commissioner in Scotland to the Royal Commission on Agriculture reported that:

"recently there has sprung up a system of selling livestock by auction, which is now carried on extensively". (46)

In Berthshire, Clackmannan and Fire, the counties
in the north-east and in many other areas in Scotland the auction system was by then operating widely; (47) many auction marts had been established handling a considerable proportion of the cattle trade. (48) By the time the Royal Commission of Market Rights and Tolls had reported in 1891 and the second Royal Commission on Agricultural Distress was taking evidence in 1894-6, sale by auction was firmly established. Three new auction marts were set up in Ayr after 1871, and by 1891 the sale of cattle there was made almost wholly by this method; (49) weekly auction sales at Ayr, which in the 1860s accounted for no more than 25 head of cattle now recorded over 400. (50) At Glasgow too, sale by auction increased greatly in this period (51) and auction marts became widely accepted throughout Lanarkshire; before 1890 three marts had been established at Lanark, two at Hamilton and markets were operating also at Wishaw, Carluke and Biggar (53) (52) and in Wigtownshire the auction system had been accepted at Stranraer. (53)

In the south-east by 1890 most of the livestock sales were being conducted at the auction marts at St. Boswells, Hawick, Kelso, Peebles and Haddington. (54) Private auction marts were also established in
Edinburgh and the Edinburgh City Chamberlain, giving evidence before the Royal Commission on Market Rights and Tolls observed that:

"the mode of disposing of the cattle has in recent years been so completely altered that the business of buying and selling cattle is carried on to a large extent in these private saleyards" (55)

(The saleyards in this instance were outside the corporation market and as such were outwith the jurisdiction of the corporation). This Royal Commission also was of the opinion that:

"it has been a common movement all over Scotland ..... to sell cattle much more by auction and much less by private bargain than used to be the case 30 years ago ..." (56)

At Perth the annual turnover of Messrs. Macdonald Fraser, which in the 1860's was approximately 1,000 head of cattle and 7,000 sheep, had by the end of the century reached over 130,000 head of cattle and nearly half a million sheep.

Perth auction sales not only attracted buyers from all parts of the country, but also at the spring sales in 1884 a buyer from the Argentine attended
for the first time. (57) Auction marts also existed in most of the main centres in Forfar and Kincardine before 1890 through which most of the cattle trade for the area passed. (58) In the north-east, auction markets were also firmly established before the end of the century (59) and one member of the 1897 Royal Commission on Agriculture could report on the counties of Perth, Fife, Forfar, and Aberdeen that:

"at the present time the stock is almost invariably consigned to auctioneers, who market them through their sale rings .... the auction ring has come to be quite recognised as an established institution, and the old market system has dwindled down to such an extent that many of the markets have ceased to be held." (60)

The public market at Perth had closed before 1890 for this reason. (61)

These auction marts established in Scotland during the final quarter of the 19th century were in most cases markets privately owned by the auctioneer. An auction mart could be set up in a
town within the corporation market by the auctioneer renting part of the public market or could be set up outside the public market at the auctioneers expense. In the former case the markets came under the jurisdiction of the municipal authority and, as already stated, were re-let by auction after three or five years. Auction marts outside the public markets were subject to municipal control only for public health purposes. (62) Municipal authorities in many cases objected to the existence of private marts, which were sometimes set up close to the municipal market, and attempted to bring them within their control. (63) Indeed Ayr Burgh Council went so far as to have an Act passed providing it with the legal right to prevent sales by public auction outside the burgh market. (64)

Municipal control over the burgh market allowed a measure of control over the number of auctioneers operating within it. The fact that many auction markets were located outside the municipal market and remained outside municipal power, allowed auction markets to increase in number without any measure of direct control.

Neither attempted municipal control nor the size of the auctioneers' charges - which during this period of falling prices were subject to
widespread criticism (65) - failed to stop the development of auctioneering.

5. Conclusion

It has been shown that railway development during the third quarter of the 19th century replaced sea transport in the marketing to cattle. Marketing through a cattle salesman was the main method of marketing used during this period, and sale by private bargain and the droving of cattle to trysts and fairs tended to decline. Some salesmen also conducted livestock auction sales during the mid 19th century, but these tended to be the less important part of their business and were of a relatively small size.

Auction sales tended to be limited to pedigree and other sales at this time and remained small until almost the final quarter of the century. A slight increase in the use of the auction system occurred during the third quarter of the 19th century. In the period of approximately 20 years following 1870 however the use of the auction system expanded greatly and the system became generally established during this period.
CHAPTER III

TRADE IN LIVESTOCK AND MEAT TILL 1914

The appearance and development of the auction system has been traced in previous chapters mainly from the supply side, i.e. from the viewpoint of the farmer. It is necessary now to look at the wholesale and retail trade in livestock and meat in order to see the development of this trade - so far as the limited evidence allows - in relation to the marketing system in use.

1. Trade in Meat in the Mid 19th Century

Previous chapters have shown that until the mid 19th century periodic fairs and weekly markets provided the main source of supply of meat. The butcher generally carried on his trade at these markets, which were held during part of the year, and was classed as a skilled tradesmen similar to the weavers, tailors, hammermen (tinsmiths, coppersmiths etc.) and others. (1) He purchased live animals directly from the farmer, and slaughtered, dressed and retailed the carcases. The retail butcher functioned at these weekly markets, however, and did not operate from fixed premises; it was not until about the mid 19th century, when the supply of meat became more regular, that the permanent butcher's shop appeared.
Until then butcher's meat was available infrequently throughout the year and retailed in this way; beef and mutton became available mostly in the autumn when a large proportion of the cattle were slaughtered; some pork became available during the winter and a little veal and lamb in the spring and summer. (2) Thus the practice still existed during the early 19th century of families salting part of their meat supplied in the autumn for the winter and spring months; (3) as a result purchases at this time tended to be made in quantity. (4)

Meat was still not the common article of diet at this time which it became in the later 19th century. Butter, cheese, milk, vegetables, potatoes, meal and barley were the main items of diet in the late 18th and early 19th century and the majority of the population ate a relatively small quantity of meat. In many cases too, this was bacon rather than beef or the cheaper priced offals of beef or mutton, though small pieces of meat were also purchased. (5) Even in the mid 19th century.

"the consumption of butcher-meat which
is not very considerable, if chiefly
by families of the higher rank, and
by our respectable villagers". (6)

By the mid 19th century, the butcher was becoming established in a fixed shop and from this time, as indicated in Chapter I, the traditional fairs and weekly markets became less important for the sale of goods and provisions. (7) Shops were becoming established at this time for groceries, clothing, haberdashery and other articles.

"and the number and even elegance of some of the shops for retailing these commodities, show that the demand is great". (8)

The butcher buying from a cattle-salesman in a market, or from a dealer or farmer, now provided a regular supply of meat in most local communities. In this trade the wholesaler was, in practice, the dealer in live cattle. Although some butchers in country districts supplied quantities of dead meat for the Glasgow and London markets in the mid 19th century, (9) the trade between country and city butchers does not appear to have been large at this time; the wholesale trade in dead meat to large urban centres tended to be small compared with the trade in live animals. The central markets at Edinburgh and Glasgow received live
Cattle from dealers in different areas in Scotland and were sold as such to the butchers attending these markets. (10)

The Wholesale Trade

Although only a few retail butchers were concerned with wholesaling at this time, retail butchers, generally, did not purchase supplies only for immediate use; they often purchased numbers of live cattle from different markets, grazing them in fields owned by them till they were required for slaughter. (11) McCombie, writing in 1867 about the butchers in north-east Scotland noted that they were not merely retailers depending on the market for their supplies, but also fed large lots of cattle and sheep for their own use; but in addition they were the largest and most successful exhibitors at the annual fat stock shows, their names being known abroad as well as throughout Great Britain. (13) Some retail butchers in north-east Scotland while purchasing and keeping live live cattle for their own retail trade also sent live cattle to the London Market to be sold on their behalf. (13) This close connection between the live cattle and dead meat retail trade although particularly strong in north-east Scotland was not peculiar to that area along; it was general
throughout Scotland at this time.

Trade in meat during the third quarter of the 19th century was generally conducted by direct negotiation between farmer and butcher. Some trade was also being conducted in dead meat by this time in the larger towns. Thus by 1875 almost 10 percent of the total carcasses of cattle and calves supplied to Edinburgh were slaughtered outside the city boundaries and brought into the city as dead meat; the remainder were brought in as live animals and slaughtered within the city. This trade in dead meat expanded in later years as increasing amounts of frozen and chilled beef were imported into the U.K. (14)

Retail butchers conducted some of the slaughtering in the Edinburgh municipal slaughterhouse, which had been set up in 1850. The slaughter of all animals in Edinburgh was required by law to be carried out in this slaughterhouse. Carcase butchers however, also operated there during the third quarter of the century (15), renting space in the slaughterhouse along with retail butchers and either carrying out the slaughter themselves, selling the dead meat to retail butchers, or employing public slaughtermen. Thus some wholesale trade in dead meat was being
conducted in Scotland at this time although the general method by which the retail butcher obtained his supplies was still predominantly by direct purchase of live animals from the farmer.

**The N.E. Scotland-London Trade**

While a small amount of trade in dead meat was being conducted on a wholesale bases throughout Scotland by this time, the trade between north-east Scotland and London was becoming organised largely by wholesale carcase butchers. During the 1850's the meat trade between north-east Scotland and London was conducted mostly in the form of live animals which were sold on the farmers' behalf by commission salesmen at the Metropolitan Cattle Market; salesmen at this market sold large numbers of cattle from Perth, Kincardine, Fife and the counties in the north east. (16) In the following decade this trade expanded, assisted by the development of the railway system. The dead meat trade also expanded at this time and now tended to supersede the trade in live animals. (17) Not only was the transport of dead meat cheaper but it also provided a higher total return for a carcase since only those sections of a carcase in greatest demand were sent to the London market, the offal, hide and
remaining parts being disposed of locally. (18) The carcase butchers purchased live animals from most of the counties in north-east Scotland and organised their slaughter and transport south.

A very small amount of dead meat came from farmers slaughtering on the farm and despatching the carcase. Many attempted to do this as the trade in dead meat expanded but most eventually sold the live animals to dealers for slaughter since they found difficulty in disposing of the offal in country districts; dealers, on the other hand, slaughtering large numbers of cattle in the towns could do this more easily. (19)

By the mid 1860's the trade in dead meat from north-east Scotland was tending to become more important than the trade in live animals; of the 43,000 cattle sent from Aberdeen in 1859 to London and other markets, 47 per cent were sent as live animals and 53 per cent as dead meat; in 1865 of the 47,000 cattle exported, 27 per cent was sent as live animals and 73 per cent as dead meat. The carcase butcher was thus becoming more important supplier of meat by this time. He drew his supplies not only from the north-east but also bought live animals in the Glasgow market when supplies in the north were short, transporting them to Aberdeen.
for slaughter and sending the dead meat to London from there. (20) By the time the 1882 Royal Commission in Agriculture took evidence the dead meat trade from north-east Scotland, assisted by further railway development, was the established and predominating trade. (21)

The expansion of the dead meat trade from north-east Scotland in which the wholesale carcass butcher predominated from the mid 1860's was one source from which London drew supplies. Yorkshire and the west of England were other areas supplying dead meat. The expansion in this dead meat trade to London at the time of the cattle plague, 1865-7, replacing the trade in livestock at a time when the movement of livestock by road and rail was prohibited, brought some discussion of the possibility that much of the meat trade might in future be in the form of dead meat rather than livestock. (22) But although the dead meat trade organised by the carcass butcher predominated in these particular sources of supply to London, the Metropolitan market still received much of its supplies in the form of live animals sold in the Metropolitan Cattle Market by salesmen on the farmers' behalf or by dealers. Nor was the trade within Scotland organised similarly to that between Aberdeen and London. Although the wholesale butcher did exist, as already indicated, the retail butcher generally purchased his supplies
directly from the farmer. (23)

2. Expansion of the Wholesale Trade

By the 1870's the wholesale trade in meat, confined until this time to the London trade and a few large towns, was beginning to expand. By 1876 it had become evident that:

"there has of late years arisen a very extensive and prosperous business for 'middlemen'. Formerly the butcher transacted business with the farmer or feeder, except in the principal or Metropolitan fat markets. Now we have livestock marts in almost every district; and the stock, with a few isolated exceptions, go through the hands of salesmen ...." (24)

Ten years later, Swan, the Edinburgh auctioneer, giving evidence before a Board of Trade committee, estimated that 5/6th of the cattle and sheep sold annually in Scotland passed through the hands of salesmen or auctioneers. (25) Retail butchers purchased now to a smaller extent directly from the farmer than they did previously; they now tended to purchase through live stock markets. Carcase butchers also purchased in these markets, buying livestock, slaughtering and selling on the dead meat market. (26)
Imported Meat

The import of chilled meat from the United States from 1875 and of frozen meat after 1876 from South America, New Zealand and Australia also allowed an expansion of the wholesale meat trade although imports of these remained relatively small until almost 1890. Much of this imported meat was sold by the importing organisations, through the retail shops which they owned. The main areas of consumption were London, the Midlands and Lancashire; the north of England, Wales and particularly Scotland would not accept it and butchers in these areas handled little of it. Nevertheless some imported meat was sold by the importing firms through the wholesale market at Smithfield (27) and some was being retailed in Scotland from 1876. (28)

This trade which expanded noticeably from 1889 had an important effect on the organisation of the meat and livestock trade. Imports of chilled and frozen meat began increasing in 1876 when they totalled 172,000 cwts. In 1889 they increased to over one million cwts., by 1894 exceeded two million cwts. and by 1914 imports of chilled and frozen beef averaged approximately nine million
cwt. The increasing proportion of these imports to the total beef imports - live animals and dead meat - and to the total beef supply in the U.K. - home and imported - brought a change in the relative importance of the wholesaler. Total imports into the U.K. of beef and veal (live animals and dead meat) expanded throughout the final quarter of the 19th century till, by 1900, they provided 29 per cent of the total home and imported supplies; frozen and chilled supplies by this date were 56 per cent of imports and 22 per cent of the total home and imported supplies. Salted beef, canned beef and live animals provided additional sources of imported supplies. Ten years later total imports of beef and veal (live animals and dead meat) constituted 40 per cent of total home and imported supplies, frozen and chilled supplies being almost 90 per cent of total imports and 35 per cent of total home and imported supplies. (29) Although part of this imported supply of chilled and frozen meat was retailed, as already mentioned, through the extensive retailing organisations of the large firms which imported it and thus did not pass through the hands of an independent wholesalers, part of the supply was placed on the Metropolitan Meat Market and was distributed to retailers by whole-
sale meat merchants.

The Co-operative Movement

Although the wholesale trade in livestock and dead meat was expanding from the 1870’s, the trade conducted by the Scottish Co-operative Wholesale Society remained relatively small until about 1880; after this time however it expanded. The Co-operative Societies of England and Scotland were set up in 1863 and 1868 respectively. A number of co-operative retail societies were already in existence when the S.C.W.S. was formed but not all of these became members of the S.C.W.S., although both member and non-member Societies purchased from it. (30) The wholesale trade in goods of all kind which the S.C.W.S. conducted with retail societies expanded quickly. In 1870, 67 retail stores purchased over £100,000 worth of goods from the S.C.W.S.; ten years later 217 retail stores purchased over £1 million worth of goods and by 1900 S.W.C.S. sales exceeded £5 million. (31) Yet the S.C.W.S. wholesale trade in livestock was still relatively small in the late 1880’s. (32)

Some retail co-operative Societies purchased their own supplies of livestock and where they owned a number of retail units a system of centralised slaughter and distribution to their
Retailing units was generally used. Retail societies also purchased livestock from the S.C.W.S. who purchased supplies for them on a commission basis. Up to 1890 the number of retail societies purchasing cattle in this way tended to fluctuate, the variation in prices bringing opposition to the scheme from the buyers of some retail societies. This resulted in the wholesale trade in cattle, conducted between the S.C.W.S. and retail societies being relatively small. (33) during particular years.

In addition to the purchases of cattle at home the S.C.W.S. arranged for the import of cattle and canned meats, while in 1892 it set up a meat processing factory for the supply and sale of cooked and prepared meats to the retail societies. This venture required the S.C.W.S. to engage in the slaughter of animals and led it to supplying the retail societies with cuts of beef, mutton and pork, until the societies established their own retail fleshing businesses which carried out killing and dressing. (34) Although the S.C.W.S. conducted a wholesale trade in live animals with its associated retail societies, the slaughter and dressing of animals was generally left to the
individual retail societies concerned. The S.C.W.S.'s activities in the processing of meat also extended to bacon-curing and a factory for this purpose was set up in Northern Ireland in 1885, supplies being drawn mostly from the S.C.W.S.'s own pig farm. (35)

The wholesaling activities of the S.C.W.S. continued to be its main concern; it supported this business by extending its interests back to the producing stage, by the purchase of farms in Scotland and Ireland and by direct entry into the retail trade in the early years of the present century. The extent of the S.C.W.S. wholesale trade in live cattle however was still small in 1890, although in the following decade the trade in dead meat with retail societies expanded.

3. Slaughter Legislation

The tendency towards an expansion in the wholesale trade throughout the second half of the 19th century, and particularly towards the end of the century, as imports increased markedly, was facilitated by the legislation enacted during this period controlling the slaughter of livestock.

Provisions for the licensing of private slaughterhouses were already in force by 1850 (36)
and subsequent legislation passed in the following ten years made only slight modifications to the granting of licenses for the slaughter of livestock.

(37) Very few municipal slaughterhouses existed at this time, Edinburgh being an exception, and the slaughter of livestock was generally carried out by the retail butcher. In Scotland the main act controlling slaughter was passed in 1862 when local authorities were given the power to provide municipal slaughter-houses and to license such private slaughter-houses as they thought fit. (38) Where a municipal slaughterhouse was provided under this Act the slaughter of livestock could be made illegal at any place within the burgh or within two miles of the burgh boundaries except at the municipal slaughter-house. To prevent evasion of the use of these after they had been provided, carcasses slaughtered outside the burgh boundaries and brought within the burgh were required to pay the same dues as were levied on cattle slaughtered at the municipal slaughter-house. (39) Thus Edinburgh Corporation was given the right in 1879 to levy slaughter-house dues on carcasses imported from America after a legal action had been decided in their favour. (40)
Further legislation in 1890 and 1891 (41) brought an increase in the number of municipal slaughter-houses and more strict licensing of private slaughter-houses.

Local authorities had also been given power by 1891 to require the slaughter of animals in order to control the spread of disease. (42)

Concentration of Slaughter Facilities

In London a similar tendency towards concentration of slaughter existed throughout the second half of the 19th century. It was estimated that there were about 1,500 private slaughterhouses in London in the early 1870’s although even by this time the number was tending to fall. In the parish of St. Pancras the number fell from 100 in 1863 to 91 in 1868 and 83 in 1872 and the Medical Officer of Health for St. Pancras giving evidence before a Select Committee in 1873 stated that in recent years,

".... many butchers who used to slaughter many cattle, have either entirely ceased to slaughter them for themselves, or have slaughtered a decreasing number."

This concentration of slaughter was accompanied by an expansion of the trade undertaken by carcase butchers and although they owned only about 100 of
the approximately 1,500 slaughter-houses in London at this time they accounted for an important part of the animals slaughtered. (43) A survey of butchers in Metropolitan London at this time indicated that about one-third carried on their trade but did not slaughter animals and were thus dependent on supplies of meat from the wholesale carcase butcher. But although the dead-meat trade was established in London to this extent by the final quarter of the 19th century, it was still an auxiliary to the trade in live animals which constituted the retail butchers' main source of supply. (44) In the final decade of the century this was still the typical method by which the butcher obtained his supplies. (45)

The tendency towards concentration of slaughter provided conditions conducive to the development of wholesaling and the appearance of the carcase butcher, who purchased in bulk, slaughtered at one centralised point and graded and distributed the carcases to retailers. Specialisation in this function of slaughter was thus one means by which the carcase butcher became established.

Reasons existed for this tendency towards concentration of slaughter. An Act of 1844 (46)
forbad new slaughter-houses to be built within a stated distance of a street or dwelling house; it was also unlawful under this Act for existing slaughter-houses so situated to continue operating after 1874. It was not until the early 1870's, after investigation by a Select Committee, that this Act was repealed. More important, the provision of municipal slaughter-houses and more strict licensing of private slaughter-houses in Scotland after 1862 did much to concentrate slaughter at one point and provide conditions conducive to the operation of the carcase butcher.

4. Conclusion

The evidence presented has indicated that the wholesale trade in meat was established by the end of third quarter of the 19th century. By the mid 1860's the meat trade between N.E. Scotland and London was mainly in the form of dead meat and was conducted by wholesale meat merchants. In other areas in Scotland at this time the trade of the wholesale meat merchants was still relatively small; most retail butches obtained their supplies direct from farmers and were responsible for the slaughter of the animals.
In the early 1870's however the wholesale trade expanded with the establishment of the Co-operative movement, the increase in imported beef supplies and the legislation which encouraged some centralisation of slaughter facilities. An increased proportion of the beef supplies, home-killed and imported, was now handled by wholesalers, this being facilitated by an increase in the number of municipal slaughter houses.

The expansion in the wholesale dead meat trade from the early 1870's and its influence on the establishment of the auction system will be discussed further in succeeding chapters.
CHAPTER IV

THE MARKETING SYSTEM AFTER 1917

The auction system has continued to function as the main method of cattle marketing since the time of its general acceptance in the late 19th century, except during the two world wars when it was replaced by a system of controlled marketing for all fatstock. But although the auction system continued in general use from the late 19th century proposals were made during the inter-war years to modify the system; and in 1953 an alternative method of marketing was proposed by the farmers’ organisations.

The chapter will outline the various proposals made during the inter-war, and particularly during the post-war years. The proposals made during the post-war years indicate the type of marketing system desired by different bodies and show the problem of the choice of a system of marketing which faced the fatstock industry in the years immediately preceding decontrol in 1954.

1. The Controlled Marketing System 1917-20

The auction system was suspended in September 1917 when maximum prices for cattle were prescribed (1) and it remained in abeyance until price control of cattle and meat was relinquished in July 1920.
During this period a system of controlled sales of animals to the government at fixed prices operated, wholesalers and retailers buying and selling within prescribed margins and operating within a system similar to that functioning during the second world war. In this system the auctioneers played an important part.

All animals sold for slaughter by live weight were required to be sold in a prescribed market to the auctioneers in charge of the market who acted as government buyer; the cattle were purchased at a fixed scale of liveweight prices after they had been graded by a grading committee, the chairman of which was the auctioneer. Alternatively, they could be sold deadweight at a government slaughterhouse to a government official at equivalent prices. The animals were passed by the auctioneer or slaughter-house agent to wholesale buyers who, as members of Wholesale Meat Supply Associations, were allowed to purchase prescribed amounts. The wholesaler was charged a fixed price plus a per head charge and in turn sold to the retailer at fixed prices; the wholesaler and retailer were thus operating on fixed margins. The charges made on each head of livestock went to a Live Stock Fund from which the salaries of the auctioneers, costs
of transport, costs on imported meat and similar charges were met. Farmers, despite encouragements to sell on a dead weight basis generally preferred to sell by live weight. Incorrect live weight grading occurred to some extent bringing a smaller yield of meat on some occasions than was expected. As a result Wholesale Meat Supply Associations sometimes made losses which had to be met from the Live Stock Fund. (2)

The Rt. Hon. J.R. Clynes, Parliamentary Secretary to the Ministry of Food speaking in Parliament on 6th June, 1918 about the organisation of the meat trade said:

"The position is that we have eliminated all competition and all profiteering. Wholesale salesmen and retailers are acting as our public servants under fixed remuneration. Private trading, it may be said, in meat has ceased, and nowhere is this so apparent as at Smithfield market, where businesses have been pooled under our Board of Control. All the firms I mean British, Colonial, and American firms, have accepted the necessities of the situation, and have loyally co-operated with the Ministry
in carrying out this policy".

Eighteen thousand tons of meat were required weekly to supply the meat ration and in 1918 this was made up of eight thousand tons of imported meat and ten thousand tons of home-killed meat.

"The meat problem in a nutshell is this: we have to arrange that the required number of beasts and sheep shall be killed in 14,000 slaughterhouses and delivered, together with their proportion of frozen meat, to 52,000 retailers' shops through 2,000 local food committee areas, and this must be done at the right moment, or as near that as possible, in order to supply the demands of 40,000,000 consumers. It is not too much to say that the meat coupon is honoured as surely as is the British banknote". (3)

Imported meat was used to some extent for consumption by H.M. Forces during this control period, although part of the supply from South America was used for civilian consumption. Here the importing companies acted as agents for the Ministry of Food, selling imported meat to retailers
at fixed prices. Government policy during this period of controlled prices and distribution was to use any large-scale distributive organisations which were already in existence at the outbreak of war in the war-time distributive system. The United Dairies Ltd. and similar organisations were thus used in the war-time distributive organisation. Since no such organisation existed in the home-killed meat trade it was necessary to create one. The meat importing companies, however, had already built up a distributive organisation within the United Kingdom by 1914 and an agreement between the South American firms and the Ministry of Food allowed them to retain their organisation and connection with the retail trade in the war-time distribution of imported meat supplies. This organisation built up by the import firms will be discussed later.

The original plans for the control of the meat supply drawn up by the War Office in June 1917 envisaged considerable control by Local Authorities, including control of slaughter. Since sufficient numbers of large central slaughterhouses did not exist to allow the degree of centralisation of slaughter hoped for and since Local Authorities were unable to undertake the administration
necessary, centralisation of slaughter was not carried to the limits originally intended. (4) Some degree of centralisation of slaughter was nevertheless possible and the slaughterhouses at Glasgow, Dumfries and a few other towns in Scotland were enlarged and improved for this purpose and acted as central slaughter points. (5) Control of slaughter and some concentration of it allowed better utilisation of by-products and simplified the problems of applying government controls over such commodities as skins and pharmaceutical products obtained from offal. The government tried to provide some continuation of the centralised slaughter system by encouraging certain farmers' co-operative societies to take over the management and direction of some central slaughterhouses when the system was decontrolled. (6) Generally, however, the benefits obtained from the system were not considered sufficient to allow a continuation of the system.

2. Marketing Proposals in the Inter-War Period

The ending of price control on meat and livestock in July 1930 brought a return to the auction system for the sale of fatstock. This system of sale had been used throughout the control period
for transactions in store animals and the auction markets had been used as collecting centres during this time; so this extent no break had occurred in the system. On the other hand the free price system had been suspended for the sale of fatstock and the relinquishing of price control brought a return of the auction system.

The auction system continued to function for the sale of fatstock and store stock throughout the inter-war years. During this period a number of marketing proposals were made suggesting alternative methods for the marketing of fatstock. The National Mark Beef Scheme and the Ministry of Agriculture's experiment in Dead Weight and Grade selling constituted one important attempt during the inter-war years to provide an alternative method of marketing to the auction system; these particular schemes will be discussed later.

The enactment of the Agricultural Marketing Acts 1931 and 1933 also provided means by which an alternative system of marketing could be introduced; but although these acts provided powers to regulate the marketing system, they were never used in the livestock industry during the inter-war years and the auction system remained.
The Agricultural Marketing Acts were enacted to allow, among other things, the creation of marketing boards which would regulate marketing within the industry. It was considered that such regulation would remedy a fundamental weakness in marketing within the agricultural industry, namely, the relatively strong bargaining position of wholesalers in contrast to the relatively weak position of farmers; this bargaining position of farmers and wholesalers in relation to the meat and livestock industry is discussed in Appendix C.

The Lucas Committee reviewing the Agricultural Marketing Acts of the inter-war years noted that:

(7) "It was apparent ... that the type of organisation contemplated by the 1931 Act would go far to remove any disparity in the bargaining power of the many and scattered units of primary production as against the relatively few well-organised distributors and processors."

The 1931 Agricultural Marketing Act allowed producers to form marketing boards and invested them with the powers of a statutory monopoly; this was more than sufficient to outweigh the power of any organised group of distributors within the
industry and of combination in the meat trade.

An attempt was made by the N.F.U. to introduce a Fat Stock and Dead Meat Marketing Scheme in 1931 when it submitted a Scheme to the Minister of Agriculture for the control of beef imports and the regulation of supplies to markets and also the classification of stock and minimum guaranteed prices for each class of livestock. No alteration to the auction system, however, was proposed. (8) This scheme was submitted to the Livestock Re-Organisation Commissions set up for Scotland and for England and Wales in 1933 and charged with the task of preparing a Scheme for regulating the marketing of fat stock. (9) These Commissions reported in 1934 proposing comprehensive marketing schemes which would limit the number of auction markets, introduce a system of grading and marking and encourage the sale of cattle on a grade and dead weight basis; it was suggested that the scheme should be combined with control of imports. The proposals of the Re-Organisation Commissions were not acceptable to the industry since they did not guarantee a higher price to producers while
requiring them to accept restrictions entailed in a marketing scheme. (10)

After these attempts to introduce a marketing board were unsuccessful greater emphasis was placed on giving immediate financial assistance to the industry. The Minister of Agriculture prepared a scheme by which a subsidy payment of five shillings per cwt. was paid for steers, heifers and cow-heifers with a killing-out percentage of not less than 52 (later 54), and two shillings and sixpence per live cwt. on cattle imported from Ireland; this money was paid out of a treasury loan and the scheme commenced in September 1934 under the Cattle Industry (Emergency Provisions) Bill.

Limitation of imports, as mentioned previously, had already taken place by this time. Beef imports from South America were reduced by ten per cent. in 1932 under a voluntary agreement, and agreements were made with Empire countries in 1934 to limit their shipments of beef to the United Kingdom. Later, an International Beef Conference of Dominion and foreign countries controlled the supply of beef coming on to the United Kingdom market.

In 1937 the policy of providing subsidies to the livestock industry and controlling imports,
introduced as a temporary measure, was made permanent by the Livestock Industry Act 1937. Imported beef and cattle were made subject to a duty under the Beef and Veal Customs Duties Act 1937 and the livestock industry provided with a subsidy of £5 million per annum under the Livestock Industry Act 1937.

3. Meat Marketing during the Control Period 1940-54

In September 1939 the free price system was modified by the introduction of controls on the price of livestock and meat. In January 1940 the auction system was suspended when all livestock for meat were required to be sold to the Ministry of Food at prices fixed by the government after consultation with the Farmers' Unions. The livestock were purchased at nearly 700 Collecting centres by District Chairmen of Auctioneers who acted as buying agents for the Ministry of Food. The auctioneers received advance notice of consignments of stock from farmers, received the stock at the collecting centres and arranged for its inspection weighing and grading; they were also responsible for the dispatch of the stock to about 600 slaughterhouses and for the forwarding of records
of sales to County Chairmen of Auctioneers who made the payments to the farmers on behalf of the Ministry of Food. District Chairmen of Auctioneers received a commission on each animal passing through their centre. County chairmen of Auctioneers on the other hand received salaries from which they paid their own office expenses. (11)

A fixed price schedule determined by the Agricultural Departments and the Farmers' Unions and a grading system defined the price received by farmers. Grading was carried out at the collecting centres by a panel of three, comprising a representative of the butchers, a farmers' representative and the District Chairman of Auctioners acting as chairman. During the early years of the control period the grading system tended to be inaccurate and discrepancies occurred between the estimated weight of fatstock on which payment was made and the carcase weight which resulted. Grading was subsequently improved, however, and this discrepancy reduced. (12)

But although the auction system no longer functioned for fatstock, the markets now being merely collecting centres, the trade in store stock remained free from restrictions and the auction
system continued to operate in this section of the trade. The auction system thus did not disappear completely during the control period.

The slaughterhouses receiving the fatstock from collecting centres were reduced in number to approximately 600; by contrast, 16,000 existed pre-war. These slaughterhouses, which tended to be the best equipped and most conveniently situated, were rented from their owners by the government for the duration of the war and each placed under the charge of an official of the Ministry of Food. Slaughtering was carried out by contract between the Ministry and individual contractors who employed their own labour. (13) Contract periods were arranged during which the rates of payment to slaughter contractors were fixed, the rate being decided after the Ministry of Food costings branch had made the necessary investigations. (14)

**Wholesale Associations**

After slaughter the carcases were taken over by Wholesale Meat Supply Associations which supplemented the supply of home killed meat with imported meat to provide the amount required by butchers to meet their ration requirements. The
Wholesale Meat Supply Associations, eight of which were formed on a regional basis to cover the country, were limited companies formed by wholesale traders; they had no share capital. The qualification for membership was an annual turnover of at least £10,000 in 1938, each member in an Association receiving a share of the trade based on his pre-war turnover; the eight W.M.S.A's comprised 1,135 member firms. Each W.M.S.A. was controlled by a Committee of Management on which sat a Government representative.

