

UTILITY GOODS

A KORERO Report



IN ITSELF the most wasteful of human activities, war usually brings about the strictest economy on the home front. This war in particular has seen a host of laws and regulations designed to keep civilian consumption of essential goods and services down to a minimum, and prices within reasonable limits. Rationing of certain foodstuffs, clothing, and other necessities, to give everybody enough at controlled prices, has been the most obvious method, and one common to most belligerent countries. Price-fixing on its own has been found to be easily evaded, but, combined with rationing, it has been fairly successful in preventing disastrous rises in the cost to the consumer. Human nature—of consumers as well as suppliers—has, as usual, been the main stumbling-block, and no doubt “black” markets will continue to operate in the best regulated communities, but the position would undoubtedly have been far worse without regulation.

Price-fixing has been found inadequate, however, where it stops at the cost to the consumer, for if the cost to the retailer goes up then a rise must be sanctioned in the final price. Britain, being a manufacturing country, has found it more effective to control costs at every stage of manufacture and distribution, and thus to control to a certain degree what is being produced as well as its price. In this scheme—called the “utility scheme”—the Board of Trade exercises the control, and is using a variety of means to ensure the required supply of what have come to be called “utility goods.”

The scheme in Britain covers a wide range of articles, particularly in clothing

and furniture, and the Board of Trade has laid down, at each stage of manufacture, minimum specifications and designs of the articles produced, including the nature or quality of material—or method of construction—at the same time fixing a maximum margin of profit, or maximum selling-price, for the manufacturer. Thus the eventual price to the consumer is governed more effectively, and at the same time the most economical use is ensured of the material and labour available.

An adequate supply of certified goods is made available to the public, but at the same time manufacturers are allowed a certain latitude in producing “luxury lines” and non-utility goods. If no such rein were imposed, the public would find itself paying indirectly for non-essential goods and non-essential types of necessity lines, but under direct Board of Trade control of production or supply both the public and the manufacturer are protected against the disadvantages of multiplicity. Longer production runs are possible, and prices kept down during a time of general economic stress.

The Board of Trade permits manufacturers to devote only a fraction of their output to non-utility goods; where it has not direct control over production or supply the Board places a quota restriction on non-utility goods, or uses raw material or labour concessions as inducements to manufacturers to adopt the scheme. Moreover, utility goods are exempt from sales tax. At present more than 80 per cent. of the aggregate clothing output and 100 per cent. of the furniture-production in Britain is “utility,” with consequent saving in