The function of the W.M.S.A's was to take charge of home killed and imported carcases and distribute these to retailers from the 800 depots from which the W.M.S.A's operated throughout the country; the W.M.S.A's took payment for the carcases on behalf of the Ministry of Food. In England and Wales the W.M.S.A's distributed the meat to Retail Buying Committees, local committees of retailers who supervised its final distribution to retail butchers and guaranteed that a fair proportion of all grades of meat was received by each retailer. In Scotland, the two W.M.S.A's which covered the country, one for northern and one for southern Scotland, distributed the meat direct to
retailers. The wholesalers' function was thus confined to distribution; W.M.S.A's undertook no slaughtering; member firms might act as slaughter contractors but this would be in addition to their functions as members of a W.M.S.A. For performing this function the W.M.S.A's received sufficient remuneration to meet their approved expenses plus an additional management fee, the expenses of each area W.M.S.A. being supervised by Ministry of Food officials. (15)

**Meat Importers Association**

The Ministry of Food became the sole importer of meat during the period of control and this meat was handled on behalf of the Ministry by the Meat Importers National (Defence) Association Limited. This Association, which comprised 63 meat importing firms, and had 15 branches throughout the country, took charge of imported meat from the time of its arrival at the port until its allocation to W.M.S.A. For undertaking unloading, storage and other services the Association received a management fee, which was divided among member firms. MINDAL was governed by a management committee on which Ministry of Food officials served, the officials having powers in respect of the business transactions of the Association but having no power in
respect of the distribution of remuneration to members. (16)

Retail Committees

Retail Buying Committees, of which there were 1250 in England and Wales, took over the full ration of home-killed and imported meat from W.M.S.A's for allocation to retailers. These Committees, which usually included representatives of retail butchers, multiple shops and co-operatives, supervised the allocation of meat, collected payments for it and paid the W.M.S.A's for the total allocation received; the committees were paid for this work by the retailers. The retailer thus received his ration requirements in sides or quarters from the R.B.C's and further cutting was his own responsibility. Traditionally the retailer made an addition to the prices he charged for losses incurred from cutting and wastage. During the period of price control and rationing, however, the retailer's full allocation of meat was sold; since no losses were incurred no allowance was made for them in the price charged by the retailer. (17)

The prices at which the wholesale and retail meat trade was conducted and the margin of profit which wholesalers and retailers were allowed to
make was decided after investigations by the Ministry of Food costings branch and by negotiation between the Ministry and the meat trade. The margins of profit allowed were based on the margins existing pre-war and were periodically reviewed as the volume of trade handled and other circumstances changed. They did not correspond exactly to pre-war margins, however, owing to differences in the functions undertaken by different agencies compared with pre-war, changes brought about in distribution through centralisation of slaughter and other factors (18).

Concentration of slaughter into approximately 600 slaughterhouses allowed all the by-products from slaughter to be used. Some by-products were taken over by W.M.S.A's; others were sold to the relevant trade association, the Meat and Livestock Fund of the Ministry of Food being credited with the sales. (19) The use of dried blood as an animals feeding-stuff, glands for pharmaceutical purposes, and other by-products for similar commercial purposes was encouraged, to replace imports of these products, and the use of these home produced products increased markedly during the control period. The Hides and Skins Commission
was formed by the leather trade to take over skins for delivery to the Leather control of the Board of Trade and other by-products were sold to their relevant trade associations.

A Meat Transport Pool, which was a road transport organisation under the direction, eventually, of the Ministry of Transport, was responsible for the transport of meat from the slaughterhouses to the cold stores or to the retailers; bulk consignments of imported meat were transported by rail. A fixed charge per pound was made for this service. Retail Buying Committees were at one time during the control period allowed to use their own transport for moving meat from the wholesale depots to their retail shops. But this option, which was allowed to relieve the strain on the official transport system, was later withdrawn and all meat was carried by the Meat Transport Pool. (20)

The organisation which functioned during the control period to provide the retail meat ration was purely distributive. No competition existed at any point in the system, the purpose of the system being to distribute the available supplies satisfactorily and to maintain the ration.
Slaughter Policy

By 1948 discussion had already begun among the various bodies in the livestock and meat trade on the method of marketing which should be adopted when government control of the industry ended, and the House of Commons Select Committee on Estimates took evidence at this time from a number of bodies on this question. (21) One of its recommendations resulting from the evidence it received was that the system of slaughter was over-centralised and that some increase in the facilities for slaughter should be provided. The Committee did not recommend a return to the 16,000 slaughterhouses in use pre-war but considered that many of the existing 587 slaughterhouses in use in Great Britain at that time had to supply larger areas than they were designed to meet; they concluded that transport costs would be reduced and services improved by an increase in the number of slaughterhouses. (72) The government, therefore, commenced an emergency building programme to provide new slaughterhouses in areas where additional premises were more urgently needed and also encouraged local authorities to build slaughterhouses where existing facilities were inadequate. (23)
On the 1st August, 1951, the Minister of Food announced the Government's decision to pursue a policy of "moderate concentration" of slaughter facilities. This plan resulted from discussions with the various organisations concerned; it was considered suitable to fit into any of the schemes for the marketing of livestock and meat which were being prepared at that time by the different bodies concerned with the trade. This policy of moderate concentration required some central control over hygiene and slaughter and the siting of slaughterhouses, to ensure that they would be of the right kind and in the right areas. (14) While the control period continued the Ministry of Food retained the authority to regulate slaughter facilities. In November 1952 the new Government announced its intention to continue the policy of moderate concentration and also its intention to hand over the responsibilities of control and operation of slaughterhouses to local authorities and private interests when control over the trade, by the Ministry of Food ended. (15) In February 1953 the Government also appointed committees for England and Wales and for Scotland to prepare a plan for the siting of slaughterhouses to implement.
the policy of moderate concentration. (26)

This policy of moderate concentration implied an eventual concentration of slaughter facilities into some 300 or 400 slaughterhouses compared with approximately 600 slaughterhouses existing during the control period and about 16,000 existing pre-war. (17) This meant some eventual reduction in the number existing at the time this policy was adopted and a very considerable reduction compared with pre-war. The policy was designed to meet the long-term problem and was one which would take a number of years to be fully implemented. (38)

The Minister of Food considered, however, that decontrol of meat would bring an increased demand for slaughter facilities and that to meet this demand about 3,000 slaughterhouses would be required in the U.K. when control of slaughter was relinquished. (29) This created a short-term problem. In December 1953, therefore, the Minister of Food and Secretary of State for Scotland asked the two Inter-Departmental Committees which had been set up to prepare a national plan for the siting of slaughterhouses, to consider what arrangements would be necessary to ensure that sufficient slaughter facilities would be provided on the decontrol of meat. The Committees reported in
January 1954 and in the following month the Government announced its general acceptance of their recommendations. It decided, on the recommendation of the Committee, that the demand for slaughter facilities on decontrol could be met partly by the emergency building programme of the Government and local authorities, but mainly by the relicensing of those whose licenses became inoperative in 1939; (30) the responsibility for licensing slaughterhouses and ensuring that sufficient facilities were available on decontrol was then placed in the hands of local authorities by the passing of the Slaughterhouses Bill in May 1954. (31) Local authorities were given the power by this Bill to provide slaughter facilities and to issue licences; they could refuse to grant licences if adequate facilities were already available or could reduce the number of licences issued to meet the long-term policy of moderate concentration. Since licences are granted only for a limited period the local authorities were thus given a continuing supervision over the provision of slaughterhouse facilities; they were charged with ensuring that sufficient facilities were provided on the decontrol of the trade.
It is evident that the decision to decontrol meat and livestock was taken hastily; it necessitated the immediate introduction of plans to meet the problem of providing sufficient slaughter facilities. The speed with which decontrol of marketing was eventually introduced will also be seen later in discussing the various proposals for the method of marketing to be adopted.

The brief outline of slaughter policy given above is intended as a background to the general problem of livestock and meat marketing rather than a discussion of the special problems of the slaughter of livestock. It is necessary now to return to the main problem of livestock marketing and to consider the proposals put forward by different organisations for the marketing of meat and livestock prior to decontrol in July 1954.

4. Marketing Proposals 1952-54

N.F.U. Proposals November 1952

Although discussion took place after the end of the war on the form of marketing which should
replace the organisation of the control period, it was October 1952 before the N.F.U. published its proposals for a new marketing organisation. (32) This was not a defined scheme but rather a survey of the marketing organisation of the industry resulting in certain general proposals. The main argument of the Joint Working Party Report was that considerable economies in distribution could be effected by a producers' fatstock marketing organisation set up under the Agricultural Marketing Acts; it was proposed that this organisation should be responsible for marketing all fatstock on a dead-weight basis and should also control the sale of dead meat to the meat trade; it was argued that consumer demand could be increased and the market for prime home-killed meat re-established by this method. The scheme, it was proposed, should cover the whole of the U.K., should include all fatstock (store stock and dairy stock were excluded) and require that all stock should be conveyed direct from the farm to the abattoir and sold to the marketing organisation on a dead-weight and grade basis; the provision of liveweight grading facilities was not considered desirable. The marketing organisation would be the sole purchaser of fatstock
and the grading system on which it paid farmers would also be the basis on which the carcases were sold to the meat trade; the National Mark or a similar system was proposed for this purpose. Meat distributors could then order and buy dead meat by grade according to the type of trade they catered for. This would allow the featuring of high quality home-killed meat and so allow it to compete more favourably with imported supplies.

The marketing organisation under the proposed scheme would receive periodical returns of the stock held by farmers and advance notice of their proposed marketings. It would collect and transport the stock to abattoirs regulating the flow of fatstock for slaughter. Although it was not proposed that the marketing organisation would take over all the existing slaughterhouses, it was considered necessary for it to have contracts with slaughterhouse owners to ensure that killing was done efficiently. The total number of abattoirs available and the siting of these would, however, come under the jurisdiction of the marketing organisation in order to control the movement of stock and effect economies in the transport of stock and meat. The marketing organisation would thus take over the powers exercised at that time by the
Ministry of Food in implementing the policy of moderate concentration of slaughter facilities.

This proposed scheme was applicable to a free or controlled market and could, it was proposed, be introduced gradually. Initially the marketing organisation could take over the responsibility for the purchase and slaughter of fatstock from the Ministry of Food and sell dead meat to the Ministry until the control period and rationing ended; later it could sell direct to the distributive trades. The marketing organisation itself would be made up of a Board of 26 elected members with additional members appointed by the Agricultural Ministers under the Agricultural Marketing Act 1949.

This proposed scheme described in detail since it provides the basis for a controversy which had ensued since its publication and which is still undecided. These recommendations of the Joint Working Party, the implications of which are discussed in Appendix C, were adopted by the N.F.U. Council in March 1953 and became the official policy of the N.F.U.

Proposals by the Auctioneers and Meat Trade

Meanwhile alternative proposals had been made by the Livestock and Home Produced Meat Policy Committee, a body representing the main wholesale
and retail meat trade organisations and the livestock auctioneers in Great Britain; these were discussed in 1952 and published in May 1953. (33) This body proposed that fatstock should be free to be bought and sold by any method considered desirable and that a deficiency payment scheme should operate to offset any fluctuations in the market price. Thus if the average price for all fatstock sold throughout the country in any given period was less than the guaranteed price a deficiency payment would be made equal to the difference between these prices; individual sales above the guaranteed price would still obtain any deficiency payment thus providing an encouragement to improvements in quality. No system of grading was suggested nor any guarantee of the individual prices received by farmers. Otherwise the proposed scheme closely resembled the Fatstock Guarantee Scheme introduced by the Government on the decontrol of meat and livestock in July 1954. These two sets of proposals which represented a producers' marketing board operating a controlled price system on the one hand and an auction system functioning within the free price mechanism on the other, provided alternative methods by which
fatstock could be marketed after decontrol. The choice between these two methods provided one problem in the marketing of fatstock.

The N.F.U. proposals in November 1952 were not acceptable to the government although no reasons were given for this decision. It would seem however, that the scheme implied a system of marketing which was not permissible under the Agricultural Marketing Acts 1931-49 and it must be assumed that the government rejected the proposals for this reason.

N.F.U. Proposals October 1953

In October 1953 a compromise plan was published by the N.F.U. in an attempt to break the deadlock over fatstock marketing which had taken place since 1952. The N.F.U. was encouraged to make new proposals by the announcement by the Government in August 1953 of its intention to end rationing in mid-summer 1954. (34) A change in marketing arrangements was thus being proposed before agreement had been reached over the proposals already made. The decisions taken hastily over the reorganisation of slaughter appear to have been repeated in the marketing arrangements.

The N.F.U. proposals made in October 1953
broadly suggested that the schemes put forward by the Livestock and home-Produced Meat Policy Committee and by the N.F.U. should be operated together for a trial period of three years while an independent committee made an enquiry into the industry and made recommendations for a permanent scheme. Cattle and sheep could thus be marketed either on a live-weight basis through auction at which they would also be graded or sent direct to slaughterhouses for sale on a dead-weight and grade basis to a producers' board. Farmers would have the choice of marketing their cattle and sheep by either method and the meat trade could buy either live beasts or carcases. Under both schemes the producer would be paid by grade according to a schedule of prices negotiated with the Government at the annual price review, similar to the scheduled prices already existing during the period of control. A deficiency payments scheme would thus be avoided. Producers would receive prices according to this negotiated schedule and would not be affected by the prices existing at auction sales; sales by the marketing board or by auction would be made on behalf of the Ministry of food. The proposed scheme also suggested that all pigs be marketed through a producers' board. The scheme in effect provided
an opportunity for testing both methods of marketing. (35)

**Fatstock Marketing Scheme**

The N.F.U. scheme of October 1953 remained only as proposals. A month later the Government published the scheme it proposed to operate on the decontrol of meat and livestock. (36) In this it was stated that it was necessary in order to meet the immediate situation to restore private trading in meat and livestock, home produced and imported. Private businesses had been taken over at the outbreak of war on the understanding that these would be returned when the need for control no longer existed. Government obligations to livestock producers under the Agriculture Act 1947 would be met by a two-fold guarantee system giving a guaranteed individual price on each transaction and a collective guarantee of a standard price for the industry. Fatstock would be sold by grade on the free market, the Government fixing a schedule of guaranteed individual prices for each grade of fatstock and also standard prices for fat cattle, sheep and pigs. If the auction price in any transaction was less than the guaranteed individual price for cattle (sheep or pigs) of that grade, the
difference would be met by a Government payment. If the average market price for cattle (sheep or pgs) was less than the standard price a payment would be made equal to this amount on each certified sale. The farmer would thus receive on any transaction the price paid by the buyer and also any individual and any collective guarantee payments which are due to him. This scheme was broadly similar to the proposals put forward by the Livestock and Home-Produced Meat Policy Committee except that it was based on a system of grading.

The Fatstock Guarantee Scheme proposed in this form by the Government and introduced in July 1954 at the time of decontrol was, as the proposals admitted, a scheme designed to meet the immediate situation and was open to modification. It was essentially a measure for supporting prices rather than the creation of a board to control the marketing of a commodity; it was also a return to the free market system. (37) Attempts to control the marketing of fatstock were left to further proposals by the N.F.U.

N.F.U. Proposals, March 1954

In November 1953 the Council of the N.F.U.
reaffirmed its belief in a producers' marketing board operating on a grade and dead-weight basis as the desirable method for the marketing of all fatstock and proposed that such a body should be set up under the Agricultural Marketing Acts ready to function when the control period ended in the following summer. (38) Two months later agreement had been reached on the constitution of such a board and in March 1954 it was submitted by the N.F.U. to the Agricultural Ministers as a proposed marketing scheme under the Agricultural Marketing Acts. (39)

The proposals made were in accordance with the Government's policy set out in the White Paper published in November 1953. It was proposed that all registered producers of pigs should be required to sell their output to or through the agency of the Board except these pigs sold by auction or sold to persons who were not curers. The Board could also buy cattle and sheep although it was proposed that no compulsory powere would be applicable in these transactions. The Board could also provide other services.

These proposals were taken no further. More than 40 objections and representations were made
to the agricultural Ministers regarding the proposed scheme. (40) But the decision to proceed no further with the scheme appears to have been taken as a result of the need to establish a marketing organisation which would be functioning four months later when meat was decontrolled in July 1954. The N.F.U. felt that a marketing organisation operating on a grade and dead-weight basis should exist when meat and livestock were decontrolled in order that an alternative be provided to the auction system. It was not possible for the preliminary arrangements necessary in the presentation of a scheme under the Agricultural Marketing Acts to be completed and the scheme to be operating by July 1954; parliamentary discussion, a public enquiry into objection to the scheme and polls by producers had to be completed before the scheme could begin functioning. In the circumstances the N.F.U. decided to set up a commercial company which would be ready to market livestock on a grade and dead-weight basis from July 1954. The success of this company, the Fatstock Marketing Corporation, in the months following decontrol encouraged the N.F.U. in November 1954 to withdraw their scheme proposed under the Agricultural Marketing Acts. (41)
The Fatstock Marketing Corporation

On the 30th April 1954 the Fatstock Marketing Corporation became a registered company and in July 1954 it commenced the purchase and slaughter of cattle, sheep and pigs, paying farmers on a grade and dead-weight basis and selling meat to the trade. The F.M.C. is a limited company with wide objectives and functioned initially without share capital. (42) Farmers become members of the Corporation by registering with it and paying a five shilling membership fee. The Corporation's capital has until recently the F.M.C. announced that its 70,000 members would each be given the opportunity of investing between £10 and £500 in the Corporation; this share capital, which holds no voting rights, is to have a fixed interest rate of 5\(\frac{1}{2}\) per cent and bonus payments may be made in addition. The capital will be used in the £3.5 million capital expenditure programme which the F.M.C. intends to carry out over the next five to ten years for the improvement of slaughterhouses, new plant and processing equipment, increased transport equipment, sales depots and for similar purposes. (43)

A number of wholesale meat firms act as
suppliers to the F.M.C. and in conjunction with procurement officers appointed by the Corporation they provide the supply of fatstock—from F.M.C. members and non-members—for F.M.C. to buy, slaughter and pay for on a grade and dead-weight basis; the Corporation owns and rents slaughter facilities for this purpose. The F.M.C. announces in advance the prices in the different regions in the country at which it is willing to purchase fatstock and includes in the payment to the producer any guarantee payment due to him under the Government Fatstock Guarantee Scheme. The Corporation hoped to secure a turnover during its first year of operation of more than £100 million, accounting for more than one-fifth of the value of the country's fresh meat supplies; (44) this was achieved, and maintained during its second year of operation. (45) By this time the Corporation had fixed assets worth £1 million and was also acting as a meat importer, distributing New Zealand lamb and beef on behalf of New Zealand producers.

Ministry of Agriculture Dead-weight Scheme

Another method of sale was provided in July 1954 when the Ministry of Agriculture introduced a scheme by which fatstock could be sold on a grade
and dead-weight basis. This scheme functions within the Government Fatstock Guarantee Scheme already described and operates in the same way as the Ministry's pre-war grade and dead-weight scheme. Official graders exist at dead-weight certification centres for the grading of carcasses; they obtain quotations from wholesale butchers for stock and advise the farmers accordingly. If the quotations are accepted the stock is presented for slaughter and grading, and taken over by the wholesaler. (46)

From July 1954 the farmer could thus sell fatstock by four different methods; through the auction system, by grade and dead-weight through the F.M.C. or through the Ministry's scheme, or by private treaty. Each method allowed the farmer to receive guarantee payments under the Government Fatstock Guarantee Scheme if the stock was certified at a live-weight or dead-weight certification centre.

5. LIVESTOCK MARKETING AFTER JULY 1954

On July 1954 the marketing of livestock was decontrolled and producers were left free to market their stock by any of the methods described in
the previous section. The result has been a general return to the auction system, sale on a grade and dead weight basis accounting for a small percentage of total sales of cattle.

Statistics of cattle, sheep and pigs graded in Scotland under the Fatstock Guarantee Scheme between November 1954 and March 1956 are shown in Table 2. These figures indicate that approximately 80 per cent of the cattle were graded at liveweight centres; almost all of these were sold by auction, only a relatively small number being sold by liveweight privately. Approximately 20 per cent were graded at dead-weight centres, a small number being sold at private dead-weight sales. For sheep the proportions were approximately 70 per cent certified at live-weight centres and 30 per cent at dead-weight centres. These proportions for cattle and sheep appear to have remained fairly stable throughout the period shown, especially in the case of cattle. In the case of pigs the opposite situation exists, about 25 per cent being certified at liveweight centres and 75 per cent at dead-weight centres.
### Table 2.

**Cattle, Sheep and Pigs Certified Under the Fatstock Guarantee Scheme in Scotland**

November 1954 - March 1956

<table>
<thead>
<tr>
<th>Per Cent Certified at Live Weight Centres</th>
<th>Cattle</th>
<th>Sheep</th>
<th>Pigs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1954 November</td>
<td>68.6</td>
<td>61.9</td>
<td>24.7</td>
</tr>
<tr>
<td>December</td>
<td>75.2</td>
<td>66.4</td>
<td>30.8</td>
</tr>
<tr>
<td>1955 January</td>
<td>81.2</td>
<td>70.7</td>
<td>27.4</td>
</tr>
<tr>
<td>February</td>
<td>84.1</td>
<td>72.3</td>
<td>27.2</td>
</tr>
<tr>
<td>March</td>
<td>83.8</td>
<td>68.7</td>
<td>a.</td>
</tr>
<tr>
<td>April</td>
<td>83.7</td>
<td>76.8</td>
<td>23.3</td>
</tr>
<tr>
<td>May</td>
<td>83.7</td>
<td>85.5</td>
<td>26.5</td>
</tr>
<tr>
<td>June</td>
<td>85.4</td>
<td>78.5</td>
<td>29.2</td>
</tr>
<tr>
<td>July</td>
<td>82.0</td>
<td>75.4</td>
<td>27.8</td>
</tr>
<tr>
<td>August</td>
<td>81.1</td>
<td>66.5</td>
<td>26.1</td>
</tr>
<tr>
<td>September</td>
<td>81.5</td>
<td>66.6</td>
<td>26.0</td>
</tr>
<tr>
<td>October</td>
<td>80.5</td>
<td>66.8</td>
<td>23.8</td>
</tr>
<tr>
<td>November</td>
<td>83.3</td>
<td>64.3</td>
<td>20.6</td>
</tr>
<tr>
<td>December</td>
<td>83.7</td>
<td>69.1</td>
<td>24.8</td>
</tr>
<tr>
<td>1956 January</td>
<td>62.5</td>
<td>65.4</td>
<td>28.0</td>
</tr>
<tr>
<td>February</td>
<td>82.7</td>
<td>71.2</td>
<td>26.8</td>
</tr>
<tr>
<td>March</td>
<td>81.9</td>
<td>80.0</td>
<td>25.4</td>
</tr>
</tbody>
</table>

**Source:** Department of Agriculture for Scotland.

a. Complete figures not available.

**NOTE:** Livestock totals sold by auction include a relatively small number of stock sold privately by live-weight.
The proportions shown in Table 3 have been estimated from the numbers of cattle certified for guarantee payment under the Fatstock Guarantee Scheme. But it has been recognised that where no collective guarantee payment was being made during some weeks in the operation of the Fatstock Guarantee Scheme, some eligible cattle were not being presented for certification. (47) This may have had a slight influence on the proportions graded live weight and dead weight.

6. Conclusion

The chapter has described the organisation used for the marketing of meat and livestock during the periods of control 1917-20 and 1940-54, and has shown that the organisation used in each case was broadly similar. The chapter also showed that although centralisation and control of slaughter did not continue after 1930, a policy of "moderate concentration" of slaughter facilities has been carried out since 1951; in pursuing this policy provision has been made to meet the long and short-term problems raised by the decontrol of slaughter facilities.

The various proposals for the marketing of meat and livestock made during the inter-war and
post-war years were described and it was shown that prior to decontrol in July 1954 the choice existed between a live-weight and a dead-weight system of marketing. The failure of the farmers' organisation to have their proposals for a compulsory dead-weight system of marketing adopted brought the inauguration of the Fatstock Marketing Corporation.

The decontrol of meat and livestock in July 1954 has allowed the auction system to return for the marketing of fatstock.

This chapter and the three previous chapters have been concerned with establishing the approximate period during which the auction system came into general use and how it came to be generally accepted; they have also indicated that although the system has been used continuously since its inception various proposals have been made to modify the marketing system. They have shown finally, that a dead-weight system of marketing was advocated as an alternative to the auction system prior to decontrol in July 1954. The chapters were largely concerned with describing the events and trends indicated.

The remaining chapters of the these will be concerned with explaining why the auction system
came into general use and why it has not been replaced by a dead-weight system of marketing. In doing this, however, it is not intended to argue the case for a dead-weight system of marketing or to present the arguments against the auction system, but rather to provide an explanation and interpretation of the events already described.
CHAPTER V.

REASONS FOR THE INTRODUCTION OF THE AUCTION SYSTEM – THE STORE CATTLE TRADE.

This chapter will be concerned primarily with explaining the introduction of the auction system into the store cattle trade; a subsequent chapter will deal with the auction system and the fat cattle trade.

It is necessary first however to indicate the background of price changes which occurred during the period in which the auction system came into general use.

1. Agricultural Prices.

Price Movements.

The average level of prices, as shown in Graph 1 by an average annual price index of 45 commodities, began to fall sharply in 1873, falling almost continuously till 1896 with slight pauses in 1880 and 1888–91. The annual prime beef price, shown in Graph 1 and Graph 4, was slower in falling from the peak of 1873. It fell till 1881, recovered in the two succeeding years, then fell steeply till 1896. Imports of fresh beef, as shown by Tables 3 and 4 were expanding during the 1870's, and in the late 1880's refrigeration brought a further expansion in these. Beef prices recovered slightly in the late/
### Table 3

**Quantity of Dead Meat Imported into the U.K., 1865-1914**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fresh Beef</th>
<th>Salted Beef</th>
<th>Fresh Mutton</th>
<th>Salted Mutton</th>
<th>Total Pig Meat</th>
<th>Unenumerated Meat</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1865</td>
<td>16,135</td>
<td>228,296</td>
<td></td>
<td></td>
<td>3,957,765</td>
<td>13,937</td>
<td>1,194,133</td>
</tr>
<tr>
<td>1870</td>
<td>12,035</td>
<td>203,713</td>
<td>841,064</td>
<td></td>
<td>1,194,133</td>
<td>156,522</td>
<td>1,320,554</td>
</tr>
<tr>
<td>1880</td>
<td>727,392</td>
<td>290,564</td>
<td>297,173</td>
<td></td>
<td>1,194,133</td>
<td>2,855,110</td>
<td>2,979,924</td>
</tr>
<tr>
<td>1890</td>
<td>817,295</td>
<td>251,504</td>
<td>1,389,982</td>
<td></td>
<td>1,194,133</td>
<td>3,949,270</td>
<td>4,339,247</td>
</tr>
<tr>
<td>1895</td>
<td>463,954</td>
<td>228,429</td>
<td>753,756</td>
<td></td>
<td>1,194,133</td>
<td>4,649,270</td>
<td>5,883,603</td>
</tr>
<tr>
<td>1900</td>
<td>804,794</td>
<td>289,214</td>
<td>646,755</td>
<td></td>
<td>1,194,133</td>
<td>6,050,148</td>
<td>7,196,286</td>
</tr>
<tr>
<td>1905</td>
<td>878,350</td>
<td>212,589</td>
<td>469,462</td>
<td></td>
<td>1,194,133</td>
<td>6,712,359</td>
<td>7,694,158</td>
</tr>
<tr>
<td>1910</td>
<td>902,951</td>
<td>238,915</td>
<td>555,535</td>
<td></td>
<td>1,194,133</td>
<td>7,573,866</td>
<td>8,769,236</td>
</tr>
<tr>
<td>1915</td>
<td>806,867</td>
<td>190,723</td>
<td>473,520</td>
<td></td>
<td>1,194,133</td>
<td>8,707,082</td>
<td>9,584,164</td>
</tr>
<tr>
<td>1920</td>
<td>656,194</td>
<td>218,054</td>
<td>563,921</td>
<td></td>
<td>1,194,133</td>
<td>8,573,866</td>
<td>9,767,727</td>
</tr>
<tr>
<td>1925</td>
<td>856,559</td>
<td>226,943</td>
<td>599,316</td>
<td></td>
<td>1,194,133</td>
<td>8,734,493</td>
<td>9,933,639</td>
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<tr>
<td>1930</td>
<td>1,385,752</td>
<td>262,466</td>
<td>724,567</td>
<td></td>
<td>1,194,133</td>
<td>8,468,653</td>
<td>9,293,309</td>
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<tr>
<td>1935</td>
<td>1,854,393</td>
<td>274,726</td>
<td>838,689</td>
<td></td>
<td>1,194,133</td>
<td>9,224,549</td>
<td>10,079,738</td>
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<tr>
<td>1940</td>
<td>1,920,311</td>
<td>247,759</td>
<td>889,618</td>
<td></td>
<td>1,194,133</td>
<td>9,790,140</td>
<td>10,980,253</td>
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<tr>
<td>1945</td>
<td>2,079,637</td>
<td>275,394</td>
<td>950,074</td>
<td></td>
<td>1,194,133</td>
<td>10,500,042</td>
<td>11,694,076</td>
</tr>
<tr>
<td>1950</td>
<td>1,808,051</td>
<td>200,514</td>
<td>768,309</td>
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<td>13,347,222</td>
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<td>176,163</td>
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<td>17,438,576</td>
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(Continued overleaf)
### TABLE 3. (contd).

**QUANTITY OF DEAD MEAT IMPORTED INTO THE U.K., 1865-1914**

<table>
<thead>
<tr>
<th>Year (cwt.)</th>
<th>BEEF Fresh cwt.</th>
<th>BEEF Salted cwt.</th>
<th>MUTTON Fresh cwt.</th>
<th>MUTTON Salted cwt.</th>
<th>TOTAL PIG MEAT Fresh, Salted, Bacon, Hams. cwt.</th>
<th>MEAT Unenumerated cwt.</th>
<th>TOTAL cwt.</th>
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<tr>
<td>1865-1870</td>
<td>4,508,746</td>
<td>204,396</td>
<td>3,608,229</td>
<td></td>
<td>8,671,574</td>
<td>1,379,619</td>
<td>18,372,564</td>
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<tr>
<td>1871-1875</td>
<td>5,707,587</td>
<td>153,574</td>
<td>3,659,599</td>
<td></td>
<td>7,432,626</td>
<td>1,566,379</td>
<td>16,519,565</td>
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<tr>
<td>1876-1880</td>
<td>9,037,521</td>
<td>142,806</td>
<td>3,944,782</td>
<td></td>
<td>7,241,738</td>
<td>1,430,824</td>
<td>17,072,482</td>
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<tr>
<td>1881-1885</td>
<td>5,523,809</td>
<td>161,363</td>
<td>4,082,756</td>
<td></td>
<td>7,432,626</td>
<td>1,444,030</td>
<td>16,983,766</td>
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<tr>
<td>1886-1890</td>
<td>5,735,003</td>
<td>138,347</td>
<td>4,978,523</td>
<td></td>
<td>7,320,223</td>
<td>1,503,173</td>
<td>18,022,482</td>
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<tr>
<td>1891-1895</td>
<td>5,611,441</td>
<td>114,742</td>
<td>4,365,771</td>
<td></td>
<td>7,753,799</td>
<td>1,139,787</td>
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<td>1896-1899</td>
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<td>110,015</td>
<td>4,761,838</td>
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<td>6,441,475</td>
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<td>1900-1903</td>
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<td></td>
<td>5,289,613</td>
<td>1,237,430</td>
<td>19,312,829</td>
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<tr>
<td>1904-1907</td>
<td>7,361,994</td>
<td>90,303</td>
<td>5,330,070</td>
<td></td>
<td>6,513,036</td>
<td>1,760,692</td>
<td>21,055,189</td>
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<tr>
<td>1908-1911</td>
<td>8,005,819</td>
<td>54,199</td>
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<td>6,057,952</td>
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<td>1912-1914</td>
<td>9,203,510</td>
<td>49,854</td>
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<td></td>
<td>6,447,745</td>
<td>1,721,472</td>
<td>22,752,652</td>
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*Data from "Agricultural Returns for Great Britain" and "Agricultural Statistics."

Previous to 1882 Fresh Mutton included in Meat Unenumerated.
Preserved Beef and Mutton (not salted) included in Meat Unenumerated.
<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL PIG-MEAT (Bacon, Hams, Pork salted and fresh) (cwts)</th>
<th>BEEF (Salted and fresh) (cwts)</th>
<th>MEAT not otherwise described (cwts)</th>
<th>TOTAL (cwts)</th>
</tr>
</thead>
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<tr>
<td>1850</td>
<td>12,139</td>
<td>15,059</td>
<td>-</td>
<td>27,198</td>
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<tr>
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<td>10,452</td>
<td>-</td>
<td>33,652</td>
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<tr>
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<td>12,620</td>
<td>-</td>
<td>51,363</td>
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<td>1853</td>
<td>51,708</td>
<td>23,196</td>
<td>-</td>
<td>74,904</td>
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<tr>
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<td>33,438</td>
<td>-</td>
<td>87,350</td>
</tr>
<tr>
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<td>33,874</td>
<td>-</td>
<td>83,561</td>
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<tr>
<td>1856</td>
<td>62,326</td>
<td>18,551</td>
<td>-</td>
<td>80,977</td>
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<tr>
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<td>44,528</td>
<td>22,301</td>
<td>-</td>
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<td>-</td>
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<td>30,395</td>
<td>-</td>
<td>105,713</td>
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<td>35,289</td>
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(Continued Overleaf)
TABLE 4. (contd.)

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<th>YEAR</th>
<th>TOTAL PIG-MEAT (Bacon, Hams, Pork salted and fresh)</th>
<th>BEEF (Salted and fresh)</th>
<th>MEAT not otherwise described</th>
<th>TOTAL</th>
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<td>496,126</td>
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<tr>
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<td>585,897</td>
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<td>1910</td>
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<td>81,439</td>
<td>46,489</td>
<td>490,050</td>
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<tr>
<td>1914</td>
<td>536,545</td>
<td>89,113</td>
<td>96,136</td>
<td>721,794</td>
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* "Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Possessions", published by the Department of Customs and Excise. The table does not include trade with Ireland.

** The original figures do not allow further division of this group. The group includes a small quantity of mutton and beef preserved other than by salting.
late 1880's and by 1900 a rising trend in beef prices had begun to appear.

The fall in grain prices, which had begun in 1870 with a fall in the price of wheat, continued without interruption until almost the end of the century. Oats and barley, the important grains in Scotland, began to fall in price from 1876, as shown in Graph 2, falling steadily throughout the succeeding 20 years. Not only did lower transport cost for grain coming from North America reduce grain prices severely; a succession of bad harvests from 1871, as indicated by Table 1, also had an important effect.

Relative Price Changes.

For the farmer this general depression in agricultural prices was as much a problem of relative prices as one of absolute prices. The fall in grain prices which had started the depression made beef production a relatively more attractive enterprise and started a change in British farming methods which continued into the inter-war period. The effects of the depression in Scotland varied in different parts. In general, the depression tended to affect the arable counties stretching along the east side of Scotland, from Aberdeenshire in the north to Roxburgh, Selkirk and Peebleshire in the south, more than the other districts in Scotland. In these eastern counties the depression tended to be severe in all
districts, and in Fife by 1897 a large quantity of land had been put under grass. (1) The second Royal Commission on Agricultural Depression which sat in 1894–6 under the chairmanship of the Rt. Hon. G.J. Shaw-Levere, M.P. concluded in its final report that the capital resources of farmers in this area had been severely diminished by the depression even although rents had tended to fall approximately 30 per cent by 1897. As a result many farmers were unable to buy cattle to stock their farms. (2) In the counties adjoining the Moray Firth (3) and in the grazing counties, extending, broadly, down the western side of Scotland, the depression was less severe in its effects. Nevertheless agriculture throughout much of the Highlands was severely affected by the depression.

In the west and south-west counties, dairy farming had developed from the 1850's and the extensive trade in dairy produce saved many of the counties in this area from the worst effects of the depression; reductions in rent and the re-negotiation of leases, extended during the earlier period of agricultural prosperity, were still sought, but the depression tended to be less acute than in the grain growing districts in the east. (4) In arable areas existing within the grazing counties, as in the case of the large arable area within Caithness, depression was as acute as occurred in the south-east grain growing
counties, while cattle breeding and feeding and hill sheep farming carried on in Wigtown and Kirkcudbright and in the northern counties of Scotland were seriously affected during some years. (5) The 1897 Royal Commission on Agriculture, however, concluded that in Scotland—

"While it can be scarcely said that farmers of the south-west are suffering as acutely as those of many other districts, evidence was everywhere plentiful that it was only in isolated cases that those farming under long leases, where the rents had not been adjusted, were doing any good, while the majority were barely making ends meet, many were living on the savings of previous years, while not a few were gradually being drained of their capital." (6)

Where most European countries met this fall in prices by resorting to subsidy and protection, the Free Trade policy of Britain, introduced with the Repeal of the Corn Laws in 1846, left British agriculture to meet this competition from abroad by making adjustments within the industry. The movement from arable farming and crop production in grassland husbandry and an expansion in beef production was one of the results of this policy.

It will be shown that the auction system came into general use in Scotland at approximately the same time as foreign competition began to affect
agriculture; at approximately the same time, therefore, as an adjustment between arable and grassland husbandry could be expected to be taking place. It will be considered, then, how far the acceptance of the auction system by 1890 and the provision of credit by auctioneers assisted in bringing this change in farming systems and how far the changing system assisted in bringing the general acceptance of the auction markets.

2. Bank and Merchant Credit.

The provision of credit by auctioneers at a time when agricultural prices were falling may appear to explain their increasing importance after 1870 and the restriction of bank credit during the same period seems to make their financial assistance all the more important.

The Scottish banks, which had developed the system of cash credits during the 18th century, had provided liberal credit facilities through numerous branch banks to cattle dealers and drovers to finance the cattle trade in the 18th and 19th centuries. Liberal cash credit was still being granted to agriculture in Scotland prior to the fall in prices, this credit being granted usually in substantial amounts. Evidence given before the 1897 Royal Commission on Agricultural Depression showed that the majority of cash credits given were between £200 and £500 and were sometimes £1000 or £2000 or more; rarely was credit supplied for as little as £50 and never for less.
Although this may have resulted in credit being supplied mainly to the larger farmer with a 19 year lease (8), credit was still widely provided to agriculture in this way prior to the depression in prices. (9) This tended to be long-term credit provided on security and might be used as a working account by the farmer for some time. The Scottish banks were less willing to provide short-term fixed loans or overdrafts in the 19th century, the overdraft being looked on as an unsecured loan. (10) The cash credit system was thus the principal method by which bank credit was supplied to agriculture in the 19th century. For this reason the Cash Credit Rate rather than the Bank of England Rate (11) or the Overdraft Rate has been taken as an indicator of the conditions under which bank credit was granted to farmers in Scotland. In addition, since the Bank of England in the 19th century did not always determine the rate at which the Joint-Stock banks lent to short-term borrowers or even the rate at which the Bank of England itself lent on short-term, changes in the Bank of England rate were not always reflected in changes in the short-term lending rate. It seems unlikely then that the Bank of England Rate, quoted in the table of Sauerbeck Indexes, provides an accurate indicator of changes in the conditions under which bank credit was provided in Scotland. The Cash Credit Rate in Scotland has been compiled for this reason
and is set out along with the Overdraft Rate in Scotland in Table 5.

The credit rates discussed tend to indicate the conditions of strigency or otherwise under which credit was given rather than provide an indicator of the amount of credit supplied. The Cash Credit and Overdraft Rate varied during the period shown, the variations giving little indication that bank credit was restricted to agriculture after 1872. This restriction was nevertheless enforced (12); further limitations were placed on the supply of credit when the City of Glasgow Bank was forced to close in October 1878 and the Caledonia Bank closed two months later.

Farmers continued to receive credit from merchants after prices had begun to fall. Although corn, feeding-stuff and manure merchants did not advance money, they tended to supply their goods on deferred payment terms. Under these terms the farmer received a discount of, possibly, five per cent for payment in cash or a discount of, possibly, two and one-half per cent if payment was made within two months. This form of credit operated widely and was generally accepted by farmers by the time the depression in prices had taken place. (13) Farmers also borrowed capital from friends and relatives on personal security, from insurance companies on the security of life policies and in similar ways, the total amount of capital borrowed in different ways tending to increase after 1870. (14)
T.A.B.L.E. 5.

INTEREST RATE CHARGED BY EDINBURGH BANKS ON OPERATIVE CASH ACCOUNTS AND ON OVERDRAFTS —

<table>
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<tr>
<th>Year</th>
<th>Cash Credit Rate per Cent</th>
<th>Year</th>
<th>Cash Credit Rate per Cent</th>
<th>Year</th>
<th>Overdraft Rate per Cent</th>
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<td>4.9</td>
<td>1889</td>
<td>5.8</td>
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<td>1887</td>
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Parliament House Book. The annual interest rates have been estimated from figures of the interest rates existing throughout the year and the number of days during which they were operative.
3. Auctioneer and Salesman Credit.

Auctioneers and salesmen also provided credit. It seems likely that the farmer would be required to meet the same interest rate in borrowing from a salesman or auctioneer as from a bank and that he would meet the same difficulties in obtaining credit. It seems likely however that the salesman or auctioneer could obtain bank credit more easily than the farmer; the risks involved in his transactions were more widely spread and his knowledge of the risks involved more complete than that of a banker lending directly to a farmer.

Salesmen, like Messrs. John Swan and Sons, the Edinburgh firm of salesmen and auctioneers, sold livestock to farmers and accepted farmers' bills for deferred payment. But although salesmen provided credit in this way prior to the 1870's, it was not so urgently required as in the period of depression which followed.

As the demand for credit increased with the fall in prices, credit was given by the auctioneers providing stock to farmers under a written agreement between auctioneer and farmer. From the early years of the depression this became the normal method by which auctioneers supplied credit; by the time the 1897 Royal Commission was taking evidence an important amount of credit was being supplied by auctioneers in this way. (15) An agreed number of cattle were thus supplied to farmers, generally under the conditions that:
(1) the farmer supplied good and sufficient food and cared for the animals as if they were his own property.

(2) the auctioneer paid the farmer a stated amount per week for the keep of each beast and part of the cost of any artificial foods supplied.

(3) the farmer could purchase the cattle outright at any time during the agreement at a price fixed at the commencement of the agreement, paying interest at a stated rate.

(4) the agreement could be terminated by a given period of notice by either party.

In addition the agreement sometimes included a written provision, in other cases it may have remained implied, that where the farmer became owner of the stock he would market them through the auction market of the company concerned. (16)

In the event of the farmer meeting financial difficulties this stock could not be seized by the landlord since ownership remained with the auctioneer until a sale was effected either between the auctioneer and the farmer or, if the farmer merely fattened the cattle, by the auctioneer selling the cattle through his own sale ring. By this method the danger involved in the auctioneer giving credit by accepting the farmer's bill was overcome. At the same time the provision of credit by auctioneers gave them a financial interest in the purchase and sale of the cattle involved.
Since the auctioneer's profit depended on the percentage charge of the price realised and on the number sold, the auctioneer was concerned to maintain as high prices in his market as possible and to maximise his sales; a high price level in his market attracted business, and for this reason prices quoted by auctioneers and salesmen to the press as resulting from sales in their market were often higher than those actually obtained (17.)

The provision of credit was thus to the auctioneer's advantage, increasing the number of bidders and the willingness to bid at auction markets, so encouraging a high level of prices and a high income to the auctioneer. Where the auctioneer was providing credit for store cattle bought at his market, it was in his interest to obtain as high a price for the cattle as possible as long as they could be sold at an increased price when fat so covering the expenses of fattening, if they remained his property throughout the fattening period. If they were eventually bought by the farmer, the auctioneer also gained from the percentage charge made for providing credit and the further charge on the sale of the fat animal. It was claimed in evidence given before the 1897 Royal Commission on Agriculture that the provision of credit in the purchase of store cattle tended to raise prices in this way to the detriment of other purchasers.

When fat cattle were sold in the auctioneer's credit agreement, it was again in his interest to
obtain the highest price to ensure a safe return on the money advanced. Preference was thus sometimes given by the auctioneer in the sale of fat stock at a market, e.g. by selling the stock at the best time, where the auctioneer's interest was affected. (18)

The restriction of bank credit to farmers after the fall in prices made the provision of credit by the auctioneer an important method by which farmers could continue to stock their land. The increased credit which Messrs. John Swan and Sons gave after the depression indicates the importance of credit given in this way (19).

It cannot be concluded however that the provision of credit by auctioneers at a time of falling prices and impending change in the structure of British agriculture provides a main reason for the establishment of the auction system during the period of approximately twenty years following 1870. As has already been indicated, salesmen provided credit for some time prior to the general acceptance of the auction system and continued to do so after the auction system had become established. Other traders also provided credit. The provision of credit was thus not peculiar to the auction system and does not appear to provide a main reason for the introduction of the system.

It would seem also that since credit was available from other sources the general introduction of the system after 1870 and the
granting of credit by auctioneers were not essential factors in assisting the change from arable to grassland husbandry. The main factor bringing this change was the competition from abroad, already noted. It would seem rather that the change in the type of farming assisted in bringing the auction system into general use and allowed auctioneers to expand the supply of credit.

It is necessary then in considering the change from sale by private negotiation to that of public auction to look first at the changes in the store cattle trade and the increased dependence on imported stores which developed during the second half of the 19th century.

4. Fat Cattle and Store Stock Prices.

The movement of fat cattle prices and of prime beef prices during the second half of the 19th century was shown in Graph 4. The graph indicated that prime beef prices, which were little subject to competition from imported beef, moved similarly to fat cattle prices; in Graph 5, therefore, prime beef prices have been taken as representative of prime fat cattle prices throughout the country and compared with store prices. Annual three year averages have been taken of prime beef prices in the London Meat Market and of prices of store stock in the Hawick district as struck by the Teviotdale Farmers' Club; index numbers of each were calculated, 1860–2 = 100, and graphed. The relation between fat and store prices was further considered in Graph 6, when the percentage deviation of the store
Annual Beef Price Index (London Meat Market Prices) and Store Cattle Price Index

1860-2 average to 1912-4 (1860-2 = 100)

The prime beef price has been taken as representative of fat cattle prices.

Store Cattle Price: Two year old Shorthorn prices as recorded at the London Meat Market.
Percentage Deviation of Store Price Index from Prime Beef Price Index

(Prime Beef Price Index = 100)


Store Cattle Price: "Transactions of the Teviotdale Farmers' Club 1859-1909".
price index from the fat price index was estimated by dividing the latter, each year, into the former. This provides an indication of changes in the level of store prices in relation to fat cattle prices, and gives some indication of changes in the relative profitability of store and fat cattle production. Since this method of comparison does not make provision for cost changes, it must be accepted with this qualification.

Graph 6 shows that store prices tended to fluctuate in relation to fat prices from 1860 until almost the end of the century; this fluctuation was especially marked between approximately 1880 and 1895. In the early years of the present century however, the fluctuations appear to have been reduced, although by 1914 the gap between the two prices was widening.

Fluctuations in store prices in relation to fat prices during the period 1860-75 occurred mainly as a result of outbreaks of rinderpest and foot and mouth disease occurring in 1865-7 and 1870-2 (see Tables 14 and 15). They also occurred against a rising trend in prices existing at that time. Thus although fear of disease may have discouraged some breeders from continuing in this branch of farming, the decline in breeding and rise in store prices relative to fat was not as great as occurred later.

Store production involves a time lag of
approximately two years in order to raise a store beast; a longer period is required from the time the decision is taken to start store production until a marketable store is ready for sale. A fluctuating store price thus discourages store production.

Fluctuations during the period 1860-75 took place against an upward trend in prices; store imports do not appear to have expanded at that time to the numbers imported in later years; these imports of store cattle, figures of which are included in Tables 6-9, will be discussed later. The total supply of stores thus depended largely on home production which, as shown, was subject to variation through disease. Nor had the movement from arable into grassland farming and the expansion of beef production yet begun. Breeders could thus expect to sell at a profit in two or three years time, and farmers, fattening stores, could expect to buy them at a price not too high in relation to the final price of a fat beast. Thus although there was some discouragement to store production at this time, it was not as great as occurred in succeeding years.

However since variability of prices, as such, is being considered as a reason for the introduction of auctions, the reasons for price changes between approximately 1860-75 and the circumstances which surrounded them are of secondary concern.
TABLE 6.
NUMBER OF LIVE CATTLE IMPORTED INTO
THE U.K. 1865-1914

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1865-99 "Agricultural Returns for Great Britain".

1900-14 "Agricultural Statistics."
### Table 7

**NUMBER OF CATTLE IMPORTED INTO GREAT BRITAIN FROM IRELAND, 1875-1914**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fat.</th>
<th>Store</th>
<th>Others</th>
<th>Calves</th>
<th>Total</th>
<th>Store as a proportion of Fat</th>
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<td>66,384</td>
<td>655,460</td>
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<td>1,791</td>
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<td>5,897</td>
<td>62,494</td>
<td>732,365</td>
<td>1,435</td>
</tr>
<tr>
<td>1911</td>
<td>269,527</td>
<td>390,041</td>
<td>6,269</td>
<td>62,494</td>
<td>732,365</td>
<td>1,435</td>
</tr>
<tr>
<td>1912</td>
<td>336,559</td>
<td>193,922</td>
<td>8,851</td>
<td>55,099</td>
<td>555,099</td>
<td>1,190</td>
</tr>
<tr>
<td>1913</td>
<td>354,734</td>
<td>262,228</td>
<td>8,152</td>
<td>55,099</td>
<td>1,108,159</td>
<td>1,951</td>
</tr>
<tr>
<td>1914</td>
<td>455,444</td>
<td>448,703</td>
<td>6,096</td>
<td>34,335</td>
<td>944,578</td>
<td>0,985</td>
</tr>
</tbody>
</table>


1879-99 "Agricultural Returns for Great Britain."

1900-14 "Agricultural Statistics."
## TABLE 8

**NUMBER OF FOREIGN CATTLE IMPORTED INTO SCOTLAND, ENGLAND AND WALES FROM CANADA AND AMERICA, 1875-1900**

<table>
<thead>
<tr>
<th>Year</th>
<th>CANADA</th>
<th>UNITED STATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875</td>
<td>1,212</td>
<td>299</td>
</tr>
<tr>
<td>1876</td>
<td>2,557</td>
<td>392</td>
</tr>
<tr>
<td>1877</td>
<td>7,649</td>
<td>11,538</td>
</tr>
<tr>
<td>1878</td>
<td>17,989</td>
<td>68,450</td>
</tr>
<tr>
<td>1879</td>
<td>29,165</td>
<td>76,117</td>
</tr>
<tr>
<td>1880</td>
<td>48,103</td>
<td>154,814</td>
</tr>
<tr>
<td>1881</td>
<td>44,369</td>
<td>103,693</td>
</tr>
<tr>
<td>1882</td>
<td>32,371</td>
<td>47,686</td>
</tr>
<tr>
<td>1883</td>
<td>55,177</td>
<td>154,631</td>
</tr>
<tr>
<td>1884</td>
<td>61,092</td>
<td>138,661</td>
</tr>
<tr>
<td>1885</td>
<td>68,556</td>
<td>137,377</td>
</tr>
<tr>
<td>1886</td>
<td>67,248</td>
<td>113,749</td>
</tr>
<tr>
<td>1887</td>
<td>65,154</td>
<td>96,812</td>
</tr>
<tr>
<td>1888</td>
<td>61,155</td>
<td>142,184</td>
</tr>
<tr>
<td>1889</td>
<td>84,752</td>
<td>292,653</td>
</tr>
<tr>
<td>1890</td>
<td>121,326</td>
<td>384,159</td>
</tr>
<tr>
<td>1891</td>
<td>108,286</td>
<td>314,838</td>
</tr>
<tr>
<td>1892</td>
<td>98,239</td>
<td>392,941</td>
</tr>
<tr>
<td>1893</td>
<td>82,925</td>
<td>248,892</td>
</tr>
<tr>
<td>1894</td>
<td>82,323</td>
<td>381,932</td>
</tr>
<tr>
<td>1895</td>
<td>95,993</td>
<td>276,533</td>
</tr>
<tr>
<td>1896</td>
<td>101,591</td>
<td>393,119</td>
</tr>
<tr>
<td>1897</td>
<td>126,495</td>
<td>416,299</td>
</tr>
<tr>
<td>1898</td>
<td>108,405</td>
<td>369,476</td>
</tr>
<tr>
<td>1899</td>
<td>94,660</td>
<td>321,229</td>
</tr>
<tr>
<td>1900</td>
<td>104,859</td>
<td>350,209</td>
</tr>
</tbody>
</table>

* Annual Report of the Board of Agriculture.
TABLE 9

NUMBER OF LIVE CATTLE (OXEN, BULLS AND COWS) LANDED AT SCOTTISH PORTS FROM FOREIGN COUNTRIES AND BRITISH POSSESSIONS, 1860-1914

<table>
<thead>
<tr>
<th>YEAR</th>
<th>LEITH</th>
<th>GLASGOW</th>
<th>OTHERS</th>
<th>TOTAL</th>
</tr>
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<td>1860</td>
<td>63</td>
<td>-</td>
<td>723</td>
<td>786</td>
</tr>
<tr>
<td>1861</td>
<td>31</td>
<td>-</td>
<td>257</td>
<td>288</td>
</tr>
<tr>
<td>1862</td>
<td>51</td>
<td>-</td>
<td>289</td>
<td>340</td>
</tr>
<tr>
<td>1863</td>
<td>1,779</td>
<td>-</td>
<td>84</td>
<td>1,863</td>
</tr>
<tr>
<td>1864</td>
<td>4,144</td>
<td>192</td>
<td>151</td>
<td>4,487</td>
</tr>
<tr>
<td>1865</td>
<td>8,695</td>
<td>184</td>
<td>1,160</td>
<td>10,039</td>
</tr>
<tr>
<td>1866</td>
<td>4,238</td>
<td>293</td>
<td>1,060</td>
<td>5,391</td>
</tr>
<tr>
<td>1867</td>
<td>2,179</td>
<td>271</td>
<td>279</td>
<td>2,729</td>
</tr>
<tr>
<td>1868</td>
<td>1,619</td>
<td>464</td>
<td>-</td>
<td>2,083</td>
</tr>
<tr>
<td>1869</td>
<td>2,728</td>
<td>272</td>
<td>-</td>
<td>3,000</td>
</tr>
<tr>
<td>1870</td>
<td>3,943</td>
<td>151</td>
<td>18</td>
<td>4,112</td>
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<tr>
<td>1871</td>
<td>9,609</td>
<td>340</td>
<td>-</td>
<td>9,949</td>
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<tr>
<td>1872</td>
<td>8,049</td>
<td>223</td>
<td>-</td>
<td>8,272</td>
</tr>
<tr>
<td>1873</td>
<td>10,520</td>
<td>650</td>
<td>-</td>
<td>11,170</td>
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<tr>
<td>1874</td>
<td>8,347</td>
<td>29</td>
<td>-</td>
<td>8,376</td>
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<tr>
<td>1875</td>
<td>9,444</td>
<td>730</td>
<td>-</td>
<td>10,174</td>
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<tr>
<td>1876</td>
<td>8,460</td>
<td>663</td>
<td>-</td>
<td>9,123</td>
</tr>
<tr>
<td>1877</td>
<td>5,040</td>
<td>3,094</td>
<td>-</td>
<td>8,134</td>
</tr>
<tr>
<td>1878</td>
<td>6,535</td>
<td>10,781</td>
<td>1</td>
<td>17,377</td>
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<td>1879</td>
<td>2,881</td>
<td>7,051</td>
<td>-</td>
<td>9,932</td>
</tr>
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<td>1880</td>
<td>2,026</td>
<td>24,136</td>
<td>-</td>
<td>26,162</td>
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<td>1881</td>
<td>2,252</td>
<td>20,715</td>
<td>-</td>
<td>22,967</td>
</tr>
<tr>
<td>1882</td>
<td>2,623</td>
<td>16,275</td>
<td>-</td>
<td>19,098</td>
</tr>
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<td>1883</td>
<td>6,317</td>
<td>36,015</td>
<td>-</td>
<td>42,332</td>
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<td>4,439</td>
<td>40,177</td>
<td>-</td>
<td>44,616</td>
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<td>1885</td>
<td>754</td>
<td>38,679</td>
<td>-</td>
<td>39,433</td>
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<td>1886</td>
<td>1,769</td>
<td>34,957</td>
<td>-</td>
<td>36,726</td>
</tr>
<tr>
<td>1887</td>
<td>480</td>
<td>31,705</td>
<td>700</td>
<td>32,885</td>
</tr>
<tr>
<td>1888</td>
<td>1,216</td>
<td>37,814</td>
<td>3,370</td>
<td>42,400</td>
</tr>
<tr>
<td>1889</td>
<td>3,699</td>
<td>61,438</td>
<td>9,890</td>
<td>75,227</td>
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<td>1890</td>
<td>4,650</td>
<td>81,287</td>
<td>26,190</td>
<td>112,127</td>
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<td>1891</td>
<td>1,209</td>
<td>65,911</td>
<td>21,831</td>
<td>88,951</td>
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<td>1892</td>
<td>200</td>
<td>73,906</td>
<td>15,043</td>
<td>89,149</td>
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<tr>
<td>1893</td>
<td>5</td>
<td>47,185</td>
<td>2</td>
<td>47,192</td>
</tr>
<tr>
<td>1894</td>
<td>-</td>
<td>54,930</td>
<td>-</td>
<td>54,930</td>
</tr>
<tr>
<td>1895</td>
<td>1</td>
<td>49,999</td>
<td>-</td>
<td>50,000</td>
</tr>
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</table>

(Continued overleaf)
### TABLE 9 (contd.)

**NUMBER OF LIVE CATTLE (OXEN, BULLS AND COWS) LANDED AT SCOTTISH PORTS FROM FOREIGN COUNTRIES AND BRITISH POSSESSIONS, 1860-1914**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>LEITH</th>
<th>GLASGOW</th>
<th>OTHERS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1896</td>
<td>-</td>
<td>68,421</td>
<td>-</td>
<td>68,421</td>
</tr>
<tr>
<td>1897</td>
<td>-</td>
<td>72,665</td>
<td>-</td>
<td>72,665</td>
</tr>
<tr>
<td>1898</td>
<td>-</td>
<td>51,867</td>
<td>-</td>
<td>51,867</td>
</tr>
<tr>
<td>1899</td>
<td>-</td>
<td>44,961</td>
<td>-</td>
<td>44,961</td>
</tr>
<tr>
<td>1900</td>
<td>-</td>
<td>54,130</td>
<td>-</td>
<td>54,130</td>
</tr>
<tr>
<td>1901</td>
<td>-</td>
<td>50,007</td>
<td>-</td>
<td>50,007</td>
</tr>
<tr>
<td>1902</td>
<td>-</td>
<td>28,655</td>
<td>-</td>
<td>28,655</td>
</tr>
<tr>
<td>1903</td>
<td>-</td>
<td>39,060</td>
<td>-</td>
<td>39,060</td>
</tr>
<tr>
<td>1904</td>
<td>-</td>
<td>45,945</td>
<td>-</td>
<td>45,945</td>
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<tr>
<td>1905</td>
<td>-</td>
<td>43,609</td>
<td>-</td>
<td>43,609</td>
</tr>
<tr>
<td>1906</td>
<td>-</td>
<td>50,289</td>
<td>-</td>
<td>50,289</td>
</tr>
<tr>
<td>1907</td>
<td>-</td>
<td>35,213</td>
<td>-</td>
<td>35,213</td>
</tr>
<tr>
<td>1908</td>
<td>-</td>
<td>26,034</td>
<td>-</td>
<td>26,034</td>
</tr>
<tr>
<td>1909</td>
<td>-</td>
<td>19,347</td>
<td>-</td>
<td>19,347</td>
</tr>
<tr>
<td>1910</td>
<td>-</td>
<td>11,321</td>
<td>-</td>
<td>11,321</td>
</tr>
<tr>
<td>1911</td>
<td>-</td>
<td>6,317</td>
<td>-</td>
<td>6,317</td>
</tr>
<tr>
<td>1912</td>
<td>-</td>
<td>792</td>
<td>-</td>
<td>792</td>
</tr>
<tr>
<td>1913</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1914</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

* "Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Possessions," Department of Customs and Excise. The table does not include trade with Ireland.
The fluctuations in store prices relative to fat prices were particularly great between approximately 1875 and 1895. During this period British agriculture, now subject to competition from abroad, attempted to adjust production accordingly, although it will be shown that this adjustment does not appear to have begun until the early 1890's. During this period, as evidence before the 1897 Royal Commission on Agriculture shows, the fluctuations in store prices discouraged store production and kept store prices, on the average, relatively high; it reduced the margin between store and fat prices and made store production relatively more profitable than fattening.

Evidence presented in earlier chapters indicated that the auction system came into being during the period of about 20 years prior to 1890. The variation in store prices relative to fat prices which have been shown in this chapter however indicate that conditions were conducive to the general acceptance of the auction system before 1870. It would seem, therefore, that some delay existed and that some variations in price were experienced before the auction system was introduced generally.

An important feature of the auction system lies in its ability to record quick changes in price through the system of bidding. It seems likely that it would be necessary to experience
some periods of price variation before the benefits obtained from the auction system in this respect could be generally appreciated.

5. Movement from Arable into Grassland Farming.

The decline in cattle breeding and rise in store cattle prices came at a time when British agriculture was attempting to adjust itself to a new competitive position. Although grain prices began to fall in the 1870’s it was after 1890 before the cattle population began to expand and the demand for store animals was not more satisfactory. Graphs 7, 8 and 9 have been drawn to give some indication of the relative profitability of grain and beef production. They were drawn by estimating the index numbers of East Lothian wheat, barley and oat prices, and prime beef prices (base period 1867-77 for each); the grain index was then divided into the beef index to show the relative profitability of grain and beef production. Since no allowance has been made for changes in the cost of production of each commodity however, these comparisons are limited by this qualification.

The graphs indicate that, by the early 1870’s beef production was relatively more profitable than grain. This was so with oats, the most important grain in Scotland, and also wheat and barley. It was the years following 1890, however, before livestock numbers increased significantly indicating an expansion in livestock production.
Relative Profitability of Wheat and Beef Production as indicated by Changes in the

Beef Price Index in Relation to the Price Index of Wheat (100)

Source: Beef Price Index (1867-77 = 100), constructed from the average price of prime beef, London Meat Market Prices, as quoted by A. Sauerbeck in the Journal of the Royal Statistical Society, Volumes 49(1886), 66(1897), 72(1909) and continued by Sir G. Paish, J.R.S.S. Volume 79(1916).

Wheat Price Index (1867-77 = 100), constructed from first quality wheat price in East Lothian, as quoted in the Scottish County Fiar Prices, returned to H.M. Register House, Edinburgh. Annual values of the Wheat Price Index were then taken to be 100 and the appropriate change made in the Beef Price Index.
Relative Profitability of Barley and Beef Production as indicated by Changes in
the Beef Price Index in Relation to the Price Index of Barley (100)

Source: Beef Price Index (1867-77 = 100) as stated previously.

Barley Price Index (1867-77 = 100); first quality East Lothian barley prices, Scottish County Fair
Prices, H.M. Register House, Edinburgh.
Relative Profitability of Oats and Beef Production as indicated by Changes in the Beef Price Index in Relation to the Price Index of Oats (100)

Source: Beef Price Index (1867-77 = 100) as stated previously.

Oat Price Index (1867-77 = 100); first quality East Lothian oat prices, Scottish County Fair Prices, H.M. Register House, Edinburgh.
and a change in the type of farming being undertaken. The period 1870-90 appears then to be one in which adjustment to a new situation was being attempted but had not been successfully accomplished; store prices tended to vary greatly, though they were, on average, much higher in relation to fat prices than at any other time. It was under these conditions that austioneeering became established.

The annual totals of cattle and sheep numbers in Scotland between 1870 and 1914 are set out in Graph 11 and the index numbers of these totals, shown in Graph 12, indicate that the expansion in cattle numbers was greater than in sheep numbers. This seems to indicate that the movement into livestock production was, broadly, a move into beef production and to a smaller extent into mutton. A further set of Tables, Tables 10-13, allow a closer examination of the changes in livestock numbers. Table 10 shows the annual average of cattle numbers in Scotland over five year periods from 1870-4 to 1910-4, divided by region. Table 11 shows the net increase or decrease between succeeding five year periods of the absolute figures given in Table 10. Tables 12 and 13 provide similar figures for the sheep population. These Tables show that no increase occurred in total cattle numbers until the late 1880's and early 1890's; after this total numbers remained relatively stable. They also indicate
### Table 10.

**ANNUAL AVERAGE TOTAL NUMBER OF CATTLE IN SCOTLAND AND IN THE REGIONS OF SCOTLAND DURING FIVE YEAR PERIODS, 1870-1914**

<table>
<thead>
<tr>
<th>Period</th>
<th>Highland</th>
<th>North East</th>
<th>East Central</th>
<th>West Central</th>
<th>Borders</th>
<th>Galloway</th>
<th>Scotland</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870/4</td>
<td>202,303</td>
<td>282,822</td>
<td>205,941</td>
<td>280,854</td>
<td>42,083</td>
<td>93,004</td>
<td>1,107,007</td>
</tr>
<tr>
<td>1875/9</td>
<td>209,066</td>
<td>288,706</td>
<td>199,664</td>
<td>279,092</td>
<td>40,563</td>
<td>93,755</td>
<td>1,111,046</td>
</tr>
<tr>
<td>1880/4</td>
<td>207,173</td>
<td>274,690</td>
<td>201,412</td>
<td>283,313</td>
<td>40,333</td>
<td>94,612</td>
<td>1,101,533</td>
</tr>
<tr>
<td>1885/9</td>
<td>209,462</td>
<td>286,201</td>
<td>206,613</td>
<td>294,786</td>
<td>41,896</td>
<td>97,980</td>
<td>1,136,937</td>
</tr>
<tr>
<td>1890/4</td>
<td>211,240</td>
<td>304,591</td>
<td>222,632</td>
<td>316,826</td>
<td>46,201</td>
<td>107,594</td>
<td>1,144,736</td>
</tr>
<tr>
<td>1895/9</td>
<td>212,035</td>
<td>306,281</td>
<td>223,437</td>
<td>320,020</td>
<td>44,475</td>
<td>108,143</td>
<td>1,214,390</td>
</tr>
<tr>
<td>1900/4</td>
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<td>305,007</td>
<td>220,214</td>
<td>324,103</td>
<td>46,742</td>
<td>114,402</td>
<td>1,221,892</td>
</tr>
<tr>
<td>1905/9</td>
<td>284,012</td>
<td>293,288</td>
<td>214,667</td>
<td>317,348</td>
<td>46,013</td>
<td>115,923</td>
<td>1,221,892</td>
</tr>
<tr>
<td>1910/4</td>
<td>198,906</td>
<td>305,392</td>
<td>206,613</td>
<td>323,446</td>
<td>48,082</td>
<td>118,968</td>
<td>1,203,407</td>
</tr>
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</table>

* Agricultural Returns of Great Britain and Agricultural Statistics.

### Table 11.

**NET CHANGE IN AVERAGE ANNUAL TOTAL CATTLE NUMBERS IN SCOTLAND BETWEEN SUCCEEDING FIVE YEAR PERIODS, 1870-1914**

<table>
<thead>
<tr>
<th>Period</th>
<th>Highland</th>
<th>North East</th>
<th>East Central</th>
<th>West Central</th>
<th>Borders</th>
<th>Galloway</th>
<th>Scotland</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875/9</td>
<td>+ 6,763</td>
<td>+ 5,864</td>
<td>- 6,077</td>
<td>- 1,762</td>
<td>- 1,520</td>
<td>+ 751</td>
<td>+ 4,039</td>
</tr>
<tr>
<td>1880/4</td>
<td>+ 1,693</td>
<td>- 14,016</td>
<td>+ 1,548</td>
<td>+ 4,221</td>
<td>- 230</td>
<td>+ 857</td>
<td>- 9,513</td>
</tr>
<tr>
<td>1885/9</td>
<td>+ 2,289</td>
<td>+ 11,511</td>
<td>+ 5,201</td>
<td>+ 11,473</td>
<td>+ 1,563</td>
<td>+ 3,368</td>
<td>+ 35,404</td>
</tr>
<tr>
<td>1890/4</td>
<td>+ 1,778</td>
<td>+ 18,390</td>
<td>+ 17,019</td>
<td>+ 22,040</td>
<td>+ 4,305</td>
<td>+ 9,614</td>
<td>+ 73,147</td>
</tr>
<tr>
<td>1895/9</td>
<td>+ 795</td>
<td>+ 1,690</td>
<td>- 195</td>
<td>+ 3,194</td>
<td>- 1,728</td>
<td>+ 549</td>
<td>+ 4,306</td>
</tr>
<tr>
<td>1900/4</td>
<td>- 611</td>
<td>- 1,274</td>
<td>- 3,223</td>
<td>+ 4,083</td>
<td>+ 2,269</td>
<td>+ 6,256</td>
<td>+ 7,502</td>
</tr>
<tr>
<td>1905/9</td>
<td>- 7,412</td>
<td>- 11,719</td>
<td>- 5,547</td>
<td>- 6,755</td>
<td>+ 1,139</td>
<td>+ 1,521</td>
<td>- 28,773</td>
</tr>
<tr>
<td>1910/4</td>
<td>- 5,106</td>
<td>+ 12,104</td>
<td>- 6,054</td>
<td>+ 6,098</td>
<td>+ 201</td>
<td>+ 3,045</td>
<td>+ 10,288</td>
</tr>
</tbody>
</table>

Highland - Caithness, Inverness, Ross, Sutherland, Zetland, Argyll.

North East - Aberdeen, Banff, Kincardine, Moray, Nairn, Orkney.

East Central - Angus, Fife, Perth, East Lothian, Midlothian, West Lothian.

West Central - Ayr, Bute, Wigtown, Clackmannan, Dumbarton, Kinross, Lanark, Renfrew, Stirling.

Borders - Berwick, Peebles, Roxburgh, Selkirk.

Galloway - Dumfries, Kirkcudbright.
### TABLE 12.

ANNUAL AVERAGE TOTAL NUMBER OF SHEEP IN SCOTLAND AND IN THE REGIONS OF SCOTLAND DURING FIVE YEAR PERIODS, 1870-1914

<table>
<thead>
<tr>
<th></th>
<th>Highland</th>
<th>North Central</th>
<th>East Central</th>
<th>West Central</th>
<th>Borders</th>
<th>Galloway</th>
<th>SCOTLAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870/4</td>
<td>2,571,984</td>
<td>318,958</td>
<td>1,146,762</td>
<td>1,036,663</td>
<td>1,122,451</td>
<td>894,276</td>
<td>7,091,094</td>
</tr>
<tr>
<td>1875/9</td>
<td>2,496,572</td>
<td>337,244</td>
<td>1,165,149</td>
<td>944,298</td>
<td>1,129,220</td>
<td>864,323</td>
<td>6,986,796</td>
</tr>
<tr>
<td>1880/4</td>
<td>2,436,516</td>
<td>316,758</td>
<td>1,188,964</td>
<td>977,563</td>
<td>1,116,912</td>
<td>867,758</td>
<td>6,906,571</td>
</tr>
<tr>
<td>1885/9</td>
<td>2,332,926</td>
<td>351,396</td>
<td>1,219,564</td>
<td>959,897</td>
<td>1,097,847</td>
<td>840,115</td>
<td>6,801,745</td>
</tr>
<tr>
<td>1890/4</td>
<td>2,466,355</td>
<td>452,439</td>
<td>1,357,385</td>
<td>1,067,173</td>
<td>1,177,412</td>
<td>914,203</td>
<td>7,434,967</td>
</tr>
<tr>
<td>1895/9</td>
<td>2,415,215</td>
<td>440,915</td>
<td>1,341,698</td>
<td>1,093,363</td>
<td>1,216,187</td>
<td>947,222</td>
<td>7,454,600</td>
</tr>
<tr>
<td>1900/4</td>
<td>2,217,554</td>
<td>440,257</td>
<td>1,306,960</td>
<td>1,075,586</td>
<td>1,231,770</td>
<td>964,065</td>
<td>7,236,172</td>
</tr>
<tr>
<td>1905/9</td>
<td>2,138,340</td>
<td>464,374</td>
<td>1,318,355</td>
<td>1,075,564</td>
<td>1,254,768</td>
<td>966,492</td>
<td>7,219,893</td>
</tr>
<tr>
<td>1910/4</td>
<td>2,119,099</td>
<td>443,905</td>
<td>1,242,955</td>
<td>1,042,830</td>
<td>1,241,284</td>
<td>937,989</td>
<td>7,028,060</td>
</tr>
</tbody>
</table>

* Agricultural Returns of Great Britain and Agricultural Statistics.

### TABLE 13.

NET CHANGE IN AVERAGE ANNUAL TOTAL SHEEP NUMBERS IN SCOTLAND BETWEEN SUCCEEDING FIVE YEAR PERIODS, 1870-1914

<table>
<thead>
<tr>
<th></th>
<th>Highland</th>
<th>North Central</th>
<th>East Central</th>
<th>West Central</th>
<th>Borders</th>
<th>Galloway</th>
<th>SCOTLAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>0/4</td>
<td>+1875/9</td>
<td>+75,412</td>
<td>+18,286</td>
<td>+18,397</td>
<td>-42,365</td>
<td>+6,759</td>
<td>-29,953</td>
</tr>
<tr>
<td>5/9</td>
<td>+1880/4</td>
<td>-57,956</td>
<td>-20,486</td>
<td>-23,815</td>
<td>-16,735</td>
<td>-12,298</td>
<td>+3,435</td>
</tr>
<tr>
<td>0/4</td>
<td>+1885/9</td>
<td>-105,690</td>
<td>+34,638</td>
<td>-30,600</td>
<td>-17,666</td>
<td>-19,005</td>
<td>-27,643</td>
</tr>
<tr>
<td>5/9</td>
<td>+1890/4</td>
<td>+133,429</td>
<td>+101,043</td>
<td>+137,821</td>
<td>+107,276</td>
<td>+79,565</td>
<td>+74,008</td>
</tr>
<tr>
<td>0/4</td>
<td>+1895/9</td>
<td>-51,140</td>
<td>-11,524</td>
<td>-15,687</td>
<td>+26,190</td>
<td>+38,775</td>
<td>+32,019</td>
</tr>
<tr>
<td>5/9</td>
<td>+1900/4</td>
<td>-197,681</td>
<td>-658</td>
<td>-34,758</td>
<td>-17,777</td>
<td>+15,583</td>
<td>+16,845</td>
</tr>
<tr>
<td>0/4</td>
<td>+1905/9</td>
<td>-79,194</td>
<td>-24,117</td>
<td>-11,395</td>
<td>-22</td>
<td>+22,998</td>
<td>+4,427</td>
</tr>
<tr>
<td>5/9</td>
<td>+1910/4</td>
<td>-19,241</td>
<td>-20,469</td>
<td>-75,402</td>
<td>-32,734</td>
<td>-13,484</td>
<td>-30,503</td>
</tr>
</tbody>
</table>
Annual Acreage of Crops and Grass in Scotland 1870-1914

Source: Agricultural Statistics.
Cattle and Sheep Numbers in Scotland 1870-1914

Source: Agricultural Statistics.
Graph 12

Index Numbers of Sheep and Cattle Population 1870-1914

(1875-80 avg. = 100)

Source: Agricultural Statistics.
that the increase which was relatively small in absolute numbers, occurred mainly in the Central and North Eastern Regions of Scotland. To some extent the increase in Central Scotland can be attributed to an increase in dairying. The increase in cattle numbers in the North East is likely to be attributable to an increase in cattle fattening and an expansion in the dead-meat trade to the London market. Farming units in this area tend to be relatively small and a change from arable to grassland farming was thus relatively easy. No marked increase in numbers appeared in the breeding areas of the Highlands and the Borders.

Precise conclusions can not be drawn from a study of the figures mentioned. The figures quoted are those provided by the annual June census; they do not include cattle imported and slaughtered within a year; and the movement of cattle between areas before and after June each year is also unknown. In addition the areas considered are not concerned exclusively with fattening or rearing. Nevertheless some evidence would seem to exist to indicate that the movement from arable into grassland husbandry was a move primarily into cattle production and to a smaller extent into sheep production; it was also a move into cattle fattening with a greater dependence on imported stores, rather than into cattle production generally. The change could have been expected to occur from the 1870's but it would appear that
it was the early 1890's before this movement began to take place. This delay would seem to have arisen partly through the conditions of supply of imported store cattle.

6. Cattle Imports.

The delay which appears to have existed in the movement into beef production can be accounted for partly as the time necessary to allow the acceptance of new ideas regarding production. It would seem to have arisen also, to some extent, through the conditions of supply which existing for store cattle.

Figures of cattle imports are given in Tables 6-9. These show the numbers of live cattle imports into the U.K., cattle imported into Great Britain from Ireland, Canada and America, and imports of live cattle at Scottish ports. Until 1880 more than half the imports of live cattle came from European countries; these were mainly Belgium, Denmark, France, Schleswig-Holstein, Netherlands, Spain and Portugal. The remainder came from Canada and the United States. Thus until approximately this time, Leith was the main port for the cattle trade in Scotland. From about 1880, however, imports from Europe were falling off and trade with North America increased, Glasgow becoming the main Scottish port in the cattle trade.

The regional figures for cattle production already discussed seem to indicate that in the
movement towards greater beef production, greater dependence was placed on imported supplies of stores; this expansion in beef production did not occur till the early 1890's. Graphs 7, 8 and 9, which showed the terms of trade of beef in terms of cereals, indicate that an increased demand for home produced and imported stores could have been expected from the early 1870's. Table 7 shows that the supply of stores from Ireland fluctuated during the 1870's and 1880's and did not expand significantly till the 1890's. Other statistics available of cattle imports, shown in Tables 6 and 8, unfortunately do not distinguish between store and fat cattle; they both indicate however that cattle imports varied greatly and it seems likely that imports of store cattle also fluctuated.

The variations in store imports was commented on by the 1897 Royal Commission on Agriculture when it noted in its Final Report that:

"...fluctuations from year to year in these imports (of live animals) are frequently considerable owing partly to economic causes, partly to changes effected by legislative measures directed against disease..................................................

"...as regards cattle, the trade statistics show that...the imports have always been subject to great fluctuations............." (22)
The fluctuations in cattle imports which arose through attempts to control disease can be seen in an examination of legislation controlling cattle imports.

Import Legislation

Legislation controlling the import of cattle during the second half of the 19th century began after the outbreak of rinderpest in 1865–7 with an Act in 1869 (23) which maintained the free import of all foreign animals but provided the Privy Council with power to prohibit imports from any country or to order the slaughter at stated ports of any foreign animals among whom disease was found to exist. At that time almost all live animals imported into the U.K. came from Europe, and even when the Contagious Diseases (Animals) Act 1878 (24) was passed, imports from North America were still small. This Act, passed after another outbreak of rinderpest had occurred in 1877 from animals imported from Germany, required that all foreign animals were to be slaughtered at the ports of landing; the Privy Council retained the right to allow free import of store animals and it was obliged to allow these imports from any country showing a clean bill of health as regards disease and where local laws had been enacted to provide security against the introduction of such disease.

Cattle were therefore either imported freely from those countries free from disease, imported
only for slaughter at the ports of landing from those countries designated by the Privy Council as liable to transmit disease to the U.K. - these could only be fat animals - or prohibited completely. Particular ports might be closed to the import of cattle where disease was found to exist, and when this occurred at Glasgow, Aberdeen commenced importing cattle in 1887; seven hundred Canadian cattle were landed there that year, imports increasing to about sixteen thousand in 1890. In 1890 Dundee also commenced cattle imports, the Canadian imported cattle being mostly stores which were distributed by railway throughout the counties of Forfar and Fife; the Aberdeen imports served the counties of the North East. (25)

Variations in Supply.

Fluctuations in the source and supply of imported cattle created a considerable difficulty for farmers. In 1877 imports of live animals were prohibited from Belgium and Schleswig-Holstein, and imports for slaughter only, i.e. to be slaughtered at the port of landing, allowed from the Netherlands. Fat cattle only could be imported from the U.S.A. in 1879 and from Portugal and Spain in 1881, while in 1883 imports from France were prohibited. (26) And where particular ports were closed because of the presence of disease the cattle trade suffered further disruption.

The Acts of 1869 and 1878 were insufficient to protect the country from the introduction of disease and after another outbreak further
legislation was enacted in the Contagious Diseases (Animals) Act 1884. (27) This Act required the Privy Council to prohibit the landing of live animals from any country unless it was satisfied that the health conditions and the laws of that country gave reasonable security against the introduction of disease. The Act, and previous legislation, was based on the assumption that information could be obtained which would show whether the import of foreign animals from any particular country involved a risk of introducing disease. Such evidence was not possible as the frequent outbreaks of disease show; and the existence of disease among animals in a foreign country, from which imports were being obtained, often only became known when disease was found among animals after they had been disembarked in the U.K. As a result the free import of store animals from particular countries was often suddenly suspended or particular ports suddenly closed to foreign imports. (28)

It was necessary to allow the free import of store cattle from any country which freed itself from disease and provided local legislation for its control. Thus breeders at home were left in the uncertain position of not knowing whether, in two years' time, when stores would be ready for marketing, the ports would be open to large imports of stores from some country which had freed itself from disease. This uncertainty and the danger of introducing disease by allowing the
free entry of imports was the subject of complaint among those giving evidence before the 1897 Commission (29); feeders and breeders in Scotland tended to take opposing views on the benefits and dangers of store imports. (30) Mr. Hope, an Assistant Commissioner for Scotland to the Royal Commission on Agriculture reported in 1894 that:

"...Since the ports were closed against Canadian cattle .... the price of store stock has so increased that the feeder’s profit has almost disappeared...."

A further outbreak of foot and mouth disease in 1892 brought the prohibition of live cattle imports from a number of countries (32); it also brought further legislation four years later in the Diseases of Animals Act (1896) which in effect prohibited the import of live animals into the U.K. except for immediate slaughter. This final control of cattle imports by guaranteeing the future position of the store market ended a period of uncertainty in the home production of store animals; from this time, as Graph 5 shows, fat and store prices moved in a similar way.

Home Investment.

Disease and fear of disease was one main factor restricting the supply of stores and tending to raise their average price. The danger of investing capital in growing stock under conditions of falling prices was a further factor. One Aberdeenshire farmer giving evidence before the
1897 Commission declared (33) that:

"for many years farmers in the north have abandoned breeding their own stock and have bought in their cattle. They buy in cattle at two years old, and turn over their money more rapidly than in breeding. That began about the time of the cattle plague in 1866, when I believe they got alarmed about the risks of breeding. I put down the giving up of breeding to the fear of disease, and partly to the smaller capital involved in this system of farming."

Fear of disease and the dangers of producing under conditions of falling prices provided discouragements to the home production of stores. Relatively greater dependence on imported stores and the irregularity in the supply of these explains to some extent the fluctuations in store prices relative to fat prices, particularly the wide fluctuation between 1885 and 1890. It also helps to explain why Scottish agriculture, open to competition from the 1870's, did not begin to adjust itself successfully to the new situation until the final decade of the 19th century. It was under these uncertain conditions, when the demand for store cattle was high that auctioneering established itself. An increase in livestock production under conditions where breeding had been discouraged and was falling off meant a greater dependence on imported stores. The
irregular supply of these stores meant large
fluctuations in store prices and an inability to
expand livestock production satisfactorily.

Figures of cattle attacked by disease in
Scotland, England and Wales are given in Tables
14 and 15.

Much of the outbreak of rinderpest in Scotland
in 1865-6 was concentrated in Forfarshire, almost
half the animals attacked with disease at that
time being in that county (34); Perth, Fife and
Stirlingshire accounted for most of the remainder.

Cattle rearing and feeding were not fully resumed
in Forfarshire for some years after this (35).
However breeding does not appear to have been
greatly discouraged by this outbreak. Breeding
was being carried on at this time against a
rising trend in prices, while grain prices
remained high till the early 1870's. No incentive
existed for an expansion in livestock production
at this time and the outbreaks of disease and
store price variations up till 1872 would appear to
provide less reason for the introduction of
auctioneering than the fluctuations in store prices
which occurred later. At the same time, since
fluctuations in store prices relative to fat
prices per se appears to have been a casual factor
in the introduction of auctions, they seem likely
to have had some influence prior to the early
1870's irrespective of the reason for these
fluctuations.
### Table 14

**Number of Cattle Attacked by Rinderpest, Foot and Mouth Disease, and Pleuro-Pneumonia in Scotland, England and Wales Each Year 1870 to 1900**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rinderpest</th>
<th>Foot and Mouth Disease</th>
<th>Pleuro-Pneumonia</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870</td>
<td>-</td>
<td>379,395</td>
<td>4,602</td>
</tr>
<tr>
<td>1871</td>
<td>-</td>
<td>519,523</td>
<td>5,859</td>
</tr>
<tr>
<td>1872</td>
<td>72</td>
<td></td>
<td>7,983</td>
</tr>
<tr>
<td>1873</td>
<td>-</td>
<td>6,787</td>
<td>7,740</td>
</tr>
<tr>
<td>1874</td>
<td>-</td>
<td>5,806</td>
<td>5,253</td>
</tr>
<tr>
<td>1875</td>
<td>-</td>
<td>5,330</td>
<td>4,414</td>
</tr>
<tr>
<td>1876</td>
<td>73</td>
<td>261</td>
<td>2,765</td>
</tr>
<tr>
<td>1877</td>
<td>263</td>
<td>5,640</td>
<td>1,200</td>
</tr>
<tr>
<td>1878</td>
<td>-</td>
<td>912</td>
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</tr>
<tr>
<td>1879</td>
<td>-</td>
<td>261</td>
<td>4,194</td>
</tr>
<tr>
<td>1880</td>
<td>-</td>
<td>20,918</td>
<td>1,096</td>
</tr>
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<td>1881</td>
<td>-</td>
<td>59,484</td>
<td>1,511</td>
</tr>
<tr>
<td>1882</td>
<td>-</td>
<td>23,973</td>
<td>2,471</td>
</tr>
<tr>
<td>1883</td>
<td>-</td>
<td>219,289</td>
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</tr>
<tr>
<td>1884</td>
<td>-</td>
<td>12,186</td>
<td>1,123</td>
</tr>
<tr>
<td>1885</td>
<td>-</td>
<td>354</td>
<td>1,511</td>
</tr>
<tr>
<td>1886</td>
<td>-</td>
<td>10</td>
<td>1,096</td>
</tr>
<tr>
<td>1887</td>
<td>-</td>
<td>-</td>
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<tr>
<td>1888</td>
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<td>-</td>
<td>1,248</td>
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<tr>
<td>1889</td>
<td>-</td>
<td>-</td>
<td>1,248</td>
</tr>
<tr>
<td>1890</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>1891</td>
<td>-</td>
<td>-</td>
<td>1,248</td>
</tr>
<tr>
<td>1892</td>
<td>-</td>
<td>1,248</td>
<td>1,248</td>
</tr>
<tr>
<td>1893</td>
<td>-</td>
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<tr>
<td>1900</td>
<td>-</td>
<td>214</td>
<td>-</td>
</tr>
</tbody>
</table>

* "Annual Report of the Agricultural Department, Privy Council... for the Year 1888" (1889).
* "Annual Report of the Director of the Veterinary Department for the Year 1893." Board of Agriculture (1894).
* No official record exists of the incidence of Foot and Mouth Disease in Great Britain during the years 1872-6.
The main outbreak of disease occurred in 1865-6. relatively small number of animals were attacked in England alone during 1867; Scotland had its first outbreak of disease in July 1865 and its last attack in July 1866.

**TABLE 15.**

<table>
<thead>
<tr>
<th>Total Number of Cattle Attacked with Rinderpest During the Outbreak: 1865-7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Number Attacked 1865-7</td>
</tr>
<tr>
<td>-----------------------------</td>
</tr>
<tr>
<td>England</td>
</tr>
<tr>
<td>Wales</td>
</tr>
<tr>
<td>Scotland</td>
</tr>
<tr>
<td>Great Britain</td>
</tr>
</tbody>
</table>

* "Report on the Cattle Plague in Great Britain during the Years 1865, 1866 and 1867." (1868)
When disease and fear of disease operated after the early 1870's, under conditions which were the opposite to those already mentioned, combined with intermittent import supplies, it helped to provide conditions favourable to the rise of the auctioneers. Outbreaks of disease at home appear, as already indicated, to have made farmers more dependent on imported supplies of stores and the intermittent supply of these from abroad seems to have brought conditions in which farmers were willing to bid for the available supplies. This was occurring also at a time when British agriculture was attempting to expand its livestock production at the expense of arable production. The drought of 1893, reducing the supply of grass and roots, encouraged the sale of cattle and had an adverse effect on cattle prices (36). But this tended to be a secondary factor in the fluctuations in cattle prices. The main factors appear to be those already discussed.

7. Conclusion.

It was not so much the increase in the store cattle trade which brought the auctioneering system into existence. The store trade, at least from Ireland, did not tend to expand regularly until the 1890's; prior to this imports had varied greatly. An expansion in the store trade and the organisation of this was, in any case, a salesman's job of placing cattle in different markets and arranging for their sale by private bargain. An
expansion in this trade would be a factor tending to discourage any salesman from becoming an auctioneer. It was rather the relative deficiency in the supply of home produced stores, resulting from the fall in breeding and the intermittent supply of stores from abroad which produced conditions in which farmers were willing to bid for available supplies; this was occurring also against a background of attempted expansion of livestock production after the fall in grain prices in the early 1870's. Under such conditions of demand, sale by private bargain through a salesman was less applicable.

The credit facilities provided by the auctioneer do not appear to have been an essential reason for the introduction of the auction system; salesmen or merchants could have continued to provide this. However, it allowed the auctioneer to assume part of the speculation of producing fat animals. Under conditions of falling prices, a sharing of the risks of production in this way provided useful assistance to the farmer.

The establishment of the auction system at the same time as an adjustment in Scottish agriculture was being attempted seems to indicate primarily that the establishment of the auction system was facilitated by the changing conditions in Scottish agriculture at that time. These changing conditions were brought about initially by the fall in grain prices and appear to have assisted the introduction
of the auction system, producing conditions conducive to its general acceptance. The provision of credit facilities by auctioneers may have assisted this change in Scottish agriculture although the provision of credit was not peculiar to the auction system. The changes in Scottish agriculture thus appear to have assisted the establishment of the auction system rather than the auction system facilitating adjustments in Scottish Agriculture.

Evidence given before the two Royal Commissions indicates that the fall in prices during the early years of the Great Depression was largely considered to be temporary. The advent of refrigeration however, in the late 1880's and the notable expansion in dead-meat imports at that time made the new competitive position permanent. But even before grain prices had begun to fall in the early 1870's the character of livestock production was beginning to change with the falling off in breeding and the relatively greater dependence placed on imported stores.

The explanation given in this chapter for the establishment of the auctioneering system has been from the supply side, i.e. from the side of the farmer. The use of auction marts by butchers and wholesale meat merchants has already been considered; they appear to have operated at auction marts and were firmly established by the time frozen beef imports increased noticeably in the late 1880's. They thus appear to be a factor in the establishment
of the auction system.

The introduction of the auction system into general use has been discussed in this chapter with reference to store cattle. The introduction of the system into the fat cattle trade will be discussed in the next chapter.
CHAPTER VI.

REASONS FOR THE INTRODUCTION OF THE AUCTION SYSTEM - THE FAT CATTLE TRADE

It has been shown that the auction system came into general use for store cattle during the period of approximately two or three decades prior to 1890 and that the reasons for its introduction arose partly from the particular conditions existing at that time. Particular conditions also existed at this time making the system applicable to the sale of fat cattle. General reasons will also be discussed in this chapter for the introduction of the auction system for store and fat cattle.

1. Auctions for Fat Cattle.

It has been shown that cattle and sheep numbers were tending to fall from 1873, with some variations, until almost 1890; they then rose markedly; home supplies of meat were thus tending to fall during this period. Foreign supplies of meat were still relatively small during the 1870s compared with home supplies, although imports were increasing. One estimate considered foreign supplies of meat (beef, mutton and pig-meat) in 1875 to account for 16 per cent of total home and imported meat supplies; by 1883 however the foreign
meat supply accounted for approximately 26 per cent of total home and imported supplies. (1)

The import of beef in the form of live animals as opposed to dead meat was the most important source of meat imports until almost 1900, when imported chilled and frozen meat expanded sufficiently to outweigh imported live animals as the main source of imported meat. It has already been shown however that the import of live animals until the early 1890's was subject to fluctuations as attempts were made to control the import of disease and that this was a main factor bringing the introduction of auctions of store cattle. The import of meat thus tended to fluctuate at a time when the home supply was tending to fall and imports were becoming an increasingly important part of total supplies.

The U.K. population increased gradually throughout the final quarter of the 19th century; (2) at the same time the total meat supply tended to vary, and consumption per head, as shown by these two factors, also varied. This is seen in Graph 13. Meat consumption per head tended to rise gradually, although with some variations, until 1889 when it rose markedly with the large increase in imported
Meat Consumption Per Head in the U.K. 1870-96 and 1900-1919
(lbs. per head)


The method of estimation is different in each series; the two series are sufficiently similar, however, to illustrate the main feature of fluctuations in the earlier series in contrast to the later.
chilled and frozen meat in that year; it fell again in 1893, when additional restrictions were placed on the import of live animals. In contrast to the fluctuations in meat consumption per head during the final quarter of the 19th century, consumption per head fell evenly during the first two decades of the present century. By this time however, imports were supplying approximately 45 per cent, (3) of the total meat supply, almost all of this being supplied in the form of dead meat, in contrast to the position in the final decades of the 19th century.

The conditions existing during the final quarter of the 19th century were imports were supplying an increasing proportion of the total beef supply, this being mainly in the form of live animals and subject to variation, also the home supply of cattle was tending to fall, with some variations. These conditions provided a favourable opportunity for the introduction of the auction system for fat cattle. Under these conditions a steadily rising trend in demand existed at the same time as a markedly fluctuating trend in supply, and purchasers of fat cattle are likely to have been forced to bid for available supplies rather than be allowed to
purchase them by private negotiation. The conditions of relative scarcity which provided a reason for the introduction of the auction system for store cattle appear to provide part of the explanation for the use of the system for fat cattle.

2. Effect of Transport and Other Changes

The introduction of the auction system for store and fat cattle has been explained so far in terms of the particular conditions existing at the time of its acceptance. The reason for its general introduction must also be explained to some extent in the response of the marketing system to changes in transport, urbanisation and similar factors which affect it.

The changes in the method of marketing which have been described in earlier chapters arose partly in response to changes in transport, production and other factors. The winter fattening of cattle allowed more regular production of fat cattle throughout the year and required a more regular marketing system. Marketing through a salesman was introduced following this change in the method of production and with the development of sea transport: this method tended to replace the system
of droving.

It must be considered how far the auction system came into general use following the development of the railway system and the trend towards greater urbanisation during the second half of the 19th century.

In south-west Scotland the development of the Caledonian and the Glasgow and South West railway lines altered the system of cattle marketing after 1846. Sea transport to Liverpool and the industrial towns in the north of England and to ports in the west of Scotland (4) tended to be replaced by quicker and cheaper rail transport (5) after this time. Farmers could now market small numbers of animals at their convenience where this was not always possible with sea transport (6). Fat cattle from this area were still marketed mostly in the west of Scotland and in north-west England after the introduction of rail transport, and during the year 1872-3 almost 15,000 cattle were exported from Wigtown and Kirkcudbrightshire (7). The development of the railway system now allowed some trade also with the London market (8).

On the east coast the railway line extended from Coupar Angus to Aberdeen by 1850. In South-east Scotland, the extension of the railway line
from Symington to Galashiels provided a transport system through much of the valley of the Tweed, and the opening of the Peebles – Edinburgh railway in 1855 gave much of that area easy access to the Edinburgh market (9).

In central and north Scotland the development of the railway system was a little slower. It was 1863 before the railway line connecting Perth and Inverness was opened, the Inverness–Aberdeen line being opened a few years earlier (10). Further north, the Highland Railway had been extended to Invergordon in 1862, reaching Tain and Bonnar Bridge two years later (11); and in 1874 the line to Caithness was completed (12).

This sketch of the early development of the railway system in Scotland indicates that the system was extending during the 1850's and 1860's. It has been shown however that the auction system tended to come into general use mainly during the decades following this period of early railway construction. However, a slow response may tend to exist in marketing methods to the changes in transport, urbanisation and other factors which affect them. The general acceptance of the auction system would then appear to be a lagged response, to some extent, to the changes of earlier decades.

This slow response in marketing methods to changes can be seen in the continuation of particular methods of marketing after a new system
has been introduced. Thus droving continued to be used after sea transport and marketing through a cattle salesman had been introduced in the 1820's; droving and the sale of cattle by private bargain at cattle trysts continued to take place even after the auction system began to be used during the third quarter of the 19th century. A delayed response in marketing methods also existed in the continued use of cattle salesman after the railway system provided a better method of carriage than sea transport. It would seem therefore that a lagged response in this way tends to exist, similar to the slow response in production to the introduction of new methods. Why this slow response in marketing methods should exist, however, is a separate question and is outside the scope of this thesis. It can be concluded that although a delay existed in the alteration of marketing methods to changes in transport, the development of the railway system tended to provide conditions favourable to the general acceptance of the auction system.

The development of the railway system appears to have facilitated the introduction of the auction system by encouraging the trend towards urbanisation and the concentration of demand. It also promoted the introduction of the system by encouraging centralised marketing of cattle by a cheap and quick method of transport. Markets held previously at any convenient point in the district tended to
decline in favour of those close to railway lines (13); this tended to encourage the development of larger central markets at the expense of smaller ones. At the same time, the development of rail transport may not have reduced the importance of the smaller markets too much during the 1860's and 1870's since central markets were still being formed with the expansion of the railway system at this time.

Urbanisation and the concentration of demand, occurring at the same time as population was expanding provided conditions conducive to the expansion of the wholesale trade and the introduction of the auction system. It has been shown in an earlier chapter that the wholesale trade expanded steadily during the three final decades of the 19th century. The increase in the wholesale trade at that time seems to indicate that this trade had some influence on and was in turn influenced by the general introduction of the auction system.

It seems likely that the importance of the live cattle and wholesale meat market would tend to grow during the third and fourth quarters of the 19th century as it provided the farmer with greater knowledge of prices and supplies; the wholesale trade, by its growing importance, largely through the trend towards greater urbanisation, contributed towards this.
3. Conclusion

This chapter has shown that particular conditions existed at the time auction system came into general use which helps to explain why the system came to be used for the sale of fat cattle. These conditions were seen to be a tendency for home supplies of meat to fall while foreign supplies, which were becoming an increasingly important part of total supplies, tended to fluctuate. At the same time a rising trend in the volume of demand existed resulting from an expanding population; and consumption of meat per head fluctuated. Under these conditions, it would seem that wholesalers, purchasing fat cattle to meet the rising trend in demand, were required to bid for the variable supplies available. The conditions of relative scarcity which appear to have existed in the store cattle trade seem to have existed also for the trade in fat cattle. These conditions provide part of the explanation for the introduction of the auction system.

The chapter also showed that the introduction of the auction system for fat and store cattle could be explained to some extent as a change in marketing methods which followed earlier changes in transport, urbanisation and similar factors; the auction system was thus a new method of marketing introduced in response to the development of the railway system during the 1850's and
1860's. The auction system did not appear as an immediate response to railway development. But the lagged response which did occur was shown to be not uncommon.

The development of the railway system and the trend towards greater urbanisation appear to have encourages some centralisation of marketing and the development of larger markets at the expense of smaller ones; although this trend does not appear to have been over-marked since central markets were still in the process of formation during the third and fourth quarters of the 19th century.

Urbanisation, however, appears to have encouraged an expansion in the wholesale trade which in turn influenced, and was influenced by, the introduction of the auction system.
CHAPTER VII

REASONS FOR THE CONTINUED USE OF

THE AUCTION SYSTEM

1. Use of the Auction System During

The Inter-War Years

It has been argued in previous chapters that
the auction system, which came into general use
during the two to three decades prior to 1890, was
adopted partly as a result of the particular
conditions existing at the time and partly as a
result of the changes in transport and urbanisation
occurring during the second half of the 19th
century. It would seem necessary now, having
provided an explanation for the introduction of the
system, to explain why the system has continued in
general use up to the present time. This chapter
will first consider how far the factors bringing
the auction system into existence have continued to
operate during the inter-war years; other factors
affecting the use of the system will then be
considered.

Conditions during the Inter-War Period

The particular circumstances during the second
half of the 19th century which helped to bring the
auction system into general use were shown to be
reflected in fluctuating store prices relative to
fat cattle prices, and a fluctuating trend in meat
consumption per head. These have been traced throughout the inter-war years in Graphs 14 and 15; the prices used and method adopted in constructing the graphs is similar to that used in official statistics (1) for calculating the agricultural price index. It would seem that during this period the prices of fat and store cattle maintained closely similar trends; the fluctuations in store cattle prices relative to fat cattle prices which occurred prior to about 1890 were not repeated during the inter-war years. Nor did fluctuations occur in meat consumption per head during this period similar to those taking place in the late 19th century.

Not only did these factors, which tended to bring the introduction of the auction system in the late 19th century, fail to operate during the inter-war years. The composition of the beef supply at the end of the 19th century, which favoured the introduction of the auction system, altered greatly in the decades which followed. Until about the end of the 19th century the bulk of the United Kingdom's beef supply was provided from home production, and imports were mainly in the form of live cattle for slaughter. Imports of frozen beef expanded greatly
Index Numbers of Annual Fat Cattle and Store Cattle Prices 1919-39
(1927-9 = 100)

Source: Department of Agriculture for Scotland, "Agricultural Statistics".

Annual fat cattle prices are simple averages of 1st and 2nd quality Aberdeen-Angus, Crossbred, Galloway and Ayrshire; no sum in respect of subsidies paid since 1931 has been added.

Annual store cattle prices are simple averages of 1st and 2nd quality Aberdeen-Angus and Crossbred yearlings and two year old cattle.
Total Meat Consumption Per Head and Total Beef (Including Veal) Consumption Per Head in the U.K. 1920-38 (lbs. per head)

after 1889, but it was the early years of the present century before this supply outweighed live cattle as a source of beef supplies. While total supplies were mainly in the form of live animals, home and imported, supply tended to be relatively inelastic, small changes in supply bringing relatively only large changes in price. The supply of beef can be varied slightly under these conditions by withholding or increasing the supplies of fat cattle for slaughter; thus fat cattle were withheld by farmers prior to the decontrol of prices in 1920 in the hope of improved selling prices. (2) But there is a limit to which this can be carried; when fat cattle are ready for slaughter they tend to deteriorate if held for any appreciable length of time.

The expansion in frozen beef imports during the late 19th century was thus important not only in providing an increasing contribution to total beef supplies, as Table 16 shows, but also in making total supplies more flexible; its influence in this respect increased as imports provided an increasing proportion of total supplies. Frozen beef, unlike chilled beef, which largely replaced it during the inter-war period, can be kept in stock for some time without deterioration. The
### TABLE 16

**Estimated Supply of Beef and Veal in Great Britain and Ireland.**

(1000 tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Home</th>
<th>Imported</th>
<th>Total</th>
<th>Percentage of Home Produce in Total Supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901</td>
<td>741</td>
<td>416</td>
<td>1157</td>
<td>64.0</td>
</tr>
<tr>
<td>1902</td>
<td>773</td>
<td>761</td>
<td>1174</td>
<td>65.8</td>
</tr>
<tr>
<td>1903</td>
<td>728</td>
<td>433</td>
<td>1061</td>
<td>62.5</td>
</tr>
<tr>
<td>1904</td>
<td>731</td>
<td>400</td>
<td>1131</td>
<td>62.4</td>
</tr>
<tr>
<td>1905</td>
<td>745</td>
<td>491</td>
<td>1236</td>
<td>60.3</td>
</tr>
<tr>
<td>1906</td>
<td>760</td>
<td>466</td>
<td>1226</td>
<td>62.0</td>
</tr>
<tr>
<td>1907</td>
<td>745</td>
<td>448</td>
<td>1193</td>
<td>62.4</td>
</tr>
<tr>
<td>1908</td>
<td>779</td>
<td>408</td>
<td>1187</td>
<td>65.6</td>
</tr>
<tr>
<td>1909</td>
<td>772</td>
<td>426</td>
<td>1198</td>
<td>64.4</td>
</tr>
<tr>
<td>1910</td>
<td>744</td>
<td>468</td>
<td>1212</td>
<td>61.4</td>
</tr>
<tr>
<td>1911</td>
<td>782</td>
<td>449</td>
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<td>63.5</td>
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<tr>
<td>1912</td>
<td>786</td>
<td>477</td>
<td>1263</td>
<td>62.2</td>
</tr>
<tr>
<td>1913</td>
<td>742</td>
<td>533</td>
<td>1275</td>
<td>58.2</td>
</tr>
<tr>
<td>1914</td>
<td>661</td>
<td>540</td>
<td>1201</td>
<td>63.4</td>
</tr>
<tr>
<td>1915</td>
<td>751</td>
<td>492</td>
<td>1243</td>
<td>62.9</td>
</tr>
<tr>
<td>1916</td>
<td>765</td>
<td>511</td>
<td>1276</td>
<td>66.9</td>
</tr>
<tr>
<td>1917</td>
<td>839</td>
<td>415</td>
<td>1254</td>
<td>66.9</td>
</tr>
<tr>
<td>1918</td>
<td>746</td>
<td>474</td>
<td>1220</td>
<td>61.1</td>
</tr>
<tr>
<td>1919</td>
<td>667</td>
<td>460</td>
<td>1127</td>
<td>59.2</td>
</tr>
<tr>
<td>1920</td>
<td>738</td>
<td>453</td>
<td>1191</td>
<td>62.0</td>
</tr>
<tr>
<td>1921</td>
<td>668</td>
<td>566</td>
<td>1234</td>
<td>54.1</td>
</tr>
<tr>
<td>1922</td>
<td>680</td>
<td>533</td>
<td>1213</td>
<td>56.1</td>
</tr>
<tr>
<td>1923*</td>
<td>707</td>
<td>635</td>
<td>1342</td>
<td>52.7</td>
</tr>
<tr>
<td>1924</td>
<td>720</td>
<td>640</td>
<td>1360</td>
<td>52.9</td>
</tr>
</tbody>
</table>

Source: First Report of the Royal Commission on Food Prices. Annex IV (1925) (p.162)

* From 1st April, 1923, imports do not include quantities imported into the Irish Free State from abroad.
frozen beef supplies imported into the United Kingdom in the late 19th century however, were generally of poor quality and low priced and competed only with the poorer quality home-killed cow beef; important changes in the price of high grade fat cattle and dead meat might then occur before consumers chose to purchase frozen beef.

Chilled beef became the main form in which imports were received during the inter-war years, as seen by Table 17. This must be sold within a limited period from the time of chilling. It was more competitive than frozen beef supplies with home produced beef.

As greater substitution became possible between home and imported supplies, and as imports provided an increasing proportion of total supplies, the total beef supply became less susceptible to the large fluctuations in price which occurred prior to the 1890's.

It has been shown that the particular circumstances under which the auction system came into general use during the late 19th century were greatly modified during the inter-war period. An essential feature of the auction system - that it provided a method of sale which facilitated large and quick changes in the level of prices - was now
### TABLE 17

**FROZEN AND CHILLED BEEF IMPORTS INTO THE UNITED KINGDOM**

('000 cwt.)

| Year | Chilled Beef | Frozen Beef | Chilled Beef as Proportion of Total Beef | Frozen Beef as Proportion of Total Beef | Total Beef | Chilled and Frozen Beef as Percentage of Total Beef 
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>1,015</td>
<td>8,844</td>
<td>9,859</td>
<td>0.1</td>
<td>21,328</td>
<td>46.2</td>
</tr>
<tr>
<td>1921</td>
<td>3,008</td>
<td>8,601</td>
<td>11,609</td>
<td>0.3</td>
<td>22,277</td>
<td>52.1</td>
</tr>
<tr>
<td>1922</td>
<td>5,981</td>
<td>4,437</td>
<td>10,719</td>
<td>13</td>
<td>21,625</td>
<td>49.1</td>
</tr>
<tr>
<td>1923</td>
<td>7,630</td>
<td>5,067</td>
<td>12,697</td>
<td>1.5</td>
<td>24,497</td>
<td>51.8</td>
</tr>
<tr>
<td>1924</td>
<td>8,302</td>
<td>4,212</td>
<td>12,514</td>
<td>1.9</td>
<td>24,361</td>
<td>51.4</td>
</tr>
<tr>
<td>1925</td>
<td>8,233</td>
<td>4,120</td>
<td>12,353</td>
<td>1.9</td>
<td>23,771</td>
<td>52.0</td>
</tr>
<tr>
<td>1926</td>
<td>9,680</td>
<td>3,583</td>
<td>13,263</td>
<td>2.7</td>
<td>24,684</td>
<td>53.7</td>
</tr>
<tr>
<td>1927</td>
<td>10,405</td>
<td>2,988</td>
<td>13,393</td>
<td>3.5</td>
<td>24,721</td>
<td>54.3</td>
</tr>
<tr>
<td>1928</td>
<td>9,565</td>
<td>2,508</td>
<td>12,173</td>
<td>3.6</td>
<td>24,388</td>
<td>49.9</td>
</tr>
<tr>
<td>1929</td>
<td>9,305</td>
<td>2,365</td>
<td>11,670</td>
<td>3.9</td>
<td>23,970</td>
<td>48.7</td>
</tr>
<tr>
<td>1930</td>
<td>9,087</td>
<td>2,491</td>
<td>11,578</td>
<td>3.7</td>
<td>23,420</td>
<td>49.4</td>
</tr>
<tr>
<td>1931</td>
<td>9,286</td>
<td>2,692</td>
<td>11,980</td>
<td>3.6</td>
<td>23,163</td>
<td>51.7</td>
</tr>
<tr>
<td>1932</td>
<td>8,799</td>
<td>2,563</td>
<td>11,362</td>
<td>3.4</td>
<td>21,850</td>
<td>52.0</td>
</tr>
<tr>
<td>1933</td>
<td>8,171</td>
<td>2,914</td>
<td>11,085</td>
<td>3.0</td>
<td>22,145</td>
<td>50.1</td>
</tr>
<tr>
<td>1934</td>
<td>8,251</td>
<td>3,410</td>
<td>11,661</td>
<td>2.6</td>
<td>22,976</td>
<td>50.8</td>
</tr>
<tr>
<td>1935</td>
<td>8,486</td>
<td>2,978</td>
<td>11,464</td>
<td>2.6</td>
<td>23,732</td>
<td>48.3</td>
</tr>
<tr>
<td>1936</td>
<td>8,760</td>
<td>2,886</td>
<td>11,666</td>
<td>3.0</td>
<td>24,107</td>
<td>48.4</td>
</tr>
<tr>
<td>1937</td>
<td>8,970</td>
<td>3,357</td>
<td>12,327</td>
<td>3.0</td>
<td>24,068</td>
<td>51.2</td>
</tr>
<tr>
<td>1938</td>
<td>8,964</td>
<td>3,297</td>
<td>12,261</td>
<td>2.7</td>
<td>23,844</td>
<td>51.4</td>
</tr>
</tbody>
</table>

*Source: Statistical Abstract of the United Kingdom.*

less necessary following the changes which occurred in the composition of supply. Cattle disease, which had brought fluctuations in imports was now greatly reduced and closely supervised.

Since conditions altered to such an extent during the inter-war years, the continuation of the auction system would seem to be explained by the more general reasons for its introduction - the development of the railway system and the trend towards urbanisation. These factors continued to operate and appear to provide part of the explanation for the continuation of the system.

It might also be argued that even if none of the initiating factors no longer operated, this in itself may not be a sufficient reason for the disappearance of the system. It has already been shown in an earlier chapter that particular methods of marketing tend to persist for some time.

But although the developing railway system, the trend towards urbanisation and the apparent persistence of marketing systems all help to explain the continued use of the auction system, it would seem that other factors have also contributed. This chapter and the remaining chapters in the thesis will be concerned with discussing these
other factors.

2. Combination in the Retail Meat Trade

It would seem that one factor bringing about a continuation of the auction system was the strong bargaining power of the wholesaler and the retailer in relation to the farmer.

Throughout the inter-war period the retail butcher buying live animals for slaughter occupied an important part in the meat trade. In spite of the tendency for retailers to depend increasingly on supplies of dead meat from wholesalers, about one-third of the home-killed meat trade in 1930 was being undertaken by retail butchers purchasing live animals for slaughter. (3) In view of the important amount of livestock which passed directly to the retailer, combination at the retail stage in the meat trade provided an important concentration of bargaining power, which the farmer had to contend with.

Existence of Combination

Combination has existed at the retail stage in the meat trade for some time and the Linlithgow Committee took evidence in 1923 of the existence of butchers' or dealers' "rings" particularly at small auction markets, (4) in addition the Royal
Commission on Food Prices thought that the practice of butchers in a district combining to buy jointly through a single agent may be a fairly common practice throughout the country. (5) These practices have tended to reduce competition among retail butchers in the purchase of fat stock and to place the farmer in an inferior bargaining position.

Other factors have also contributed towards reducing competition among retail butchers during the inter-war years. Thus the public demand for a higher standard of hygiene and equipment among food retailers required a higher level of capital to be invested in butchers' shops and a larger amount of capital to start a new business; at the same time, stalls and barrows were now less patronised and their numbers fell. (6)

Evidence regarding the bankruptcy rate among retail butchers and in other trades, during the inter-war years is contained in Table 17. The average annual number of business failures among retail butchers and meat salesmen between 1900 and 1905, and between 1906 and 1910 was 209 and 199 respectively. Table 18 shows that between 1923 and 1928 this total was 111. The lower rate occurring during the inter-war years does not in itself
TABLE 18

TOTAL NUMBERS AND INDEX NUMBERS OF TOTAL FAILURES
IN ENGLAND AND WALES UNDER THE BANKRUPTCY
AND DEEDS OF ARRANGEMENT ACTS

<table>
<thead>
<tr>
<th>Year</th>
<th>Butchers and Meat Salesmen</th>
<th>Total in All Trades</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Index No. (1923/4=100)</td>
</tr>
<tr>
<td>1923</td>
<td>93</td>
<td>95.4</td>
</tr>
<tr>
<td>1924</td>
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<td>1938</td>
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</table>

Source: General Annual Reports of the Board of Trade under the Bankruptcy Acts.
necessarily indicate reduced competition in the retail trade during this period. A number of factors affect the bankruptcy rate among butchers over a period of time and these would require detailed consideration before any conclusion could be drawn. The higher rate of failures among butchers then in other trades, as shown in Table 18, also seems to indicate that no definite conclusion can be drawn from bankruptcy statistics.

One important factor which has contributed towards a reduction in competition among retail butchers in the inter-war years however, was the absorption of several multiple shop organisations by the Union Cold Storage Co. Ltd. in 1923. This company, formed in 1897 and controlled by Lord Vestey and Sir Edmund Vestey, took over Eastmans Ltd., The British and Argentine Co., The Argentina Meat Co. and a number of other companies each with a large number of retail shops; The Union Cold Storage Co. had thus, by 1923, control over 2,356 retail butchers' shops. (7) Individual shops were allowed some discretion in fixing prices to allow competition with other trades, but the Royal Commission on Food Prices doubted if competition was as keen between branches as it was when they were owned by separate companies. (8)
Retailer’s Dependence on the Wholesalers.

The tendency toward greater concentration at the retail stage of the meat trade improved the position of the retailer in relation to the farmer. At the same time, the evidence which the Scottish Fat Stock Marketing Re-Organisation Commission received from retail butchers in 1933 (9) indicated a tendency for retail butchers to purchase supplies of dead meat from wholesalers rather than live cattle from farmers; in this way, avoided the trouble and expense of slaughter, and the possible wastage of some by-products. Purchases made in this way allowed butchers to buy only those parts of a beast which suited their particular trade. Greater discrimination in public taste, among other things, made it less worthwhile for the retail butcher to slaughter and retail a full carcase of meat. This tendency may also be a reflection of the fact that the retail butcher was becoming more of a meat salesman, dependent on supplies of meat already cut and dressed and prepared for retailing.

Home Killed and Imported Beef.

This dependence was further increased by the public demand for greater selection and choice of home-killed and imported meat. From the beginning of the century imported meat was an increasing
proportion of the total supply, as indicated in Table 16, and by the inter-war years constituted about half the total beef and veal supply of Great Britain. Frozen beef imports tended to be of low quality competing only with the poorest quality of home produced beef. Chilled beef imports which, as already mentioned, became the main form in which imports were received, competed increasingly with home output; and when advances in chilling techniques allowed chilled beef imports to be received from Australia in the late 1930's they almost completely replaced frozen beef supplies.

Not only was it necessary for the retailer to stock imported beef in order to provide selection. It seems likely that the retailer obtained a higher percentage margin of profit on imported beef than on home produced beef and so found it more profitable to sell. The absolute margins obtained on both types of beef are likely to be approximately similar since the costs of retailing an equal amount of both will tend to be about equal; imported beef however tends to be lower priced and so is likely to provide a higher percentage margin of profit.

The Linlithgow Committee showed that imported
beef enjoyed this advantage during 1923 (10) and the Royal Commission on Food Prices, when it reported two years later reached the same conclusion (11).

It would seem that the advantages which the retailer obtained from selling imported beef and the increasing importance of imported beef in the total beef supplies tended to make the retailer more dependent on the wholesaler for much of his supplies; previously he had tended to purchase live animals at the auction market.

3. Combination Among Wholesalers

Combination among wholesalers also provided an important source of bargaining power which the farmer had to contend with. Sale by auction, which tended to increase in Great Britain at the expense of sale by private bargain, at least during the early 1920's, and which accounted for about 80 percent of the sales of fat beasts in England and Wales at that time (12), was to the advantage of the wholesaler. The wholesaler's profit is made by buying animals in bulk and later grading, slaughtering and distributing the meat according to the demands of particular retailers. Any system of grading or sale by live or dead weight
is in this respect contrary to the wholesaler's interest and attempts to improve the marketing system by the introduction of these systems in the late 1920's met with opposition, as will be shown later.

Home-Killed Trade.

No important combination among wholesalers of home-killed beef appears to have existed at least prior to or immediately following the first world war. (13) This may be explained to some extent by the fact that no "bottleneck" exists in the home-killed trade similar to the importing of meat which would facilitate control over supplies. Lack of combination may also be explained to some extent by the fact that the wholesale trade in home-killed beef tends to consist of a number of merchants each operating in a different way; wholesale carcase butchers buy fat cattle and sell dead meat on the wholesale dead meat market on their own account; commission salesmen receive fat cattle or dead meat for sale on a commission basis while jobbers buy consignments of dead meat for re-sale in smaller quantities to meet the particular demands of individual retailers; the wholesale meat trade must also be carried on in competition
with retailers, large and small, who may purchase, slaughter, cut and dress their own supplies. (14)
Not only do fat cattle in many cases pass through several hands before they are finally slaughtered; similar transactions generally occur in dead meat. (15)

Nor did any combination exist at this time in the trade in imported meat from Europe or in frozen meat from the Dominions. (16) In the frozen meat trade the ability to withhold and control supplies coming on to the market was much greater than the trade in home-killed fresh meat or, later, in chilled meat. The power to withhold supplies is limited to some extent by the fact that new supplies are always coming forward from a number of sources. Yet, although a Frozen Meat Trade Association was formed among the importers from Argentine, New Zealand, Australia, and others in the trade, no attempt was made to control prices or supplies. (17) Evidence exists, however, of considerable concentration among importers in other sections of the trade.

The Argentine Trade

At the beginning of the present century the bulk of the United Kingdom import trade in beef
from the Argentine was in the hands of three companies, Compañía Sansinena, The River Plate Fresh Meat Company and the Las Palmas Produce Company. These companies purchased, slaughtered chilled and frozen beef for the U.K., the London and exported managers of the companies meeting regularly to reach agreement on prices at which the beef was resold. (18) In 1907 Swift and Co., by purchasing the La Plata Cold Storage Co., entered the Argentine trade; in 1908 Armour and Co. and Morris and Co. also entered it; a fourth United States Company, Wilson Meats Ltd., also took part in the trade; even before the end of the first decade in the present century the volume of business conducted by these four companies made any agreement between the three original Argentine Companies ineffectual as a means of controlling the market (19). The four United Companies - which were shown by a number of investigations in the U.S. during the late 19th and early 20th century to control more than 50 per cent of the beef trade there (20) - now proceeded to increase their share of the Argentine meat trade.

Until 1911 no agreement existed between the American companies and the other companies engaged in the Argentine beef trade. In November 1911,
however, and again between 1913-1914, a "meat war" existed in which cattle prices in the Argentine were forced up and meat prices in the United Kingdom were depressed. The period of intense competition was followed in each case by an agreed division of the trade, the American companies on each occasion expanding their share. Where in 1909 the American companies had controlled approximately 35 per cent. of the trade, the agreement ending the meat war of 1913-1914 brought the American share of the trade up to 59 per cent. of the total. The 1914 agreement now took the form of a pooling agreement of all the insulated shipping tonnage serving the South American beef trade and from this time shipping space was allocated to member companies on an agreed basis. By 1920 the American companies had also taken a share in the U.K. beef trade from other countries, having acquired exporting businesses and storage capacity in Australia, New Zealand and Canada. (31)

Further changes in this trade affecting the distribution of beef within the United Kingdom occurred in the years following the first world war. The two British companies operating in conference with the American Meat Trust in 1914
were the British and Argentine Meat Company Ltd and the Smithfield and Argentine Meat Company Limited. (23) In 1923 the Union Cold Storage Company, which had already acquired a number of meat distributing concerns in the United Kingdom, obtained control of a number of other multiple retail shop companies, including W. and R. Fletcher, The Argentina Meat Company and Eastmans Ltd., and also took control of The British and Argentine Meat Company. (23) The Union Cold Storage Company already controlled meat companies in Argentina, Brazil, Venezuela, Australie, New Zealand and in other countries and owned the Blue Star Line Ltd., of meat ships, although it was not a member of the South-American shipping conferences. (24) The amalgamation of 1923 not only added greatly to the control which the Union Cold Storage Company had of meat distribution in the United Kingdom but also made it a member of the South-American Meat Importers' Freight Committee which regulated imports of meat from South America. The Argentine meat trade thus eventually came under the control of the American Companies, The British and Argentine Meat Co. Ltd. (Union Cold Storage Co. Ltd) Smithfield and Argentine Meat Co. Ltd., and
Sansinena Meat Co. Ltd.,

Until 1932 the Freight Committee companies had a virtual monopoly of the Argentine meat trade. The policy of expanding United Kingdom trade with Commonwealth countries and the imposition of quantitative controls on the import of meat from non-Commonwealth sources (25) placed some limitations on the power of this monopoly; in addition from 1933 a limit was placed on the share of the Argentine trade undertaken by the Freight Committee companies and the companies were now limited to 85 per cent of the Argentine trade. The import duty placed on beef in 1936 and further controls on beef imports in that year also limited the power of the Freight Committee Companies. On the other hand the control of imports from 1932 necessitated the licensing of importers and this tended to perpetuate existing conditions in the trade and to protect the virtual monopoly position which the Freight Committee companies held. The large proportion of the South American meat trade which the companies conducted was, to this extent, held more securely.

**Control Over Distribution And Price**

In addition to controlling supplies from the Argentine, the Freight Committee companies controlled
the distribution of these supplies in the United Kingdom as far as the retailer, while the Union Cold Storage Company was able to handle supplies to the point of sale to the consumer. (26) The Australian importing houses handling frozen meat sold their supplies to independent wholesalers; a quick distribution of their supplies was not essential. The South-American meat companies, however, dealing mainly in chilled beef for which a limited period only can be allowed for distribution, owned stalls at Smithfield but also had their own depots and agents in the provinces selling imported beef to local retailers. (27) Immediately after the first world war the American companies, owning 34 out of the 364 stalls at Smithfield, conducted about half their trade through jobbers on the markets; (28) an important part of their trade was thus conducted through independent wholesalers. With the establishment of wholesale depots throughout the country however, (29) an increasing proportion of the trade was handled by the importing companies until it reached the retailer; provincial depots were supplied direct from ports on the directions of head offices until, but 1938, about five-sixth's of the Argentine meat was being
distributed to retailers by the importers themselves, the remaining sixth being handled by jobbers and wholesalers like the C.W.S. (30) The proportion of the trade handled by independent wholesalers had thus fallen.

Although the Freight Committee companies exercised considerable control over supply and distribution the influence they exercised over wholesale prices in the United Kingdom and the price at which the retailer sold chilled or frozen beef to the consumer was limited. The wholesale price at which supplies were sold from provincial depots to local retailers were closely controlled by the head offices of the companies. Prices at the provincial wholesale depots were fixed each day according to the ruling price at Smithfield and provincial agents were given little discretion in changing these even when beef had deteriorated in quality. (31) But although each company placed an agreed amount of supplies on the market each week and although in 1913 the United States meat companies were supplying about half the imported beef supply and over 45 per cent. of the beef supply at Smithfield, (32) their power in determining wholesale prices at Smithfield was limited. Evidence given before a Sub-Committee appointed in 1920 by
The Standing Committee on Trusts showed that climatic conditions and the quick deterioration of chilled beef, necessitating quick sales, restricted the ability of the importing companies to control prices by manipulating supplies; supplies from Australia and New Zealand and home supplies of fresh beef and mutton coming on to the market also limited the power of the importers. (33) The evidence suggested that as a result of these factors any control which the importing companies had over prices was limited to a few days' duration.

It would seem that this power has not increased greatly, if at all, during the inter-war years. During the inter-war years. During the 1920's and early 1930's when the Freight Committee companies held a virtual monopoly of the South American Meat trade, beef imports into the U.K. from the Argentine constituted 70 to 80 per cent. of total U.K. beef imports. During the 1930's however not only did this proportion fall to approximately 65 per cent. as Table 19 shows, but the share of this trade from the Argentine undertaken by the Freight Committee Companies was limited in 1933 to 85 per cent of the total. (34) These factors and the tendency for chilled beef to form an increasing proportion of total supplies suggest that the
<table>
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<th>Frozen Beef (000 cwt.)</th>
<th>Total (000 cwt.)</th>
<th>Chilled Beef (000 cwt.)</th>
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Source: Trade and Navigation Accounts
ability of the companies to influence wholesale prices during the inter-war years did not increase and may rather have been reduced.

**Control over Retail Prices**

It seems likely that their influence over retail prices was less since although much of the imported supplies from the Argentine were controlled to the wholesale stage, the retailing of imported beef involves processing which is not standardized.

It has already been shown that the retail butcher cuts and prepares beef according to the type and quality of the trade he is engaged in. Where retail prices may be high in one area for the particular cuts demanded in that area - the butcher cutting his meat in order to meet these demands - similar cuts may bring lower prices in other areas.

Differences in the quality of meat also bring variations in prices and in total receipts. Any attempt, therefore, to institute a system of price maintenance in the meat trade would meet these difficulties and no evidence appears to exist in the various official investigations made into the meat trade in the United Kingdom of any such attempts by the importing companies. A fair retail price list
prepared by the Superintendent of the Smithfield market and published for some time in London newspapers as being a guide to fair retail beef prices was criticised by the Royal Commission on Food Prices on account of the wide variation in retail prices between different areas. As a result the Commission considered the publication of such price lists was dangerous and might encourage some retailers to raise their prices rather than make others lower them. (35) Variations in the skill of individual retail butchers also implies that that margin which the retailer can expect between the purchase and sale price is likely to vary.

Any attempt to fix retailers' margins under a system of price maintenance is thus unlikely to be successful in the chilled beef trade even although the imported supply is controlled to the wholesale stage and to a certain extent to the point of retail distribution.

It seems probable that price cutting by retailers took place in the chilled and frozen beef trade and had some effect on the importing companies, making a system of price maintenance very desirable from their point of view. Retail prices in the meat trade depend very much on the individual
trader; in addition, chilled beef can only be held in stock for a very limited period and price cutting may be used to reduce stocks or attract custom to other lines of business. A cut in prices reduces the retailer's margin of profit, other retailers being forced to accept a similar cut; this may have important effects, particularly on small retailers, who may be unwilling to continue stoking supplies of those goods; wholesale supplies are affected accordingly. Systems of re-sale price maintenance have been instituted in many trades for these reasons (36).

Although imported beef is sold as an unbranded commodity, it might seem that a system of price maintenance could still be applied to it especially since supply is controlled to such a large extent; attempts have been made to maintain the price of other unbranded goods such as bread. (37)

But while a system of price maintenance may have been desired by the importing companies to restrict price cutting and encourage sales, the wide variation in the type and quality of the trade of individual retailers and lack of standardisation in the cutting and preparation of meat appear to have prevented its introduction.

Evidence taken by a Board of Trade Committee
inquiring into combination in the meat trade prior to the first world war, suggests that the importing companies may have attempted to introduce a price maintenance system at this time; the committee considered that:

"There is some ground for believing that if a trader does anything distasteful to one American firm the fact is communicated to the others, and that he may consequently find it difficult to secure favourable terms or commercial consideration from any one of them." (36)

But the evidence on this was incomplete and later investigations provided no evidence that the importing companies were withholding supplies from retailers who cut prices or charged too highly, or that the importing companies were selling only to a limited number of chosen retailers or using similar methods to control the retail sale of supplies.

Nor is the available evidence conclusive that the importing companies were "distracting" the country, allocating certain areas to particular firms. Early in the first world war the four American companies and one British company had a total of 144 wholesale depots in 61 towns: (39)
after the war, as has been indicated, the companies tried to increase the amount of supplies going directly to the provinces. In a number of these towns (seventeen) the United States companies had no competition in chilled beef, in others (three) the British company had no opposition, while in the remainder a few of the import companies competed or could compete with each other. (40) But it cannot be concluded that wholesale agencies were established in particular towns throughout the country by the importing firms with a view to avoiding competition with each other.

Although it can be concluded that the importing companies concerned with the Argentine trade could not exercise any undue influence over wholesale or retail prices, a similar situation did not exist in the home-killed trade. It will be shown in a later chapter that local wholesale and retail trade associations dealing with home-killed meat have been concerned with controlling supply and price; variations in the method of cutting between different retail shops, differences in the quality of meat and similar factors have not been sufficiently important to prevent the introduction of retail price maintenance in particular areas of the country.
4. The Importing Companies and the Method of Marketing

The power of the importing companies in determining wholesale and retail prices was limited, and also their competitive power with the home-killed trade. The importing companies, however, exercised considerable influence over the marketing of fat cattle and the wholesaling of home-killed beef.

At least one of the importing companies, Morris and Company, was a large buyer of British and Irish cattle prior to and immediately following the first world war, (41) although no evidence exists that they had any disturbing effects on cattle markets within the United Kingdom. The direct control of over 2,000 retail shops by the Union Cold Storage Company after 1923 also suggests that the distribution of home-killed supplies was now tending to be controlled increasingly by the import companies. But although this tendency appears to have existed, the most important influence which the power of the importing companies had in the marketing system for the home-killed trade was in relation to the National Mark Scheme introduced in 1929.

The National Mark Beef Scheme

The National Mark Beef Scheme was a voluntary
scheme introduced in 1929 for the grading and marking of British beef as part of the National Mark programme of standardization of many agricultural products. The Scheme was introduced in the first instance in the London area, the Birmingham area, and in North-East Scotland and Birkenhead for beef being transported to London; in January 1931 the Scheme was extended, on the recommendation of a Ministry of Agriculture investigation committee, to an area in the West Riding of Yorkshire including Leeds, Bradford and Halifax. Official graders of the Ministry of Agriculture graded and marked carcases in public abattoirs or private slaughterhouses within these areas, free of charge, and at the request of the owners; three grades were used in England, two in Scotland. At the same time the Ministry of Agriculture and Fisheries also started a scheme by which farmers could consign cattle to grading centres for grading by the Ministry's graders and for sale on a dead weight and grade basis; price quotations for a particular farmer's cattle were obtained by the Ministry's graders from a number of wholesalers, the quotations being based on the official statutory grades; these were sent to the farmer and if accepted by him his
cattle were weighed and graded and he received payment from the wholesaler on the basis of this grading. (42)

The main object of the grading scheme was to encourage the demand for and so increase production of high quality cattle by the introduction of standard grades and by sale under this grading system. The consumer would thus be guaranteed a specified standard of quality and origin, and protected against substitution of inferior quality beef; it was expected that this guarantee would stimulate demand for high quality home-killed beef and so high grade stock. The distributor would also benefit from the increased production by handling a greater volume of trade. At the same time it was hoped that the National Mark grading system by providing a standard system of grades would give a basis for sale by grade and dead weight and the introduction of dead weight sale scheme was an experiment with this object; (43) sale in this way would allow farmers to obtain more completely the reward for high quality cattle and indicate the type of cattle required. By providing a system by which stock could be consigned by farmers directly to butchers in the consuming areas for grading, slaughter and sale
on a dead weight basis an organised system of marketing would be developed providing an alternative to the auction system.

Effect of the National Mark Scheme

The scheme had its desired effects and Ministry of Agriculture committees investigating the scheme some time after it had begun operating showed that London now attracted a higher average quality in beef supplies and a greater proportion of British beef; home-killed beef was replacing imported beef and a stimulus was being given to quality production; imported supplies fell slightly. It was evident then that the consumer appreciated quality beef and preferred it to imported beef. In addition, wholesale beef prices fluctuated less and as a result fat cattle prices were steadier since the inauguration of the scheme. (44) Since the scheme provided benefits in this way, both committees recommended the continuation and extension of the Grading Scheme and the continuation of the scheme for the sale of cattle on a grade and dead weight basis.

The introduction of this grading and marking scheme was welcomed by consumers and producers alike. Within two years of the scheme being put
into force a demand for National Mark beef had been established. Farmers' organisations supported it particularly since it was linked to the system of sale on a grade and dead weight basis and provided a method for a new system of marketing; grading also allowed farmers to receive a return which was a more accurate reflection of marketing value than they received from the sale of ungraded cattle. (45)

Opposition to the National Mark Scheme

The wholesale section of the trade, however, opposed the scheme along with the meat trade organisations, The National Federation of Meat Traders' Associations and The Meat Traders' Associations in Scotland. Opposition was expressed by these sections of the trade before the scheme was inaugurated and continued when it began to function; this appeared in the form of resolutions at annual conferences and propaganda against the scheme to discourage local wholesale associations from submitting their beef for grading and marking. This opposition had considerable success and by 1931 wholesalers' associations in Birmingham, Aberdeen and Leeds decided that no beef belonging to their members would be submitted
for grading and marking. (46) The advances made by those sections of the trade opposing the scheme were sufficiently effective in discouraging it that a Ministry of Agriculture investigating committee decided in 1932 that the continuation of the scheme would require some form of compulsory grading and made recommendations to this effect. (47)

The meat trade organisations opposing the scheme alleged that it had brought no increase in their trade, that official grading was unnecessary since the retailer grades when buying from the wholesaler, and that the scheme was therefore a waste of public funds benefiting neither producer, consumer nor distributor. (48) More fundamental reasons existed, however, for the opposition of the meat trade and their official organisations. Since approximately half the total beef supplies during the 1930's were imported, the Committee investigating the scheme in 1932 considered that about half the wholesale meat traders were concerned solely or largely with imported meat; a large part of the remaining wholesalers were concerned with cow beef and low quality home-killed beef and only a small number with high grade beef; the majority of the wholesale trade were thus unlikely to encourage an
expansion in output of a type of beef they did not trade in and which was competitive with their own trade.

Opposition to the scheme may also be accounted for in the fact that grading, previously performed by individual wholesalers and retailers in their trading operations, would now be placed on a uniform basis and taken out of the hands of individual traders. The possibility of profit from the bulk purchase of ungraded animals and the subsequent sale of graded meat was thus reduced. But the main reason for opposition lay in the general interest which the meat trade had in maintaining the existing type of output and the method by which it was marketed. It seems likely that a large proportion of the wholesalers handling only or mainly imported meat were agents for or subsidiaries of the Freight Committee companies and as such acted together in their attitude to the scheme.

Although the National Mark Schemes for grading and marking and for sale on a dead weight and grade basis were opposed by the meat trade, they continued throughout the 1930's. (49) The grade and dead weight scheme introduced originally as a local scheme for the sale of cattle in southeast England
in 1929 was extended generally to sheep in 1933 and to some classes of cattle previously excluded (e.g. cows) and to pork pigs in 1934. Grading and marking continued after the subsidy scheme was introduced in 1934, and the dead weight and grade scheme, by 1938, provided a method of sale for over 13,000 cattle in Great Britain. (50) But both schemes attracted only a relatively small proportion of the cattle marketed in Great Britain during the 1930's.

5. Conclusion

Custom and convenience have encouraged the farmer to continue using the auction system for the marketing of livestock. The system once established, has persisted partly for this reason. This has been encouraged by the relatively small and scattered nature of the production units; and since the individual farmer markets relatively small numbers of cattle on few occasions during the year he is concerned more with local marketing facilities and conditions than with the marketing system generally.

The expanding railway system, which, during the present century allowed the development of central markets, and the trend toward urbanisation also provided conditions conducive to the continued use of the auction system. But these factors do not seem to provide a complete explanation for the
use of this system of marketing.

An important factor in this respect would seem to be the strong position of the wholesale and retail in the meat industry in relation to the producers. It has been shown that although producers were able to use the powers of the Agricultural Marketing Acts, no marketing scheme for meat and livestock was introduced under the Acts during the inter-war period. On the other hand, strong concentration was seen to have existed in the import section of the wholesale meat trade and this influence along with the retail associations was shown to have been sufficient to prevent changes in the system of marketing when the National Mark Beef Scheme was introduced and the Ministry of Agriculture's Grade and Dead Weight scheme was started in 1929. Both the National Mark Scheme and the Grade and Dead Weight Scheme were relatively small; but they provided an opportunity for developing a system of grading and marking and a system of sale on a grade and dead weight basis which would have been an alternative to the auction system.

It has been shown that the importing companies were strongly organised and that they had consider-
able influence in the marketing of beef since imports provided about half the total beef supplies; the extension of their activities into retail also strengthened their position. The importing distribution companies were seen to have limited power to control the price of imported beef at the wholesale or the retail stage and this power appears to have been reduced as home production expanded, protected by a limitation on imports; in addition replacement of frozen beef by imported chilled beef also tended to limit the power of the importing companies over price.

The important influence which the importing companies had however, was in discouraging the development of a new system of marketing when the National Mark and Dead Weight Schemes were introduced in 1929. The retail trade organisations were also important in discouraging the use of these schemes. The tendency toward concentration among retailers by the formation of agreements for the purchase of cattle, the reduction of competition between retail shops and similar tendencies tended to increase the bargaining power of retailers and since an important part of the retail trade during the inter-war years was in the hands of butchers who purchased directly from farmers, this
bargaining power affected an important part of home output. As in the case of the importing companies however, the most important influence which the retailers had in influencing the marketing system in the inter-war years was the efforts of the retail trade associations in discouraging a new system of marketing when changes were introduced in 1939.
CHAPTER VIII
USE OF THE AUCTION SYSTEM IN THE
POST WAR YEARS

The previous chapter has discussed reasons for the continued use of the auction system during the inter-war years. The auction system returned to general use after the decontrol of meat and livestock in July 1945, but did so under conditions of guaranteed prices and assured markets and also an Annual Review of Farm Prices. These conditions were obviously considerably different from those existing during the inter-war years. This chapter will therefore be concerned with the reasons for the return of the auction system in this new setting.

The conditions under which the auction system came into general use during the 19th century have already been described. It would seem that under the circumstances of impending change within agriculture at that time, the auction system was particularly useful in indicating changes in livestock prices and their relation to other agricultural prices. It would seem to be a strong argument in favour of the system that it allows price adjustments to take place quickly so reflecting changes occurring within the livestock industry and in its
relation to other agricultural industries. Adjustment to meet increasing foreign competition in beef during the inter-war years was left to the effects produced by a free price market and some change from beef production to milk production resulted.

The fixing of prices during the recent war and the development of the Price Review system from that time has now resulted in a planned adjustment between agriculture and other industries and within agriculture itself. The fixed prices existing in war-time have been replaced by a system of standard prices with guaranteed deficiency payments for all classes of livestock; and the Annual Price Review indicates in general terms whether an expansion or reduction in the production of each commodity is desirable. Under such arrangements it may be questioned whether the auction system has the same part to play. The price mechanism has not been replaced; but the large and quick changes in price which the auction system facilitated during the 19th and present centuries and which have been previously used to bring changes in the total size and composition of agricultural production, no longer seem to be considered as a desirable method for bringing about
these ends.

It must then be considered why the auction system returned to general use after July 1954 under the circumstances which then existed.

1. Reasons for the Return of the Auction System

Auction System and High Quality Stock

It may seem that the auction system is more fitted to the marketing of high quality stock than a system of sale by grade and dead weight and the system may appear to have persisted partly for this reason. Individual farmers may be known for the quality of stock they keep and may receive a premium at the local market for this reason; they will then tend to continue using the auction method of sale which allows them such a margin for quality.

It does not appear to be the case, however, that the auction system has taken a much greater proportion of the higher quality stock than the system of sale by grade and dead weight. Tables 20 and 21 show the proportions of cattle passing through liveweight and dead weight centres in Scotland and in England and Wales, April 1955 to March 1956. These indicate that the proportion of Grade A cattle in the total numbers certified at liveweight centres and at dead weight centres are largely similar; in
### Table 2.0

**Grading of Cattle Certified in Scotland Under the Fatstock Guarantee Scheme, April 1955 to March 1956, Excluding Private Sales.**

<table>
<thead>
<tr>
<th>Grade</th>
<th>Numbers</th>
<th>Per Cent of Total Supply</th>
<th>Per Cent of Total Supply at Liveweight Centres</th>
<th>Per Cent of Total Supply at Deadweight Centres</th>
<th>Per Cent Sold Through Liveweight Centres</th>
<th>Per Cent Sold Through Deadweight Centres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Super and Grade A</td>
<td>188,543</td>
<td>79.31</td>
<td>81.31</td>
<td>69.52</td>
<td>85.17</td>
<td>14.83</td>
</tr>
<tr>
<td>B</td>
<td>38,454</td>
<td>16.18</td>
<td>14.20</td>
<td>25.88</td>
<td>72.93</td>
<td>27.07</td>
</tr>
<tr>
<td>C</td>
<td>6,151</td>
<td>2.59</td>
<td>2.46</td>
<td>3.21</td>
<td>79.00</td>
<td>21.00</td>
</tr>
<tr>
<td>D</td>
<td>1,635</td>
<td>0.69</td>
<td>0.78</td>
<td>0.22</td>
<td>94.74</td>
<td>5.26</td>
</tr>
<tr>
<td>Special</td>
<td>2,938</td>
<td>1.23</td>
<td>1.25</td>
<td>1.17</td>
<td>83.97</td>
<td>16.03</td>
</tr>
<tr>
<td>Young Cows</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>237,721</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>83.08</td>
<td>16.92</td>
</tr>
</tbody>
</table>

**Source:** Department of Agriculture for Scotland.

1. The records of the Fatstock Guarantee Scheme in Scotland for July 1954 to March 1955 do not include the numbers of cattle certified at deadweight centres for a period of eight weeks during the early months of the operation of the scheme. The statistics of certifications during July 1954 - March 1955 have not been included for this reason. Liveweight grading was discontinued after March 1956.
<table>
<thead>
<tr>
<th></th>
<th>Numbers(1)</th>
<th>Per Cent on Total Supply</th>
<th>Per Cent of Total Supply at Centres</th>
<th>Per Cent Sold Through Centres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Super</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>279,619</td>
<td>59.65</td>
<td>57.93</td>
<td>66.88</td>
</tr>
<tr>
<td>B</td>
<td>193,442</td>
<td>30.39</td>
<td>30.87</td>
<td>28.40</td>
</tr>
<tr>
<td>C and D</td>
<td>63,385</td>
<td>9.96</td>
<td>11.20</td>
<td>4.72</td>
</tr>
<tr>
<td></td>
<td>636,446</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Department of Agriculture of Scotland.

1. Statistics of Special Young Cows which generally constitute a very small proportion of the total supply are not available from the original statistics.
the case of Scotland, liveweight centres had a slightly higher proportion of cattle graded 'A' than dead weight centres; 81 per cent as opposed to 70 per cent. In the case of England and Wales, however, where total numbers graded were considerably greater, this situation was reversed, liveweight centres having 58 per cent of their supply graded as 'A' while dead weight centres had 67 per cent.

This would seem to be an important factor in the functioning of the Fatstock Marketing Corporation. The figures suggest that the Fatstock Marketing Corporation should not find difficulty in expanding its trade through any preference which high quality stock owners have for marketing their stock through the auction system. In the case of Scotland, however, the auction system may be tending to take not only the majority of the sales but also a slightly higher proportion of the high quality cattle. Some top grade fat stock may also be sold privately.

Nor does it appear that the cattle of heavier weights are being sold by grade and dead weight whilst the relatively lighter weight animals are being sold at auction. Table 32, which shows the weight of the different grades of cattle sold by each method indicates that relatively light weight
## TABLE 22

**CATTLE GRADED IN SCOTLAND UNDER THE FATSTOCK GUARANTEE SCHEME**

**APRIL 1955 TO MARCH 1956, EXCLUDING PRIVATE SALES**

<table>
<thead>
<tr>
<th>Liveweight Centres</th>
<th>Certifications</th>
<th>% of Total</th>
<th>Av. Weight</th>
<th>Estimated Dead Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>cwts.</td>
<td>cwts.</td>
</tr>
<tr>
<td>Grade (1) A</td>
<td>160,584</td>
<td>81.31</td>
<td>10.17</td>
<td>5.90</td>
</tr>
<tr>
<td>B</td>
<td>28,045</td>
<td>14.20</td>
<td>10.37</td>
<td>6.01</td>
</tr>
<tr>
<td>C</td>
<td>4,825</td>
<td>2.46</td>
<td>9.5</td>
<td>5.4</td>
</tr>
<tr>
<td>D</td>
<td>1,549</td>
<td>0.78</td>
<td>9.0</td>
<td></td>
</tr>
<tr>
<td>Special Young Cows</td>
<td>2,467</td>
<td>1.25</td>
<td>9.75</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>197,504</td>
<td>100</td>
<td>10.18</td>
<td>5.80</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dead Weight Centres</th>
<th>Certifications</th>
<th>% of Total</th>
<th>Dead Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>cwts.</td>
</tr>
<tr>
<td>Grade (1) Super A</td>
<td>27,959</td>
<td>69.52</td>
<td>5.77</td>
</tr>
<tr>
<td>B</td>
<td>10,409</td>
<td>25.88</td>
<td>5.7</td>
</tr>
<tr>
<td>C</td>
<td>1,292</td>
<td>3.21</td>
<td>2.99</td>
</tr>
<tr>
<td>D</td>
<td>86</td>
<td>0.21</td>
<td>4.51</td>
</tr>
<tr>
<td>Special Young Cows</td>
<td>471</td>
<td>1.18</td>
<td>5.58</td>
</tr>
<tr>
<td>Total</td>
<td>40,217</td>
<td>100</td>
<td>5.72</td>
</tr>
</tbody>
</table>

(1) Grades A, B and C must kill out at over 54 per cent in order to qualify under the Fatstock Guarantee Scheme; Grade D must kill out at more than 50 per cent and cows more than 54 per cent.

Source: Department of Agriculture for Scotland
animals were classed as Grade A and that the average weight of cattle in each grade was approximately similar for the two methods of marketing.

The evidence presented has allowed a comparison of Scotland with England and Wales. It indicates that although the auction system accounts for the majority of the cattle marketed, no particular type of animal appears to be marketed in this way, rather than by grade and dead weight. A more detailed regional analysis might lead to a slight modification of this conclusion; but it seems unlikely that it would reverse it.

If this conclusion is correct the preference given to the auction system must be explained on other grounds.

**Auctioneers' Credit**

The credit supplied by auctioneers to farmers might also appear to provide an important reason for the continuation of the auction system. This is generally given, as indicated in previous chapters, on an agreement that the farmer markets the stock through the auctioneer's market.

The available information on the amount of credit given by auctioneers to agriculture in the United Kingdom indicates that this amounted to approximately £8 million annually during the early
1930's. (1) Statistics of bank lending to agriculture during this period are very limited but it would appear that £58 million was lent during 1933 by banks in England and Wales to agriculture; (2) and it seems likely that about £8 million was being lent at this time by banks in Scotland. (3) Thus, the credit provided by auctioneers was in the region of one-eighth of the amount provided by banks at this time. (£66 million). Auctioneers' credit was a source of capital to farmers during the 1930's even if it was not the most important source available.

Government policy since 1951 of restricting the supply of bank credit has slowed down the rate at which the annual total supply of bank credit has increased to agriculture and fishing. This is seen in the figures quoted below. The net annual increase in bank advances was approximately £25 million until 1953, when it fell sharply. As a result, auctioneers' credit - which may also have suffered from the credit squeeze - may have replaced bank credit to some extent and may now be of relatively greater importance to the farmer than during the 1930's; but sufficient information is not available to allow any conclusion to be drawn.
Bankers' Advances to Agriculture and Fishing in Great Britain at February each Year 1947-55 (4)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947</td>
<td>£ 80.12 m.</td>
</tr>
<tr>
<td>1948</td>
<td>101.73</td>
</tr>
<tr>
<td>1949</td>
<td>126.74</td>
</tr>
<tr>
<td>1950</td>
<td>151.68</td>
</tr>
<tr>
<td>1951</td>
<td>177.88</td>
</tr>
<tr>
<td>1952</td>
<td>198.58</td>
</tr>
<tr>
<td>1953</td>
<td>195.14</td>
</tr>
<tr>
<td>1954</td>
<td>208.13</td>
</tr>
<tr>
<td>1955</td>
<td>234.8</td>
</tr>
</tbody>
</table>

Even if the provision of credit from this source was important to farmers and provides a reason for the continued use of the auction system, it does not explain why the system should be used predominantly for cattle and sheep but not for pigs.

Auction System Provides a Gamble

Again it may be argued that the auction system provides a gamble which a system of grade and dead weight prices, announced by the Fatstock Marketing Corporation a week in advance, does not allow; and it may seem that the auction system is preferred for this reason. Thus the prices obtained at any auction market during one day are quoted as a price range, the highest and lowest prices being quoted (e.g. steers 7 - 10½ cwt. 100/- to 151/- per cwt). Where a single price per pound tends to be quoted for sale by grade and dead weight. The possibility that the farmer may obtain the highest quoted
price or at least has an opportunity of obtaining it may appear to be a strong incentive to him to market his stock by this method; differences in prices and in the range of prices between different markets and between different auctioneers selling in the same market may also make the use of the auction market preferable to the system of set prices.

It may appear also that the auction system is attractive to farmers since auction prices have tended to rise above Fatstock Marketing Corporation prices on some occasions; the possibility that exists of relatively higher prices at some periods than those obtainable through sale by grade and dead weight.

But although these factors help to explain the farmers' preference for the auction system they again do not explain why the system is used in the case of cattle and sheep but not in the case of pigs. This would seem to depend on the system of dead weight grading used for pigs as opposed to the method of deadweight grading for cattle and sheep and provide the fundamental reason for the farmers' preference for the auction system.

3. Dead Weight Grading

Sale by grade and dead weight appears to be
used generally for the marketing of pigs rather
than for cattle and sheep because of differences
in the commodity concerned and through differences
in the method of dead weight grading between pigs
and cattle.

Dead Weight Grading of Pigs

Pigs marketed by grade and dead weight and
certified under the Fatstock Guarantee Scheme are
classified in the first instance within certain
defined weight ranges. Most bacon pigs fall within
one weight range - seven score to eight score
fifteen pounds - and almost three-quarters of the
pigs graded in Scotland under the Fatstock Guarantee
Scheme are bacon pigs. (5) Grading standards
operate within each of the five weight ranges, five
grades being defined. Each grade is determined by
three measurements of back fat made on the mid-back,
the loin and the shoulder and fixed ranges are
prescribed for each measurement within each grade.
Thus Grade A requires a mid-back measurement of
10/16" but not more than 1 3/16" and equivalent
loin and shoulder measurements; other grades
require slightly different measurements. Grade A
pigs need not fall exactly within each range of the
Grade A measurements and although a pig received an
"A" classification on two of the measurements made, and a "B" classification on the third it may still be accepted as a Grade A pig depending on the standards of grading set.

Grading standards can be made more severe, e.g. by requiring three "A" measurements for a Grade A pig, or by reducing the range in the measurements, in order to reduce or increase the number of pigs receiving an "A" grading as is desired. Thus it may be desirable to meet foreign competition in bacon by raising the grading standards of Grade A pigs and encouraging an improvement in the quality of home production. Alterations in the grading standards for home produced pigs have been made in the Fatstock Guarantee Scheme for this reason and an "AAA" classification has been necessary for a pig to be graded "A". (6).

Other factors can influence the grading of pigs besides the three measurements already described: thus black pigmentation of the carcase or fish taint can influence grading; both these tend to be minor factors. Within the defined weight ranges three measurements can largely determine the grading of a pig.
Dead Weight Grading of Cattle and Sheep

No comparable classification exists in the dead weight grading of cattle and sheep either physically or institutionally; all cattle are used for beef where only appropriate weights of pigs are used for bacon; in addition no standard system of processing exists for beef and mutton comparable to the curing of bacon which might determine whether some grades were more applicable than others.

In the case of cattle and sheep graded dead weight, the stock are first placed within one of five grades and then classed as 'light' or 'heavy' according to the weight range which the cattle fall within; the two weight ranges are the same for each grade. Classification of carcases into grades is determined by the 'finish', 'conformation' and 'quality' of the carcases and official standards for each of these are described in general terms.

Thus when pigs are classified by weight and graded by objective measurements, cattle are graded initially by considerations which are largely subjective. An important difference exists in this way between the deadweight grading of pigs and cattle. It follows that where subjective factors are important, producers are likely to prefer the decision of the auction system rather than sale by
dead weight and grade based on the decision of one official grader.

The fact that the quality of a pig carcase can be determined largely by weighing and by three measurements means not only that bacon pigs can be carefully selected but also that a supply of different grades of bacon can be produced of a uniform reliable quality throughout each grade. The subjective factors which are necessary to account for variations in this response are of little importance in the grading of pig carcases. Thus Wiltshire and Danish bacon tend to have a recognised reliable standard of quality. In the case of beef carcases it is more difficult to ensure a uniform standard of quality. As already indicated it is not possible to classify beef carcases in the same way as bacon carcases are segregated from the total supply. In addition the grading of beef carcases by the standards shown tends to bring - and are necessary in order to register - variations in quality within each grade. The auction system may then be preferred for the sale of cattle and sheep since it allows a premium to be paid to meet these variations and it may continue to be used until an objective system of grading similar to that used at present for pigs is developed for cattle and sheep.
Tables 35 and 36 show that in Scotland higher grade cattle are sold mainly through the auction markets rather than by grade and dead weight; figures for England and Wales show an opposite tendency. The figures quoted are only for one year and a longer period is necessary before a definite trend can be seen. Liveweight grading however, was discontinued after March 1956.

The determination of grading standards for pigs is facilitated to some extent by the existence in the case of bacon of a single product. The dead weight grading of a pig carcase thus means the direct grading of the exact commodity sold to the consumer at retail; grading standards can not only be accurately defined but can also be easily altered to meet changes in consumers' taste. In the case of cattle, the carcase becomes a side or quarter at the wholesale stage and numerous cuts at the retail stage with no standard system of cutting and pricing prevailing. The dead weight grading of a beef carcase is thus far removed from the retail cuts which are sold to the consumer; variations in the method of cutting and pricing at retail and the wide gap between the graded carcase and retail cuts means that consumer demand can not reflect back to the producer as easily as in the case of pigs. Also,
grading standards cannot be as easily altered in order to reflect changes in consumer demand in the case of beef as in the case of pigs.

It has been shown that the important differences which exist between different beef carcases require an initial grading of beef on certain standards which are to a large extent subjective. While differences exist between carcases to this extent and the subjective factors are so important in grading, the dead weight system of sale may remain of secondary importance. Beef grading may then continue to be a system based largely on subjective judgements rather than on scientific measurement unless greater uniformity is brought about in beef carcases by the introduction of a breeding policy; alternatively it may be possible to devise an objective system of grading to meet these difficulties. A breeding policy with these results would allow a grading system to operate largely on objective standards of measurement and may be a prerequisite to the general use of the system of grading on a dead weight basis.

A strictly controlled breeding policy has been used by Denmark to bring a high degree of uniformity in pig carcases and so to produce bacon of a reliable uniform quality; the export from Denmark
of only top grade produce also helps in this case. New Zealand lamb would appear to be the only other commodity of this kind which tends to have a recognised standard of quality. It seems significant in this respect that both lamb and bacon have a relatively short growing period compared with cattle and so changes can easily be made in breeding and feeding policy to meet changes in consumer taste. Lambs tend to be of a similar average weight, but in addition the export of both of these commodities allows a grading system to operate producing a commodity of uniform quality throughout.

3. The Wholesale Trade and the Auction System

Sale by auction and by dead weight have, under the Fatstock Guarantee Scheme, both entailed a system of grading. Since March 1956 grading has been discontinued in the sale of livestock by auction though it continues to be part of the dead weight system of sale. It may seem, however, that the existence of a grading system since July 1954 should in itself have improved the method of marketing. It has been argued in previous chapters that a main factor in discouraging the development of an alternative system for the marketing of cattle and beef was the opposition of the wholesale and
retail trade to a system of grading and marking when the National Mark Scheme was introduced in 1929. The purchase by wholesalers of ungraded supplies on the auction market and subsequent grading and sale by them to meet individual demands made the wholesaler an important link in the marketing system. Purchase and sale on a grade basis may tend to reduce the importance of the wholesaler in the marketing process, and his influence in maintaining the auction system.

Subjective Grading.

It has been seen that the system of grading is based largely on subjective judgements. Since the price of a fat beast is determined in this way, it is not surprising that farmers prefer the decision of the purchasers at an auction market to the individual assessments of a few wholesale dead-meat merchants. The wholesalers thus continued to be important in determining prices and in registering the differences which exist between different carcases; differences which in themselves brought subjective factors into the grading and pricing of cattle. The difficulty of obtaining a uniform standard of quality within different grades made the wholesalers of continuing importance in the marketing system even after a grading system was
introduced.

In addition it has been shown that the grading system which operated did not function beyond the point of sale by the producer. While the grading of a side of bacon meant also the grading of the commodity sold at retail this was not so in the case of a carcase of beef. Differences in the method of retail cutting and pricing of beef at retail also maintained the gap between the graded product produced by the farmer and the commodity sold to the consumer. The wholesaler continued to be important in bridging this gap.

The grading system was introduced in July 1954 to facilitate the payment of a guaranteed price and in particular to allow the payment of Individual Guarantees. It was not an attempt to introduce a system of grading or marking which would extend to the wholesale and retail stage. Individual Guarantees were introduced to provide a safeguard against individual cases of low prices at auction markets. When it was seen that the auction system and the need for Individual Guarantees no longer existed, the grading system was discontinued.

The influence of the wholesaler has thus remained although a grading system has functioned and it seems likely that this influence will
continue to be important, supporting the use of the auction system, until an objective system of grading is introduced which would extend from the producer to the consumer. This would not only reduce the influence of the wholesaler by making his function of bridging the gap between the producer and the consumer less necessary; it would also allow an expansion in the dead-weight system of sale.

Imports

Wholesalers tended to oppose the introduction of a system of grading and marking, when the National Mark Scheme was introduced in 1929, not only because it meant a curtailment of their function but also because it encouraged an expansion in a class of trade in which many did not participate. The National Mark Scheme, as shown in a previous chapter, was introduced to meet foreign competition in many agricultural commodities. The object of the National Mark Beef Scheme was to promote the demand for high quality beef and cattle by introducing a system of high quality grades and by encouraging sale under this grading system. It was not an attempt to provide a system of grades for all the cattle and beef produced but was concerned only with defining the higher quality
grades and in encouraging an expansion in the supply of higher quality cattle and beef. As has been indicated since the majority of wholesalers handled second quality beef and imported beef - both these sources providing an important proportion of total supplies - they opposed the expansion in a type of trade which competed with their own.

Estimates of the proportion of cow beef in total Scottish supplies, given in Appendix A, indicated that this proportion has tended to increase in the post-war years compared with the pre-war position. This conclusion seems to be supported by the encouragement given to milk production in the post-war years up until 1952; from that year Government policy has now been directed towards maintaining rather than increasing the number of dairy cows and has been concerned with the difficulties which may soon arise in disposing of the large quantities of liquid milk now becoming available. (7)

But although the proportion of second quality beef has increased, at least in the total output of Scotland, imported beef has become less important in total U.K. supplies, as Table 23 shows. Total supplies of beef and veal, and meat consumption per head have not returned completely to their pre-
### Table 23

U.K. BEEF AND VEAL SUPPLIES

('000 tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Home Supply (a)</th>
<th>Net Imports (b)</th>
<th>Total</th>
<th>Domestically Produced</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>604.7</td>
<td>585.4</td>
<td>1,190.1</td>
<td>51</td>
</tr>
<tr>
<td>1947</td>
<td>509.4</td>
<td>506.2</td>
<td>1,015.6</td>
<td>50</td>
</tr>
<tr>
<td>1948</td>
<td>498.5</td>
<td>361.9</td>
<td>860.4</td>
<td>58</td>
</tr>
<tr>
<td>1949</td>
<td>528.2</td>
<td>361.3</td>
<td>889.5</td>
<td>59</td>
</tr>
<tr>
<td>1950</td>
<td>633.7</td>
<td>329.2</td>
<td>962.9</td>
<td>66</td>
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<td>1951</td>
<td>652.0</td>
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<tr>
<td>1953</td>
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<td>285.9</td>
<td>917.8</td>
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<tr>
<td>1954</td>
<td>782.7</td>
<td>234.0</td>
<td>1,016.7</td>
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</tr>
</tbody>
</table>

(a) Including fresh meat imported from the Irish republic and production from imported Irish Fat Cattle.

(b) Excluding fresh meat imports from the Irish republic.

Source: Commonwealth Economic Committee: "Meat" (1952) and (1955).
war level and a slight expansion in imports, especially of chilled beef may take place. (8) It would appear, however, that where second quality beef has become more important, imports have become less important in total supplies; the relative position and influence of wholesalers handling these classes of beef does not then appear to have changed greatly in these respects compared with pre-war.

It seems likely, however, that the proportion of home-killed supplies handled by the wholesale trade has increased in comparison with the pre-war situation. It has been indicated in a previous chapter that an important part of the trade in beef was retained in pre-war years by butchers who bought their supplies directly from farmers or at the auction market. The long period of control, 1940-54, did not allow purchase by this method and many butchers may have little experience in appraising a live animal any may be unwilling to buy at the auction market for this reason. A factor of greater importance in this respect is the reduction in private slaughter facilities in the post-war years. This reduction has meant a fall in the total number of slaughter-houses from 16,000 pre-war to approximately 3,000 at present and this number will
will be reduced still further in carrying out the policy of "moderate concentration"; this has already been discussed in a previous chapter.

In this respect, the position and influence of the wholesale trade would seem to have increased to an important degree; the organisation of the wholesale trade and of the retail trade must also be considered from this point of view and will be discussed in the following chapter. One important factor, on the other hand, has moderated the influence of the wholesale trade, namely the appearance of the Fatstock Marketing Corporation, which is now an important organisation on the wholesale meat market.

Subjective Grading and Dead-Weight Proposals

It has been argued that since grading has been carried out on a subjective basis farmers seem to prefer the assessment of many potential buyers at an auction ring rather than the assessment of individual wholesalers at a dead-meat market. This appears to be contradictory to the proposals made by the N.F.U. in October 1952 for a compulsory dead-weight marketing scheme. The 1952 proposals however, which have already been described, were more than an attempt to replace live-weight marketing by marketing on a dead-weight basis.
They implied a complete re-organisation of the fatstock marketing system, and of the system of transport, slaughter and distribution in order to gain economies which, it was claimed, existed. The system of marketing proposed in 1952 was thus greatly different from the dead-weight marketing system which operated pre-war.

Assessment of the value of carcases and of dead meat was made the responsibility of the marketing board in the N.F.U. scheme. It was intended that the system of grading used by the board for assessing the value of carcases should be used also as a basis for determining dead-meat prices to wholesalers. This contrasts markedly with the dead-weight marketing system which operated pre-war, and which farmers failed to support.

**Capital and Knowledge**

The assessment of the value of an animal or of a carcase on a subjective basis has been put forward as a reason for farmers' avoidance of dead-weight marketing and the preference shown for the auction system. In explaining the failure of the dead-weight system to expand however, allowance must be made for the time necessary to build up the technical and administrative experience and
the capital required for the general adoption of this system of marketing.

It has been shown previously that particular methods of marketing do not tend to come into operation immediately in response to conditions affecting them; a lagged response appears to exist in this respect. They also tend to persist for some time after alternative systems have come into use. It was shown that a period of time elapsed before the auction system was accepted generally, after the legal restrictions on its use were withdrawn and railway development and urbanisation took place.

It seems necessary then in considering the general use of dead-weight marketing to allow some period of time for the development of the capital and the technical and administrative experience necessary for its general application. Pre-war experience of the dead-weight system of sale was limited largely to the experiment conducted by the Ministry of Agriculture from 1929 onwards. This experiment remained relatively small in size, handling a relatively small number of cattle. The operations of the Fatstock Marketing Corporation provide a further opportunity for building up the capital and knowledge relevant to this particular
method of marketing.

4. **Price Control and Control of Distribution**

It has been shown that the auction system came into general use during the late 19th century because of certain general reasons and because of the particular conditions existing at that time. Particular circumstances arose from a fall in the home output of store cattle and fluctuations in store imports; this brought variations in store cattle prices in relation to fat cattle prices.

In a free market any tendency for the price of consumer goods to rise in the short term is likely to be met by a reduction in stock, an increase in imports or an expansion in production. In the case of beef however, as with other agricultural commodities, adjustment to changes in supply and demand involve other considerations.

Any increase in the demand for beef and in beef prices cannot be met by a quick expansion in the home production of cattle. A period of approximately three years is necessary to produce a store animal from the time the decision is taken, and a further period of about six months is necessary for fattening. A time lag of almost four years there-
fore exists before any rising trend in beef prices has an effect on the existing home supply of beef. This assumes that any rise in beef prices will bring an immediate response of an increase in output from breeders and feeders of store cattle. The supply of store cattle will be based on the expectations of breeders as to future store prices and future fat cattle prices, and a rise in fat cattle prices over a few years may be necessary before breeders respond by an increase in output. If such a delay is necessary to allow some confirmation of the expectations of breeders as to future prices before embarking on an increase in production, the time lag involved before supply begins to be adjusted to demand will be increased.

In addition to the difficulty of adjusting home supplies of beef to changes in demand, any rise in beef prices during the late 19th century could not be offset by increased imports. During the late 19th century imported meat was mainly in the form of live animals - fat cattle and store animals - and it was not until the early 20th century that dead meat imports outweighed imported live animals as the main source of imported meat. The import of live animals fluctuated during the late 19th century, as already shown, and changes in imports could not be used to offset changes in supply.
Stocks of meat were relatively unimportant during the late 19th century and could not be used as a balancing factor. Nor could stock be drawn on to any important extent by the marketing of fat cattle a few months earlier than they would otherwise be sold. Slaughter can only be delayed or anticipated by a very short period once an animal has been fattened, and early slaughter does not provide an important increase to supplies of dead meat.

In a free market system any tendency towards a rise in fat cattle and beef prices will be met largely by increased imports. At the end of the 19th century however, when this was not possible, beef prices fluctuated and brought relatively greater fluctuations in store prices. The increased demand for fat cattle which occurred at this time brought an increased demand for store cattle which could not be met at existing prices because of the reduction in store imports and the time lag involved in increasing the home supply of store animals. The supply and demand for store cattle were equated in these circumstances by allowing store prices to rise and fall freely; this facilitated the introduction of the auction system with its system of
bidding, as a method of equating supply and demand. During the period of control 1940-54 when the demand for meat again tended to exceed the available supply at existing prices at that time, demand and supply were equated by price control and rationing; this method was also implicit in the N.F.U. proposals of 19 of 1952.

The organisation used for the distribution of meat during the control period has already been described. It was shown that not only was the price of cattle and dead meat controlled but also that a system of allocation existed by which the available supplies were distributed to wholesalers, retailers and consumers. Wholesale Meat Supply Associations distributed supplies to member wholesalers on the basis of the size of their pre-war trade and Retail Buying Committees supervised allocation of supplies to retail distributors.

Where price control is introduced in circumstances similar to those existing in 1940 it will be necessary to introduce also a rationing of the available supplies. If a tendency to rising prices is met only by the fixing of prices, a rising trend in purchasing power will press upon a limited supply of consumer goods, the prices of which are fixed. When stocks are exhausted consumers will tend to bid
for the available supplies and suppliers will tend to attach conditions of sale to the existing supplies of the scarce commodities. Allocation or rationing of the available supply will then be necessary if an even distribution is to be ensured. Control over the distribution of one commodity, however, such as beef, may increase expenditure on another commodity, such as mutton, which may also be in scarce supply. Control over supply will then have to be sufficiently comprehensive to ensure that the suppressed demand is not shifted to other commodities.

The type of control over supply which must accompany control over price may vary depending on the commodity concerned and whether it is considered necessary that each consumer is ensured of an equal ration. Foods necessary for the maintenance of health will require a closer measure of control over their distribution than luxury foods. A system of rationing for luxury foods may thus allow consumers a measure of choice between certain commodities where this is unlikely to be possible with foodstuffs such as bread and meat. Price control over meat will therefore require a measure of control over distribution which is comprehensive and also detailed if each consumer is to be ensured
of an equal ration. The 1953 N.F.U. proposals for the marketing of meat which required control over wholesale prices thus implied also control over distribution as long as an inflationary tendency existed in meat prices, and imports remained limited.

The opposite situation would also seem to be applicable; allocation or rationing of available supplies would seem to require price control. If allocation of supply is introduced when a tendency towards an inflationary rise in prices is beginning to appear then price will remain stable only if total allocations are equal to demand at the existing prices. But although supply and demand are in equilibrium at this price, a tendency towards a rise in price may still occur. The existence of rationing will limit the supplies available to each supplier and prevent competition between them to increase their trade; the total revenue of each supplier can then only be increased by an increase in price and this may encourage suppliers in the conditions which exist to introduce conditions of sale or to raise prices. Rationing will also give consumers an assurance that their demands will be met although they may now be less concerned with the source of their
supplies and any differences between alternative suppliers. Price increases are then possible and can only be met by price control.

The control of price or supply under conditions in which a tendency toward inflation exists requires also control of the second factor.

In a free market system where inflationary conditions exist, where no stocks are held and no futures market operates, some measure of price control may be used to iron out fluctuations in prices. Fluctuations occur in agricultural prices as a result of variations in yields and output, while demand is at a given level. A time lag also exists in the response of production to changes in price. As a result, supply does not necessarily change, during the short period, in response to changes in price, in the same direction or to the same degree as demand. The supply of livestock can only be varied slightly at any time and a time lag of almost four years exists before the home supply of beef can respond to changes in price. In the case of pigs the time lag is between one and two years.

Short-term changes in supply and demand for many agricultural commodities are met by forward and future markets. A forward transaction is a
contract involving a given amount of a commodity at an agreed price for future delivery. Specified lots are usually involved and the contract – often made privately – tends to be for a year or less. A futures contract, on the other hand, is negotiated for a given amount of a commodity with no reference to specific lots or samples. It is a contract made on an organised market for the purchase or sale of a given quantity of a specified grade at a fixed price to be delivered on a future date. Where the forward contract is made with the intention of delivery, future contracts are, in most cases not settled in this way. Futures contracts are bought and sold in order to obtain a profit before the commodity is delivered, and the volume of business in these transactions is much greater than in the purchase and sale of forward contracts.

Forward contracts can be made for some agricultural commodities; but since these transactions cover a period of only a few months, they do little to meet changes extending over a period of several years.

In the case of livestock products no organised futures market exists largely because of the nature of the product involved and also the lack
of a grading system which would guarantee purchasers a certain standard of quality in their future supplies. The wide variation in quality which exists makes buyers require inspection before purchase.

The type of commodity involved also helps to explain the lack of a forward marketing system. Since the final product sold at retail is not processed, standardised or sold on a grade basis, wholesalers and retailers need not ensure that they receive a continuous supply of the same grade of the product. In addition most of the home output of meat goes into consumption immediately and stocks of fresh killed meat do not tend to be large. This contrasts with grain which is marketed in bulk at one time, which is gradable and storable, and which requires processing before final consumption; supplies of a given quality must then be guaranteed to processors in order to maintain production.

There appears then to be little basis on which a forward marketing system for home killed meat operate. Greater scope may exist for forward marketing in the case of imported meat; but as has been shown earlier, meat imports into the U.K. are
largely dominated by a small group of companies and this tends to militate against the use of a forward marketing system. Even if such a system did operate, however, it could not deal with variations in supply and demand extended over a period of years and would not bridge the gap of approximately four years which exists before beef supplies begin to respond to changes in prices.

In agricultural prices are inherently unstable in the short term, no stocks are held and no futures marketing is possible, then some measure of price control in the marketing of livestock products can be advocated in order to limit price fluctuations. The problem is then the type of price control which might be introduced and the extent to which it should be applied. This in time will depend on the object of price control. If control of prices is introduced in order to stabilize producers' incomes or to guarantee producers a minimum level of income and provide protection against the instability in prices which has been described then a system of guaranteed prices and deficiency payments might be appropriate. This would seem to be the object of the present price policy in agriculture. If the object of price policy is not only to guarantee producers a
stable income but also to control distributors' margins then price control must extend into the wholesale market in the same way as the N.F.U. suggested in its proposals for the marketing of livestock in 1952. It can be argued, however, that control of distributors' margins is a separate problem from that of producers' incomes and can be met by a marketing board or by any of the alternative methods which have already been discussed.

5. Conclusion

This chapter has shown that the introduction of any particular method of marketing into general use requires a period of time for the accumulation of capital and knowledge relevant to that method of marketing. Experience of the dead-weight method has been limited up to the present time and it must be accepted that this limited experience provides part of the explanation for the failure of the dead-weight system to expand.

Another reason has also been put forward. The return of the auction system after July 1954 would seem to be explained to some extent by the fact that an objective system of grading, similar to that used for pigs, has not so far been developed for cattle and sheep. The grading system used employs subjective judgements rather than a set
of objective measurements. A new grading system might be developed for cattle and sheep, but differences exist between these commodities and pigs, and an objective grading system may not be developed easily.

The continued appraisal of cattle on a basis of subjective judgements has meant the continued importance of the wholesale trade. This has been affected by the changing proportion of imported beef to home supplies and the proportion of second quality beef in total output. In general, however, it would seem that the importance of the wholesale trade has been influenced more by the increased proportion of the total trade which it now appears to handle; on the other hand it has also been influenced by the appearance of the Fatstock Marketing Corporation.

The amount of trade which the Fatstock Marketing Corporation is able to undertake may be limited, to some extent, by the present system of subjective grading rather than by any lack of facilities for the purchase of livestock. If this is so it might be necessary for an objective system of grading to be developed before the F.M.C. can expand into the largest wholesaler. At present time it is not clear whether the F.M.C. intends, or will be able, to expand in this way and function as
a quasi-marketing board, determining conditions on the wholesale market; or retain its present position of handling approximately 1/5th of the total fatstock trade. The latter position still leaves it with an important influence.
CHAPTER IX.

TRADE ASSOCIATIONS AND GRADING IN

THE MEAT TRADE.

In a previous chapter it was shown that combination existed in the import section of the wholesale meat trade and that this combination together with the trade associations in the wholesale and retail sections of the home-killed trade tried to prevent changes in the method of marketing during the inter-war years; thus they opposed the National Mark Scheme which attempted to establish a grading system in the meat industry. The Scheme provided a basis for the development of a system of sale by grade and dead weight. This chapter will discuss the strength of the retail meat trade association in Scotland, indicating its ability to influence the method of marketing.

The existence of combination and trade associations in the meat trade appears to provide one reason for the continued use of the auction system. A second factor which has also contributed to this, and which is connected to the first, is the assessment of grade, whether of a live animal or of a carcase, on a subjective basis. This has been discussed in the previous chapter. While assessment of value is made in this way, the wholesale and retail trades will continue to exert an important influence on the method of marketing. This chapter will discuss the method of assessing the value of a live animal or carcase, and the use of objective
grading standards for cattle and sheep.

1. Retail Meat Trade Association

The development of the wholesale and particularly the retail meat trade associations is described in Appendix B. It is shown there that, in numbers, the retail trade association in Scotland represented between one-half and two-thirds of the retail meat traders. This rather limited membership did not prevent the Scottish Federation of Meat Traders Association from opposing the introduction of grading and marking of beef when this was introduced in 1939; the Edinburgh Master Butchers' Association agreed in October 1930 that they would not submit carcases for grading and marking in an attempt to prevent the system from becoming established in Scotland (1). The Federation also opposed other attempts to change the system of marketing during the 1930's. It opposed the introduction of a marketing scheme for fatstock and meat submitted by the N.F.U. in 1931, the proposals of the Scottish Fatstock Reorganisation Commission which reported in 1934, and the subsidy paid to producers of fatstock after 1934 (2). The Federation had some success in these efforts, particularly in its opposition, along with the wholesale trade, to the introduction of grading
and marking.

Control of Retail Price and Supply.

One example of the influence which the retail meat trade association of Scotland has been able to exert over the marketing system can be seen in its actions regarding retail prices and supplies. The size of membership of the S.F.M.T.A. would appear to limit any attempt the Federation might make to control supplies and prices. This was seen particularly during the years following 1937 when the subsidy given to producers of fatstock was increased and made permanent by the Livestock Industry Act 1937, and wholesale prices of meat began to rise. Although the need to raise retail prices to offset this rise in wholesale prices was widely discussed by the retail trade at this time, (3) the Scottish Federation rejected a proposal that an attempt should be made by the Federation to fix retail prices on a national basis (4); limited membership is likely to have made this ineffective.

The Federation has also limited power over retail prices nationally, because of the variations in local demand for meat and in the method of cutting. Thus while the roughter quality and coarser cuts of meat fetch poor prices in some
areas they obviously fetch higher prices in others, and this local variation in price made the N.F.M.T.A. reject a proposal to issue a single price list to retail butchers after meat was decontrolled in 1954. (5)

**Local Price Control**

Membership of individual local associations in Scotland is in some cases small in relation to the numbers eligible, but in others it is very strong and it would seem to be in the local market rather than in the national market that the possibility of price control exists. Thus in 1939 about 95 per cent of the retail meat traders in Glasgow were members of the Glasgow Retail Fleshers' Association, (6) many being members also of the Glasgow United Fleshers' Association. (7) In the post-war years, the local associations at Edinburgh, Dundee, East Lothian and in other areas had a membership of over 90 per cent of the local retail traders and in some cases had 100 per cent membership. (8) Since meat is an unbranded commodity with local variations in price, it is likely that price control could only be achieved on a local rather than on a national scale. In
the case of a branded commodity a national price is likely to exist and it may be expected that price control would be attempted by a national organisation.

The policy of the S.F.M.T.A. as regards prices has been directed towards maintaining a margin of profit among retail butchers which it considered "satisfactory". It has thus discouraged price cutting by individual retailers and on two occasions issued a series of recommended retail prices for each retail cut of meat purchased at different levels of wholesale prices; these prices were estimated so as to allow a certain minimum percentage profit on wholesale purchase prices and were intended to be amended according to local circumstances. (9)

Attempts to control retail prices have been made by local associations and, although a few instances of this occurred prior to 1939, there appears to be a more widespread attempt by local associations to control retail prices after decontrol in July 1954.

The retail butchers' associations at Berwick and Montrose decided to raise prices by a fixed amount in May 1937 (10) and the Aberdeen Master Butchers' Association came to a similar decision
in the following year. (11) At Dundee, in the same year, butchers tried to fix the price of first quality beef (12) and in Glasgow the Retail Fleshers' Society formed themselves into a Trade Union on 7th July, 1938, which, with the assistance of local wholesalers and by the formation of local vigilance committees, was able to fix the price of meat throughout Glasgow. (13) This last mentioned attempt to control prices was the most comprehensive and the most successful; attempts by other associations were generally only successful for a short period. Individual butchers broke away from the agreement on prices in these cases (14) and it would appear that these associations did not have the same co-operation of the local wholesalers which the Glasgow Association had in restricting supplies to offenders and thus in enforcing the agreement on prices.

Once price control lapsed, attempts by local associations to control retail prices appear to have been more widespread and more successful. Some local associations, as in the case of the Edinburgh Master Butchers' Association have decided against any attempt to fix retail prices; (15) other associations, however, like the Perth and Perthshire Master Butchers' Association, Dundee
M.B.A., Hawick M.B.A., and others have issued a single price list for all retail cuts of meat (16); in some cases these have been minimum prices, in others fixed prices. No evidence exists that these price lists issued by local associations have been enforced by the stoppage of supplies by wholesalers or by other methods. At the same time little evidence exists of price cutting by individual butchers in opposition to local agreements on prices. Private butchers broke away from a local price agreement at two towns in Scotland (Arbroath and Oban) early in 1955 but there appears to have been few other cases of this kind (17); price lists thus appear to have been effectively maintained. In addition since local associations have re-issued price lists after a period of time in order to effect a change in price, it must be concluded that these price lists have in general been effective in controlling retail prices.

There is also evidence, particularly for the years prior to 1939, of non-price competition among retail butchers. This took the form of stamp schemes, gifts with purchased, trading on Sundays and outwith the agreed hours, and in other ways. Both local and national trade
associations attempted to stop these practices.

**Price Control by Glasgow Retailers**

The most comprehensive system of retail price control was that set up by the Glasgow Retailers' Association. It would appear that this association formed itself into a Trade Union on the understanding that by such means it would be able to acquire sufficient powers to make it obligatory on retail meat traders that they should obey the decisions of the new organisation. (18)

It has not been considered relevant to this study to enquire into the legal powers available to a Trade Association and to a Trade Union. In addition, this would appear to be the only case of a trade association becoming a Trade Union in the meat trade. (19) It would seem useful, however, to discuss the Glasgow Retail Fleshers' Association as an example of retail price control of an unbranded commodity.

The association formed itself into a Trade Union in July 1938 with a total membership of 409. This decision was taken after much discussion on the understanding that it would strengthen the power and influence of the association over its members and in relation to the wholesalers' association. (20) The association began immediately to exert its influence over wholesalers,
butchers' contractors and over the members of the retail trade in Glasgow. It first attempted to strengthen its own organisation by asking the wholesale association to stop supplies to those retail traders who were not members of the association. (21) The wholesalers were also asked to stop supplies to those retailers selling below the minimum prices fixed by the association. (22) District representatives reported on the few offending retailers and the wholesale society was urged to stop supplies to them when they did not comply. It can be concluded that since the retail association expected the wholesalers to operate in this way, the wholesale association was itself a strong organisation able to control wholesale supplies.

The wholesale association was at first unwilling to place offending retailers on a stop list since it considered that the wholesale trade would then be directed by a body over which it had no control. (23) The refusal by the wholesale trade to co-operate in this way resulted in the retail association advising its members to deal only with certain wholesalers in the wholesale meat market. (24) This pressure by the retailers indicates the strength of the retail association
and appears to have been sufficient to bring about an agreement between the wholesale and retail trades. In May 1939 a joint committee of the two sections of the trade in Glasgow was set up to deal with any difficulties which might arise between the two sections of the trade in the future (25) and from this time the retail association was able to fix weekly minimum prices and seek the assistance of the wholesalers in enforcing these. (26)

In addition to the control of retail prices the retail association attempted to stop schemes whereby gifts were made by some retailers along with purchases. (27) It also attempted to exert its influence over meat contractors and declared a boycott of those contractors serving retail traders who were not complying with the decisions of the association. (28).

Retail Price Maintenance

The impetus towards the control of retail prices in the case of meat, as in other industries, has come primarily from the retailer rather than from the wholesaler and has been attempted by the local retail trade association rather than the national association. The reason for the importance of the local retail trade association has already been noted; the position of the wholesaler and
retail trades must also be considered.

In many cases retail price maintenance has been introduced by the wholesale trade in an attempt to prevent price cutting by individual retailers and the consequent failure of other retailers to stock the commodities which are liable to suffer changes in their retail price. Wholesalers' sales suffer as a result of price cutting, and resale price maintenance has generally been introduced, as indicated previously, to meet this. This has been the process of control in the case of branded goods. In the case of an unbranded commodity, however, the wholesaler will not suffer a reduction in his trade as a result of price cutting by a few retailers since branding does not exist. In addition any tendency towards a general fall in retail prices resulting from price cutting by individuals may bring an increase in consumption depending on the extent of the fall in prices and on the commodity concerned. An increase in the amount of trade would then be to the advantage of the meat wholesaler who tends to function on a fixed margin of profit on each carcase.

Price cutting by individual retailers of a branded commodity will tend to create a situation
detrimental to other retailers and perhaps to wholesalers; in the case of meat, however, an unbranded commodity, price cutting may lead to a general trend towards lower retail prices and create a situation which concerns primarily the retailers; they will be concerned with maintaining a stable level of retail prices rather than obtaining supplies of a competing commodity effectively price maintained. The impetus towards price maintenance of meat seems likely to come then from the retailer rather than from the wholesaler. The ability of the retailer to bypass the wholesaler and purchase supplies direct from the farmer is also an important factor in explaining the process of price maintenance in the meat industry and the extent to which this takes place makes it an important factor in the bargaining position of retailers.

The retail meat trade has generally attempted to maintain a stable level of retail prices, as the pre-1939 Ministry of Labour retail price series and other evidence shows. (29) Wholesale meat prices vary throughout the year, falling in the spring and autumn when supplies of cattle are greatest. Retailers, however, have accepted a variable level of profit rather than change the
level of retail prices to meet changes in wholesale prices. It seems likely that price cutting by individual retail butchers tends to occur during those months of the year when retail profits are relatively high.

This discussion has shown that even in the case of an unbranded commodity, such as meat, a system of retail price maintenance can be applied. In this instance the impetus came primarily from the retailer and the system was generally local in character; for other commodities, it seems likely that the circumstances peculiar to each commodity will influence the process of price maintenance. The use of a system of retail price maintenance in the meat trade illustrates the influence which the retail trade associations were able to exert over the marketing of meat.

3. Subjective Assessment of Value.

It has been argued in this and in previous chapters that one of the factors responsible for the continued use of the auction system has been the influence of the trade associations in the wholesale and retail meat trade. Another factor, connected with the first, has been the assessment of the value of a live animal or of a carcase on a subjective basis. No objective system of
grading has got been developed for cattle and sheep similar to that used at present for pigs. Since the value of a live animal or of a carcase must be estimated subjectively the wholesale and retail trades must remain important and provide the only means by which consumer demand can be reflected back to the producer. It is necessary then to discuss how this subjective assessment of value is made and to see how effectively it allows consumer demand to be indicated to producers.

Valuation by Auction and by Dead Weight

Since an animal is sold on a subjective assessment of its value, either live or dead, it seems likely that farmers will prefer to sell through an auction market on the assessment of many buyers rather than sell on a dead weight and grade basis on the assessment of a few wholesalers. The F.M.C. purchases on the assessment of only one buyer.

Under the pre-war Ministry of Agriculture Grade and Dead Weight Scheme, which has been described in previous chapter, any farmer wishing to sell his livestock under the scheme notified the Ministry's grader at the nearest grading centres. The grader then obtained quotations for the stock from individual wholesalers; the quotations were prices (per pound) for each grade of meat. The farmer was
informed of these quotations and if he accepted one of them the cattle were slaughtered, graded and weighed and the farmer paid on the grading and dead weight of the carcase. Thus under this scheme, which was introduced in 1939 on the basis of the grades used in the National Mark Scheme, the assessment of value – price per pound – was left to separate quotations made by individual wholesalers; it was also left to the responsibility of one official grader. In the same way the F.M.C. now provides a subjective assessment by one purchaser – the F.M.C. – compared with the collective assessment of an auction market. There has been no attempt to bring a dead meat auction system into general use.

The figures of total sales under the Ministry of Agriculture's pre-war Grade and Dead Weight Scheme are listed in Table 24. These figures appear to suggest that this method of sale expanded at the expense of the auction system during the 1930's; this requires some qualification. Although total sales of cattle by this method increased during the 1930's it would seem that this occurred as facilities for sale by this method were provided throughout the country. It was a number of years before facilities were provided on a national basis and an increase in sales by this method indicates only an
### Table 24.

Numbers of Cattle Sold in Great Britain on a Grade and Dead Weight Basis under the Ministry of Agriculture Schemes 1930-38.

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<th>Year</th>
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<th>Other Beef Cattle (thousands)</th>
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<tr>
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<td>12.50</td>
</tr>
<tr>
<td>1938</td>
<td></td>
<td>13.36</td>
</tr>
</tbody>
</table>

expansion of facilities. The scheme started in 1930 with consignments from Norfolk farmers to Islington for sale on a grade and dead weight basis. As the National Mark Beef Scheme expanded providing a system of grades, so also did facilities for sale on a grade and dead weight basis, and the Ministry of Agriculture soon had facilities for sale in this way at the wholesale meat markets in Birmingham, Leeds, Bradford, Halifax, Sheffield and at other centres. In June 1933 sale by grade and dead weight was introduced for sheep and lambs and in 1934 it was extended also to classes of cattle previously not eligible for the National Mark Scheme (cows and bulls) and to pork pigs.

The most significant rise in the total numbers sold in this way appears in 1935. This arises from the establishment of the cattle subsidy scheme in September 1934; part of the increase in dead weight sales during 1934, also seems attributable to this factor. Under the cattle subsidy scheme cattle certified at live weight and at dead weight centres throughout the country were eligible for a subsidy payment. The abattoirs used as dead weight certification centres were those used for the operation of the National Mark Beef Scheme and in addition other abattoirs owned by local authorities were
used which dealt with about 100 cattle per week or more (30). This meant an important expansion in facilities for sale on a grade and dead weight basis under the Ministry of Agriculture's scheme. The 35 dead weight certification centres used under the subsidy scheme continued to be used when the cattle subsidy was made permanent by the Livestock Industry Act of 1937; one additional centre only was added. (31)

The sales made on a grade and dead weight basis under the Ministry of Agriculture's scheme do not include all the sales made in the country on a grade and dead weight basis. A better indication of this seems to exist in the figures of dead weight certifications under the subsidy schemes for cattle from 1934. Total dead weight certifications between 1934 and 1939 and the proportion which these constitute of the total numbers certified both live and dead are shown in Table 25.

This shows that an almost constant proportion of the total numbers certified for subsidy were marketed by grade and dead weight. This has also been the case with certifications since July 1954 as already shown; in the pre-war situation dead weight certifications were approximately 3 per cent of the total number certified; in the post decontrol
### TABLE 25

Percentage Number of Cattle Certified for Subsidy Payment
at Dead Weight Centres in the U.K., September 1934 -
March 1939

<table>
<thead>
<tr>
<th>Year</th>
<th>Total No. Certified at Live and Dead Weight Centres</th>
<th>No. Certified at Dead Wt. Centres</th>
<th>Dead Wt. Certifications as Per Cent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1934(Sept.-Dec.)</td>
<td>477,640.</td>
<td>10,303.</td>
<td>2.16</td>
</tr>
<tr>
<td>1935</td>
<td>1,602,577.</td>
<td>42,063.</td>
<td>2.62</td>
</tr>
<tr>
<td>1936</td>
<td>1,689,354.</td>
<td>52,475.</td>
<td>3.11</td>
</tr>
<tr>
<td>1937</td>
<td>1,618,767.</td>
<td>50,010.</td>
<td>3.08</td>
</tr>
<tr>
<td>1938</td>
<td>1,513,191.</td>
<td>34,547.</td>
<td>2.28</td>
</tr>
<tr>
<td>1939(Jan.-Mar.)</td>
<td>409,352.</td>
<td>10,824.</td>
<td>2.64</td>
</tr>
</tbody>
</table>

Source: Journal of the Ministry of Agriculture, May, August, November 1935; May, November 1936; December 1937.


Information supplied by the Department of Agriculture for Scotland.
period they were approximately 25 per cent. The expansion here may again be explained by increased facilities. Where 36 dead weight certification centres operated prior to 1939 more than 100 centres were opened under the Fatstock Guarantee Scheme in July 1954 (32) and it was expected that this number would be increased if a sufficient demand for dead weight marketing facilities existed in areas not already covered.

The significant fact appears to be that where facilities are provided for dead weight grading a stable proportion of all cattle marketed have been sold by this method. The proportion marketed dead weight appears to have increased as facilities have been expanded. These facilities are now almost complete widespread and a further important expansion in dead-weight grading, following an expansion in facilities, seems unlikely.

At the same time, as the F.M.C. becomes a more important handler of by-products and undertakes greater distribution of meat, some increase in its turnover may take place. The extent to which such an increase would occur is debateable and would necessitate a discussion outside the limits of this thesis. It seems unlikely however that dead-weight grading will expand markedly in the short-term.
as a result of any economies of large-scale production which the F.M.C. will obtain. Sale by auction may then be preferred by many farmers as long as assessment of value is made subjectively. One factor which may then be important in bringing a significant increase in the sale of cattle by grade and dead-weight is the introduction of a system of objective grading.

3. Reflection of Consumer Demand

One important problem which arose from assessing the value of cattle on a subjective basis is the accuracy with which consumer demand is reflected back to the producer. Any inaccurate reflection of this will result in an inefficient use of resources by farmers.

The use of subjective assessments for determining the value of cattle or carcases raises a number of difficulties. Estimation of value in this way is usually criticised as resulting in changes in the criteria used by graders over a period of time in judging quality; such changes may be introduced for no valid reason. Different standards also tend to exist between different markets and even between different graders in the same market, handling the same quality of cattle. In addition, since grading
standards are determined subjectively no conscious attempt is generally made to equate supply and demand for each grade; this is especially so since subjective assessment of value means that the division between each grade is not exact.

There appears therefore to be some ground for thinking that consumer demand may not be accurately reflected back to the producer under a system in which grading is carried out on a subjective basis. Meat is graded at the producer and at the wholesale stage but no grading is carried out at the retail stage in the marketing process. It may then be difficult for consumers to express their preferences and for the marketing system to transmit their demands to producers.

It can also be argued, however, that if retailers have only limited power over retail prices, consumers must be able to make their preferences known in the retail prices of the goods they purchase. Subjective assessment of value may then not create important difficulties in the registering of consumer preferences. Consumers may only benefit from an objective system of grading if retailers have been able to control retail prices and the pattern of demand. The difficulties which retailers have in controlling retail prices have already been
discussed; the spread of the meat trade over associated trades, the difficulty of organising local retailers, local differences in cutting and pricing and other reasons make retail price control difficult, if this is attempted on a national basis. On the other hand evidence has already been presented of retail prices being controlled in some local areas. It would seem therefore that any gain likely to be made from the introduction of objective grading, in allowing a more accurate reflection of consumer demand, will depend on the degree and extent of local retail price control. No attempt was made to assess this in the earlier discussion of retail price control; any conclusion regarding the degree of retail price control would necessitate a discussion and investigation outwith the limits of this thesis.

It has not been possible to obtain statistical evidence which is sufficiently accurate and which would provide a useful indication of the reflection of consumer demand under an auction system of marketing. No indication can therefore be given of the satisfaction of consumer demand under practical conditions.

Other Factors in Objective and Subjective Grading.

The reflection of consumer demand, which has been discussed above, is one important factor in
considering the relative merits and demerits of subjective and objective grading. If, under an objective system of grading, producers obtained prices which reflected consumer demand for different grades of cattle and meat more accurately than under an auction system, farmers would be able to produce, more accurately, the types of cattle demanded by consumers. Consumers would obtain greater satisfaction for the same expenditure and distributors would be able to handle meat on description.

At the same time many difficulties exist in introducing and applying an objective system of grading. Although distributors and consumers might gain in the respects already mentioned, distributors may not easily accept a system which takes the function of grading away from the wholesaler and places it in the hands of a grader. Consumer satisfaction is extremely difficult to measure and this provides, perhaps, the most important problem in developing an objective system of grading.

Consumer satisfaction is subjective, variable over time and between individuals. It is made up of a number of factors which are variable e.g. texture, taste, smell, and which cannot be easily expressed in objective terms. It would be necessary
then to relate a system of objective measurements of a carcase to the subjective evaluations of consumers of different grades of meat. This is likely to be difficult and objective measurements may not be completely sufficient to reflect all subjective evaluations.

Subjective grading is at present carried out by an appraisal by individuals of the quality, confirmation and finish of a carcase. In any system of objective grading, measurements would have to be chosen which were accurate indicators of these factors. The measurements on the carcase and other criteria used e.g. weight, would also have to be homogeneous, otherwise variations in price would occur within each grade. These objective measurements of grade must also be correlated with the subjective evaluations of different grades, as mentioned earlier.

The problem of finding an accurate set of measurements which would not be too large in number to be of practical use, which would not require the dissection of the carcase and which could be varied to take account of changes in consumer evaluation is obviously difficult. No objective system of grading for cattle is in use at present; but the investigations which have been made into
the use of such a system - which will be referred to again later - indicate that a grading system of this kind could be developed.

It may be useful to discuss the marketing of pigs in this respect, for which an objective system of grading was introduced in 1933, and to consider the factors behind the introduction of this grading system, and the benefits expected from it.

Objective Grading of Pigs

The use of objective grades for pigs started in September 1933 when the Pigs Marketing Scheme began to operate. The scheme, which was confined to bacon pigs, had four defined weight ranges; within each weight range pigs were classified into five grades according to certain defined measurements. (33)

It may appear that the reason for the introduction of objective grading lay in the inauguration of the Pigs Marketing Board. A system of visual subjective grading operated prior to the appearance of the Board, although no uniform national system of grading was used. (34) The appearance of the Pigs Marketing Board thus allowed a standard system of grading to be introduced.

But this does not appear to be a complete explanation of the introduction of objective grading. Although the appearance of the Board may have
facilitated the introduction of a new system of grading it does explain why the system was objective and not subjective. The present Fatstock Guarantee Scheme and many other schemes have allowed governmental and other bodies to conduct trading activities on a subjective assessment of value.

The main reason for the introduction of objective grading of pigs was to allow consumer demand to be met more fully from home production by standardising home output and raising the level of quality. The Pigs Marketing Scheme was based on the report of the Reorganisation Commission for Pigs and Pig Products (35) and came into operation the year after the Commission reported. The Commission was very concerned in its report about the marked increase at that time in bacon imports which consituted about 75 per cent of total supplies. (36) It was thus on the Commission's recommendation that a quota system was applied to home production and imports and a standard system of grading and weighting introduced in order to standardise bacon pigs and raise the level of quality by price discrimination against low quality carcases. (37) The Commission also required that the home supply should be of the quality demanded if the home quota was to expand at the
expense of imports. (38) Grading standards and quota arrangements were operated to bring about these ends, standards being raised and the home quota expanded (39) so that home demand was met satisfactorily as regards quality.

An objective system of grading encouraged a standard commodity to be produced of a given uniform level of quality within each grade. Subjective standards allow a variable level of quality within each grade and consequently little difference may exist between grades; a commodity receiving a high quality subjective grading at the producers' stage may not be similarly assessed by wholesalers or consumers. As a result consumer demand may not be reflected accurately throughout the marketing system.

At the same time the introduction of objective grading may not have improved the registration of consumer demand. Standardisation of output implies a levelling of quality and satisfaction of consumer demand by the production of standard grades rather than by production at many different levels of quality. The introduction of objective grading in pigs may have resulted then not so much in a more accurate reflection of consumer demand as a standardisation and improvement in the quality of
home output and the satisfaction of demand more fully from home production than from imports; it may have resulted in a change in consumer demand to some extent, rather than a more accurate indication of demand.

4. Conclusion.

The organisation and influence of the wholesale and retail meat trades have been examined in this chapter as part of the general argument of this study that these sections of the trade have in the past tended to discourage any attempt to change the method of marketing from that of the auction system. It has been shown that these two sections of the meat trade are organised into trade associations and although the retail trade association has a limited membership and a limited influence while it operates on a national basis, it has considerable influence in particular areas. Local associations are in some cases very strong as seen by their ability to determine local retail prices and this ability would seem to have increased in the post-decontrol period. A strong retail trade organisation exists which in the past has resisted any attempt to introduce new methods of marketing.

This strong position of the retail trade
association is supported by the preference which farmers have for the auction system. This system seems to be preferred by farmers because it is likely to give a more accurate assessment of the value of an animal or of a carcase as long as assessment of value is conducted on a subjective basis. Sale by grade and dead-weight may increase as the F.M.C. expands its trade in by-products and undertakes a greater amount of distribution of meat. But the extent to which an increase will occur for this reason during the short-term is uncertain. It has been argued however that one factor which may be important in bringing an increase in the sale of cattle by grade and dead-weight is the introduction of an objective system of grading. The lack of such a system may then be a factor in explaining the continued use of the auction system.

The use of objective grading standards for the marketing of pigs has encouraged the marketing of 90 per cent of bacon pigs on a grade and dead-weight basis. Important differences exist however between pigs and other livestock which make subjective grading easier to apply in the former case.

The advantages and disadvantages of grading by subjective and by objective standards have been
discussed. But it has not been possible to show whether the introduction of a system of subjective grading for cattle would allow a more accurate reflection of consumer demand or otherwise. Many difficulties exist, theoretical and practical, in introducing an objective system of grading for cattle. But the investigations already made into this problem seem to indicate that a grading system, largely if not wholly objective, could be developed.
Chapter X

Conclusions

The object of this study has been to show the factors which have determined the methods used for the marketing of cattle in Scotland since the early 19th century. The thesis has been primarily concerned with explaining why the auction system was first introduced and why it has continued to be used up to the present time.

The system of droving lean cattle to fairs and trysts, which predominated in Scotland until about the 1830's declined as a result of changes in feeding and the development of sea transport. The decline in annual fairs and trysts and the development of a more regular system of marketing throughout the year also contributed to this. The change in marketing methods however was only completed some time after salesmen began to appear at markets, and it was some time before sale at annual fairs and trysts was extinct.

Livestock salesmen continued to be used for the marketing of cattle from about the 1830's until almost the third quarter of the 19th century when the auction system was introduced. The auction system however, also came into general use only
after a period of delay. This system came into use partly as a lagged response to changes in transport and urbanisation occurring during the mid 19th century and partly as a result of the particular conditions which existed during the period of two to three decades prior to 1930.

The explanation often given for the continued use of the auction system is that custom and convenience, the persistence of marketing methods, the supply of credit from auctioneers, and similar sociological and psychological factors have been the main factors responsible for this. These factors are undoubtedly important and help to explain the continued use of particular methods of marketing for some time after the original reasons for their introduction have disappeared. But they do not seem to be a sufficient explanation in themselves for the existence of the auction system today. They do not explain why the auction system is no longer used for the marketing of bacon pigs or why only a relatively small proportion of fat cattle and sheep tend to be marketed by grade and dead weight.

Three factors help to explain the continued use of the auction system at the present time. First, any system of marketing requires an
accumulation of capital and experience before it can come into general use. This can only be gained slowly and a period of time is necessary for its development. This factor helps to explain the delayed response in marketing methods already noted, and the continued use of particular marketing methods after conditions have changed. Experience of the dead-weight method of marketing has until now been limited and this must be taken as one reason for the limited acceptance of this method of marketing. A second factor, explaining the continued use of the auction system, is the influence of the wholesale and retail meat trades in opposing the introduction of any other system of marketing which would be detrimental to their interests. Thirdly, the fact that assessment of the value of an animal or a carcase is made on a subjective basis. The last two factors are linked to each other since the influence of wholesalers and retailers is likely to remain important while estimation of value is made in this way.

Strong combination exists in the import section of the wholesale trade. The retail trade is organised into a grade association which is strong in some local areas, as shown by the ability of retailers to control local retail prices. These organisations
have imposed changes in the method of marketing.

The position of the trade organisations has been strengthened by the fact that valuation of an animal or carcase tends to be made on a subjective basis. The auction system seems to be preferred for this reason, giving an assessment of value by a group of people rather than by individuals. The wholesaler and retailer are necessary in these circumstances to bridge the gap between the producer and the consumer.

Sale of fat cattle by grade and dead-weight has remained at a relatively low level. This may expand as the F.M.C. increases its trade in by-products, undertakes more transport services and obtains economies of scale in its operations; but these may not be gained in the relatively short period. At the present time sale by grade and dead-weight may be limited to some extent by the present system of subjective grading and the introduction of an objective system of grading may be necessary before sale on a grade and dead-weight basis becomes a more effective alternative to the auction system.

It has not been possible to show whether an objective system of grading would allow consumer demand to be reflected back to the producer more
accurately than a system of grading based on subjective assessment of value. No statistical evidence is available which is sufficiently reliable to be useful in this problem. Any conclusion would also necessitate an investigation into the degree and extent of retail price control in the meat trade; this is outwith the limits of this thesis. In the case of objective grading of pigs it is not clear that the use of this system after 1933 resulted in a more accurate reflection of consumer demand.

The introduction of any system of objective grading for cattle and sheep would meet with important difficulties. Cattle and sheep differ from pigs in some important respects which would objective grading more difficult. A longer gestation and fattening period in the case of cattle means that any attempt to standardise quality within grades would take a longer period of time than in the case of pigs. Also, no single commodity like a side of bacon is produced but a number of retail cuts; the relative importance of these different cuts must be indicated in the grading system if consumer demand is to be accurately met by the producer. In addition objective grading of pigs can be carried out by weighing
and by a few easily accessible measurements. An objective grading system for cattle and sheep may require a number of measurements necessitating some dissection of the carcase; a practical system which can be applied easily to cattle and sheep may thus provide difficulties for this reason.

The wholesale and retail trades are also unlikely to accept any grading system which was wholly objective. A combination of objective and subjective standards might be more easily accepted but even this is likely to reduce the importance of the wholesale and retail trades since it provides an opportunity of trading by description and is likely to be opposed for this reason. In addition there is at present no pressing need for consumer demand for beef to be met more fully from home production. In 1933 it was in the interests of the bacon curing industry to have home output standardised and the quality raised to allow home demand to expand at the expense of imports; and this was carried out under the protection of a quota system. No similar pressure from imports exists at present in the case of beef. The position of the home producer has in fact improved compared with pre-war; where home beef supplies then accounted for about 50 per cent of total supplies this has
now increased to approximately 75 per cent.

Although these difficulties exist the Fatstock Marketing Corporation may consider that an objective system of grading is necessary for it to capture a larger proportion of the market for beef and mutton and there may be some attempt to introduce the system by this method. The F.M.C. is in fact conducting experiments in objective grading at present and experiments have also been made in other countries. (1) Further investigation may produce a practical grading system of this kind.
ESTIMATION OF THE PROPORTION OF COW BEEF IN TOTAL SCOTTISH SUPPLIES

No official estimates have been made of the proportion of cow beef in total Scottish beef supplies. A rough indication of the output of cow beef can be obtained by assuming that the average length of time spent by a dairy cow in the herd is four years and that therefore one quarter of the dairy herd would go for slaughter each year. But this in itself does not give a sufficiently accurate estimate to be useful.

Estimates of the annual total slaughter of cattle are published in "Agricultural Statistics" for the inter-war years. A new series of estimates was made, however, from 1936/7 and so a continuous series throughout the inter-war years does not exist. Original and revised estimates exist for 1936/7 and 1937/8 and the average percentage revision for these years (18.3 per cent for 1936/7 and 17.8 per cent for 1937/8; average 18.05) has been used to correct the original estimates of previous years. This provides the statistics of total slaughter used below.

The annual June census figures provide statistics of cattle in Scotland at June each year. From 1933/4 these have been divided into dairy and beef cattle. The annual returns of dairy cattle have therefore been used to estimate the output of cow beef and to find the proportion of cow beef in
total beef output.

Cow beef output has been estimated from the June returns of dairy cattle by the same method as has been used to find total beef output in Scotland in official investigations. The total number of dairy cattle slaughtered was obtained by deducting from the number of dairy cattle one year old and above at one census the estimated number of natural deaths in the succeeding year and the number of two year old cattle and above at the following census; the number of natural deaths was found by taking two per cent of the average number of cattle one year and above during the year. This gives the total number of dairy cattle slaughtered from among those at the beginning of the year. It has been assumed that imported cattle are all beef stores and no additions have been made to the numbers slaughtered for this reason. This allows a proportion to be obtained of the output from dairy and beef herds as shown in the table below.

Some cow beef may be obtained from cows discarded from beef herds and not returned to dairy herds before slaughter; it was assumed that this was a relatively small amount and no allowance was made for it. The classification of the annual returns in the June census is similar for dairy cattle, beef cattle and total numbers; this classification is given below indicating the order of the original annual census numbers from which
estimates were made.

The same method has been used in estimating the output of cow beef in the post-war years.

**Classification of June Census.**

**Bulls for Service**

**Cows in Milk**

**Cows in Calf but not in Milk**

**Heifers in Calf**

**Other Cattle: Two years and over**

**One year and under two**

**Under one year**

This classification was used during the 1930's. A more detailed classification has been introduced in recent years.

**Estimated Output from Dairy and Beef Herds in Scotland.**

<table>
<thead>
<tr>
<th>(Head of Cattle)</th>
<th>Dairy Output</th>
<th>Total Slaughter</th>
<th>Beef Output (Remainder)</th>
<th>Proportion Dairy to Beef</th>
</tr>
</thead>
<tbody>
<tr>
<td>1953/4</td>
<td>97,350</td>
<td>381,887 x</td>
<td>284,537</td>
<td>1 : 2.92</td>
</tr>
<tr>
<td>1934/5</td>
<td>121,048</td>
<td>421,223 x</td>
<td>300,175</td>
<td>1 : 2.47</td>
</tr>
<tr>
<td>1935/6</td>
<td>104,660</td>
<td>444,169 x</td>
<td>339,509</td>
<td>1 : 3.24</td>
</tr>
<tr>
<td>1936/7</td>
<td>141,466</td>
<td>433,000</td>
<td>291,534</td>
<td>1 : 2.06</td>
</tr>
<tr>
<td>1937/8</td>
<td>129,338</td>
<td>402,000</td>
<td>272,662</td>
<td>1 : 2.10</td>
</tr>
<tr>
<td>1938/9</td>
<td>116,761</td>
<td>417,000</td>
<td>300,219</td>
<td>1 : 2.57</td>
</tr>
<tr>
<td>1945/6</td>
<td>129,268</td>
<td>354,000</td>
<td>224,732</td>
<td>1 : 1.75</td>
</tr>
<tr>
<td>1946/7</td>
<td>130,847</td>
<td>336,000</td>
<td>205,153</td>
<td>1 : 1.57</td>
</tr>
<tr>
<td>1947/8</td>
<td>117,275</td>
<td>318,000</td>
<td>200,725</td>
<td>1 : 1.71</td>
</tr>
<tr>
<td>1948/9</td>
<td>116,452</td>
<td>307,000</td>
<td>190,548</td>
<td>1 : 1.64</td>
</tr>
<tr>
<td>1959/50</td>
<td>121,431</td>
<td>336,000</td>
<td>114,569</td>
<td>1 : 0.94</td>
</tr>
</tbody>
</table>

X Adjusted totals.
APPENDIX B.

WHOLESALE AND RETAIL TRADE ASSOCIATIONS.

1. Wholesale Trade Associations.

The wholesale section of the home-killed meat trade appears to have become organised on a national basis some years after the retail trade. While the National Federation of Meat Traders Associations was formed in 1881 (1) from the local retail meat trade associations which already existed, it was 1934 before the Federation of Wholesale Fresh Meat Traders of Great Britain and Ireland came into existence. (2) Two years later a Scottish association of wholesalers was set up with the inauguration of the National Association of Wholesale Meat Salesmen of Scotland. (3) Both organisations were composed of local associations, which actively opposed the introduction of grading and marking of meat from 1929. Finally, in 1943, a National Council of Associations of Fresh Meat Wholesalers was formed (4) embracing the two existing bodies of wholesalers and also three smaller wholesale associations, the Smithfield Fresh Meat Traders' Associations Ltd., the Home Killed Meat Association and the Scottish Meat Exporters' Association Ltd. The constituent bodies with their local associations have been maintained; (5) the creation of the National Council, however, has finally allowed one body to be set up which is fully representative of the trade.
The relatively late development of a trade association in the wholesale meat trade may be explained to some extent by the fact that approximately one third of the trade in meat even during the 1930's was being conducted directly between farmers and retail butchers. The introduction of a system of grading and marking of meat in 1929 provided a situation in which the importance of the wholesale trade might be greatly reduced. Any general acceptance of such a system is likely to allow trading by description and will tend to make the services of the wholesaler of less importance. The trade association in the wholesale meat trade appears to have been created in these circumstances.

An additional factor which helps to explain the late appearance of a wholesale meat trade association is that wholesalers were in some cases members of the retail meat trade association; this is particularly so in the case of Scottish Wholesalers.

2. Retail Trade Associations.

The National Federation of Meat Traders' Associations came into existence in March 1888 and by 1892 was a federation of 30 local affiliated associations. It thus came into existence at the time the auction system was being established. Local meat trade organisations existed some years prior to the founding of the N.F.M.T.A. and county conferences had been held. The creation of the National Federation, however, allowed a union of
retail trade associations throughout the U.K. Membership of the Federation expanded relatively quickly and by 1920, 70 per cent of the retail meat traders in England and Wales were members of local associations affiliated to the National Federation. (7) Local associations are combined into regional councils which elect the executive body of the N.F.M.T.A. (8)

By 1938 the N.F.M.T.A. was a federation of 290 affiliated associations with a membership of about 13,000 retail butchers in England and Wales (9), and membership expanded to over 24,000 during the period of control. (10) At the time of decontrol the Federation consisted of 428 associations plus a few direct members in scattered areas where no local association had been formed; since decontrol, however, membership has fallen to approximately 16,000. (11)

S.F.M.T.A.

A Scottish Federation of Meat Traders' Associations was formed in October 1918, when the 17 Scottish Associations broke away from the N.F.M.T.A. because they felt that the Scottish trade opinion was not being fairly considered. (12) Some of the local associations, affiliated with the S.F.M.T.A., had already been in existence many years before the Federation was formed; the Edinburgh Master Butchers' Association was formed in 1850, the Perth M.B.A. was formed in 1883 and the Dundee and District M.B.A. formed in 1895. (13) The Glasgow United Fleshers' Society, another local
association functioning many years prior to the inauguration of the S.F.M.T.A., was formed in 1854, when 115 members of the meat trade in Glasgow decided to use the proceeds from the sale of waste particles of fat from animals slaughtered by them-known as "pickings and searchings"- in defence of their trade and for any benevolent purpose their Society considered proper. (14) This Society, as in the case of some other local associations, has members from both the retail and wholesale sides of the trade and is directed by a committee representing the interests of each side. (15)

By 1920 the number of member associations affiliated to the S.F.M.T.A. had been increased to 29, representing 1,600 meat traders in Scotland. (16) It is difficult to assess the importance of this total membership, however, and to see the relative strength of the S.F.M.T.A. in the retail meat trade. Membership of local associations was not confined solely to members of the retail trade although the number of wholesalers who were members is likely to have been relatively small. Nor were the retail members necessarily managers or owners of retail businesses. Census numbers - there were 2,775 retailers engaged in retail distribution of meat in Scotland in 1921 (17) - indicate only the number of employers (1871) and those operating on their own account (904); they do not take into account the number of employees, branch managers, those employed in department stores or in mixed
It is difficult, therefore, to make any exact comparison of the available statistics. If it is assumed, however, that S.F.M.T.A. members were mainly retail employers or those working on their own account, it would seem that the Federation represented a little more than half the retail meat traders in Scotland in 1921. Even if this gave the Federation power to control the retail meat market, it was not concerned with price-fixing or the control of supply at this time. (18)

Membership of the S.F.M.T.A. expanded during the inter-war years. The east of Fife and Kinross M.B.A. was formed in 1933, (19) Ayr M.B.A. formed in 1935, (20) East Lothian M.B.A. formed in 1937 (21) and by December 1939, 45 local associations had been formed and affiliated to the Federation. (22) At this time the Federation attempted to increase its membership by requesting the Ministry of Food in 1943 to agree to make membership of the trade association obligatory; the Ministry, however, was unwilling to agree to this request. Membership continued to increase and by 1947 had risen to 52 affiliated associations and 20 associate members, giving a total membership of the Federation of 2,206. (23) Again this total includes some members of the wholesale trade, although it may be assumed that this number is relatively small and that wholesalers are generally members of the wholesale trade association. The total may also include some members of the retail trade who are not employers or managers of retail businesses.
Since it has been estimated that 3,323 retailers were engaged in the retail distribution of meat (1,687 employers, 865 trading on their own account, 771 managers) in Scotland in 1951 (24) and that 3,418 retail butchers' establishments existed in the same year, (25) it would seem that the Federation represents between one-half and two-thirds of the retail meat traders in Scotland, assuming S.F.M.T.A. members are mostly employers, managers or trading on their own account. This seems to be supported by a similar rough estimate made by a member of the retail trade in 1950. (26)
APPENDIX C.

N.F.U. PROPOSALS AND THE SIGNIFICANCE OF THE F.M.C.

Implications of the N.F.U. Proposals.

No official reason was given for the rejection of the N.F.U. proposals put forward in November 1952, but it would seem that this scheme was not acceptable since it proposed a system of control more extensive than was considered permissible under the Agricultural Marketing Acts, 1931-49. The proposals implies that a producers' board would control not only the marketing of all fat-stock, but also - since marketing was required to be carried out on a dead-weight basis - dead-meat prices on the wholesale dead-meat market (1). The problem was thus raised whether a producers' board could assume powers not only to control supply from producers, but also supply and prices within the sphere of distribution.

The Agricultural Marketing Acts allow a marketing board to be set up by producers or processors at any stage in the productive process with statutory powers over the supply and price of the commodity which it purchases. (2). Thus a board can be set up by producers or processors to control the marketing of a commodity at any of
these stages. But no powers can be assumed under the Acts allowing aboard to control supply or price prior to or beyond each stage. A producers' marketing board formed under the Agricultural Marketing Acts is thus unable to control also the processing of a commodity. This is what the scheme proposed by the N.F.U. in November 1952 attempted to do by its proposal to control the slaughter of all livestock — a function performed by wholesalers — and by attempting to control the supply and price of dead-meat on the wholesale market. This was an infringement of the functions of the processors and distributors.

A producers' marketing board, although unable to control the processing and distribution of a commodity, was expected to have some effect on this section of the marketing process by negotiation with processors and distributors on the supply and price of the commodity which it controlled. The monopoly powers given to marketing boards were designed to strengthen producers' bargaining power in these negotiations. Thus while the Milk Marketing Boards and other boards had statutory powers over producers' price (3) they were required to negotiate with distributors on the terms on which they made supply available to them; the board had no statutory control over these prices.
It was assumed that negotiation in this way would bring a narrowing of the marketing margin since consumers would successfully resist any attempt by distributors to raise prices, so allowing producers to gain an increase in price at the expense of distributors.

A producers' marketing board might still engage in processing and distribution, but in doing so it would be concerned with a secondary, processed, commodity over which it had no statutory powers of control. A board can only assume statutory powers of control in relation to a primary commodity or a secondary commodity but not both; in any other activities a marketing board much act in competition with other processors and distributors.

Essentially, the difficulty involved in the 1953 proposals of the N.F.U. was that although a producers' marketing board could be established under the Agricultural Marketing Acts to market fatstock on a live weight basis it could not be established to operate on a dead-weight basis if this involved the control of slaughter and control over the wholesale dead-weight market.

Significance of F.M.C.

The appearance of the F.M.C. as a large
slaughter-wholesaler, instituted by the N.F.U. and operating solely on a grade and dead-weight basis, warrants some consideration of its significance. The creation of the company was the fulfilment of a pledge by the N.F.U. to provide an alternative method of marketing to the free price system. The N.F.U. proposals for a marketing scheme put forward in November 1952 were based largely on the claim that sale on a grade and dead-weight basis provided a more efficient method of marketing and a better method for estimating returns to producers than sale by auction. The operations of the F.M.C. are an attempt to prove these claims; they are also an attempt to show that the fixed prices on which it operates provide a more satisfactory return to the producers over a period of time than the fluctuating prices of the auction market.

The creation of the F.M.C. indicates also the continued existence of the problem already discussed, namely the attempt by a producers' marketing organisation to extend its influence over the distribution of a commodity in addition to controlling the marketing of it. It is uncertain as yet how far the F.M.C. intends to enter the wholesale trade and become the dominant wholesaler
determining the costs of slaughter and prices in the wholesale dead meat market. It seems likely, however, that it will try to attain this position if it is to illustrate the economies of sale on a grade and dead-weight basis and the long term benefits of fixed prices. The existence of the F.M.C. thus indicates an attempt to extend producer control over distribution by voluntary action among producers and by competition with existing wholesalers rather than by the creation of a statutory producers' board with powers reaching into this field.

It is uncertain whether the F.M.C. will be able to achieve such a position by competitive means. The Agricultural Marketing Acts were framed and introduced in the belief that the inherent weakness in voluntary organisation was such as to limit its usefulness as a method of improving producers' bargaining power in relation to that of distributors. The Agricultural Marketing Acts thus provided that all producers should become members of a marketing scheme - unless specifically exempt - once the scheme had become accepted at a producers' poll.

This attitude appears to have developed partly from the conditions under which the Marketing Acts
were introduced, and partly from the successful negotiations between producers and distributors in the milk industry which took place from 1923.

The appearance of the F.M.C. and suspension of the N.F.U. marketing board proposals in 1954 seems to indicate a movement away from the assumption that producers can influence the marketing and distribution of agricultural commodities by negotiation between producers and distributors and all that is required is to strengthen the association of producers into a monopoly. It appears to be assumed now that only the loosest form of organisation among producers is required and that a voluntary, non-statutory body, like the F.M.C., can influence conditions in the livestock distributive trades more successfully than negotiations between a producers' Marketing Board and distributors. This seems to indicate a movement from a lack of faith in producers' co-operatives to one of trust in an organisation with similar objectives in view.

This circumstances under which the F.M.C. is operating are undoubtedly different from those existing pre-war when marketing boards were introduced; a full employment policy and the Agriculture Act 1947 provide two important
alterations in this respect. It can be questioned however, whether circumstances as well as the producers' attitude to voluntary co-operation have altered sufficiently to ensure that the F.M.C. will be a success.

**Use of Marketing Boards**

The Agricultural Marketing Acts tried to establish a system by which negotiation would be used generally as a method of reducing distribution costs and improving agricultural marketing. The expected rise in producers' prices at the expense of distributors' margins failed to materialise, as the Lucas Report shows. Nor does the trend in legislation during the 1930's suggest that the Marketing Boards fulfilled their intended purpose. All the marketing schemes which became operative prior to 1938 were instituted between 1933 and 1934. Proposals for new marketing schemes then ceased to be made and agricultural legislation, in so far as it affected prices directly, turned more to the setting up of commissions; these were introduced for what (1932), sugar (1936) and livestock (1937). The powers which were granted to these commissions tended to increase; thus it was intended that the commission proposed for the milk industry in 1937 should not only take over the price-fixing functions
of marketing boards but also supervise distribution.

The trend in legislation thus tended to be away from the principle of negotiation between producers and distributors toward the setting up of bodies with administrative and supervisory powers over sections of the industry. The problem of finding a satisfactory method of improving the efficiency of agricultural marketing however, was not solved prior to 1939; and it is not clear that a satisfactory method has yet been found.

The attempt by the N.F.U. in 1953 to introduce a producers' marketing organisation for fatstock extending over distribution as well as marketing suggests one answer to the problem. But it has already been argued that a producers' board could not be invested with powers of this kind under the Agricultural Marketing Acts 1931-49.

In general, a producers' board constituted under the Agricultural Marketing Acts does not appear, as has been shown, to be a satisfactory solution. Marketing boards were not generally effective in reducing distribution costs during the pre-war period and it seems likely that they would be equally ineffective in the present circumstances.
An independent commission might appear to provide another solution to the problem. This commission might have supervisory powers over the industry and function along with a producers' board and, possibly, also a distributors' board. The commission would then be somewhat similar in constitution to the Milk Industry Commission proposed in 1937. Variations in the constitution could be made depending on the powers assumed by the commission and its constituent boards; it would be similar also to the proposals made by the Lucas Committee. It is uncertain however, how far this could be a practicable solution. Distributors are unlikely to co-operate willingly in any scheme to reduce their margins; as a result the powers assumed by the commission and its constituent boards would provide a difficulty.

A final solution may be the promotion of a voluntary marketing organisation similar to F.M.C. It can be questioned however how far a voluntary organisation of this kind would be successful.
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68. N.S.A. 3. 1. 135; 3. 1. 74; 3. 1. 176.
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70. Ibid. Q. J. A. (p. 286-7) p. 375-6.

Robert Ferguson the Scottish poet gives a similar picture of a fair in his poem "Hallowfair", celebrating. All Hallow Fair held annually at Edinburgh in November. Here too were "chapman billies", "cairds and tinklers", "ne'er-do-weel horse coupers" and others; the recruiting serjeant was also there attended by "dinlin drums", the whole scene being one of noise and confusion.

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